Catalano Seafood Ltd (Formerly Catalano Seafood Pty Ltd)

ACN 633 353 125

Annual Report - 30 June 2021

Directors' Report

The Directors of Catalano Seafood Ltd (formerly Catalano Seafood Pty Ltd) present their report together with the financial statements of the Company, for the year ended 30 June 2021 and the Independent Auditor's Report thereon.

Director's Details

The following persons were Directors of Catalano Seafood Ltd during or since the end of the financial year:

Nicola (Nick) Catalano – Chairman (Appointed: 27 May 2019)
Nick Catalano has been involved in the Catalano family seafood business since 1969 and has carried out all the major roles from production, factory, and sales management.

Nick has been a proactive pioneer in the changing markets of the Australian seafood industry. He has steered the Company from a small family business and constructed the platforms to further build the company to one of the largest and most successful processors/retailers of fresh and frozen seafood in Australia, winning numerous state and national quality/business awards and recently inducted into the Family Business Australia Hall of Fame. With 49 years' experience, Nick is one of the most knowledgeable and respected seafood merchants in Australia

Low Koon Poh - Managing Director (Appointed: 1 November 2019)
Koon Low has been involved in capital markets advisory positions across multiple jurisdictions including Australia, Singapore, Malaysia, Hong Kong, the US NASDAQ, and NYSE markets. He has been specialising in restructuring, mergers and acquisitions, and corporate transactions for over 30 years.

Koon is a Chartered Accountant registered with the Malaysian Institute of Accountants, fellow member of Chartered Certified Accountants (UK), and a member of the ASEAN Chartered Professional Accountants. He is currently a director of Advanced Health Imaging (ASX: AHI) and Midi Lifestyle Limited (SGX:5TN).

Shamin Sahafi – Non-Executive Director (Appointed: 8 November 2019)
Mr Mohaamad Shamin ("Mr Shamin") was appointed to the Board of Directors of the Company on 8th November 2019. Mr Shamin earned his Bachelor of Commerce from The University of Wollongong, Sydney Australia and holds professional accreditations as Chartered Islamic Finance Professional Programme (CIFP) Malaysia and professional accreditation as holder of Professional Certificate in Marketing (CIM) Malaysia. He is also a Member of the International Centre for Education in Islamic Finance (INCEIF).

Mr Shamin started his career at Atradius Credit Insurance & Risk Management in Sydney Australia. He has extensive experience in the Malaysian finance and investment industry. He brings more than 15 years of banking and finance knowledge with public and privately held companies to this position. Mr Shamin has built an impressive career which provides him an invaluable understanding in local mutual funds, equity investments, private placements, real estate investment trust services and complex hedge funds.

Prior to joining the Board of Directors of the Company, Mr Shamin developed a portfolio management business for high net worth clients, where he also had business development responsibilities to turn around and grow the business. In this role, Mr Shamin successfully built a profitable business and significantly grew the assets under the management.

Company Secretary

Laurie Ziatas – Joint Company Secretary
Laurence Ziatas is a senior Australian lawyer and is admitted to practice in the Supreme Courts of Western Australia and South Australia and the High Court of Australia. He is a businessman with over 40 years' experience in business and the law.

Laurence holds two law degrees and an Executive Master of Business Administration from the University of Western Australia, and a Master of Mediation and Conflict Resolution from the University of South Australia. He was formerly the Founder, Director and Chairman of Resource Mining Corporation Limited (ASX: RMI), Lepidico Ltd (ASX:LPD) and Inca Minerals Limited (ASX:ICG).

Jack Rosagro – Joint Company Secretary
Jack is Chartered Company Secretary, a Fellow of the Governance Institute of Australia, and holds a Bachelor of Commerce from the Curtin University with a major in Finance. Jack has 16 years' experience in capital markets, share registry, and governance.

Review of Operations

A review of the operations of the Company during the financial year and the results of those operations saw an increase revenue from $12,179,274 to $17,162,025. The loss of the Company for the financial year before providing for income tax amounted to $500,339 (2020: $1,095,881). The decrease in the loss recorded reflects the change in strategy of the Company with the reduction in Company owned stores and a focus on contract processing and move towards store within a store activities. No other significant change in the state of affairs where noted during the period.

Significant Changes in the State of Affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the Company during the financial year included the processing and sale of fish products, the retail sale of fish products via shopping centre stores and a factory retail outlet and the contract processing of fish products for various customers.

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

After Balance Date Events

Issue of shares

On 23 November 2021 the Company has raised $750,000 issuing 7,500,000 shares at $0.10 per share.

Conversion to public company

On 22 October 2021 the Company converted to a Public Unlisted Entity in preparation for an ASX listing. The Company converted its name to Catalano Seafood Ltd.

Commencement of listing on the Australian Stock Exchange

The Company has engaged advisers to list on the Australian Stock Exchange (ASX). The Company are seeking to raise approximately $5-$6 million through a prospectus for an Initial Public Offer.

No other matters or circumstances other than those detail above have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments

Likely developments in the operations of the Company, and the expected results of those operations in future financial years, have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Australian Commonwealth or of a State or Territory. There have been no significant breaches during the period covered by this report.

Dividends

No dividends were declared or paid during the current or previous financial years.

Share Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

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	Number of meetings entitled to attend	Number of meetings attended
Mr Nick Catalano	-	-
Mr Low Koon Poh	-	-
Mr Shamin Sahafi	-	-

Indemnifying Office or Auditor

Insurance of officers

During the year, Catalano Seafood Ltd paid a premium to insure officers of the Company. The officers of the Company 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 Company, 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 Company.

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 Company 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 Company against a liability incurred as such by an officer.

Indemnity of auditors

The Company has agreed to indemnify its auditors, Grant Thornton Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from the Company's breach of its agreement. The indemnity requires the Company to meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company, or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Mr Nick Catalano
Director

Dated this 2nd day of December 2021

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Auditor's Independence Declaration

To the Directors of Catalano Seafood Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Catalano Seafood Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 2 December 2021

Contents

Statement of financial profit or loss and other comprehensive income

	Note	2021 $	2020 $
Continued operations			
Revenue	3	17,162,025	12,179,274
Cost of sales		(13,990,815)	(8,798,410)
Gross Profit		**3,171,210**	**3,380,864**
Other income	4	65,783	104,967
Selling and distribution expenses	5	(2,835,776)	(2,803,814)
Administrative expenses	5	(739,806)	(478,870)
Impairment expense		-	(500,000)
Other expenses		(114,414)	(73,796)
Operating loss		**(453,003)**	**(370,649)**
Finance costs		**(47,336)**	**(90,623)**
Loss before tax from continuing operations		**(500,339)**	**(461,272)**
Income tax expense	6	-	-
Loss after income tax expense for continued operations		**(500,339)**	**(461,272)**
Discontinued operations			
Loss from discontinued operations	26	-	(634,609)
Loss after discontinued operations		**(500,339)**	**(1,095,881)**
Other comprehensive income			
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive loss for the year		**(500,339)**	**(1,095,881)**
Earnings per share:			
Basic loss per share (cents)	23	(0.11)	(0.13)
Diluted loss per share (cents)	23	(0.11)	(0.13)
Earnings per share for continuing operations			
Basic loss per share (cents)	23	(0.11)	(0.10)
Diluted loss per share (cents)	23	(0.11)	(0.10)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position

	Note	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	7	236,490	415,136
Trade and other receivables	8	582,341	459,571
Inventories	9	1,116,059	717,321
Other current assets	10	19,098	45,389
Total current assets		**1,953,988**	**1,637,417**
Non-current assets			
Plant and equipment	11	923,937	840,480
Right of use assets	12	1,059,958	1,742,431
Intangible assets	13	2,647,195	2,647,195
Total non-current assets		**4,631,090**	**5,230,106**
Total assets		**6,585,078**	**6,867,523**
Liabilities			
Current liabilities			
Trade and other payables	14	1,460,687	1,058,506
Leases liabilities	15	609,797	597,673
Provisions	16	574,442	480,874
Total current liabilities		**2,644,926**	**2,137,053**
Non-current liabilities			
Lease liabilities	15	466,552	1,076,350
Provisions	16	19,819	-
Financial liabilities	17	300,000	-
Total non-current liabilities		**786,371**	**1,076,350**
Total liabilities		**3,431,297**	**3,213,403**
Net assets		**3,153,781**	**3,654,120**
Equity			
Issued capital	18	4,750,001	4,750,001
Accumulated losses		(1,596,220)	(1,095,881)
Total equity		**3,153,781**	**3,654,120**

