ASX Announcement | 31 August 2022
Seafarms Group Limited (ASX:SFG)
SFG ASX Announcement No. 733

Seafarms Group Limited

Year Ended 30 June 2022 Appendix 4E and Preliminary Annual Report 2022 (unaudited)

Enclosed is Seafarms Group's Preliminary Annual Financial Report for the financial year ended 30 June 2022 and Appendix 4E.

Seafarms Group (**Seafarms or the Company**) will be providing separately a market update following release of the Financial Report.

We refer shareholders to the Director's Report in the Financial Report for an overview of the year just past. All announcements to the ASX made during the year can be found on the Company's web site www.seafarms.com.au.

Authorised for release by the Seafarms Board.

For further information, please contact:

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About Seafarms Group

Seafarms Group Limited (ASX: SFG) is a sustainable aquaculture company, producing the premium Crystal Bay® Prawns and developing the Project Sea Dragon prawn aquaculture project in northern Australia.

Seafarms Group Limited

ABN 50 009 317 846

Preliminary Final Report (Unaudited) for the year ended 30 June 2022

Seafarms Group Limited
ABN 50 009 317 846
Preliminary Final Report (Unaudited) - 30 June 2022

Lodged with the ASX under Listing Rule 4.3A.
This information should be read in conjunction with the Preliminary Financial Report

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Appendix 4E
Preliminary Final Report (Unaudited)
Year ended 30 June 2022

Name of entity
Seafarms Group Limited

ABN or equivalent company reference	12 months ended
ABN 50 009 317 846	30 June 2022 (Previous corresponding period: 12 months ended 30 June 2021)

Results for announcement to the market

				$
Revenue from ordinary activities	Down	6.0%	to	20,049,203
Earnings before interest and taxation (EBIT)	Down	256.0%	to	(72,169,169)
Net loss after tax (from ordinary activities) for the period attributable to members	Down	191.6%	to	(75,113,540)

Distributions

	Amount per security	**Franked amount per security**
Interim dividend (per share)	-	-
Final dividend (per share)	-	-
Franking	-	-

	30 June 2022 $	30 June 2021 $
Net tangible asset backing (per share)	**0.00**	0.00

Explanation of results

For commentary on the results please refer to the announcement relating to the release of Seafarms Group Limited results in conjunction with the accompanying financial statements, which forms part of the Appendix 4E.

Audit

The Preliminary Final Report is based on accounts which are in the process of being audited.

Harley Ronald Whitcombe
Director & Company Secretary
Darwin
31 August 2022

Seafarms Group Limited
ABN 50 009 317 846
Preliminary Financial Report (Unaudited) - 30 June 2022

Directors	Michael Peter McMahon (appointed 29 October 2021, resigned 6 May 2022) *Executive Chairman*
	Ian Brannan (appointed 29 October 2021, resigned 20 May 2022) *Executive Director*
	Ian Norman Trahar B.Ec, MBA *Non-executive Chairman*
	Harley Ronald Whitcombe B.Bus, CPA (appointed 20 May 2022) *Executive Director*
	Dr Christopher David Mitchell PhD, BSc (Hons), GAICD (resigned 30 November 2021) *Executive Director*
	Paul John Favretto LL.B. (resigned 28 January 2022) *Independent Non-executive Director*
	Hisami Sakai *Non-executive Director*
	Rodney John Dyer (appointed 20 May 2022) *Executive Director*
	Terutaka Kuraishi (appointed 20 May 2022) *Alternative Director*
Secretary	Harley Ronald Whitcombe B.Bus, CPA
Principal registered office in Australia	Level 6, 66 Smith Street Darwin, NT 0800 Telephone No: (08) 9216 5200
Share registry	Computershare Investor Services Pty Limited GPO Box D182 Perth, WA 6000 Telephone No: (08) 9323 2000 Facsimile No: (08) 9323 2033
Auditor	Deloitte Touche Tohmatsu Chartered Accountants Level 11, 24 Mitchell Street Darwin NT 0800
Bankers	HSBC Bank Australia Limited 190 St Georges Terrace Perth, WA 6000
	Australia and New Zealand Banking Group Limited 77 St Georges Terrace Perth WA 6000
Stock exchange listing	Seafarms Group Limited shares are listed on the Australian Securities Exchange. Home Exchange - Perth. ASX Code - SFG
Website	www.seafarms.com.au

Directors' report

The Directors present their report together with the financial statements of Seafarms Group Limited consisting of Seafarms Group Limited and the entities it controlled at the end of or during the year ended 30 June 2022 (referred to hereafter as "Seafarms" or the "Group").

