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ANNUAL REPORT
30 JUNE 2021

OCEAN GUARDIAN HOLDINGS LIMITED

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WARRIEWOOD NSW 2102

Contents

Directors' Report

The Directors of Ocean Guardian Holdings Limited (Ocean Guardian) present their report together with the financial statements of the Consolidated Entity, being Ocean Guardian Holdings Limited (the Company) and its controlled entities (the Group) for the year ended 30 June 2021 and the Independent Audit Report thereon.

Directors

The following persons were Directors of Ocean Guardian during or since the end of the financial year:

Alan J Broome AM
Chairman and Independent Non-Executive Director
Director since 2015

Alan is a professional chairman, director and business advisor with over 40 years' experience in building both small and large enterprises, primarily technology and mining related. In 2000, he was awarded the Order of Australia (AM) for services to mining. Alan was a long-standing Chairman of Ocean & Earth, one of the world's largest surf hardware companies; thus, he brings a wealth of knowledge to Ocean Guardian in developing and launching new products in aquatic sports.

Lindsay Lyon
Managing Director and Chief Executive Officer
Director since 2012

Lindsay has a successful track record in the creation and growth of both private and public companies. His corporate experience includes senior executive of a multi-national, CEO of an ASX listed company and the launch of globally focused start-up ventures that involved capital raisings, IPO's, M&A and management of a P&L while delivering customer satisfaction and shareholder value with no compromise on quality or safety standards. Lindsay's focus is on innovation, business strategy, global business development, channels, branding strategies, partnering, and strong teamwork.

Amanda Wilson
Executive Director and US General Manager
Director since 2012

Amanda has over 12 years of experience in worldwide product marketing and sales management. Amanda has held various positions in marketing, product management and engineering with Emerson Process Management located in Minnesota USA, and Mobilarm, Australia. Amanda holds a bachelor's degree in Mechanical Engineering from Iowa State University and an MBA from the University of St. Thomas.

Company Secretary

Hugh Ealey was appointed as secretary of Ocean Guardian and Shark Shield Pty Ltd on 19 July 2016 and is the Chief Financial Officer. Hugh is a chartered accountant with experience gained at PWC and in various listed and unlisted companies.

Principal activities

During the year, the principal activities within the Group were:

- manufacture, sale and marketing of electrical shark deterrent devices
- innovation, design and development of new electrical shark deterrent products

There have been no significant changes in the nature of these activities during the year.

Dividends – Ocean Guardian Holdings Limited

There were no dividends paid or declared during the year.

Review of operations

In a year disrupted by COVID-19, a lack of inventory and no paid advertising, marketing or PR, the Group has produced record sales of $1,987,768 and positive EBITDA which represents a significant improvement on last year's result:

	2021 $	2020 $	
Sales Revenue	**1,987,768**	**1,458,213**	**36% growth**
Gross Profit	684,108	533,267	
Add, Other Income	236,401	184,637	
Less, Operating Expenses	(853,342)	(1,072,898)	
EBITDA	**67,167**	**(354,994)**	

Significant changes in the state of affairs

Despite several months of negotiations, a transaction with the global marine safety group noted in last year's annual report was unable to be completed. However, the UK group did advance an additional loan of £122,222 during the year resulting in the Company issuing a convertible note for the total amount advanced of £222,222.

With the CBA trade finance facility fully drawn as an overdraft, the Group has been unable to secure sufficient inventory of all product lines to be able to deliver on the large number of sales orders in a timely manner. The UK convertible note and JobKeeper has enable the Company to continue to keep moving forward.

The Company has signed an exclusive agreement with Armscor's International Maritime Technology division to supply Ocean Guardian's large scale LR1000 Shark Barrier designed for predator protection at beaches, private resorts and fish farms. Armscor is the premier defence technology and acquisition service provider for the South African Government and has been developing and testing the Shark Barrier solution for over six years. The Shark Barrier B2B opportunity is transformational for our Company with the potential to deliver significant sales and annuity revenues. We have several sales in the advanced stages and planning the first commercial installation in the first half of 2022 with volume manufacturing shipments shortly thereafter.

We are in advanced stages in our previously communicated development with The University of North Carolina to provide a solution to the long line fishing industry, 100 devices were delivered in May for testing and another 200 devices in July. The long line industry requirement is for millions of units.