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of changes in equity

Consolidated	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2019	-	-	-
Loss after income tax expense for the year	-	(1,095,881)	(1,095,881)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(1,095,881)	(1,095,881)
Transactions with owners in their capacity as owners:			
• Contributions of equity	4,750,001	(1,095,881)	3,654,120
Balance at 30 June 2020	**4,750,001**	**(1,095,881)**	**3,654,120**

Consolidated	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2020	4,750,001	(1,095,881)	3,654,120
Loss after income tax expense for the year	-	(500,339)	(500,339)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(500,339)	(500,339)
Balance at 30 June 2021	**4,750,001**	**(1,596,220)**	**3,153,781**

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of cashflows

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		16,666,808	10,441,078
Payments to suppliers and employees (inclusive of GST)		(16,528,155)	(11,120,077)
Other income		65,783	104,965
Net cash used in discontinued operations		-	(634,609)
Net cash from/(used in) operating activities	24	**204,436**	**(1,208,643)**
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		**-**	(3,116,325)
Payments for property, plant and equipment		(204,732)	(115,457)
Proceeds from sale of property, plant and equipment		7,307	211,962
Net cash used in investing activities		**(197,425)**	**(3,019,820)**
Cash flows from financing activities			
Proceeds from issue of share capital		-	4,750,001
Repayment of lease liabilities		(485,657)	(106,402)
Proceeds from borrowings		300,000	-
Net cash (used in)/from in financing activities		**(185,657)**	**4,643,599**
Net (decrease)/increase in cash and cash equivalents		(178,646)	415,136
Cash and cash equivalents at the beginning of the financial year		415,136	-
Cash and cash equivalents at the end of the financial year	7	**236,490**	**415,136**

The above statement of cashflows should be read in conjunction with the accompanying notes

Notes to the financial statements

Note 1. Significant accounting policies

General information
Catalano Seafood Ltd (the Company) principal activities the processing and sale of fish products, retail sale of fish products via shopping centre stores and a factory retail outlet and contract processing of fish products for various customers.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 1 December 2021. The directors have the power to amend and reissue the financial statements. Catalano Seafood Ltd is a public unlisted Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
301 Collier Rd	301 Collier Rd
Bassendean WA 6054	Bassendean WA 6054

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern
This financial report is prepared on the going concern basis and assumes the continuation of normal business activities for at least the next 12 months following the signing of these financial statements.

The Company's result for the period included a loss totaling $500,339 and the Company also recorded a deficiency in working capital totalling $690,938.

The ability of the Company to continue as going concerns and to pay their debts as and when they fall due is dependent on the following:

- the ability to raise additional funding, including $750,000 under a pre initial public offering (IPO) funding per subsequent event disclosure within Note 29;
- achieving revenue targets in line with management's forecasts;
- managing all costs in line with management's forecasts;
- continued support of the Company's major shareholders and funders; and
- The completion of an anticipated IPO.

Based upon the above, the Board has reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and the Directors consider the going concern basis of preparation to be appropriate for this financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Note 1. Significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Revenue recognition

The entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Other income

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Note 1. Significant accounting policies (continued)

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 1. Significant accounting policies (continued)

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Note 1. Significant accounting policies (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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

Impairment of non-financial assets
Goodwill and other 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 non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Catalano Seafood Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 1. Significant accounting policies (continued)

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue from contracts with customers involving sale of goods
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of goodwill
The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and carrying amount of goodwill and intangibles with indefinite useful lives are in Note 14.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 3. Revenue

	2021 $	2020 $
Revenue from contracts with customers		
The Company's revenue disaggregated by segment is as follows:		
Continuing operations		
Processing contracting	7,515,038	5,449,834
Retail sales	9,646,987	6,729,390
Total continuing operations	**17,162,025**	**12,179,274**
Discontinued operations		
Retail sales	-	1,609,540
Total discontinued operations	**-**	**1,609,540**
Revenue recognised at a point in time	17,162,025	12,179,274
Revenue recognised over time	-	-
	17,162,025	**12,179,274**

Note 4. Other income

	2021 $	2020 $
Other income	65,783	104,967
	65,783	**104,967**

Note 5. Expenses

	2021 $	2020 $
Profit before income tax includes the following specific expenses:		
Selling and distribution expenses mainly comprise of:		
Employee expenses	2,216,166	2,224,913
Depreciation	449,347	345,125
Distribution expenses	170,263	233,776
Total selling and distribution expenses	**2,835,776**	**2,803,814**
Administrative expenses mainly comprise of:		
Professional fees	278,405	223,949
Other expenses	461,401	254,921
Total administrative expenses	**739,806**	**478,870**

Note 6. Income tax expense

(a) Income tax recognised in the Statement of Profit or Loss and other Comprehensive Income

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Catalano Seafood Pty Ltd at 26% (2020: 27.5%) and the reported tax expense in profit or loss are as follows:

	2021 $	2020 $
Loss before income tax expense	500,339	1,095,881
Domestic tax rate for Catalano Seafood Pty Ltd	26%	27.5%
Total current tax	(130,088)	(301,367)
Deferred income tax benefit/(expense):		
Deferred tax assets not brought to account	139,838	318,554
Adjustments for non-assessable income:		
Other non-assessable income	(9,750)	(17,187)
Total income tax expense	**-**	**-**

(b) Deferred tax

Deferred tax relates to the following:		
Employee entitlements	149,355	71,603
Accrued expenses	28,702	64,361
Prepayments	(4,965)	(12,481)
Plant and equipment	8,484	196,660
Right of use assets	4,262	-
Tax losses	312,536	146,974
Derecognition of deferred tax assets	(498,374)	(467,117)
	-	**-**

The deferred tax assets of $1,280,866 (2020: $544,349) attributable to tax losses carried forward and temporary differences have not been recognised in the financial statements as the companies they are attributable to have not met the conditions for recognition.

Note 7. Cash and cash equivalents

	2021 $	2020 $
Cash at bank	236,490	415,136
	236,490	**415,316**

Note 8. Trade and other receivables

	2021 $	2020 $
Trade receivables	582,341	459,571
Less: Allowance for expected credit losses	-	-
	582,341	**459,571**

Allowance for expected credit losses
The consolidated entity has recognised a loss of $nil in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	**2021 %**	**2020 %**	**2021 $**	**2020 $**	**2021 $**	**2020 $**
Not overdue	-	-	439,504	368,052	-	-
0 to 3 months overdue	-	-	49,534	42,693	-	-
3 to 6 months overdue	-	-	973	-	-	-
Over 6 months overdue	-	-	92,330	48,826	-	-
			582,341	**459,571**	-	-

The entity has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay. As a result, the calculation of expected credit losses has been revised as at 30 June 2021 and rates have increased in each category up to 6 months overdue.

Note 9. Inventories

	2021 $	2020 $
Raw materials and finished product	1,116,059	717,321
	1,116,059	**717,321**

Note 10. Other current assets

	2021 $	2020 $
Prepayments	19,098	45,389
	19,098	**45,389**

Note 11. Property, plant and equipment

	2021 $	2020 $
Fixtures and fittings – at cost	269,711	269,711
Less: Accumulated depreciation	(13,689)	(6,847)
	256,022	262,864
Office and furniture – at cost	815,600	620,215
Less: Accumulated depreciation	(147,685)	(42,599)
	667,915	577,616
	923,937	**840,480**

	Fixtures and fittings $	Office and furniture $	Total $
Cost			
Balance at 1 July 2020	269,711	620,215	889,926
Additions	-	204,732	204,732
Disposals	-	(9,347)	(9,347)
Balance at 30 June 2021	**269,711**	**815,600**	**1,085,311**
Accumulated Depreciation			
Balance at 1 July 2020	(6,847)	(42,599)	(49,446)
Depreciation	(6,842)	(107,126)	(113,968)
Disposals	-	2,040	2,040
Balance at 30 June 2021	**(13,689)**	**(147,685)**	**(161,374)**
Carrying value 30 June 2021	**256,022**	**667,915**	**923,937**

Note 12. Right-of-use assets

	2021 $	2020 $
Right of use asset – at cost	1,945,625	1,976,198
Less: Accumulated depreciation	(885,667)	(233,767)
	1,059,958	**1,742,431**

Additions to the right-of-use assets during the year were $nil.

The consolidated entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between three to seven years.