Directors

The following persons held office as Directors of Seafarms Group Limited during the financial period:

Michael Peter McMahon (appointed 29 October 2021, resigned 6 May 2022)
Ian Brannan (appointed 29 October 2021, resigned 20 May 2022)
Ian Norman Trahar
Harley Ronald Whitcombe (appointed 20 May 2022)
Dr Christopher David Mitchell (resigned 30 November 2021)
Paul John Favretto (resigned 28 January 2022)
Hisami Sakai
Rodney John Dyer (appointed 20 May 2022)
Terutaka Kuraishi (appointed 20 May 2022)

Principal activities

The Group is focused on developing its world-class Project Sea Dragon project.

Company financial performance

The overall financial performance over the 2022 financial year continues to reflect the investment being made by the Group in pursuing its expansion in aquaculture operations.

Review of operations

It’s been a turbulent year for Seafarms since the successful capital raise late in the previous financial year in June 2021.

Construction of Project Sea Dragon commenced early in the year and the board appointed a new CEO and CFO to take Seafarms Group Limited (Seafarms or the Company) to the next phase. A renewal of the board in the first half of the year included the appointment of Messrs McMahon and Brannon, the resignation of Messrs Whitcombe, Mitchell and Favretto, and a change in board chairmanship from Mr Trahar to Mr McMahon who became Executive Chairman.

In November the new board announced a review of Project Sea Dragon. Decisions taken during this time included the curtailment of all debt funding activity, and the termination of Project Sea Dragon contracts and most of the Project Sea Dragon construction team. This effectively placed the majority of Project Sea Dragon on hold which was announced to the market in March 2022.

This significant change in direction for the Company prompted a move by a major shareholder to have Mr McMahon removed. This resulted in the resignation of Mr McMahon from the board and as CEO, and the resignation of Mr Brannan from the board and as Company Secretary.

In late May 2022 the board appointed Mr Dyer as CEO, Mr Leijer as CFO and Mr Whitcombe as Company Secretary, and the appointment of Messrs Dyer and Whitcombe to the Board as Executive directors. Mr Trahar was appointed as Non-Executive Chairman.

In June 2022 Seafarms announced it was conducting a thorough assessment of the key challenges, development path and opportunities for Project Sea Dragon. The assessment is re-examining a number of matters raised about the viability of Project Sea Dragon announced by previous management in March 2022.

Review of operations (continued)

At the Queensland operations the Company experienced good performance of Black Tiger production from Farm 3 (Ingham). However the early harvests of Farm 1 and Farm 2 (Cardwell) significantly impacted output and was due to the emergence of disease in Cardwell in January 2022 that became severe over the following two months. This has subsequently been addressed.

The Group has reported a loss for the year after taxation of $75,113,540 (2021: loss $25,755,547) that is primarily a result of the cash outgoings associated with the Project Sea Dragon construction and development activities.

A summary of consolidated revenues and results for the year by significant industry segments is set out below:

	Segment revenues		**Segment results**	
	2022	2021	**2022**	2021
	$	$	**$**	$
Aquaculture	**19,873,075**	21,320,320	**(70,034,863)**	(24,452,525)
Other	**176,128**	50,036	**(4,691,526)**	(850,065)
Total segment revenue/result	**20,049,203**	21,370,356	**(74,726,389)**	(25,302,590)

Comments on the operations and the results of those operations are set out below:

Queensland Operations

The Queensland operations are undertaken at three sites: Flying Fish Point (commercial hatchery), Cardwell (Farms 1 & 2 and Processing Plant) and Ingham (Farm 3).

Total production for the year was 761 tonnes of Black Tiger production and 145 Tonnes of Banana production totalling 907 tonnes of production (2021: 1,068 tonnes). The lower production was the result of a decision to reduce stocking to lessen market risk exposure from the COVID-19 pandemic, and a significant disease event in Farms 1 and 2.

The disease event at Farms 1 and 2 related to PIR A/B bacterial issues that started in January and was exacerbated by record high water temperatures that increased in intensity throughout February and March. This impacted the performance of Black Tiger prawn crops.

Black Tiger prawn production at Farm 3 performed well and the biological metrics of the Farm 3 again demonstrated the feasibility of achieving key assumptions for Project Sea Dragon.

This year all Queensland ponds were stocked with high health prawn larvae from domesticated broodstock without needing to augment the program with wild caught broodstock. Last year the Company reported that a statistical analysis of the performance of ponds stocked with domesticated animals compared with those originating from wild broodstock showed a significant difference between the two, with the domesticated animals out performing those from the wild.

Seafarms program of Occupational Health and Safety management at its operations resulted in two Lost Time Injuries for the year and a Total Reportable Injury Frequency Rate (TRIFR) of 11.1 injuries per million man hours. The Company continues to implement its program of reducing risk to improve OH&S performance.

Environmental performance proceeded at the Queensland operations without issue during the year.

Market development

Market development supports the Company’s objective to build a high value, high quality and premium branded offer for both domestic and export markets.