Events since the end of the financial year

Since 30 June 2021, the Company has issued 349,998 shares at a price of 30 cents per share to new investors raising $104,999 in issued capital.

In September, the Company received an order for a 365 metre Shark Barrier to be deployed in the Bahamas and a deposit of $143,098 was received from the customer on 1 December 2021.

In October, the Commonwealth Bank provided a temporary extension to the Company's trade finance facility to enable production and supply of the dive, surf and boat products to fill backorders and meet the Australian summer demand.

On 25 October 2021 all the convertible notes were converted into ordinary shares resulting in a $688,278 increase in issued capital.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

With the availability of inventory and the first Shark Barrier order received, 2022 is projected to be a record revenue year for the Company.

The Company has appointed a broker with a mandate to raise approximately $12 million to commercialise the Shark Barrier, accelerate growth of the consumer products and provide working capital. A pre-IPO round to raise approximately $2 million will be used to refinance and strengthen the balance sheet in preparation for an IPO. The pre-IPO capital raising will be for institutional and sophisticated investors only.

Directors' meetings

The number of meetings of Directors held during the year and the number of meetings attended by each Director is as follows:

Board Member	Entitled to attend	Attended
Alan Broome	4	4
Lindsay Lyon	4	4
Amanda Wilson	4	4

Shares under option

There were no unissued shares under option at the date of this report.

Environmental legislation

Ocean Guardian's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Indemnities given to and insurance premiums paid for officers

During the year, Ocean Guardian paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

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, other than where such liabilities arise out of 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 to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

Proceedings on behalf of the Company

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

Auditors Independence Declaration

A copy of the Auditor's Independence Declaration as required under s.307C of the Corporations Act 2001 is included in page 8 of this financial report and forms part of this Director's Report.

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

Lindsay Lyon Managing Director	Alan Broome AM Chairman	Sydney 17 December 2021

Auditor's Independence Declaration

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue from continuing operations			
Sale of goods	3	1,987,768	1,458,213
Cost of goods sold including freight costs		(1,303,660)	(924,946)
Gross profit		**684,108**	**533,267**
Other income	3	236,401	184,637
Operating expenses			
Staff and consultants		(493,447)	(568,682)
Marketing and selling costs		(220,910)	(237,234)
Premises		(3,226)	(6,750)
Administration		(212,728)	(252,162)
Foreign currency losses		76,969	(8,070)
Profit/(Loss) before interest, tax, depreciation, amortisation		**67,167**	**(354,994)**
Depreciation and amortisation	10,11	(70,906)	(70,901)
Loss before interest and tax		**(3,739)**	**(425,895)**
Interest and finance costs	4	(141,986)	(114,393)
Loss before income tax		**(145,725)**	**(540,288)**
Income tax expense	5	-	-
Loss for the year		**(145,725)**	**(540,288)**
Other comprehensive income		-	-
Total comprehensive loss attributable to members of the entity		**(145,725)**	**(540,288)**

These financial statements must be read in conjunction with accompanying notes.

Consolidated Statement of Financial Position

As of 30 June 2021

	Note	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	6	59,696	53,555
Trade and other receivables	7	247,080	46,581
Inventories	8	95,185	122,726
Other current assets	9	178,800	131,901
Total current assets		580,761	354,763
Non-current assets			
Property, plant and equipment	10	201,022	264,392
Intangible assets	11	1,195,914	1,150,654
Total non-current assets		1,396,936	1,415,046
TOTAL ASSETS		1,977,697	1,769,809
LIABILITIES			
Current liabilities			
Trade and other payables	12	1,008,024	1,037,368
Borrowings	13	1,734,730	1,105,657
Provisions	14	59,249	59,982
Other current liabilities	15	73,032	26,878
Total current liabilities		2,875,035	2,229,885
Non-current liabilities			
Borrowings	13	60,500	361,037
Provisions	14	44,400	35,400
Total non-current liabilities		104,900	396,437
TOTAL LIABILITIES		2,979,935	2,626,322
NET LIABILITIES		(1,002,238)	(856,513)
EQUITY			
Issued capital	16	11,375,359	11,375,359
Accumulated losses		(12,377,597)	(12,231,872)
TOTAL EQUITY		(1,002,238)	(856,513)

These financial statements must be read in conjunction with accompanying notes.

