Seeing Machines Limited

("Seeing Machines" or the "Company")

2017 Financial Results and Directors Report

11 September 2017

Seeing Machines (AIM: SEE), an industry leader in computer vision based technologies which enable machines to see, understand and assist people, is pleased to announce its audited financial results for the year to 30 June 2017 and the publication of its 2017 Directors Report.

The Report is available for download from the Company's website: www.seeingmachines.com/investors.

Key Points:

Financial

- Company revenue was up 122% to $A13.6m versus A$6.1m in FY16 on like-for-like basis[1], though reported revenue was down 60% due mainly to the one-off CAT license fee in FY16.
- Second half sales were more than 250% that of first half sales, with the key growth driver being Fleet revenue.
- Fleet business revenue achieved was A$9.1m for the year, almost triple the A$3.3m in FY16.
- Automotive business, whilst in its early stages, still saw revenue increase by 49%, from A$1.1m in FY16 to A$1.6m in FY17.
- Caterpillar agreed to pay US$7m earlier than per original agreement timing in return for product development consulting project.
- Indirect operating expenses rose from A$32.5m in FY16 to A$37.1m in FY17 due to increased investment in capability and resources to commercialize the Company's technology for core industry targets.
- Net loss before tax from continuing operations in FY17 increased to A$28.5m from A$1.6m for FY16 as a result of the increased investment described above and the one-off $21.8m license fee from Caterpillar booked in FY16.
- Cash reserves at 30 June 2017 were A$22m compared to A$16.9m at 30 June 2016.

Operational

- After a strategic review, Seeing Machines implemented a new integrated strategy retaining the Automotive business within the Company to leverage a common platform strategy, cross-funding and growing synergies across the five key transport industry pillars.
- The Company advanced this multi-pillar Transport strategy with strong progress across the board in Automotive, Fleet, Off-Road (Mining), Rail and Aviation.
- In FY17, Automotive completed production release of its first Automotive DMS solution for the world's first 'hands-free' semi-autonomous car from a leading US OEM which is to launch this year.
- Having converted the original Takata corporation partnership agreement to non-exclusive, the Company

[1] *Excluding one-off license fee to CAT and adjusting FY16 DSS sales as if a royalty was earned on the gross sale instead.*

has expanded its ecosystem of leading Automotive Tier 1 collaborations to best pursue OEM business opportunities such as the recently announced collaboration with Autoliv, a leader in Automotive Safety Systems.

- The Company marked a major milestone in internal sampling of its first FOVIO DMS processor, which as well as Automotive, is planned to form basis of a common platform strategy for multiple markets going forward. The processor is now in further test, development and automotive qualification for sampling and design-in to advance customers in FY18 and beyond.
- Fleet (Guardian) sales were a key driver for the overall revenue result with more than 250% sales than that of the previous year.
- There are now 130 Guardian customers globally, with growth achieved through direct sales and through strong performance from new distribution partners such as Kiattana in Thailand.
- MiX Telematics and Seeing Machines announced in December 2016 that they had engaged in a global distribution partnership and are now actively marketing an integrated solution across the MiX worldwide customer base, which was over 600,000 trucks at close of FY17.
- In August 2017 Geotab, a worldwide leader in fleet telematics solutions, added the Company's Guardian System to the Geotab Marketplace.
- In Aviation, the Company has established a clear pathway to market in three key sectors – Simulators, Aircraft and Consoles. Seeing Machines is now moving beyond Proof Of Concept (POC) trials to formal engagements with global leading aircraft OEMS, Carriers and Simulator companies for pilot and crew training and fatigue risk management solutions and also has also strong development activities with world leading Air Traffic Control operators. These activities are expected to deliver the first meaningful revenue contribution year for the emerging Aviation business in FY18.
- After successful trials in the last two years, Seeing Machines has now signed a new extended Partnership Agreement with Progress Rail Services Corporation (Progress Rail) which represents graduation to the global commercial roll-out phase. The five-year Agreement provides exclusive world-wide licence rights to Progress Rail, for core rail applications with certain exclusion conditions, on a royalty basis incorporating certain minimum royalty revenue growth commitments.
- Seeing Machines, in conjunction with Monash University's Accident Research Centre and Ron Finemore Transport and a leading global Truck OEM, was awarded an Australian Government CRC-Project Grant for A$2.25m over three years to work on an "Advanced Safe Truck Concept" ASTC project that builds on the Company's Guardian technology platform. This will advance the Company's goal to deliver the next generation of truck driver monitoring technology for the global commercial transport sector.
- The Company was also awarded a research program (CAN-DRIVE), which is believed to be world's first automated vehicle trial with a primary focus on driver behavior and optimum human machine interfaces (HMI) for semi-autonomous driving. The Australian Capital Territory Government has committed A$1.35m to the trial, which will use Seeing Machines driver monitoring technology installed in semi-autonomous vehicles to test and optimize the HMI for all use cases.