Review of operations (continued)

Market development (continued)

There is clear domestic demand for high quality, fresh Australian prawns, available 52 weeks per year. Capturing this opportunity, Crystal Bay Prawns® (Banana Prawn) production was increased to meet existing customer requirements, with 100% of the crop successfully sold fresh and the number of fresh availability weeks increased compared with last financial year. The Company will continue to build on the weekly, fresh sales opportunity, with a greater focus on Banana prawns in FY2023 to lift total volume and profitability.

Domestically, the Company continued to develop share in the frozen self-serve category, with the launch of 550g Crystal Bay Tiger Prawns® cooked, frozen offer, complimenting the 1kg frozen boxes available through Woolworths nationwide. Seafarms frozen packaging supports the high-quality, sustainable Australian prawns brand message at point of purchase, and underpins the strategy to expand the availability of the Crystal Bay Tiger Prawns® brand.

High brand engagement was achieved during the fresh Crystal Bay Tiger Prawns® season, with the "100% Aussie Freshness" message driven at point of purchase in key wholesalers and retailers/fishmongers. There was a focus on building brand awareness at key events, such as Easter, and lifting fresh sales at peak consumer purchasing times.

Brand development continued with social media promotion sharing the Australian Crystal Bay Prawns® journey from pond to plate, reaching of over 250,000 people during the last 12 months.

Project Sea Dragon

Significant progress in construction at Project Sea Dragon sites was made during the year up until the March 2022 review point announced by previous management.

Following the successful equity placement in June 2021 and the appointment of Canstruct Pty Ltd as managing contractor, construction work commenced at Legune Station in July, and the procurement of long lead items for Legune, Exmouth and Bynoe were progressed.

At Legune Station, seventy six beds were commissioned by late September allowing work on roads and earthworks to commence in earnest on site. An additional 20 beds were added shortly thereafter, and mobilisation of construction equipment was completed in November.

Prior to the wet season shutdown in late December the contractors had worked on almost 50 km of access roads, placed over 200,000 m3 of fill in embankments for nursery ponds and seawater intake, produced 38 pre-cast concrete structures for nursery ponds and grow-out ponds, as well as crushing and grading almost 100,000 tonnes of material in Forsyth Creek Quarry.

The contractors to the Northern Territory Government completed the construction of the bitumised all-weather road from the NT/WA border to Legune Station in 2021 and the WA Government completed construction of the Moonamang Road that connects the existing bitumised road from Kununurra to the upgraded Keep River Road in 2022.

All weather, all year access to Legune Station is now complete. Project Sea Dragon is responsible for upgrading the on-Station roads to all year, all weather condition.

Following the statements made by the Company in March of 2022 the Company terminated contracts with most vendors, and the construction contracts with Canstruct were terminated for convenience in late April. At the end of June Canstruct had commenced demobilisation with the target of completing demobilisation of construction equipment and accommodation before the end of August 2022.

The Company also placed further work on hold at Bynoe and Kununurra while progressing a reduced scope of work at the Exmouth facility. The Company continues to undertake works to maintain all permits and approvals.

Review of operations (continued)

Project Sea Dragon (continued)

Despite capacity constraints, the program to develop Specific Pathogen Free domesticated broodstock at the Exmouth Founder Stock Centre continued to progress albeit at a slower rate. The Company announced that it successfully produced the fourth generation (G4) of Black Tiger Prawns that continue to test negative to specific pathogens. In the absence of facilities at the Project Sea Dragon Bynoe site, the animals were transferred to the Company's Queensland hatchery to improve the diversity of genetics of the domesticated broodstock for existing operations. Healthy G2 animals at Exmouth continue to grow with G3 animals being generated late this calendar year.

Debt and Equity funders have re-approached the Company and interest in funding Project Sea Dragon is strong.

The Indigenous Land Use Agreement with the Native Title Holders continues to be implemented. At the request of the Northern Land Council, Seafarms agreed to bring forward the planning of the Caring for Country (Ranger) Program. The NLC has appointed a ranger coordinator who commenced planning consultations with various groups. In February the project's Community Planning and Development Officer relocated to Kununurra. Formal ILUA Committee Meetings were interrupted due to the inability of all participants to attend in person, where possible meetings were held by video-conference, with one Committee Meeting held in person during the last week of October.

Significant changes in the state of affairs

The significant changes to the state of affairs of the Company are set out in the Review of Operations above.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

There has been no change in the strategic direction of the company, which is to develop Project Sea Dragon as a scalable integrated prawn aquaculture project. Focus on the coming period is entirely directed towards financing and construction.

Company secretary

The Company secretary is Mr Harley Ronald Whitcombe B.Bus, CPA. Mr Whitcombe was re-appointed to the position of Company secretary on 20 May 2022, having previously held the position from 13 November 2001 to 29 October 2021.