The consolidated entity leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 13. Intangibles

	2021 $	2020 $
Goodwill	3,147,195	3,147,195
Less: Accumulated impairment losses	(500,000)	(500,000)
Total intangible assets	**2,647,195**	**2,647,195**

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill $	Total $
Balance at 1 July 2019	-	-
Additions through business combinations (note 25)	3,147,195	3,147,195
Impairment of assets	(500,000)	(500,000)
Amortisation expense	-	-
Balance at 30 June 2020	**2,647,195**	**2,647,195**
Balance at 1 July 2020	2,647,195	2,647,195
Additions through business combinations	-	-
Impairment of assets	-	-
Amortisation expense	-	-
Balance at 30 June 2021	**2,647,195**	**2,647,195**

Impairment testing
Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	2021 $	2020 $
Retail segment	-	500,000
Processing segment	2,647,195	2,647,195
Total carrying amount of goodwill	**2,647,195**	**3,147,195**

The Company performed the annual impairment test in June 2021. The Company considers the relationship between its equity market capitalisation and the net assets as shown on the balance sheet, among other factors, when reviewing for indicators of impairment. No indicators of impairment are noted. In considering the carrying value of goodwill, the Directors have adopted a value in use methodology to determine the recoverable amounts of each CGU which confirms that no impairment charge is necessary.

The recoverable amount of each CGU has been determined based on a value in use calculation that uses the cash flow budgets over a one year period, followed by an extrapolation of expected cash flows for the CGUs over a four year period using the growth rates determined by management and the assumptions outlined below. The present value of the expected cash flows and a terminal value for each segment is determined by applying a suitable discount rate.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions
Management’s key assumption is that stable economic conditions prevail for the foreseeable future. Cash flow projections reflect stable profit margins previously achieved and that no material deterioration in the cash margin is anticipated. In making this assessment the possible impacts of COVID-19 have been taken into account. The sensitivity analysis undertaken considers each key assumption in isolation and does not take into account any remedial action that may be taken if, for example, margins were to deteriorate.

Note 13. Intangibles - (continued)

The calculation of value in use for each CGU is most sensitive to the following assumptions:

Gross profit margins - are based upon FY22 budgets and margins achieved in the current year. Gross profit margins are the most sensitive variable to the value in use calculation. However, a reasonable possible change is not likely to cause a material impairment. If gross profit margins were to reduce by more than 400 basis without any compensating adjustment to cash flows then it is likely that a goodwill impairment charge would occur.

Cost price inflation – has been based upon publicly available inflationary data.

Growth rate estimates – It is acknowledged that technological change, macro-economic factors and action of competitors can have an impact on growth rate assumptions. Growth rates for revenue and costs have been assumed post year 4 at 2%. If terminal growth was to reduce to zero, in real terms, then it is estimated that a goodwill impairment charge is unlikely.

Discount rates – represent the current market risks, taking into consideration the time value of money and specific risks not incorporated in the cash flow forecasts. The discount rate is based upon the weighted average cost of capital (WACC). WACC is assessed taking into account the expected return on investment by investors, the cost of debt servicing plus beta factors for industry risk. The Directors have adopted a WACC of 10% which is applied to the forecast pre-tax cash flows after capital expenditure of each CGU.

Note 14. Trade and other payables

	2021 $	2020 $
Trade payables	1,320,296	824,464
Accrued expenses	140,391	234,042
	1,460,687	**1,058,506**

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

Note 15. Lease liabilities

	2021 $	2020 $
Current	609,797	597,673
Non-current	466,552	1,076,350
	1,076,349	**1,674,023**

Company as a lessee

The Company has lease contracts for buildings and vehicles. Leased vehicles have lease terms between 1 and 5 years, whilst leases over land and buildings have lease terms of between 2 and 4 years. The Company's obligations under its leases are secured by the lessor title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

No short term or low value lease exemptions were applied on recognition or through the period.

The following are the amounts recognised in profit or loss:

	2021 $	2020 $
Depreciation of right-of-use assets	651,900	312,569
Interest expense on lease liabilities	36,280	27,830
	688,180	**340,399**

Note 15. lease liabilities (continued)

The Company had total cash outflows for leases of $619,638 in 2021 (2020: $643,668). There were no non cash additions to right of use assets 2021.

Future minimum lease payments at 30 June 2022 in respect of right-of-use assets were as follows:

	Minimum Lease Payments			
	Within 1 Year	**1-5 Years**	**After 5 Years**	**Total**
2021				
Lease payments	630,704	475,043	-	1,105,747
Finance charges	(20,907)	(8,492)	-	(29,399)
Net present value	**609,797**	**466,551**	**-**	**1,076,348**
2020				
Lease payments	633,939	1,102,619	-	1,736,558
Finance charges	(35,174)	(27,361)	-	(62,535)
Net present value	**598,765**	**1,075,258**	**-**	**1,674,023**

Note 16. Provisions

	2021 $	**2020 $**
Current		
Annual leave	415,793	325,635
Long service leave	158,649	155,239
	574,442	**480,874**
Non-Current		
Long service leave	**19,819**	**-**

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 17. Financial liabilities

	2021 $	**2020 $**
Unsecured loans from shareholders (a)	300,000	-
	300,000	**-**

(a) The following loan has been provided by The Rain Maker Pte Ltd a shareholder. The loan has been provided on interest free terms with a maturity date of greater than 12 months. The loan has been provided to assist with the Company's ASX listing costs.

Note 18. Equity - issued capital

	No. of shares	$
Share capital at 1 July 2019	**-**	**-**
Shares issued during the year	4,750,001	4,750,001
Share capital at 30 June 2020	**4,750,001**	**4,750,001**
Share capital at 30 June 2021	**4,750,001**	**4,750,001**

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or Company was seen as value adding relative to the current Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 19. Auditor remuneration

	2021 $	2020 $
Remuneration of the auditor, Grant Thornton Audit Pty Ltd for:		
Auditing the financial statements	46,789	70,150
Total auditor remuneration	**46,789**	**70,150**

Note 20. Financial instruments

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in Note 27. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Company'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 Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

Market risk analysis

The Company 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.

Foreign currency sensitivity

All of the Company's transactions are carried out in Australian Dollars (AUD). No foreign currency sensitivity noted.

Interest rate sensitivity

The Company'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 Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Company's money market funds is considered immaterial.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	$ +1%	**$ -1%**	**$ +1%**	**$ -1%**
30 June 2021	4,151	(4,151)	(4,151)	(4,151)

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

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

	2021 $	**2020 $**
Classes of financial assets		
Carrying amounts:		
Cash and cash equivalents	236,490	415,136
Trade and other receivables	582,341	459,571
	818,831	**874,707**

Credit risk management

The credit risk is managed on a Company basis based on the Company's credit risk management policies and procedures.

Cash and cash equivalents

The Company's cash and cash equivalents are held with major reputable financial institutions.

Trade receivables and contract assets

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and contract with customer. The demographics of the Company's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk. Geographically, the concentration of credit risk is within Australia and, by industry, the concentration is within the commercial infrastructure and resources industries.

Note 20. Financial instruments (continued)

The Company continuously monitors defaults of customers and other counterparties, identified either by individual or Company and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer. The Company does not require collateral in respect of trade receivables. The Company'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.

Impairment losses
The ageing of the Company's trade and other receivables and contract assets at the reporting date was:

	Gross 2021 $	Allowances for impairment 2021 $
Trade receivables:		
Not past due	428,996	-
Not more than three months	61,014	-
More than three months but not more than six months	32,587	-
More than six months but not more than one year	59,744	-
	582,341	**-**

The Company continues to strongly pursue all debts regardless of aging. The Company has established an allowance for impairment that represents their expected credit losses in respect of trade receivables and contract assets.

The Company recognises a provision for impairment related to expected credit losses ("ECLs") for trade receivables, contract assets and other debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company uses a provision matrix to calculate the ECLs. The provision matrix is established based on the Company's historically observed default rates. The Company calibrates the matrix to adjust historical credit loss experience with forward looking factors specific to debtors and the economic environment where appropriate. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. To date, the Company has not observed or expects to see material decline in its customers' abilities to pay as a result of the Coronavirus pandemic due in part to the nature of those customers, which mainly includes large private sector corporations and government organisations, meaning the risk of default of receivables is low. Accordingly, no additional expected credit loss allowance pertaining to the Coronavirus pandemic have been included.