Outlook

- Revenue is expected to grow in-line with market expectations for FY18, driven by strong momentum in Fleet, a growing Automotive and Off-Road contribution and first meaningful revenues from Aviation and Rail segments. Whilst there remain uncertainties around the timing ramp of any new markets including some of those the company is supplying, the Company targets growing annual revenue to the sub A$100 million region by the end of FY19.

- The Company expects to deliver gross profit margins in the low to mid thirty percent range for FY18, with additional gross margin expansion of +5% to +10% per year for the next several years as the Company's business scales - to a long term gross margin model of 60% to 70%+ which is consistent with SaaS and high-performance processor/IP business models.
- Given the Company's strategy to seize its first mover advantage and scale major Fleet and Automotive businesses to market leading positions – through continued investment in its Advanced Platform Technology, Product Roadmap, Machine Learning Infrastructure and a global support infrastructure for its expanding customer base, the Company expects to potentially invest up to A$50 million over the next two years to accelerate platform and product development and build an infrastructure capacity to support the sharp ramp in global customer programs. The Company projects to achieve EBITDA breakeven by the end of FY19 with an attractive EBITDA & Free Cash Flow margin profile accelerating from that point on as the ensuing gross profit expansion increasingly flows to the bottom line.
- Given the strong growth and traction the Company is delivering in the fast-growing markets it is participating in, the Company remains committed to continued investment in its products and business development while being mindful of its balance sheet position. As such the Company is engaged in exploratory discussions with a number of potential strategic partners with regards to various potential partnerships and possible strategic investment in the business while also discussing its investment plans and financing requirements with its major shareholders, potential financial investors and other capital sources in due course.

Ken Kroeger, Executive Chairman commented: *"The tremendous success in the Fleet business clearly demonstrates that the Company has established its departure from concentration on low volume, high value mining business to a multi-pillar approach covering the major global transport sectors. Leveraging partners like MiX Telematics and Geotab, as well as our regional distributors will continue to accelerate growth and build the market opportunities for Fleet around the world. While the Automotive business by nature requires long development times, we are hugely encouraged by our close engagements with a rapidly expanding roster of global OEMs and expanding Tier1 ecosystem to support their programs. This year also represented a passing of the leadership baton to Mike as CEO and I look forward now as Chairman, to supporting him and the team as they execute on the major opportunities ahead."*

Mike McAuliffe, Chief Executive Officer commented: *"The big strides we have made this year gives us increasing confidence in our business prospects for our core transport markets. We have the right technology in the right place and at the right time. It has been a break-through growth year for the Fleet business which achieved widespread market recognition of the effectiveness of our pioneering Guardian solution. We believe that the FOVIO DMS platform and processor will be a major long-term growth driver for the Company, driven by the adoption of DMS which is increasingly integral to ADAS and Autonomous driving technology. We have big opportunities and plans ahead this year and the team looks forward to making it happen."*

Enquiries:

Seeing Machines Limited	www.seeingmachines.com / +61 2 6103 4700
Mike McAuliffe, CEO	Mike.McAuliffe@seeingmachines.com
Media enquiries	Sophie.Nicoll@seeingmachines.com
finnCap Ltd	
Ed Frisby / Emily Watts, Corporate Finance Tim Redfern / Richard Chambers, Corporate Broking	+44 20 7220 0500
Canaccord Genuity Limited	
Simon Bridges Richard Andrews Alexander Napier	+44 20 7423 8000