Shares under option

There are no unissued ordinary shares of Seafarms Group Limited under unlisted options issued to current key management personnel at the date of this report. Mr Trahar and Mr Whitcombe hold 387,327,272 and 403,635 unlisted options respectively expiring 13 August 2024 with an exercise price of $0.0975 which were acquired in the current financial year.

The company has in issue 30,150,190 convertible preference shares that have not been exercised. For further information relating to the convertible preference shares, please refer to note 22(c).

Dividends - Seafarms Group Limited

The Directors of Seafarms Group Limited do not recommend the payment of a dividend for the year ending 30 June 2022 (2021: Nil).

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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

Harley Ronald Whitcombe
Darwin
31 August 2022

Seafarms Group Limited ABN 50 009 317 846
Preliminary Financial Report (Unaudited) - 30 June 2022

These preliminary financial statements are the consolidated preliminary financial statements of the consolidated entity consisting of Seafarms Group Limited and its subsidiaries. The preliminary financial statements are presented in the Australian currency.

Registered postal address is:

PO Box 7312
Cloisters Square WA 6850

Seafarms Group Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 6, 66 Smith Street
Darwin, NT 0800

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 6, which is not part of these preliminary financial statements.

The preliminary financial statements were authorised for issue by the Directors on 31 August 2022.

For queries in relation to our reporting please call 08 9216 5200 or e-mail *questions@seafarms.com.au.*

All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.seafarms.com.au.

	Notes	**2022** **$**	2021 $
Revenue from continuing operations	3	**20,049,203**	21,370,356
Other (losses)/gains	4	**587,139**	1,378,707
Finance costs	5	**(2,944,371)**	(5,484,575)
Fair value adjustment of biological assets	13	**(723,005)**	101,744
Fair value adjustment of biological assets at point of harvest	11	**(2,678,611)**	65,454
Feed and consumables		**(6,798,310)**	(7,128,352)
Change in finished goods and In Pond inventory	11, 13	**510,911**	(695,846)
Energy costs		**(2,724,240)**	(2,388,587)
Employee benefits expense	6	**(12,468,375)**	(13,438,919)
Expected credit losses		**(5,000,000)**	-
Depreciation and amortisation expense	6	**(3,964,347)**	(3,982,744)
Impairment losses	6, 14	**(13,500,829)**	-
PSD Pre-Development expenses	7	**(32,329,458)**	-
Other expenses	6	**(13,129,247)**	(15,552,785)
(Loss) before income tax		**(75,113,540)**	(25,755,547)
Income tax benefit	8	**-**	-
(Loss) for the year		**(75,113,540)**	(25,755,547)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

	2022 $	2021 $
(Loss) for the year	**(75,113,540)**	(25,755,547)
Other comprehensive (loss) for the year net of tax	**-**	-
Total comprehensive (loss) for the year is attributable to:		
Owners of Seafarms Group Limited	**(75,113,540)**	(25,755,547)
	Cents	Cents
(Loss) per share from continuing operations attributable to the ordinary equity holders of the Company:		
Basic (loss) per share	**(1.64)**	(1.06)
Diluted (loss) per share	**(1.64)**	(1.06)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	**2022 $**	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	9	**36,195,529**	497,112
Trade and other receivables	10	**1,367,472**	2,040,581
Inventories	11	**8,206,053**	10,321,864
Other current assets	12	**2,311,156**	1,061,672
Biological assets	13	**2,454,171**	2,223,845
Total current assets		**50,534,381**	16,145,074
Non-current assets			
Property, plant and equipment	14	**18,401,496**	21,938,951
Right-of-use assets	15	**19,853,368**	21,122,764
Other non-current assets	17	**-**	5,000,000
Total non-current assets		**38,254,864**	48,061,715
Total assets		**88,789,245**	64,206,789
LIABILITIES			
Current liabilities			
Trade and other payables	18	**5,800,983**	9,165,278
Borrowings	19	**-**	27,062,934
Lease liabilities		**1,282,183**	2,834,462
Provisions	20	**4,010,309**	10,256
Employee benefit obligations	21	**1,349,694**	1,548,721
Total current liabilities		**12,443,169**	40,621,651
Non-current liabilities			
Lease liabilities		**17,932,162**	18,382,047
Provisions	20	**124,591**	123,853
Employee benefit obligations	21	**35,718**	45,408
Total non-current liabilities		**18,092,471**	18,551,308
Total liabilities		**30,535,640**	59,172,959
Net assets		**58,253,605**	5,033,830
EQUITY			
Contributed equity	22	**300,316,736**	172,421,944
Other reserves	23(a)	**12,455,960**	12,017,437
Retained earnings		**(254,519,091)**	(179,405,551)
Total equity		**58,253,605**	5,033,830