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Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

Prior Year	Issued Capital	Reserves	Accumulated Losses	Total
Balance as at 1 July 2019	**11,375,359**	**-**	**(11,691,584)**	**(316,225)**
Loss for the period	-	-	(540,288)	(540,288)
Total other comprehensive income	-	-	-	-
Total loss for the period	**-**	**-**	**(540,288)**	**(540,288)**
Transaction with owners, directly recorded in equity				
Issue of ordinary shares	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**
Balance at 30 June 2020	**11,375,359**	**-**	**(12,231,872)**	**(856,513)**

Current Year	Issued Capital	Reserves	Accumulated Losses	Total
Balance as at 1 July 2020	**11,375,359**	**-**	**(12,231,872)**	**(856,513)**
Loss for the period	-	-	(145,725)	(145,725)
Total other comprehensive income	-	-	-	-
Total loss for the period	**-**	**-**	**(145,725)**	**(145,725)**
Transaction with owners, directly recorded in equity				
Issue of ordinary shares	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**
Balance at 30 June 2021	**11,375,359**	**-**	**(12,377,597)**	**(1,002,238)**

These financial statements must be read in conjunction with accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,974,239	1,612,801
Payments to suppliers and employees (inclusive of GST)		(2,338,251)	(1,712,568)
Government grants and other income		236,401	98,798
Interest paid		(141,986)	(114,393)
Net cash outflow from operating activities	18	(269,597)	(115,362)
Cash flows from investing activities			
Payments for property plant and equipment		(3,936)	(71,192)
Payment for development costs, patents, trademarks		(48,860)	(97,632)
Net cash outflow from investing activities		(52,796)	(168,824)
Cash flows from financing activities			
Lease liability payments		(43,238)	(31,842)
Proceeds from convertible notes		415,026	100,000
Net proceeds / (repayment) of borrowings – third parties		(164,715)	(125,934)
Net cash inflow / (outflow) from financing activities		207,073	(57,776)
Net decrease in cash		(115,320)	(341,962)
Cash at the beginning of the financial year		(522,984)	(181,022)
Cash and cash equivalents at end of year	6	(638,304)	(522,984)

These financial statements must be read in conjunction with accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

NOTE 1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Ocean Guardian Holdings Limited is a for-profit entity for the purpose of preparing the financial statements.

Ocean Guardian Holdings Limited is the Group's Ultimate Parent Company and is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Unit 1, 6A Prosperity Parade, Warriewood NSW 2102 Australia.

Ocean Guardian Holdings Limited and subsidiaries' (the Group) principal activities include:

- manufacture, sale and marketing of the Shark Shield shark deterrent devices
- design and development of new shark deterrent products

The consolidated financial statements for the year ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 17 December 2021.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES

(a) Overall Considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

(b) Basis of Preparation – GOING CONCERN

The Group incurred a net loss after tax for the year ended 30 June 2021 of $145,725 and a net cash outflow from operating and investing activities of $269,596 and $52,796 respectively. Net assets of the Company as at 30 June 2021 were a deficiency of $1,002,238.

The Company has appointed a broker with a mandate to raise approximately $12 million to commercialise the Shark Barrier, accelerate growth of the consumer products and provide working capital. A pre-IPO round to raise approximately $2 million will be used to refinance and strengthen the balance sheet in preparation for an IPO.

The Commonwealth Bank has provided a temporary extension to the Company's trade finance facility to enable production and supply of the dive, surf and boat products to fill backorders and meet the Australian summer demand.

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Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

The Company's ability to continue as a going concern and pay its debts as and when they fall due is dependent on the Company receiving continued support from its banker and being successful in raising capital.

The Directors have reviewed the business outlook and the cash flow forecasts after taking into account the above matters and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe that the Company will achieve the corporate transaction set out above and be able to pay its debts as and when they fall due.

Should the Company be unable to raise capital as required to fund the Company's ongoing operating activities there would be conditions that may cause significant doubt on the Company's ability to continue as a going concern.

The accounts do not include any adjustments to the classification nor carrying value of recorded assets and liabilities. The financial statements are therefore prepared on the assumption that the Company is a going concern and will continue its operations for the foreseeable future.