The assessment of the correlation between historical observed default rates, forecast of economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasts in economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Impairment losses (continued)
The Company considers a financial asset's potential for default when contractual payments are more than 120 days past due, factoring in other qualitative indicators where appropriate. Exception shall apply to financial assets that relate to entities under common controls or covered by letter of credit or credit insurance. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Liquidity risk analysis
Liquidity risk is the risk that the Company might be unable to meet its obligations. The Company 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 week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180 to 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.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables (see Note 8) significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within three months.

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

	Within 6 months	Current 6 - 12 months	1 – 5 years	Non-current 5 + years
	$	$	$	$
30 June 2021				
Finance leases	315,352	315,352	475,044	-
Trade and other payables	1,423,921	-	-	-
Total	**1,739,273**	**315,352**	**475,044**	**-**

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Note 21. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2021	2020
	$	$
Short-term employee benefits	150,017	150,017
Post-employment benefits	14,252	14,252
Annual leave entitlements	21,412	11,603
	185,681	**175,872**

Note 22. Related party transactions

The Company's related parties include its key management personnel, related parties of its key management personnel, 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.

Transactions with related parties
The following transactions occurred with related parties:

	2021 $	2020 $
Payment for goods and services:		
Payment for services from associate (The Fish Boss)	**-**	**42,042**

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 23. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	2021 $	2020 $
Continuing operations		
Net loss attributable to ordinary equity holders of the Company		
• Continuing operations	(500,339)	(461,272)
• Discontinued operations	-	(634,609)
Loss attributable to ordinary equity holders of the parent for basic earnings	**(500,339)**	**(1,095,881)**
Weighted average number of ordinary shares for basic EPS	**4,750,001**	**4,750,001**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

To calculate the EPS for discontinued operations (Note 26), the weighted average number of ordinary shares for both the basic and diluted EPS is as per the table above. The following table provides the profit/(loss) amount used:

	2021 $	2020 $
Loss attributable to ordinary equity holders of the parent from discontinued operations for basic and diluted EPS calculation	**-**	**634,609**

Note 24. Reconciliation of profit after income tax to net cash from operating activities

	2021 $	2020 $
Loss after income tax expense for the year	(500,339)	(1,095,881)
Adjustments for:		
Depreciation and amortisation	765,868	355,447
Impairment of goodwill	-	500,000
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(122,770)	(459,571)
Decrease/(increase) in inventories	(398,738)	(717,321)
Decrease/(increase) in prepayments	26,291	(45,389)
Increase/(decrease) in trade and other payables	402,181	322,713
Increase/(decrease) in provisions	31,943	(68,639)
Net cash from/(used in) operating activities	**204,436**	**(1,208,641)**

Note 25. Business combination

Business acquired

During the year ended 30 June 2020, the Company acquired the net assets of the FNP Catalano Unit Trust. Details of the acquisitions are as follows:

Acquisition of net assets of the Catalano Unit Trust

On 1 July 2019, Catalano Seafood Pty Ltd acquired the net assets of the Catalano Unit Trust including the trading name, contracts and intellectual property (IP). Catalano Seafood Pty Ltd acquired the assets of the Catalano Unit Trust for the following consideration: $3,224,000. The property, plant and equipment value in the balance sheet was fair valued to $1,186,840, resulting in an excess consideration over the purchase price of $3,149,195 being the recorded goodwill.

Consideration	**$**
Cash and cash equivalents	3,224,000
Assets acquired and liabilities assumed at the date of acquisition	
Cash and cash equivalents	107,675
Trade and other receivables	347,826
Other current assets	117,750
Inventory	628,049
Plant and equipment	1,186,840
Trade and other payables	(1,387,893)
Financial liabilities	(394,407)
Employee Provisions	(529,035)
Total	**76,805**
Goodwill recognised on acquisition	**3,147,195**
Net cash outflows on acquisition of business	
Consideration paid in cash	(3,224,000)
Less: cash and cash equivalent balances required	107,675
Total	**(3,116,325)**

Note 26. Discontinued operations

In April 2020 the company decided to close some of the retail stores in two Perth Shopping centers, this decision was based on poor performance over the last 24 months as well a COVID related slowdown. The business will re-pivot its retail focus around the IGA Store within a Store concept.

The retail segment was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss and OCI has been restated to show the discontinued operation separately from continuing operations.

While intra-Company transactions have been fully eliminated in the consolidated financial results, management has elected to attribute the elimination of transactions between the continuing operations and the discontinued operation prior to the disposal in a way that reflects the continuance of these transactions subsequent to the disposal, as management believes this is useful to the users of the financial statements

To achieve this presentation, management has eliminated from the results of the discontinued operation the inter-segment sales (and costs thereof, less unrealised profits) made prior to its disposal.

	2020 $
Results of discontinued operations	
Revenue	1,609,540
Expenses	(2,244,149)
Results from operating activities	**(634,609)**
Income tax	-
Results from operating activities, net of tax	**(634,609)**
Other comprehensive income	-
Loss from discontinued operations	**(634,609)**
Cash flows used in discontinued operations	**$**
Net cash used in operating activities	634,609
Net cash flows for the year	**634,609**

	2020 $
Earnings per share	
Basic loss for the year from discontinued operations	**(0.13)**

Note 27. Financial asset and liabilities

Categories of financial assets and liabilities

Note 1 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Amortised cost $	FVTPL $	Total $
30 June 2021				
Cash and cash equivalents	7	236,490	-	236,490
Trade and other receivables	8	582,341	-	582,341
Total financial assets		**818,831**	**-**	**818,831**
30 June 2020				
Cash and cash equivalents	7	415,136	-	415,136
Trade and other receivables	8	459,571	-	459,571
Total financial assets		**874,707**	**-**	**874,707**

Note 27. Financial asset and liabilities (continued)

	Notes	Other liabilities amortised cost $	Other liabilities FVTPL $	Total $
30 June 2021				
Trade and other payables	14	1,460,687	-	1,460,687
Unsecured borrowings	17	300,000	-	300,000
Total financial assets		**1,760,687**		**1,760,687**
30 June 2020				
Trade and other payables	14	1,058,506	-	1,058,506
Unsecured borrowings		-	-	-
Total financial assets		**1,058,506**	**-**	**1,058,506**

A description of the Company's financial instrument risks, including risk management objectives and policies is given in Note 1.

The methods used to measure financial assets and liabilities reported at fair value are described in Note 1.

Borrowings
Borrowings include the following financial liabilities:

	Current $	Non-Current $
30 June 2021		
Lease liability	609,797	466,553
Unsecured borrowings	-	300,000
Total financial assets	**609,797**	**766,553**

	Current $	Non-Current $
30 June 2020		
Lease liability	597,673	1,076,350
Unsecured borrowings	-	-
Total financial assets	**597,673**	**1,076,350**

Other financial instruments
The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables.

Note 28. Contingent assets and liabilities
The Company has no contingent assets. There were no material warranty or legal claims brought against the Company during the year. Unless recognised as a provision, management considers these claims to be unjustified and the probability that they will require settlement at the Company's expense to be remote.

Further information on these contingencies is omitted so as not to prejudice the Company's position in the related disputes.

Note 29. Events after the reporting period

Since the end of the reporting period to the date of authorisation, the Company has raised $750,000 issuing 7,500,000 share at $0.10 per share and has engaged advisers to list on the Australian Stock Exchange (ASX) which will involve raising further capital through an Initial Public Offer.

On 22 October 2021 the Company converted to a Public Unlisted Entity in preparation for an ASX listing. The Company converted its name to Catalano Seafood Ltd.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Catalano Seafood Ltd
Directors' declaration
30 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Nick Catalano
Director

Perth, 2 December 2021

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Independent Auditor's Report

To the Members of Catalano Seafood Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Catalano Seafood Ltd (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $500,339 during the year ended 30 June 2021, and as of that date, the Company's current liabilities exceeded its current assets by $690,938. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 2 December 2021

Annual Financial Report

Catalano Seafood Pty Ltd
For the year ended 30 June 2020

Contents

Directors' Report

The Directors of Catalano Seafood Pty Ltd present their report together with the financial statements of the Company, for the year ended 30 June 2020 and the Independent Auditor's Report thereon.

Directors details

The following persons were Directors of Catalano Seafood Pty Ltd during or since the end of the financial year:

Nicolino (Nick) Catalano – Chairman (Appointed: 27 May 2019)
Nick Catalano has been involved in the Catalano family seafood business since 1969 and has carried out all the major roles from production, factory, and sales management.
Nick has been a proactive pioneer in the changing markets of the Australian seafood industry. He has steered the Company from a small family business and constructed the platforms to further build the company to one of the largest and most successful processors/retailers of fresh and frozen seafood in Australia, winning numerous state and national quality/business awards and recently inducted into the Family Business Australia Hall of Fame. With 49 years' experience, Nick is one of the most knowledgeable and respected seafood merchants in Australia.