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

	Issued capital $	Other equity* $	Options premium reserve $	Financial assets revaluation reserve $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2020	169,793,845	2,261,000	1,670,705	(24,740)	10,371,472	(153,650,005)	30,422,277
Loss for the year	-	-	-	-	-	(25,755,546)	(25,755,546)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**(25,755,546)**	**(25,755,546)**
Transactions with owners in their capacity as owners:							
Options exercised	36,781	-	-	-	-	-	36,781
Value of conversion rights on convertible loan	-	330,318	-	-	-	-	330,318
	36,781	330,318	-	-	-	-	367,099
Balance at 30 June 2021	**169,830,626**	**2,591,318**	**1,670,705**	**(24,740)**	**10,371,472**	**(179,405,551)**	**5,033,830**

* The amount shown for other equity is the value of the conversion rights relating to the Avatar Finance Pty Ltd convertible loan. The fair value of equity was determined using an option price model. This is recognised and included in shareholder's equity. Refer note 19 and note for further detail.

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

	Notes	Issued capital $	Other Equity $	Options premium reserve $	Financial assets revaluation reserve $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2021		169,830,626	2,591,318	1,670,705	(24,740)	10,371,472	(179,405,551)	5,033,830
Loss for the year		-	-	-	-	-	(75,113,540)	(75,113,540)
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**-**	**(75,113,540)**	**(75,113,540)**
Transactions with owners in their capacity as owners:								
Contributions of equity & debt equity conversion net of transaction costs & tax	22	127,894,792	-	-	-	-	-	127,894,792
Employee share schemes - value of employee services		-	-	-	-	438,523	-	438,523
		127,894,792	-	-	-	438,523	-	128,333,315
Balance at 30 June 2022		**297,725,418**	**2,591,318**	**1,670,705**	**(24,740)**	**10,809,995**	**(254,519,091)**	**58,253,605**

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

	Notes	**2022** **$**	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**22,765,061**	21,807,027
Payments to suppliers and employees (inclusive of goods and services tax)		**(37,761,246)**	(34,463,949)
Payments to suppliers for PSD Pre-Development expenses		**(32,329,458)**	-
		(47,325,643)	(12,656,922)
Interest received		**6,530**	854
Interest paid		**(2,788,797)**	(3,571,178)
Net cash outflow from operating activities		**(50,107,910)**	(16,227,246)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(625,568)**	(486,018)
Purchase of property, plant and equipment related with PSD		**(12,028,622)**	-
Proceeds from sale of property, plant and equipment		**784**	-
Net cash outflow from investing activities		**(12,653,406)**	(486,018)
Cash flows from financing activities			
Proceeds from issue of shares		**105,962,429**	36,781
Proceeds from borrowings		**743,589**	6,670,764
Payments of loans from third parties		**(5,000,000)**	-
Lease payments		**(2,199,333)**	(239,909)
Repayment of borrowings		**(1,046,952)**	-
Proceeds from related parties		**-**	4,276,685
Net cash inflow from financing activities		**98,459,733**	10,744,321
Net decrease in cash and cash equivalents		**35,698,417**	(5,968,943)
Cash and cash equivalents at the beginning of the period		**497,112**	6,466,055
Cash and cash equivalents at end of period	9	**36,195,529**	497,112
Non-cash investing and financing activities	19(d)		

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

1 Summary of significant accounting policies

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with the other requirements of the law.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

(b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments as well as biological assets. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2 *Share-based Payment* , leasing transactions that are within the scope of AASB 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 *Inventories* or value in use in AASB 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, for further detail refer to note .

The principal accounting policies are set out below.

Application of new and revised accounting standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current financial year.

New and revised standards and amendments thereof and interpretations effective for the current year that are relevant to the Group include:

Impact of changes to Australian Accounting Standards and Interpretations

(i) Other new accounting standards

The following new or amended standards are not expected to have a significant impact on the Group’s consolidated financial statements:

- AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2; and*
- AASB 2021-3 *Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions beyond 30 June 2021.*

1 Summary of significant accounting policies (continued)

Impact of changes to Australian Accounting Standards and Interpretations (continued)

(ii) Application of new and revised accounting standards

At the date of the authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

- AASB 17 *Insurance Contracts and* AASB 2020-5 *Amendments to Australian Accounting Standards - Insurance Contracts;*
- AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between and Investor and its Associate or Joint Venture;*
- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and* AASB 2020-6 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current - Deferral of Effective Date;*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments;*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates;*
- AASB 2021-5 *Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction; and*
- AASB 2022-1 *Amendments to Australian Accounting Standards - Initial Application of AASB 17 and AASB 9 - Comparative Information.*

(c) Going concern

These financial statements have been prepared on the going concern basis of accounting, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2022, the Group incurred an operating cash outflow of $50,107,910 (2021: $16,227,247) and a net loss for the year of $75,113,540 (2021: $25,755,547). At 30 June 2022, the Group had net current assets of $38,091,212 (2021 net current liabilities: $24,476,577), including $36,195,529 cash and cash equivalents (2021: $497,112).