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

About Seeing Machines
Seeing Machines, (AIM: SEE) is an industry leader in computer vision technologies which enable machines to see, understand and assist people. The Company deploys its machine learning vision platform to deliver real-time understanding of drivers through AI analysis of heads, faces and eyes, for Driver Monitoring Systems (DMS) in most Transport sectors. DMS detects and manages drowsiness, distraction and cognitive state of Drivers which is key enabling technology for automotive ADAS/Autonomous Driving as well as for Guardian, the Company's pioneering aftermarket commercial fleet solution. The Guardian solution combines an in-cabin safety intervention system with 24/7 telematics monitoring and cloud analytics services delivered on a SaaS basis which prevents accidents, saves costs, and lives. The Company also serves Aviation, Rail, Off-Road markets and is enabling next generation applications for precision eye tracking, offering solutions from embedded software and FOVIO processors to aftermarket system and service solutions. Based in Canberra, Australia with offices and people in USA and Europe, the Company's products have been adopted by global industry leaders in its markets. www.seeingmachines.com

Review of Operations

Financial Results

The Company's total operating revenue from continuing operations for the financial year (excluding foreign exchange gains and finance income) was $13.6m compared to the 2016 revenue of A$33.6 million.

Product	***FY17 $'000***	***FY16 $'000***	***Variance %***
Fleet	9,085	3,315	174%
Automotive	1,621	1,089	49%
Off Road	2,491	728	262%
Off Road – One Off Licence Fee	-	21,850	-
DSS/Mining	-	6,580	-
Aviation	365	-	
Operating Revenue	**13,562**	**33,562**	
Other income	9,209	2,546	219%
Finance income	470	1,371	(66%)
	9,679	**3,917**	
Total Revenue	**23,241**	**37,479**	

Company revenue achieved was 122% that of FY16 on a like-for-like basis[2]. Revenue momentum accelerated through the year with second half sales being more than 250% that of first half sales. The key growth driver was the Fleet business with sales more than 250% that of the previous year.

The significant growth of the Fleet business – revenue of $9.1m for the year, almost triple the $3.3m in FY16 - was driven by both direct sales and from new Distribution partners – this growth momentum will be further supported by contributions from new Telematics partner channels in FY18.

Customer wins included Kiattana, a Thailand based equipment distributor, Autosense in New Zealand and Freshlinc in the UK. The Division has focused its efforts on APAC, the US (where it now has a significant business development presence) and Europe (the company opened a UK sales office in the year).

In addition to hardware revenue, monthly recurring revenue ("MRR") is generated for monitoring and analytics services pursuant to a SaaS ("Safety-as-a-Service") model with multi-year contracts. The growth in these high margin services enabled the Company to achieve a positive gross margin for the year.

The Automotive business is in its early stages, but still saw revenue increase by 49%, from $1.1m in 2016 to $1.6m in FY17, mainly as a result of consultancy work and the sale of demonstration systems to potential customers.
Royalties under the Caterpillar agreement, signed in September 2015, and additional consulting work for Caterpillar produced 'Off Road' revenue of $2.5m. This is over and above the $21.8m license fee receivable from

[2] Excluding one-off license fee to CAT and adjusting FY16 DSS sales as if a royalty was earned on the gross sale instead

Caterpillar, which was booked in FY16.

These revenue figures exclude the Australian government research and development tax incentive which is reported in the 'Other Income' of $9.2m. The Group accounts for the R&D tax incentive once it is probable of receiving the funds. For FY17 this resulted in a 'doubling up' effect with both the FY16 and FY17 R&D tax incentives being accounted for in the same period given likelihood of receiving the funds. The total amount of R&D tax incentives recognised in 'Other Income' in FY17 is $8.5m being the sum of:

- $3.8m cash refund received during FY17 in respect of FY16; and,
- $4.7m accrued in respect of FY17.