Low Koon Poh - Managing Director (Appointed: 1 November 2019)
Koon Low has been involved in capital markets advisory positions across multiple jurisdictions including Australia, Singapore, Malaysia, Hong Kong, the US NASDAQ, and NYSE markets. He has been specialising in restructuring, mergers and acquisitions, and corporate transactions for over 30 years.
Koon is a Chartered Accountant registered with the Malaysian Institute of Accountants, fellow member of Chartered Certified Accountants (UK), and a member of the ASEAN Chartered Professional Accountants. He is currently a director of Advanced Health Imaging (ASX: AHI) and Midi Lifestyle Limited (SGX:5TN) with

Shamin Sahafi – Non-Executive Director (Appointed: 8 November 2019)
Mr Mohaamad Shamin ("Mr Shamin") was appointed to the Board of Directors of the Company on 8th November 2019. Mr Shamin earned his Bachelor of Commerce from The University of Wollongong, Sydney Australia and holds professional accreditations as Chartered Islamic Finance Professional Programme (CIFP) Malaysia and professional accreditation as holder of Professional Certificate in Marketing (CIM) Malaysia. He is also a Member of the International Centre for Education in Islamic Finance (INCEIF).

Mr Shamin started his career at Atradius Credit Insurance & Risk Management in Sydney Australia. He has extensive experience in the Malaysian finance and investment industry. He brings more than 15 years of banking and finance knowledge with public and privately held companies to this position. Mr Shamin has built an impressive career which provides him an invaluable understanding in local mutual funds, equity investments, private placements, real estate investment trust services and complex hedge funds.

Prior to joining the Board of Directors of the Company, Mr Shamin developed a portfolio management business for high net worth clients, where he also had business development responsibilities to turn around and grow the business. In this role, Mr Shamin successfully built a profitable business and significantly grew the assets under the management.

Company Secretary

Laurie Ziatas - Company Secretary

Laurence Ziatas is a senior Australian lawyer and is admitted to practice in the Supreme Courts of Western Australia and South Australia and the High Court of Australia. He is a businessman with over 40 years' experience in business and the law.

Principal activities

The principal activities of the Company during the financial year were:

- The processing and sale of fish products;
- The retail sale of fish products via shopping centre stores and a factory retail outlet; and
- The contract processing of fish products for various customers.

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

Review of operations and financial results

On 1 July 2019 the Company purchased the business FNP Catalano Unit Trust (trading as Catalano Seafood) from a related party of Director Nicola Catalano. The Company during the financial year reported revenue of $12,179,274. The loss of the Company for the financial year after providing for income tax amounted to $1,095,881.

Significant changes in the state of affairs

During the year, the following changes occurred within the Company:

- Acquisition of the Catalano Unit Trust business:

  On 1 July 2019, the Company acquired the business of the FNP Catalano Unit Trust, a Bassendean based seafood processing and retail business. The acquisition was made to enhance the Company's position in the seafood processing industry in Australia. The cost of the acquisition was $4.75m which was settled in cash less the liabilities taken over. Refer to Note 24 for details on the acquisition accounting.

- Closure of retail stores

  During April 2020, the Company closed and dispensed of its retail stores located in Morley and Karrinyup. The results of the discontinued operations are reported within note 25.

Dividends

No dividends were paid or recommended during the year

Events arising since the end of the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments

The Company will continue to seek opportunities to provide its services in across Australia and Asia. The Company's strategy includes:

- Continuing all facets of seafood Procurement, Processing and Sales;
- Expanding from WA to the eastern seaboard;
- Continuing to maintain and develop new customer relationships; and
- Continuing to maintain the Catalano culture.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Environmental regulations

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

There have been no significant breaches during the period covered by this report.

Indemnities given to, and insurance premiums paid for, auditors and officers

Insurance of officers

During the year, Catalano Seafood Pty Ltd paid a premium to insure officers of the Company. The officers of the Company 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 Company, 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 Company.

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 Company 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 Company against a liability incurred as such by an officer.

Indemnity of auditors

The Company has agreed to indemnify its auditors, Grant Thornton Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from the Company's breach of its agreement. The indemnity requires the Company to meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors.

Mr Nick Catalano
Director

30 March 2021

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Auditor's Independence Declaration

To the Directors of Catalano Seafood Pty Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Catalano Seafood Pty Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 30 March 2021

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 $
Continued operations		
Revenue	5	12,179,274
Cost of goods sold		(8,798,410)
Gross profit		**3,380,864**
Other income	6	104,967
Selling and distribution expenses	18	(2,803,814)
General and administrative expenses		(478,870)
Impairment expense		(500,000)
Other expenses		(73,795)
Operating loss		**(370,649)**
Finance costs	7	(90,623)
Loss before income tax		**(461,272)**
Income tax expense	8	-
Loss from continued operations		**(461,272)**
Discontinued operations		
Loss from discontinued operations	24	(634,609)
Loss after discontinued operations		**(1,095,881)**
Other comprehensive loss for the year, net of income tax		-
Total comprehensive loss for the year		**(1,095,881)**

This statement should be read in conjunction with the notes to the financial statements.

Statement of Financial Position

As at 30 June 2020

	Notes	2020 $
Current assets		
Cash and cash equivalents	9	415,136
Trade and other receivables	10	459,571
Inventories	12	717,321
Other assets	13	45,389
Total current assets		**1,637,417**
Non-current assets		
Property, plant and equipment	14	840,480
Right of use assets	15	1,742,431
Intangible assets	16	2,647,195
Total non-current assets		**5,230,106**
Total assets		**6,867,523**
Current liabilities		
Trade and other payables	17	1,058,506
Lease liabilities	15	597,673
Provisions	18	480,874
Total current liabilities		**2,137,053**
Non-current liabilities		
Lease liabilities	15	1,076,350
Deferred tax liabilities	8	-
Total non-current liabilities		**1,076,350**
Total liabilities		**3,213,403**
Net assets		**3,654,120**
Equity		
Issued capital	19	4,750,001
Accumulated losses		(1,095,881)
Total equity		**3,654,120**

This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For year ended 30 June 2020

	Notes	Share capital $	Accumulated losses $	Total $
Balance at 1 July 2019		-	-	-
Profit for the year		-	(1,095,881)	(1,095,881)
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	(1,095,881)	(1,095,881)
Transactions with owners in their capacity as owners:				
• contributions of equity	19	4,750,001	-	4,750,001
• dividends paid		-	-	-
		4,750,001	-	4,750,001
Sub-total		**4,750,001**	**(1,095,881)**	**3,654,120**
Balance at 30 June 2020		**4,750,001**	**(1,095,881)**	**3,654,120**

This statement should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

For year ended 30 June 2020

	Notes	2020 $
Operating activities		
Receipts from customers		10,441,078
Payments to suppliers and employees		(11,120,077)
Other income		104,965
Net cash used in discontinued operations		(634,609)
Net cash provided by operating activities	20	**(1,208,641)**
Investing activities		
Payment for purchase of business, net of cash acquired		(3,116,325)
Payments for property, plant and equipment		(115,457)
Proceeds from sale of property, plant and equipment		211,962
Net cash used in investing activities		**(3,019,820)**
Financing activities		
Proceeds from issue of share capital		4,750,001
Repayment of lease liabilities		(106,402)
Net cash provided by financing activities		**4,643,599**
Net change in cash and cash equivalents held		415,136
Cash and cash equivalents at beginning of financial year		-
Cash and cash equivalents at end of financial year	9	**415,136**

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

1 Nature of operations

Catalano Seafood Pty Ltd (the Company) principal activities the processing and sale of fish products, retail sale of fish products via shopping centre stores and a factory retail outlet and contract processing of fish products for various customers.

2 General information and statement of compliance

The general purpose financial statements of the Company have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards ("AASBs") and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). 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). Catalano Seafood Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

Catalano Seafood Pty Ltd is a Private Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is 301 Collier Road Bassendean WA 6054.

The consolidated financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 29 March 2021.