The Group continually monitors cash flow requirements to ensure that it has sufficient funds to meet its contractual commitments and non-discretionary corporate overheads and adjusts its spending accordingly. Of particular note the Group has discretion to defer non-committed expenditure on the development of Project Sea Dragon to coincide with fund raising activities. As such the Group is able to ensure that capital commitments are not entered into until there is certainty over the related funding.

The Directors believe that the Group's existing cash balances, available facilities and expected cash inflows from the Group's operations will be sufficient to enable the Group to realise its assets and settle its liabilities and commitments in the normal course of business at the amounts stated in the financial report.

(d) Basis of consolidation

(i) Subsidiaries

The consolidated preliminary financial statements incorporate the assets and liabilities of all subsidiaries of Seafarms Group Limited ('Company' or 'Parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Seafarms Group Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

1 Summary of significant accounting policies (continued)

(i) Subsidiaries (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the separate financial statements of Seafarms Group Limited.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9 *Financial Instruments,* when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the preliminary financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated preliminary financial statements are presented in Australian dollar ($), which is Seafarms Group Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss

(f) Revenue recognition

The Group sells fresh and frozen prawns to customers. A sale is recognised when control of the product has transferred, being when the product is delivered to the customer and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the product has been shipped to the location specified by the customer and the customer accepts the product. Following delivery the customer has full discretion over the manner of distribution and price to sell the goods and bear the risk in relation to the goods.

No element of financing is present in the pricing arrangement. Settlement terms range from cash-on-delivery to credit terms from 7 to 30 days. Terms reflect negotiations with customers, policies, procedures and controls as it relates to the customer credit risk.

A receivable is recognised by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

1 Summary of significant accounting policies (continued)

Under the Group's standard contract terms, customers have a right of return where the goods do not meet required specification. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

The Group provides rebate and early payment discounts to customers that they would not receive without purchasing the specified volume of product or making early payment. The provision of discounts to the customers varies the consideration receivable from the customers and consequently the revenue recognised. The Group determines the most likely amount receivable from the customer by using accumulated historical experience of volume purchased and payment history.

(g) Government grants

Grants from the government are recognised at their fair value where there is a reasonable likelihood that the grant will be received and the Group will comply with all attached conditions.

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.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Deferral and presentation of government grants

Government grants are deducted in calculating the carrying amount of the related grant asset. The grant is recognised in profit or loss over the life of a depreciable asset by way of a reduced depreciation expense.

(h) Income tax

The income tax expense or benefit for the period is the tax payable or recoverable on the current period's taxable income based on the income tax rate that has been enacted or substantially enacted by the balance sheet date adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

1 Summary of significant accounting policies (continued)

(i) Tax consolidation legislation

Seafarms Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Seafarms Group Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Seafarms Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Seafarms Group Limited for any current tax payable assumed and are compensated by Seafarms Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Seafarms Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' preliminary financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial period. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 8.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(i) Leases

The Group lease various property, equipment and motor vehicles. Rental contract are typically made for fixed term periods of 2 to 30 years but may have extension options which remain unexercised. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Lease are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- the exercise price of a purchase option if the lease is reasonably certain to exercise the option.

The lease payments are discounted using the interest implicit in the lease. If the rate can not be determined, the lessee's incremental borrowing rate is used, being the rate the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

1 Summary of significant accounting policies (continued)

(j) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, 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.

(k) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(l) Inventories

Agricultural produce harvested from the Group's biological assets is measured at its fair value less costs to sell at the point of harvest. Such measurement is the cost at that date when applying AASB 102 *Inventories.*

Inventory is stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

(m) Biological assets

Prawn livestock is carried at fair value. Fair value is the amount which could be expected to be received from the disposal of the livestock in an active and liquid market less the costs expected to be incurred in realising the proceeds of that disposal.

In the absence of an active and liquid market fair value is determined in accordance with a Directors’ valuation using the present value of expected net cash flows from the prawn livestock discounted at a current market-determined rate. The expected net cash flows take into account a number of assumptions including the survival rate, harvest average body weight, average market price, discount rate and average production cost per kilogram. The net cash flows include harvesting costs and freight costs to market.

The change in estimated fair value of prawn livestock is recognised in the income statement in the reporting period and is classified separately.

The prawn livestock with a weight of less than 1 gram (including all hatchery stock), is carried at historic cost as an estimate of fair value given that little or no biological transformation has taken place. Cost includes all of the costs associated with the production of the livestock.

(n) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

1 Summary of significant accounting policies (continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(o) Property, plant and equipment

Property, 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Leasehold Land	30 years (term of the lease)
- Freehold buildings	10 - 50 years
- Ponds	10 - 50 years
- Plant and equipment	2 - 15 years
- Leasehold improvements	Length of lease
- Vehicles	3 - 5 years
- Furniture, fittings and equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Project Dragon Sea

The Group incurred costs associated with Project Sea Dragon (Project). The Group has identified the phases the Project may go through in determining whether costs associated with the Project are eligible for capitalisation.