The R&D claim is currently in the process of being prepared.

In addition, the company received 'Other Income' from research project grants funded by the Australian Government, including the Advanced Safe Truck Concept ("ASTC") program in collaboration with leading fleet operators and OEMs. Further research grants from this project, and the CAN-Drive semi-autonomous driving program, are expected in FY18.
Finance income was lower than FY16 due to the paydown of the Caterpillar license fee debtor (which is accounted for in a similar way as an interest-bearing loan).

Costs of Goods Sold increased in line with increased sales revenue from products and services. The overall gross margin increased throughout the year as the underlying MRR accumulated from high margin monitoring services. This resulted in an overall gross profit of $0.1m for the year.

Indirect operating expenses rose from $32.8m to $38.3m due to increased investment in our capability and resources to commercialise our technology in our global target industries: fleet, automotive, rail and aviation. This resulted in increased R&D (mainly staff costs) marketing, facility and corporate services costs, partially offset by there being no inventory write off in FY17 ($5.2m in 2016).

This investment meant the Company made a net loss from continuing operations of A$29.7m for the FY17 financial year, compared to A$1.6m for the previous year.

During the financial year the Company raised $27.1m from the issue of 412,871,750 new ordinary shares.

In addition, Caterpillar agreed to pay US$7.0m (US$3.5m originally due in January 2017 and US$3.5m originally due in January 2018) earlier than per the original licensing agreement in return for consulting work performed free-of-charge. Hence only US$1.5m remains to be received in January 2019.

Cash reserves – comprising cash ($21.4m) and term deposit investments ($0.6m) - at 30 June 2017 were A$22.0m compared to A$16.9m at 30 June 2016.

Operational Highlights

During the FY17 financial year the Company continued to execute the multi-sector strategy with increasing focus on the transportation sectors of : fleet, automotive, rail and aviation. Investing heavily in the core intellectual property and capabilities that define Seeing Machines, the Company is positioned to capture significant value from all of these sectors and has pioneered the industry of driver monitoring.

Automotive

Seeing Machines' integrated strategy retained the Automotive business within the Company to leverage a common platform strategy and leverage these synergies across the Company's key transport industry segments.

The FOVIO platform and processor are key to the Seeing Machines strategy to establish market leadership in high performance full-stack human factor solutions, enabling machines to see, understand and assist people, fundamental to the Seeing Machines mission. Retention of the core technology platform within the Company promises to deliver validated Driver Monitoring System (DMS) solutions at scale across multiple segments, channels and customers worldwide, cost-effectively.

In FY17, the Automotive business completed the release of its first Automotive DMS for the world's first 'hands-free' semi-autonomous car from a leading US OEM. This marks the beginning of Seeing Machines mass deployment of DMS technology in the automotive industry. This coincides with the company's ongoing work with a range of OEM and Tier 1 partners, as demand increases for access to the FOVIO DMS platform and processor in support of semi-autonomous driving, driver safety, comfort, and convenience applications.

Having converted the original Takata Corporation partnership agreement to non-exclusive, the Company has leveraged opportunities to build an expanding ecosystem of leading Automotive Tier 1 collaborations to best pursue global OEM business opportunities such as the recently announced collaboration with Autoliv, a leader in Automotive Safety Systems.

Fleet

The Fleet business has seen remarkable growth in FY17 and continues to expand the global footprint of the Guardian System through direct sales and in collaboration with Telematics partners and an increasing Distribution network. Guardian sales were a key driver for the overall revenue result with more than 250% sales than that of the previous year. Market studies project the annual addressable market opportunity for Fleet to exceed A$1.5 billion within five years and Seeing Machines is recognised as a pioneer in this market.

The Guardian System uses advanced computer vision technology to detect and minimise driver fatigue and distraction events and associated accidents in commercial fleet applications. The system has demonstrated it can achieve over 90% reduction in fatigue and distraction related driver events based on studies of worldwide deployment experience. The solution provides real-time, in-cabin alerts when fatigue or distraction is detected by the driver facing sensors, which work in all light conditions including night driving and the use of sunglasses. A forward-facing camera monitors the road ahead and captures event video for analysis and assistance with accident or liability claims - all of which can provide valuable driver training insights and help reduce insurance costs.