3 Changes in accounting policies

3.1 New standards adopted as at 1 July 2019

The Company has adopted the new accounting pronouncements which have become effective this year, and are as follows:

AASB 16 Leases

AASB 16 *'Leases'* replaces AASB 117 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

On transition to AASB 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The AASB 16 Leases definition of a lease is applied only to contracts that were previously identified as leases at the date of initial application. Contracts that were not identified as leases under AASB 117 were not reassessed for whether there is a lease under AASB 16. From the date of initial application, lease accounting under AASB 16 is applied to all leases, including those identified in accordance with the requirements of AASB 117.

The Company has applied AASB 16 using the practical expedient approach, under which the right-of-use asset and liability have been calculated based on the present value of future rent payments, without adjusting opening retained earnings. Additionally, the disclosure requirements of AASB 16 have not generally been applied to comparative information.

3.1 New standards adopted as at 1 July 2019 (continued)

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of initial application.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 2.5%.

The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The date of initial application of AASB 16 for the Company is 1 July 2019.

Financial impact of the initial application of AASB 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of AASB 16 for the current and prior years.

Impact on profit or loss

	2020 $
Impact on profit/(loss) for the year	
Increase in depreciation on right-of-use asset	284,563
Increase in finance costs	26,630
Decrease in other expenses	(273,370)
Decrease in profit for the year	**37,823**

Impact on assets, liabilities and equity as at 1 July 2019

	Carrying amount at 30 June 2019 $	Opening Balance amount pre AASB 16 $	AASB 16 re-measurement $	AASB 16 carrying amount at 1 July 2019 $
Property, plant and equipment	**-**	**1,150,866**	**(103,630)**	1,047,236
Right-of-use assets	-	-	**1,289,310**	1,289,310
Net impact on total assets	-	1,150,866	**1,185,680**	2,336,546
Lease liabilities	-	103,630	**1,185,680**	1,289,310
Net impact on total liabilities	-	103,630	**1,185,680**	1,289,310

3.1 New standards adopted as at 1 July 2019 (continued)

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019.

	$	$
Total operating lease commitments disclosed at 30 June 2019		-
Recognition exemptions:		
• Leases with remaining lease term of less than 12 months	-	
		-
Operating lease liabilities before discounting		1,250,000
Discounted using incremental borrowing rate		(64,320)
Operating lease liabilities		**1,185,680**
Finance lease obligations		103,630
Total lease liabilities recognised under AASB 16 at 1 July 2019		**1,289,310**

For tax purposes the Company receives tax deductions in respect of the right-of-use assets and the lease liabilities in a manner consistent with the accounting treatment.

3.2 Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the AASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4 Statement of accounting policies

Basis of preparation

The Company's financial statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of investments. Monetary amounts are expressed in Australian Dollars (AUD) are rounded to the nearest whole dollar.

Business combination

The Company applies the acquisition method in accounting for business combinations.

The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e., gain on a bargain purchase) is recognised in profit or loss immediately.

Revenue from contracts with customers

Revenue arises mainly from sale of manufactured frozen goods

To determine whether to recognise revenue, the Company 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.

The Company often enters into transactions involving a range of the Company's products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Services revenue

Revenue from the provision of services is recognised when the service has been provided. Each service is deemed a separate performance obligation. The transaction price is allocated to each obligations based on contract prices. Revenue from services is predominantly recognised on the basis of the value of the work completed.

Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.

Operating Expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Business Combinations (above) for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to impairment testing note below for a description of impairment testing procedures.

Property, plant and equipment

Properties held for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment (cont.)

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	*Depreciation rate*
Leasehold improvements:	3%
Plant and equipment:	3%-33%

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leased assets

As described in Note 3, the Company has applied AASB 16 using the modified retrospective approach.

Accounting policy applicable from 1 June 2019.

The Company as lessee

For any new contracts entered into on or after 1 July 2019, the Company considers whether a contract is or contains a lease. A lease is defined as a ‘contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Measurement and recognition of leases as a lessee

The lease liability is presented as a separate line in the consolidated statement of financial position.

Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Company's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units 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 or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement

Financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented, the Company does not have any financial assets categorized as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been reviewed based on the days past due. Refer to Note 33 for a detailed analysis of how the impairment requirements of AASB 9 are applied.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Adjustments are made for transactions and events occurring within the tax-consolidated Company that do not give rise to a tax consequence for the Company or that have a different tax consequence at the level of the entity.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Adjustments are made for transactions and events occurring within the tax-consolidated Company that do not give rise to a tax consequence for the Company or that have a different tax consequence at the level of the entity.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Company's investment property portfolios and concluded that none of the Company's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to AASB 112 is not rebutted.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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.

Equity

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.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a General Meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

Employee benefits

Short-term and long-term employee benefits

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. For the year ended 30 June 2020 the Company recorded a net loss after tax of $1,095,881 and current liabilities exceeded current assets by $499,606

The Directors have determined that the ability of the Company to continue as a going concern is subject to the continued support from the Company's major shareholder. The Directors have a reasonable expectation that the Company has this support and have therefore determined that the Company will continue in operational existence for the foreseeable future.

Accordingly, they adopt the going concern basis in preparing the financial statements and notes.

Should this support not be forthcoming or cease in the future and the entity not obtained alternative funding there is a material uncertainty that may cast significant doubt as to whether it will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should it not continue as a going concern.

Significant management judgement in applying accounting policies and estimation uncertainty

In the application of the Company's accounting policies, which are described (above), the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below or elsewhere in the financial statements:

Impairment of non-financial assets and goodwill

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.

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Useful lives of property, plant and equipment

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

5 Revenue

The Company's revenue disaggregated by segment is as follows:

	Note	2020 $
Continuing operations		
Processing contracting		5,449,834
Retail sales		6,729,390
Total continuing operations revenue		**12,179,274**
Discontinued operations		
Retail sales		1,609,540
Total discontinuing operations revenue		**1,609,540**

The Company's revenue disaggregated by pattern of revenue recognition is as follows:

	Note	2020 $
Products and services transferred over time		-
Products and services transferred at a point in time		12,179,274
		12,179,274

6 Other income

	Note	2020 $
Other income		104,967
		104,967

7 Finance costs

Finance costs for the reporting periods consist of the following:

	Note	2020 $
Interest expenses for borrowings at amortised cost:		
Lease liabilities		90,623
Total interest expense		**90,623**

8 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Catalano Seafood Pty Ltd at 27.5% and the reported tax expense in profit or loss are as follows:

	Note	2020 $
Loss before tax		1,095,881
Domestic tax rate for Catalano Seafood Pty Ltd		27.5%
Expected tax expense / (benefit)		(301,368)
Deferred income tax benefit/(expense):		
Deferred tax assets not brought to account:		318,554
Adjustments for non-assessable income:		
Other non-assessable income		**(17,187)**
Total income tax expense		-

(b) Deferred tax:	
Deferred tax relates to the following:	
Employee entitlements	71,603
Accrued expenses	64,361
Prepayments	(12,361)
Plant and equipment	196,660
Rights of use assets	-
Tax losses	146,974
Carried forward tax losses	(467,117)
	-

The deferred tax assets of $544,349 attributable to tax losses carried forward and temporary differences have not been recognised in the financial statements as the companies they are attributable to have not met the conditions for recognition.

9 Cash and cash equivalents

	Note	2020 $
Cash at bank and in hand		
Australian Dollar ($AUD)		415,136
Total cash and cash equivalents		**415,136**

10 Trade and other receivables

	Note	2020 $
Current		
Trade receivables, gross		459,571
Allowance for expected credit losses		-
Trade receivables		**459,571**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.
All of the Company's trade and other receivables in the comparative periods have been reviewed for indicators of impairment.
All impaired trade receivables are mostly due from customers that are experiencing financial difficulties

11 Financial assets and liabilities

Categories of financial assets and liabilities

Note 4 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

30 June 2020	Notes	Amortised cost $	FVTPL $	Total $
Financial assets				
Cash and cash equivalents	9	415,136	-	415,136
Trade and other receivables	10	459,571	-	459,571
Total financial assets		**874,707**	**-**	**874,707**

30 June 2020	Notes	Other liabilities amortised cost $	Other liabilities FVTPL $	Total $
Financial liabilities				
Trade and other payables	18	1,058,506	-	1,058,506
Total financial liabilities		1,058,506	**-**	1,058,506

Categories of financial assets and liabilities

A description of the Company's financial instrument risks, including risk management objectives and policies is given in Note 26.

The methods used to measure financial assets and liabilities reported at fair value are described in Note 26.

Borrowings

Borrowings include the following financial liabilities:

	Current 2020 $	Non-current 2020 $
At amortised cost		
Lease liabilities	597,673	1,076,350
Total borrowings	**597,673**	**1,076,350**

Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables.