These phases include the pre-development, development, and operating phase. The Group uses the following approach in determining Project costs eligible for capitalisation:

- Identify the total expenditure being incurred at the various stages of the Project.

1 Summary of significant accounting policies (continued)

Project Dragon Sea (continued)

- Determine the nature of the underlying expenditure. Only directly attributable costs relating to the Project are eligible for capitalisation.
- Development costs are distinguished from pre-development costs. Only costs incurred during the development stage of the Project are eligible for capitalisation. Pre-development costs are expensed.
- Based on the extent of expected future economic benefits that will flow to the Group, only the development costs that are considered recoverable are capitalised.

Impairment PSD

The Group has considered whether the PSD Work-in-progress assets would be impaired as required by AASB 136 *Impairment of Assets* in light of the Project currently being incomplete and construction at Legune and Bynoe Harbour is on hold. The Group has determined that in light of these factors and that future funding for the project is uncertain that the assets should be fully impaired.

(p) *Impairment of non-financial assets*

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

(q) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 45 days of recognition of the liability.

Due to the short-term nature of trade and other payables, their carrying amount approximates to fair value.

(r) Borrowings

Borrowings are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in Shareholders' equity, net of income tax effects.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

1 Summary of significant accounting policies (continued)

(s) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(t) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(u) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period 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 end of the reporting period on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Post-employment obligations

The Group pays contributions to publicly or privately administered defined contribution superannuation plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Share-based payments

The fair value of options granted to employees is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised on a straight line basis over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date of unlisted options is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Performance rights issued to directors and staff for no cash consideration vest once all performance obligations are met. On the grant date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

(v) Contributed equity

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.

1 Summary of significant accounting policies (continued)

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the consolidated 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 taxation authority, are presented as operating cash flows.

(x) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the preliminary financial statements. Amounts in the preliminary financial statements have been rounded off in accordance with the instrument to the nearest dollar.

(y) Parent entity financial information

The financial information for the Parent entity, Seafarms Group Limited has been prepared on the same basis as the consolidated preliminary financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the preliminary financial statements of Seafarms Group Limited. Dividends received from subsidiaries are recognised in the Parent entity's profit or loss when its right to receive the dividend is established.

(ii) Financial guarantees

Where the Parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

2 Segment information

(a) Description of segments

Business Segments

Aquaculture
Development of a large scale land-based aquaculture project in Northern Australia by Project Sea Dragon Pty Ltd, and prawn aquaculture operations in North Queensland, acquired 6 January 2014 and 31 October 2014.

Other
'Other' is the aggregation of the Group's other operating segments that are not separately reportable.

(b) Segments

The segment information provided to the strategic steering committee for the reportable segments for the year ended 30 June 2022 is as follows:

Year ended 30 June 2022	**Aquaculture**	**Other**	**Consolidated**
	$	**$**	**$**
Segment revenue			
Sales and external customers	19,873,075	-	19,873,075
Total sales revenue	19,873,075	-	19,873,075
Other revenue	176,128	-	176,128
Total segment revenue	20,049,203	-	20,049,203
Consolidated revenue			20,049,203
Segment loss			
Segment (loss)	**(70,034,863)**	**(4,691,506)**	(74,726,369)
Central administration and directors' salaries			(387,171)
Loss before income tax			(75,113,540)
Income tax benefit			-
Loss for the year			(75,113,540)
Segment assets			
Segment assets	**85,250,501**	**3,538,745**	88,789,246
Total assets			88,789,246

2 Segment information (continued)

(b) Segments (continued)

The segment information provided to the strategic steering committee for the reportable segments for the year ended 30 June 2021 is as follows:

Year ended 30 June 2021	Aquaculture	Other	Consolidated
	$	$	$
Segment revenue			
Sales and external customers	21,320,320	-	21,320,320
Total sales revenue	21,320,320	-	21,320,320
Other revenue	50,036		50,036
Total segment revenue	21,370,356	-	21,370,356
Consolidated revenue			21,370,356
Segment loss			
Segment (loss)	(24,452,525)	(850,065)	(25,302,590)
Central administration and directors' salaries			(452,956)
Loss before income tax			(25,755,546)
Income tax benefit			-
Loss for the year			(25,755,546)
Segment assets			
Segment assets	58,214,646	5,879,483	64,094,129
Unallocated assets			112,660
Total assets			64,206,789

Segment revenues, expenses, and assets are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of forest carbon sinks, receivables, inventories, property, plant and equipment, net of related provisions. While most of these assets can be directly attributed to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment assets do not include income taxes.