The Guardian application is further connected to a 24/7 monitoring centre and cloud analytics engine that gives fleet owners a variety of customisable intervention and analytics programs to complement their driver training and wellness initiatives.

Consequently, in addition to Guardian System hardware revenue, monthly recurring revenue is generated for analytics services pursuant to a SaaS ("Safety-as-a-Service") model with multi-year contracts (24/7 monitoring). A key metric for Fleet growth is Total Contract Value ("TCV"), which increased from A$7.9M in FY16 to A$36.5M at the end of FY17, representing growth of 360%. As at the end of FY17, more than A$22M of this value has not yet been recognised as revenue, with approximately half of this contract value converting to revenue in FY18 and the remainder over the following two years.

Launched in 2015, there are now over 130 Guardian System customers globally. This growth has been driven by both direct sales and through new distribution partners. The Company now has a presence in the UK and Europe as demonstrated by the first UK based customer, Freshlinc which was announced in April 2017. The ongoing work in this region will be further bolstered by an expanding team with the expectation that at least one additional business development executive will be based in the UK to leverage the significant opportunities in this market.

Seeing Machines announced in December 2016 that it had engaged in a global distribution partnership with MiX Telematics, a leading global provider of fleet and mobile asset management solutions. The companies have since collaborated on a co-branded fatigue and distraction solution that integrates Guardian technology with MiX Telematics' fleet management and safety solution. MiX Telematics is now actively promoting this integrated solution across its large worldwide customer base. MiX Telematics offers its fleet and mobile asset management solutions, through a Software as a Service (SaaS) delivery model, to customers in more than 120 countries, across 6 continents and has a network of over 130 fleet partners.

In August 2017, Geotab, a worldwide leader in Fleet telematics solutions, has added the Company's Fleet Guardian Solution, to the Geotab Marketplace. Guardian is the latest Add-In application in the Marketplace, which serves more than 14,000 Geotab customers and the companies have collaborated for Seeing Machines to become a Geotab Marketplace partner. Guardian integrates with Geotab's fleet management solution and dashboard so dispatchers can intervene with their drivers upon confirmed detection of danger events or patterns, with cloud analysis reporting of events also available.

Guardian sales continue to expand through the Company's Distribution network with appointed distributors based in South Africa, Asia, Latin America and Australia.

Seeing Machines has secured Fleet financing with several finance companies and anticipates that up to 10% of Fleet revenue can be factored. Working directly with customers, appointed finance teams will facilitate the entire financing process from credit approval to documentation to funding through a convenient, online tool. Customers may finance the complete Guardian Solution, spreading payments over the lifetime of their contract with Seeing Machines.

Aviation

As the global Aviation industry expands rapidly, Seeing Machines' technology will provide new data and measures to support and optimise both pilot and operator selection, and training and assessment through clear evidence based eye tracking and scan data. The Company has established a clear pathway to market in three key streams – Simulators, Aircraft and Consoles.

Simulators: Seeing Machines has engaged in multiple direct engagements with carriers and operators, for both fixed wing and rotary, gathering data in full flight simulators to support and supplement pilot and crew training.

Aircraft: Proof of concept and prototype engagements with Aircraft Manufacturers (OEMs) are ongoing where the Company works in partnership to capture existing data in order to provide new data for operational monitoring in the cockpit of commercial aircraft.

Consoles: Currently undertaking data collection and reporting activities for both training optimisation and operational monitoring in several air traffic control operations globally.

The Company is moving toward formal engagements with leading global players in both pilot and crew training and fatigue risk management, and has strong development activities to develop the technical readiness level of Seeing Machines Aviation products for use in Commercial and Military Aviation applications.

Rail

The Rail market opportunity is compelling with 200,000 freight and passenger trains worldwide, operating over 10 trillion freight tonne-kilometres and 3 trillion passenger kilometres.