(c) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2021. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(d) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars ($AUD), which is also the functional currency of the Parent Company.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group Entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the $AUD are translated into $AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into Australian-Dollars ($AUD) at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into $AUD at the closing rate. Income and expenses have been translated into $AUD at the average rate over the reporting period. Exchange differences are charged / credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

(e) Revenue

Revenue arises from the sale of goods. It is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue from the sale of goods is generally recognised at the point of delivery as this corresponds to the transfer of control of the goods and the cessation of all involvement in those goods.

Grants from the government are recognised at their fair value when received or when there is reasonable assurance that the grant will be received.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

All revenue is stated net of the amount of Goods and Services Tax (GST).

(f) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

(g) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Ocean Guardian Holdings Limited and its wholly-owned Australian controlled entity, Shark Shield Pty Ltd, have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The Group accounts for such allowances as other income.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade and Other Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(k) Property, Plant and Equipment

Property, plant and equipment are carried at cost, independent or Directors' valuation. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the Company. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the assets charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

(l) Intangibles and Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Patents and trademarks

Patents and trademarks are recognised as intangible assets at cost of acquisition and are considered to have an indefinite useful life. The costs of renewing patents and trademarks are expensed as incurred.

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and are tested annually for impairment if events or changes in circumstances indicate that they might be impaired with amortisation commencing once the market conditions enable the definite useful life to be determined.

(m) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Employee Benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include salaries and wages, non-monetary benefits and accumulating annual leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

Notes to the Consolidated Financial Statements
For the year ended 30 June 2021

The Group's liabilities for long service leave are included in other long-term benefits as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

(o) Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions) except where the Group is unable to estimate reliably the fair value of the equity instruments granted at the measurement date in which case the intrinsic value method is applied.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

(p) Provisions

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

(p) Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

(r) Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. In 2021, the Group recognised an impairment loss on licences.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Global pandemic (COVID-19)

Management reviews the supply chain and the contracts with customers for the sale of goods to determine the impact on revenue.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

	2021 $	2020 $
NOTE 3. REVENUE		
Revenue from operating activities		
Sales of goods	1,987,768	1,458,213
Other income		
R&D Tax Incentive	49,359	69,628
Other government grants	161,584	84,682
Other	25,458	30,327
Other income	236,401	184,637
Interest	-	-
Group revenue	**2,224,169**	**1,642,850**

NOTE 4. FINANCE INCOME AND FINANCE COSTS

	2021 $	2020 $
Interest income	-	-
Interest expense		
Banks	63,406	55,849
Convertible Notes	49,103	25,742
Other	29,477	32,802
	141,986	**114,393**

NOTE 5. INCOME TAX

(a) Income tax expense

The income tax for the financial year differs from the amount calculated on the profit / (loss). The differences are reconciled as follows:

	2021 $	2020 $
Profit / (loss) before income tax	(145,725)	(540,288)
Income tax calculated @ 26% (2021 – 27.5%)	(37,889)	(148,579)
Permanent / timing differences	-	(16,278)
Tax losses not booked	37,889	164,857
Income tax attributable to operating profit / (loss)	-	-

(b) Tax losses

	2021 $	2020 $
Unused tax losses for which no deferred tax asset has been recognised	10,418,368	10,272,643
Potential tax benefit @ 26% (2020 – 27.5%)	**2,708,776**	**2,824,927**

OCEAN GUARDIAN

Notes to the Consolidated Financial Statements
For the year ended 30 June 2021

	2021 $	2020 $
NOTE 6. CASH AND CASH EQUIVALENTS		
Cash at bank		
• Australian Dollar ($AUD)	34,217	38,894
• United States Dollar ($USD)	25,479	14,661
Cash and cash equivalents	**59,696**	**53,555**
Reconciliation to cash flow statement		
Cash and cash equivalents (above)	59,696	53,555
Bank overdraft (Note 13)	(698,000)	(576,539)
Balances per statement of cash flows	**(638,304)**	**(522,984)**

NOTE 7. TRADE AND OTHER RECEIVABLES - Current

Trade receivables	247,405	24,035
Allowance for credit losses	(12,870)	(5,000)
	234,535	19,035
Other debtors	12,545	27,546
	247,080	**46,581**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of $12,870 (2020: $5,000) has been recorded accordingly within other expenses. The impaired trade receivables are mostly due from customers in the business-to-business market that are experiencing financial difficulties.