12 Inventories

	Note	2020 $
Current		
At cost:		
Raw materials and stores		717,321
Total inventories		**717,321**

13 Other assets

	Note	2020 $
Current		
Prepayments		45,389
Total other assets		**45,389**

14 Property, plant and equipment

For the year ended 30 June 2020	**Leasehold improvements $**	**Plant and equipment $**	**Total $**
Gross carrying amount			
Balance at 1 July 2019	542,679	530,318	1,072,9977
Additions	-	115,457	115,457
Disposals	(272,968)	(25,560)	(298,528)
Balance at 30 June 2020	269,711	620,215	889,926
Depreciation and impairment			
Balance at 1 July 2019	-	-	-
Disposals	2,848	2,250	5,098
Depreciation	(9,695)	(44,849)	(54,544)
Balance at 30 June 2020	(6,847)	(42,599)	(49,446)
Carrying amount 30 June 2020	**262,864**	**577,616**	**840,480**

15 Leases liabilities and right of use assets

Leases liabilities are presented in the statement of financial position as follows:

	Note	2020 $
Current		597,673
Non – Current		1,076,350
Total leases		**1,674,023**

Company as a lessee

The Company has lease contracts for buildings and vehicles. Leased vehicles have lease terms between 1 and 5 years, whilst leases over land and buildings have lease terms of between 2 and 4 years. The Company's obligations under its leases are secured by the lessor title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

No short term or low value lease exemptions were applied on recognition or through the period.

	Note	2020 $
Buildings		
As at 1 July 2019		**1,185,680**
Additions		746,690
Depreciation expense		(284,563)
De-recognised during the period		-
As at 30 June 2020		**1,666,807**
Vehicles		
As at 1 July 2019		**103,630**
Additions		**-**
Depreciation expense		**(28,006)**
As at 30 June 2020		**75,624**
Total as at 30 June 2020		**1,663,628**

The following are the amounts recognised in profit or loss:

	Note	2020 $
Depreciation of right-of-use assets		312,569
Interest expense on lease liabilities		27,830
Expense relating to short-term leases		-
		340,399

The Company had total cash outflows for leases of $643,668 in 2020. The Company also had non-cash additions to right-of-use assets and lease liabilities of $1,976,198 in 2020.

Future minimum lease payments at 30 June 2020 in respect of right-of-use assets were as follows

	Within 1 year $	1-2 years $	2-3 years $	3-4 years $	4-5 Years $	After 5 years $	Total $
30 June 2020							
Lease payments	633,939	630,696	394,968	66,392	10,563	**-**	**1,736,558**
Finance charges	(35,174)	(20,039)	(6,516)	(678)	(128)	**-**	**(62,535)**
Net present values	**598,765**	**610,657**	**388,452**	**65,714**	**10,435**	**-**	**1,674,023**

15 Leases liabilities and right of use assets (cont.)

Additional information on the right-of-use assets by class of assets is as follows:

Right-of-use assets	Note	2020 $
Carrying amounts		
Buildings		
Cost		1,932,370
Accumulated depreciation		(284,563)
Net carrying value		**1,666,807**
Vehicles		
Cost		103,631
Accumulated depreciation		(28,007)
Net carrying value		**75,624**

16 Goodwill

The movements in the net carrying amount of goodwill is as follows:

	Note	2020 $
Gross carrying amount		
Balance 1 July		**-**
Acquired through business combination		3,147,195
Increase resulting from change in business valuation		-
Disposal		-
Balance 30 June		3,147,195
Accumulated impairment losses		-
Accumulated amortisation		(500,000)
Carrying amount at 30 June		**2,647,195**

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	Retail segment $	Processing segment $	Total $
Goodwill recognised through business combination	500,000	2,647,195	3,147,000
Impairment charges recognised	(500,000)	-	(500,000)
Goodwill allocation at 30 June	**-**	**2,647,195**	**2,647,195**

The Company performed the annual impairment test in June 2020. The Company considers the relationship between its equity market capitalisation and the net assets as shown on the balance sheet, among other factors, when reviewing for indicators of impairment. No indicators of impairment are noted. In considering the carrying value of goodwill, the Directors have adopted a value in use methodology to determine the recoverable amounts of each CGU which confirms that no impairment charge is necessary.

The recoverable amount of each CGU has been determined based on a value in use calculation that uses the cash flow budgets over a one year period, followed by an extrapolation of expected cash flows for the CGUs over a four year period using the growth rates determined by management and the assumptions outlined below. The present value of the expected cash flows and a terminal value for each segment is determined by applying a suitable discount rate.

16 Goodwill (cont.)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

Management's key assumption is that stable economic conditions prevail for the foreseeable future. Cash flow projections reflect stable profit margins previously achieved and that no material deterioration in the cash margin is anticipated. In making this assessment the possible impacts of COVID-19 have been taken into account. The sensitivity analysis undertaken considers each key assumption in isolation and does not take into account any remedial action that may be taken if, for example, margins were to deteriorate.

The calculation of value in use for each CGU is most sensitive to the following assumptions:

Gross profit margins - are based upon FY21 budgets and margins achieved in the current year. Gross profit margins are the most sensitive variable to the value in use calculation. However, a reasonable possible change is not likely to cause a material impairment. If gross profit margins were to reduce by more than 400 basis without any compensating adjustment to cash flows then it is likely that a goodwill impairment charge would occur.

Cost price inflation – has been based upon publicly available inflationary data.

Growth rate estimates – It is acknowledged that technological change, macro-economic factors and action of competitors can have an impact on growth rate assumptions. Growth rates for revenue and costs have been assumed post year 4 at 2%. If terminal growth was to reduce to zero, in real terms, then it is estimated that a goodwill impairment charge is unlikely.

Discount rates – represent the current market risks, taking into consideration the time value of money and specific risks not incorporated in the cash flow forecasts. The discount rate is based upon the weighted average cost of capital (WACC). WACC is assessed taking into account the expected return on investment by investors, the cost of debt servicing plus beta factors for industry risk. The Directors have adopted a WACC of 10% which is applied to the forecast pre-tax cash flows after capital expenditure of each CGU.

17 Trade and other payables

	Note	2020 $
Unsecured liabilities:		
Trade payables		824,464
Sundry payables and accrued expenses		234,042
Total trade and other payables		**1,058,506**

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

18 Employee remuneration

Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	Note	2020 $
Salaries and wages		3,625,555
Payroll tax		130,626
Superannuation		334,629
Leave entitlements		153,136
Other allowances and expenses		41,370
Employee benefits expense		**4,285,316**

Employee benefits

The liabilities recognised for employee benefits consist of the following amounts:

	Note	2020 $
Current		
Annual leave		325,635
Long service leave		155,239
		480,874
Non-current		
Long service leave		**-**
Total employee benefits		**480,874**

The current portion of these liabilities represents the Company's obligations to which the employee has a current legal entitlement. These liabilities arise mainly from accrued annual leave entitlement at reporting date.

19 Share capital

The share capital of the Company consists only of fully paid ordinary shares; the shares do not have a par value. Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

Fully paid ordinary shares

	2020 Shares	2020 $
Beginning of the year at 1 July 2019	-	-
Shares issued during the year	4,750,001	4,750,001
Total contributed equity at 30 June 2020	**4,750,001**	**4,750,001**

20 Reconciliation of cash flows

Reconciliation of cash flows from operating activities

	2020 $
Cash flows from operating activities	
Loss after income tax	(1,095,881)
Non-cash flows in profit:	
• depreciation and amortisation	355,447
• impairment expense	500,000
Changes in assets and liabilities:	
• increase/ (decrease) in trade and other receivables	(459,571)
• (increase) / decrease in other assets	(45,389)
• Increase/ decrease in inventories	(717,321)
• increase / (decrease) in trade and other payables	322,713
• increase / (decrease) in trade and other provisions	(68,639)
Net cash provided by operating activities	**(1,208,641)**

21 Auditor remuneration

	Note	2020 $
Remuneration of the auditor of the Company, Grant Thornton Audit Pty Ltd for:		
Auditing the financial statements		70,150
Total auditor’s remuneration		**70,150**

22 Related party transactions

The Company’s related parties include its key management personnel, related parties of its key management personnel, 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.

Transactions with related parties

All services were contracted at arms’ length basis.

	2020 $
Amounts due from related parties at reporting date	
1) The Fish Boss	42,042

All amounts outstanding at reporting date were included in accounts payable or accounts receivable, and settled in accordance with commercial terms.