Seeing Machines has signed an exclusive Alliance and Master Development Agreement with Progress Rail Services Corporation (Progress Rail). Progress Rail, a Caterpillar company, is one of the largest integrated and diversified suppliers of railroad and transit system products and services worldwide. Since its acquisition of Electro-Motive Diesel (EMD), Progress Rail is the world's largest builder of diesel-electric locomotives for all commercial railroad applications including freight, intercity passenger, commuter, switching, industrial and mining.

The Agreement provides ongoing world-wide licence rights to Progress Rail on a royalty basis for core rail applications and outlines agreed minimum revenue targets for the first four years. Further to hardware sales, each unit will be sold with the Seeing Machines monitoring service, representing further ongoing revenue stream for the Company.

Off-Road (Mining)

Seeing Machines is the exclusive provider of Caterpillar's in-cab operator fatigue solution as dictated by 2015 licensing Agreement between the Companies.

There are currently 5,000 Seeing Machines Driver Safety System (DSS) units in vehicles across 50 mining customers globally. Caterpillar's (CAT) footprint includes 3,000,000 CAT mining vehicles globally, as well as other types of construction vehicles, this represents a further opportunity of 10,000,000 vehicles across Construction, Cement, Oil & Gas, Hazmat and Forestry industries.

Under the exclusive licensing Agreement, CAT pays annual royalty fees for DSS hardware, software licensing, monitoring and analytics services to the Company.

Human Factors

Human Factors at Seeing Machines underpins the company's goal of delivering world-leading OEM and aftermarket driving and operator state monitoring solutions through cutting edge Human Factors research programs with leading global universities and partners.

Human Factors has two main areas of focus. The first is the core research done internally and with research partners to advance understanding of driver state across all transport sectors, using scientific solution design and validation for optimum Human Machine interfaces, generating valuable datasets for use across all industry sectors. The second is around customer-focussed research with our automotive, fleet and aviation customers, working with them to design programs that showcase how the Seeing Machines technology can be used to measure operator state in real-world operational settings.

Seeing Machines, in partnership with Monash University's Accident Research Centre and Ron Finemore Transport, was awarded an Australian Government CRC-Project Grant for A$2.25 million over three years to work on a project that builds on the Company's Guardian technology platform. This project will advance Seeing Machines' goal to deliver the next generation of fatigue prevention and driver monitoring technology for the commercial transport sector in Australia and around the world.

Seeing Machines will also lead what is expected to be the world's first automated vehicle trial with a primary focus on the driver - CAN Drive. The Australian Capital Territory (ACT) Government has committed A$1.35 million to the trial, which will use the Company's driver monitoring technology to build information on the connection between driver behaviour and automated vehicles. The Seeing Machines software monitors the driver's facial movements and expressions to determine whether they are paying sufficient attention and sounds an alert if they need to look at the road and retain full control of the vehicle. The trial will be conducted in different environments and under different road conditions across the ACT.

Future Developments, Prospects and Business Strategies
Further to the appointment of Mike McAuliffe as CEO, the Company has done considerable work on its strategy and business plan and is pleased to share the following preliminary outlook.

- Base Case Revenue expected to grow in-line with market expectations for FY18, driven by strong momentum in Fleet, a growing Automotive and Off-Road contribution and first meaningful revenues from Aviation and Rail segments. Whilst there are uncertainties around the timing ramp of any new markets, the Company targets growing annual revenue to the sub A$100 million region by the end of FY19.
- The Company expects to deliver gross profit margins in the low to mid thirty percent range for FY18, with additional gross margin expansion of 500 to 1000 basis points (+5% to +10%) per year for the next several years as the Company's business scales - to a long term gross margin model of 60% to 70%+ which is consistent with SaaS business models and high-performance IP processor business models.
- Given the Company's strategy to seize its first mover advantage and scale major Fleet and Automotive businesses to market leading positions – through continued investment in its Advanced Platform Technology, Product Roadmap, Machine Learning Infrastructure and a global support infrastructure for its expanding customer base, the Company expects to potentially invest up to A$50 million over the next two years to accelerate platform and product development and build an infrastructure capacity to support the sharp ramp in global customer programs. The Company projects to achieve EBITDA breakeven by the end of FY19 with an attractive EBITDA & Free Cash Flow margin profile accelerating from that point on as the ensuing gross profit expansion increasingly flows to the bottom line.
- As the Company continues to advance its strategic business plan and attracts market recognition for its leading technology position, it is engaged in exploratory discussions with a number of potential strategic partners – both industrial and financial - with regards to various potential partnerships, R&D collaboration, supply agreements and possible strategic investment in the business.