Reconciliation of allowance for credit losses

Balance 1 July	5,000	5,000
Amounts written off (uncollectible)	-	-
Impairment loss	7,870	-
Balance 30 June	**12,870**	**5,000**

An analysis of unimpaired trade receivables that are past due is given in Note 22(e).

The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is $Nil (2020: $Nil).

OCEAN GUARDIAN

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

	2021 $	2020 $
NOTE 8. INVENTORIES		
Finished goods	95,185	122,726
	95,185	**122,726**
Inventories included in profit & loss as an expense:		
Cost of goods sold	969,317	690,169
Advertising & promotions	6,011	26,895
	975,328	**717,064**
NOTE 9. OTHER ASSETS - Current		
Deposits invoiced for inventory orders	120,595	130,989
Prepayments	58,205	912
Non-financial assets	**178,800**	**131,901**
NOTE 10. PROPERTY, PLANT AND EQUIPMENT		
Furniture and fittings, at cost	5,742	5,134
Less: Accumulated depreciation	(4,017)	(3,136)
	1,725	1,998
Office equipment, at cost	13,018	14,735
Less: Accumulated depreciation	(11,594)	(13,516)
	1,424	1,219
Plant & equipment, at cost	238,256	236,791
Less: Accumulated depreciation	(81,174)	(57,197)
	157,082	179,594
Right-of-use asset - premises	122,371	122,371
Less: Accumulated depreciation	(81,580)	(40,790)
	40,791	81,581
Total carrying amount	**201,022**	**264,392**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2021

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	1 July 2020	Additions	Disposals	Depreciation	30 June 2021
Furniture and fittings	1,998	608	-	(881)	1,725
Office equipment	1,219	1,863	-	(1,658)	1,424
Plant & equipment	179,594	1,465	-	(23,977)	157,082
Right-of-use asset	81,581	-	-	(40,790)	40,790
Total	**264,392**	**3,936**	**-**	**(67,306)**	**201,022**

NOTE 11. INTANGIBLES

	2021 $	2020 $
Licences, patents, trademarks	158,937	162,538
Product development		
FREEDOM+Surf	615,285	615,285
Long range boat and beach	244,976	237,155
Hand-held dive eSpear	96,495	95,160
Other	80,222	40,516
Sub-total product development	1,036,977	988,116
Total carrying amount	**1,195,914**	**1,150,654**

Reconciliation of the carrying amounts of each class of intangible at the beginning and end of the current financial year are set out below.

	1 July 2020	Additions	Impairment	Amortisation	30 June 2021
Patents	86,859	-	-	(3,600)	83,259
Trademarks	75,679	-	-	-	75,679
Product development	988,116	48,861	-	-	1,036,977
Total	**1,150,654**	**48,861**	**-**	**(3,600)**	**1,195,914**

The directors have determined that the product development intangible assets carrying values do not exceed their recoverable amounts and therefore there is no impairment loss that needs to be recognised in the accounts at 30 June 2021. The products are at the introduction stage of their life cycle and the directors intend to commence amortisation once the products reach the growth stage.

NOTE 12. TRADE AND OTHER PAYABLES

	2021	2020
Accounts payable	500,260	590,625
Sundry creditors and accrued expenses	507,764	446,743
	1,008,024	**1,037,368**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

NOTE 13. BORROWINGS

Borrowing include the following financial liabilities:

	2021 $	2020 $
Secured (current):		
Bank overdraft (a)	698,000	576,539
Trade finance bills of exchange (a)	-	123,078
Trade finance – Moneytech	125,583	-
Business loan (a)	4,724	21,000
Lease liability	47,292	43,237
Total secured borrowings	875,599	763,854
Unsecured (current):		
Loans from related parties	79,622	79,622
M&A advance from the marine safety group (£100,000)	-	188,990
Convertible notes (b)	665,026	
Other loans	114,483	73,191
Total unsecured borrowings	859,131	341,803
Total current borrowings	**1,734,730**	**1,105,657**
Secured (non-current)		
Business loan (a)	-	3,245
Lease liability	-	47,292
Total secured borrowings	-	50,537
Unsecured (non-current)		
Convertible notes (b)	-	250,000
Loans from related parties	60,500	60,500
Total unsecured borrowings	60,500	310,500
Total non-current borrowings	**60,500**	**361,037**

All borrowings are denominated in Australian Dollars ($AUD) except for the £100,000 received from the marine safety group as an advance against the proposed merger/acquisition.