22 Related party transactions (cont.)

Transactions with key management personnel

Key management of the Company are the Non-Executive members of the Company's Board of Directors and the Company's Chief Executive Officer. Key management personnel remuneration includes the following expenses:

	2020 $
Short-term employee benefits:	
Salaries including bonuses	150,017
Total short-term employee benefits	**150,017**
Annual leave	11,603
Total other long-term benefits	**11,603**
Post-employment benefits:	
superannuation	14,252
Total post-employment benefits	**14,252**
Total remuneration	**175,872**

23 Business combination

Businesses acquired

During the year ended 30 June 2020, the Company acquired the net assets of the FNP Catalano Unit Trust. Details of the acquisitions are as follows:

Acquisition of net assets of the Catalano Unit Trust

On 1 July 2019, Catalano Seafood Pty Ltd acquired the net assets of the Catalano Unit Trust including the trading name, contracts and intellectual property (IP). Catalano Seafood Pty Ltd acquired the assets of the Catalano Unit Trust for the following consideration: $3,224,000. The property, plant and equipment value in the balance sheet was fair valued to $1,186,840, resulting in an excess consideration over the purchase price of $3,146,195 being the recorded goodwill.

23 Business combination (cont.)

	$
Consideration	
Cash and cash equivalents	3,224,000
Total	**3,224,000**

Assets acquired and liabilities assumed at the date of acquisition	$
Cash and cash equivalents	107,675
Trade and other receivables	347,826
Other current assets	117,750
Inventory	628,049
Plant and equipment	1,186,840
Trade and other payables	(1,387,893)
Financial liabilities	(394,407)
Employee Provisions	(529,034)
Total	**76,805**
Goodwill recognised on acquisition	**3,147,195**

Net cash outflow on acquisition of businesses	$
Consideration paid in cash	**(3,224,000)**
Less: cash and cash equivalent balances acquired	**107,675**
Total	**(3,116,325)**

24 Discontinued operations

In April 2020 the company decided to close some of the retail stores in two Perth Shopping centers, this decision was based on poor performance over the last 24 months as well a COVID related slowdown. The business will re-pivot its retail focus around the IGA Store within a Store concept.

The retail segment was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss and OCI has been restated to show the discontinued operation separately from continuing operations.

While intra-Company transactions have been fully eliminated in the consolidated financial results, management has elected to attribute the elimination of transactions between the continuing operations and the discontinued operation prior to the disposal in a way that reflects the continuance of these transactions subsequent to the disposal, as management believes this is useful to the users of the financial statements

To achieve this presentation, management has eliminated from the results of the discontinued operation the inter-segment sales (and costs thereof, less unrealised profits) made prior to its disposal.

24 Discontinued operations (cont.)

	$
Results of discontinued operations	
Revenue	1,609,540
Expenses	(2,244,149)
Results from operating activities	**(634,609)**
Income tax	-
Results from operating activities, net of tax	**(634,609)**
Other comprehensive income	-
Loss from discontinued operations	**(634,609)**

Cash flows used in discontinued operations	**$**
Net cash used in operating activities	634,609
Net cash flows for the year	**634,609**

25 Financial risk management

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in Note 11. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Company'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 Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

Market risk analysis

The Company 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.

Foreign currency sensitivity

All of the Company's transactions are carried out in Australian Dollars (AUD). No foreign currency sensitivity noted

Interest rate sensitivity

The Company'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 2020, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Company's money market funds is considered immaterial.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year		Equity	
	$ +1%	$ -1%	$ +1%	$ -1%
30 June 2020	4,151	(4,151)	(4,151)	4,151

25 Financial risk management (cont.)

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

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

	2020 $
Classes of financial assets	
Carrying amounts:	
• cash and cash equivalents	415,136
• trade and other receivables	459,571
	874,707

Credit risk management

The credit risk is managed on a Company basis based on the Company's credit risk management policies and procedures.

Cash and cash equivalents

The Company's cash and cash equivalents are held with major reputable financial institutions.

Trade receivables and contract assets

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and contract with customer. The demographics of the Company's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk. Geographically, the concentration of credit risk is within Australia and, by industry, the concentration is within the commercial infrastructure and resources industries.

The Company continuously monitors defaults of customers and other counterparties, identified either by individual or Company and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

The Company does not require collateral in respect of trade receivables.

To mitigate the impact of any single credit default, the Company maintains a policy of Trade Credit Insurance that provides protection in the event of default.

The Company'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.

26 Financial risk management (cont.)

Credit risk analysis (continued)

Impairment losses

The ageing of the Company's trade and other receivables and contract assets at the reporting date was:

	Note	Gross 2020 $	Allowance for Impairment 2020 $
Trade receivables:			
Not past due		42,692	-
Not more than three months		368,052	-
More than three months but not more than six months		40,827	-
More than six months but not more than one year		8,000	-
More than one year		-	-
	10	**459,571**	**-**
		-	**-**

The Company continues to strongly pursue all debts regardless of aging.

The Company has established an allowance for impairment that represents their expected credit losses in respect of trade receivables and contract assets.

The Company recognises a provision for impairment related to expected credit losses ("ECLs") for trade receivables, contract assets and other debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company uses a provision matrix to calculate the ECLs. The provision matrix is established based on the Company's historically observed default rates. The Company calibrates the matrix to adjust historical credit loss experience with forward looking factors specific to debtors and the economic environment where appropriate. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. To date, the Company has not observed or expects to see material decline in its customers' abilities to pay as a result of the Coronavirus pandemic due in part to the nature of those customers, which mainly includes large private sector corporations and government organisations, meaning the risk of default of receivables is low. Accordingly, no additional expected credit loss allowance pertaining to the Coronavirus pandemic have been included.

The assessment of the correlation between historical observed default rates, forecast of economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasts in economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Credit risk analysis

Impairment losses

The Company considers a financial asset's potential for default when contractual payments are more than 120 days past due, factoring in other qualitative indicators where appropriate. Exception shall apply to financial assets that relate to entities under common controls or covered by letter of credit or credit insurance. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

26 Financial risk management (cont.)

Liquidity risk analysis

Liquidity risk is the risk that the Company might be unable to meet its obligations. The Company 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 week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180 to 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.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables (see Note 8) significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within three months.

As at 30 June 2020, the Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
	Within 6 months $	6 - 12 months $	1 - 5 years $	5+ years $
30 June 2020				
Finance leases	299,131	299,634	1,075,258	-
Trade and other payables	1,058,506	-	-	-
Total	**1.357,637**	299,634	1,076,989	**-**

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

26 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company'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 Company monitors capital on the basis of the carrying amount of equity and other financial liabilities, less cash and cash equivalents as presented on the face of the statement of financial position.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The amounts managed as capital by the Company for the reporting periods under review are summarised as follows:

	2020 $
Total equity	3,654,120
Financial liabilities	3,213,403
Cash and cash equivalents	(415,136)
Capital	**6,452,387**
Total equity	3,654,120
Borrowings	-
Overall financing	**3,654,120**
Capital-to-overall financing ratio	**1.76**

27 Contingent assets and contingent liabilities

The Company has no contingent assets.

There were no material warranty or legal claims brought against the Company during the year. Unless recognised as a provision, management considers these claims to be unjustified and the probability that they will require settlement at the Company's expense to be remote.

Further information on these contingencies is omitted so as not to prejudice the Company's position in the related disputes.

28 Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

29 Company details

The registered office and principal place of business of the Company is:

Catalano Seafood Pty Ltd
301 Collier Rd
Bassendean WA 6054

Directors' Declaration

1. In the opinion of the Directors of Catalano Seafood Pty Ltd:

   a. The financial statements and notes of Catalano Seafood Pty Ltd are in accordance with the *Corporations Act 2001*, including:

      i. Giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

      ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

   b. There are reasonable grounds to believe that Catalano Seafood Pty Ltd will be able to pay its debts as and when they become due and payable.

2. Note 2 confirms that the financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the *Corporations Act 2001*.

On behalf of the Directors

Mr Nick Catalano
Director

Dated the 30th day of March 2021

Grant Thornton

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Independent Auditor's Report

To the Members of Catalano Seafood Pty Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Catalano Seafood Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 4 in the financial statements, which indicates that the Company incurred a net loss of $1,095,881 during the year ended 30 June 2020, and as of that date, the Company's current liabilities exceeded its total assets by $499,636. As stated in Note 4, these events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's financial annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 30 March 2021