seeingmachines

Statement of Financial Position

AS AT 30 JUNE 2017	Note	Consolidated 2017 A$	2016 A$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	15	21,438,025	16,948,300
Trade and other receivables	16	7,581,367	6,786,046
Inventories	17	702,212	8,420,350
Current financial assets	21	574,793	241,159
Current taxation	11	-	85,581
R&D refundable tax offset receivable		4,700,825	-
Other current assets	18	3,565,033	663,615
TOTAL CURRENT ASSETS		38,562,255	33,145,051
NON-CURRENT ASSETS			
Property, plant and equipment	19	959,040	691,961
Intangible assets	20	5,218,589	4,404,268
Non-current financial assets	21	140,191	140,191
Trade and other receivables	16	1,828,627	6,284,468
TOTAL NON-CURRENT ASSETS		8,146,447	11,520,888
TOTAL ASSETS		46,708,702	44,665,939
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	22	5,611,096	1,801,771
Provisions	23	2,012,383	1,591,987
Deferred revenue	25	1,467,967	728,959
Income tax payable		-	85,581
TOTAL CURRENT LIABILITIES		9,091,446	4,208,298
NON-CURRENT LIABILITIES			
Provisions	23	44,372	33,324
TOTAL NON-CURRENT LIABILITIES		44,372	33,324
TOTAL LIABILITIES		9,135,818	4,241,622
NET ASSETS		37,572,884	40,424,317
EQUITY			
Contributed equity	26	96,482,665	70,592,134
Treasury shares	26	(1,191,078)	(1,226,938)
Accumulated losses		(59,426,120)	(29,737,234)
Other reserves		1,707,417	796,355
Equity attributable to the owners of the parent		37,572,884	40,424,317
TOTAL EQUITY		37,572,884	40,424,317

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017	Note	Consolidated 2017 A$	2016 A$
Continuing operations			
Sale of goods and licence fees		8,628,633	30,949,453
Rendering of services		4,934,056	2,612,390
Revenue		13,562,689	33,561,843
Cost of Sales		(13,478,086)	(6,259,566)
Gross Profit		84,603	27,302,277
Other income	9	9,208,994	2,556,123
Net loss on foreign exchange		(1,124,338)	(181,652)
Finance income		470,351	1,370,973
Research and development expenses		(15,930,287)	(9,767,194)
Customer support and marketing expenses		(11,431,082)	(10,501,039)
Occupancy and facilities expenses		(3,204,981)	(2,289,188)
Corporate services expenses		(6,571,088)	(4,835,127)
Other expenses	10	(48,624)	(5,253,139)
Loss from continuing operations before income tax		(28,546,452)	(1,597,966)
Income tax expense	11	(1,142,433)	(23,810)
Loss from continuing operations after income tax		(29,688,885)	(1,621,776)
Loss from discontinued operations after income tax	8	-	(20,485)
Loss for the year after tax		(29,688,885)	(1,642,261)
Loss for the year attributable to:			
Equity holders of parent		(29,688,885)	(1,739,248)
Non-controlling interests		-	96,987
		(29,688,885)	(1,642,261)
Other comprehensive income – to be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign operations		(244)	(220,372)
Other comprehensive income net of tax		(244)	(220,372)
Total comprehensive income for the year		**(29,689,129)**	**(1,862,633)**
Total comprehensive income for the year attributable to:			
Equity holders of parent		(29,689,129)	(1,959,620)
Non-controlling interests		-	96,987
Total comprehensive income for the year		(29,689,129)	(1,862,633)
Earnings per share for loss attributable to the ordinary equity holders of the parent:	13		
· Basic earnings per share		(0.0235)	(0.0018)
· Diluted earnings per share		(0.0235)	(0.0018)