(a) Bank borrowings

The Company has a finance facility with the Commonwealth Bank of Australia that includes a trade finance facility of $700,000 (including overdraft) and a business loan of $80,000 repayable over 5 years. The facility is secured by way of: a first ranking charge over all present and after acquired property of the Company and its Australian subsidiary and personal guarantees from Lindsay Lyon and Amanda Wilson.

(b) Convertible notes

The Company issued 30 convertible notes for $5,000 each in April 2019 at 12% interest per annum and 20 convertible notes for $5,000 each in November 2019 at 12% interest per annum . The notes are convertible into ordinary shares of the Company, at the option of the note holder or the Company under certain circumstances, or redeemable by the Company anytime up to and including the maturity date or repayable on the maturity date which is 24 months from the date of the agreement entered into with a particular note holder. The conversion rate differs depending on the type of conversion event. Discussions are in progress with the note holders whose notes matured in April 2021 in relation to rolling over the existing notes with new terms.

Loans totalling £222,222 advanced by the UK based marine safety that the Company was in merger negotiations with during the year were rewritten as convertible notes in November 2020 at 8% interest per annum with a conversion discount of 50% and a maturity date of 26 November 2021.

Subsequent event

On 25 October 2021 all convertible notes outstanding at 30 June 2021 were converted into ordinary shares.

	2021 $	2020 $
NOTE 14. PROVISIONS		
Employee entitlements (current)	**59,249**	**59,982**
Annual leave	17,000	17,000
Long service leave	27,400	18,400
Employee entitlements (non-current)	**44,400**	**35,400**
NOTE 15. OTHER LIABILITIES - Current		
Unearned revenue		
Back orders	73,032	26,878
	73,032	**26,878**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

NOTE 16. ISSUED CAPITAL

The share capital of Ocean Guardian Holdings Limited consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Ocean Guardian Holdings Limited.

Share capital	**2021 Shares**	**2020 Shares**	**2021 $**	**2020 $**
Ordinary shares	53,478,814	53,478,814	11,375,359	11,375,359

Movements in ordinary share capital	**Number of shares**	**$**
Opening balance 1 July 2020	53,478,814	11,375,359
New share issues	-	-
Balance at 30 June 2021	**53,478,814**	**11,375,359**

NOTE 17. INTERESTS IN SUBSIDIARIES

Name of subsidiary:	Shark Shield Pty Ltd
Country of incorporation and principle place of business:	Australia
Principle activity:	Manufacture, sale and marketing of the Shark Shield shark deterrent devices.

Proportion of ownership interests held by the Group at 30 June: 100% (2020: 100%)

NOTE 18. CASH FLOW INFORMATION

Reconciliation of profit after income tax to net cash inflow from operating activities

	2021 $	**2020 $**
Profit / (loss) after income tax	(145,725)	(540,288)
Non-cash flows in profit		
Depreciation and amortisation	70,906	70,901
Change in operating assets and liabilities		
(Increase)/decrease in trade debtors	(215,500)	62,243
(Increase)/decrease in inventories	27,542	119,523
(Increase)/decrease in other operating assets	(31,897)	(112,433)
Increase/(decrease) in trade creditors	(90,365)	323,962
Increase/(decrease) in other operating liabilities	107,175	(53,160)
Increase in other provisions	8,267	13,890
Net cash inflow (outflow) from operating activities	**(269,597)**	**(115,362)**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

	2021 $	2020 $

NOTE 19. AUDITOR REMUNERATION

	2021 $	2020 $
Audit and review of financial statements		
Half year	-	7,500
Current financial year	22,000	22,000
Remuneration from audit and review of financial statements	22,000	29,500
Other services		
R&D tax incentive claim	7,975	9,450
Total auditor's remuneration	**29,975**	**38,950**

NOTE 20. RELATED PARTY TRANSACTIONS

The Group's related parties include its key management and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Key management personnel remuneration includes the following expenses:

	2021 $	2020 $
Executives		
Lindsay Lyon, CEO	233,835	232,058
Amanda Wilson, Executive Director	151,430	95,806
Non-executives		
Alan Broome, Chairman	30,000	30,000
	415,265	**357,864**

Details of the CEO's remuneration expensed in the accounts for the year is follows:

	2021 $	2020 $
Salary, super, consultancy	220,000	220,000
Provision for annual leave	3,049	8,458
Provision for long service leave	8,765	3,600
Total	**231,814**	**232,058**

The CEO's employment contract includes the following incentives:

Short Term Incentive

40% of Fixed Remuneration based on the achievement of the KPIs set by the Board of Directors if and when determined by the Board.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2021

Long Term Incentive

The CEO's employment contract contains a Long Term Incentive that provides for the issue of 6,210,000 Performance Shares. Each Performance Share will vest into one Ordinary share based on the achieving following performance milestones:

	Number
Class A: Securing funding for the development of the Shark Barrier	2,070,000
Class B: Commercialisation of the Shark Barrier (first installation)	2,070,000
Class C: Listing of the Company on a stock exchange or trade sale	2,070,000

At the date of this report, none of the performance milestones have been achieved. The Company has adopted the policy of applying intrinsic value method for booking the share based payments expense and accordingly share based payment expense will be booked when these performance rights are exercised.

	2021 $	**2020 $**
Amanda Wilson, Executive Director, remuneration includes the following:		
Retainer	35,000	35,000
Commission on American sales	116,430	60,806
Total	151,430	95,806

Amounts owing to Directors or their director related entities (excluding provisions for leave):

			2021	2020
Lindsay Lyon:	Unpaid back-pay	(a)	281,580	281,580
Lyonpark Super Fund:	Short term loan and Interest	(b)	27,171	23,622
Coastal Roofing WA Pty Ltd:	Short term loan and Interest	(b)	63,512	56,000
Amanda Wilson:	Unpaid US sales commission	(a)	55,875	36,129
Alan Broome:	Unpaid Directors' fees	(a) & (c)	137,500	104,500
James Wakim:	Unpaid Directors' fees	(c)	19,250	19,250
			584,888	**521,081**

Represented by:

	2021	2020
(a) Trade and other payables- NOTE 12	444,766	381,319
(b) Unsecured borrowings (current) – NOTE 13	79,262	79,262
(c) Unsecured borrowings (non-current) – NOTE 13	60,500	60,500
	584,528	**521,081**

The amounts owing to Directors are not subject to interest except for the $90,683 in short term loans on which interest is being calculated daily @ 12% and is payable on repayment of the loan 12 months from the date the loan was advanced.

NOTE 21. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Company has no contingent assets.

A provision for future warranty claims has not been recorded in the accounts because the probability of future warranty claims is uncertain, and the amount cannot be reasonably estimated.

NOTE 22. FINANCIAL INSTRUMENT RISK

(a) Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

(b) Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

(c) Foreign currency sensitivity

Most of the Group's transactions are carried out in Australian Dollars ($AUD). Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US-Dollars ($USD).

To mitigate the Group's exposure to foreign currency risk, non-$AUD cash flows are monitored, and forward exchange contracts are entered into in accordance with the Group's risk management policies. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within six months) from longer-term cash flows (due after six months).

Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other currency transactions.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated from $USD into $AUD at the closing rate:

Notes to the Consolidated Financial Statements
For the year ended 30 June 2021

	2021 $	2020 $
Cash and cash equivalents	25,479	14,661
Accounts receivable	75,120	19,670
Accounts payable	(337,225)	(422,704)
Net asset / (liability) exposure	**(236,626)**	**(388,373)**

The following table illustrates the sensitivity of profit and equity in regard to the Group's financial assets and financial liabilities and the $USD/$AUD exchange rate 'all other things being equal'. It assumes a +/- 5% change of the $AUD/$USD exchange rate for the year ended at 30 June 2021 which has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

Impact on profit / (loss) for the year:

$AUD had strengthened against the $USD by 5% (2020: 5%)	11,268	18,494
$AUD had weakened against the $USD by 5% (2020: 5%)	(12,454)	(20,441)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

(d) Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 30 June 2021, the Group is exposed to changes in market interest rates on the bank overdraft. Other borrowings are at fixed interest rates. The exposure to variable interest rates on the Group's bank overdraft is considered immaterial.