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2017	Contributed Equity A$	Treasury Shares A$	Accumulated Losses A$	Foreign Currency Translation Reserve A$	Employee Equity Benefits Reserve A$	Total A$	Non-Controlling Interest A$	Total Equity A$
At 1 July 2015	57,490,870	(1,301,823)	(27,997,987)	(544,438)	1,312,148	28,958,770	1,175,516	30,134,286
Profit/(Loss) for the year	-	-	(1,739,248)	-	-	(1,739,248)	96,987	(1,642,261)
Other comprehensive income	-	-	-	(220,372)	-	(220,372)	-	(220,372)
Total comprehensive income	-	-	(1,739,248)	(220,372)	-	(1,959,620)	96,987	(1,862,633)
Transactions with owners in their capacity as owners								
Shares issued	13,136,529	-	-	-	-	13,136,529	-	13,136,529
Capital raising costs	(2,736)	-	-	-	-	(2,736)	-	(2,736)
Treasury Shares	(32,529)	74,885	-	-	-	42,356	-	42,356
Employee Share Loan Plan	-	-	-	-	249,018	249,018	-	249,018
Derecognition of Non-controlling interest	-	-	-	-	-	-	(1,272,503)	(1,272,503)
At 30 June 2016	70,592,134	(1,226,938)	(29,737,235)	(764,810)	1,561,166	40,424,317	-	40,424,317
At 1 July 2016	70,592,134	(1,226,938)	(29,737,235)	(764,810)	1,561,166	40,424,317	-	40,424,317
Loss for the year	-	-	(29,688,885)	-	-	(29,688,885)	-	(29,688,885)
Other comprehensive income	-	-	-	(244)	-	(244)	-	(244)
Total comprehensive income	-	-	(29,688,885)	(244)	-	(29,689,129)	-	(29,689,129)
Transactions with owners in their capacity as owners								
Shares issued	27,144,440	-	-	-	-	27,144,440	-	27,144,440
Capital raising costs	(1,253,909)	-	-	-	-	(1,253,909)	-	(1,253,909)
Treasury Shares	-	35,860	-	-	-	35,860	-	35,860
Employee Share Loan Plan	-	-	-	-	911,305	911,305	-	911,305
At 30 June 2017	96,482,665	(1,191,078)	(59,426,120)	(765,054)	2,472,471	37,572,884	-	37,572,884

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2017	Note	Consolidated 2017 A$	2016 A$
Operating activities			
Receipts from customers		19,621,179	29,420,077
Payments to suppliers and employees		(40,085,855)	(38,845,703)
Interest received		142,231	1,370,973
Income tax paid		(1,142,433)	(44,186)
Payments received for research and development costs		3,830,614	2,764,224
Net operating cash flow from discontinued operations		-	260,095
Net cash flows used in operating activities	28	(17,634,264)	(5,074,520)
Investing activities			
Proceeds from sale of plant and equipment		-	1,052
Purchase of plant and equipment		(788,947)	(527,496)
Purchase of held-to-maturity financial assets		(333,634)	(2,697)
Payments for intangible assets		(1,450,621)	(1,998,870)
Proceeds from sale of subsidiary		-	1,299,264
Cash derecognised on sale of subsidiary		-	(2,445,969)
Net cash flows used in investing activities		(2,573,202)	(3,674,716)
Financing activities			
Proceeds from issue of shares		27,144,440	13,136,529
Proceeds from sale of treasury shares		35,860	42,356
Costs of capital raising		(1,253,909)	(2,736)
Net cash flows from financing activities		25,926,391	13,176,149
Net increase in cash and cash equivalents		5,718,925	4,426,913
Net foreign exchange differences		(1,229,200)	(1,700,228)
Cash and cash equivalents at beginning of period		16,948,300	14,221,615
Cash and cash equivalents at end of period	15	21,438,025	16,948,300