(e) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, investment in bonds etc.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

Trade receivables	247,405	24,035
Security bond	12,650	12,650
Other debtors	-	15,000
	260,055	**51,685**

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Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

The Group continuously monitors defaults of customers and other counterparties, identified either by individual or group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

Some of the unimpaired trade receivables are past due as at the reporting date. Information on financial assets past due but not impaired are as follows:

Not more than three months	237,454	21,599
More than three months but not more than six months	9,951	2,436
Total	**247,405**	**24,035**

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a wholesale, retail and direct customers in various geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(f) Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period to fund inventory purchases.

The Group's objective is to maintain cash to meet its liquidity requirements for 30-day periods at a minimum. This objective was not met for the reporting periods which is why the company is raising capital.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables are insufficient for the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months.

As at 30 June 2021, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

Notes to the Consolidated Financial Statements
For the year ended 30 June 2021

30 June 2021	**Within 6 months**	**6-12 months**	**1-5 years**
Bank overdraft	-	498,000	200,000
Trade and other payables	327,856	398,589	281,580
Trade Finance	125,583	-	-
Business loan	4,724	-	-
Other loans	35,255	175,797	60,500
Lease Liability	23,646	23,646	-
Convertible Notes	15,000	260,500	419,026
	532,064	**1,356,532**	**961,106**

NOTE 23. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus its convertible notes, less cash and cash equivalents as presented on the face of the statement of financial position.

The group is not subject to externally imposed capital requirements.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2021	**2020**
	$	**$**
Total equity	(1,002,238)	(856,513)
Convertible notes	665,026	250,000
Cash and cash equivalents	(59,696)	(53,555)
Capital	**(396,908)**	**(660,068)**
Total equity	(1,002,238)	(856,513)
Borrowings	1,795,230	1,466,694
Overall financing	**792,992**	**610,181**
Capital-to-overall financing ratio	**(0.50)**	**(1.08)**

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Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

NOTE 24. PARENT ENTITY INFORMATION

Information relating to Ocean Guardian Holdings Limited (the Parent Entity):

Statement of financial position		
Current assets	11	21
Non-current assets	158,938	162,537
Total assets	**158,949**	**162,558**
Current liabilities	699,046	10,479
Non-current liabilities	-	250,000
Total liabilities	**699,046**	**260,479**
Net assets	**(540,097)**	**(97,921)**
Issued capital	11,375,359	11,375,359
Accumulated losses	(11,915,456)	(11,473,280)
Total equity	**(540,097)**	**(97,921)**
Statement of profit or loss and other comprehensive income		
Profit / (loss) for the year	(442,176)	(116,077)
Total comprehensive income	**(442,176)**	**(116,077)**

NOTE 25. SEGMENT INFORMATION

Management has determined the operating segments based on reports reviewed by the Board of Directors for making strategic decisions. The current Board of Directors monitors the business based on operational and geographical factors and has determined there is only one relevant business segment. The Company operates in one industry being consumer technology.

NOTE 26. POST-REPORTING DATE EVENTS

Since 30 June 2021, the Company has issued 349,998 shares at a price of 30 cents per share to new investors raising $104,999 in issued capital.

In September, the Company received an order for a 365 metre Shark Barrier to be deployed in the Bahamas and a deposit of $143,098 was received from the customer on 1 December 2021.

In October, the Commonwealth Bank provided a temporary extension to the Company's trade finance facility to enable production and supply of the dive, surf and boat products to fill backorders and meet the Australian summer demand.

On 25 October 2021 all the convertible notes were converted into ordinary shares resulting in a $688,278 increase in issued capital.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Directors' Declaration

For the year ended 30 June 2021

In the opinion of the Directors of Ocean Guardian Holdings Limited:

1. The consolidated financial statements and notes of Ocean Guardian Holdings Limited are in accordance with the *Corporations Act 2001*, including:
    a. Giving a true and fair view of its financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
    b. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that Ocean Guardian Holdings Limited will be able to pay its debts as and when they become due and payable.
3. The consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

Lindsay Lyon	Alan Broome AM	Sydney
Managing Director	Chairman	17 December 2021

Independent Auditor's Report