Segment profit/(loss) represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, investment revenue and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(c) Other profit and loss disclosures

Depreciation and amortisation	**2022** **$**	2021 $
Aquaculture	**(3,964,347)**	(3,982,744)

3 Revenue

	2022 $	2021 $
From continuing operations		
Sales revenue		
Sales Fresh	**8,784,058**	9,827,162
Sales Frozen	**11,086,993**	11,210,372
Other	**-**	282,770
Sales discount	**2,024**	16
	19,873,075	21,320,320
Other revenue		
Other income	**176,128**	50,036
	20,049,203	21,370,356

The Group derives all revenue from the transfer of goods and services at a point in time.

4 Other (losses)/gains

	2022 $	2021 $
Gain on issue of debt equity	**549,311**	-
JobKeeper income received	**-**	1,364,700
Other income	**37,828**	14,007
	587,139	1,378,707

5 Finance costs

	2022 $	2021 $
Finance income		
Interest income	**(6,530)**	(853)
Finance income	**(6,530)**	(853)
Finance costs		
Interest and finance charges	**872,572**	3,495,177
Interest on lease liabilities	**2,078,329**	1,990,251
Finance costs expensed	**2,950,901**	5,485,428
Net finance costs	**2,944,371**	5,484,575

6 Expenses

Profit before income tax includes the following specific expenses:

	2022 $	2021 $
Depreciation		
Property, plant and equipment: Buildings	**214,536**	234,342
Property, plant and equipment: Ponds	**395,976**	395,152
Property, plant and equipment: Plant and equipment	**1,885,098**	1,978,252
Property, plant and equipment: Leasehold improvements	**2,171**	2,216
Right-use-of-assets: Leasehold land	**725,764**	725,764
Right-use-of-assets: Leased buildings	**447,279**	342,892
Right-use-of-assets: Leased plant and equipment	**293,523**	304,126
Total depreciation	**3,964,347**	3,982,744
Other expenses		
Consultants and professional fees	**3,684,844**	4,636,036
Legal fees	**1,308,436**	2,280,254
Insurance	**1,328,632**	1,360,317
Freight	**849,810**	1,052,374
Research and development	**44,390**	79,123
Travel expenses	**276,941**	335,330
Logistics	**181,739**	31,679
Repairs and maintenance	**1,128,722**	877,224
Loss on disposal of assets	**192,250**	-
Hire equipment	**475,074**	627,291
Rent	**90,619**	59,950
Sales and marketing	**474,774**	553,446
Other expenses	**3,093,016**	3,659,761
	13,129,247	15,552,785
Impairment losses		
Impairment of project costs	**13,500,829**	-
Employee benefits expense		
Superannuation	**747,006**	676,757
Other employee benefits	**11,721,369**	12,762,162
Total employee benefits expense	**12,468,375**	13,438,919

7 PSD Pre-Development expenses

	2022 **$**	2021 $
Inlet & Outlet Structures	**242,072**	-
Ponds	**4,401,059**	-
Access Roads	**1,013,449**	-
Insurance	**2,179,791**	-
Consultants & Engineering	**1,005,879**	-
Project Management costs	**11,631,500**	-
Seawater intake channel	**3,777,732**	-
Accommodation	**5,312,044**	-
Quarry	**786,151**	-
Exmouth	**375,881**	-
Bynoe	**329,173**	-
Other	**1,274,727**	-
	32,329,458	-

Project Sea Dragon (PSD or the Project) is a proposed, large-scale, integrated, land-based prawn aquaculture project being developed in Northern Australia. PSD is designed to be a staged development of up to 10,000 hectares of prawn production ponds, supported by a series of geographically separate facilities across Northern Australia.

Planned Stage 1a of the PSD includes the Legune Grow-out Facility would see land-based production ponds at Legune Station in the Northern Territory as well as the development of the necessary facilities at the other sites (Exmouth and Bynoe). There has been significant expenditure incurred on the Project and the Board has considered how to account for the capital expenditures and taking into account the principles established by the accounting standards and how these might be applied.

Costs that do not meet the capitalisation criteria's have been expensed and recognised in the consolidated statement of profit or loss.

8 Income tax expense

(a) Income tax expense/(benefit)

	2022 **$**	2021 $
Deferred tax (benefit)	**(14,284,695)**	(155,695)
Write off current and prior year deferred tax assets	**14,284,695**	155,695
	-	-
Deferred income tax (revenue) expense included in income tax expense comprises:		
(Increase) decrease in deferred tax assets (note 16)	**(13,596,130)**	-
(Decrease) increase in deferred tax liabilities	**(688,565)**	-
	(14,284,695)	-

8 Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2022 $	2021 $
Loss from continuing operations before income tax expense	**(75,113,540)**	(25,755,547)
Tax at the Australian tax rate of 25% (2020 - 30.0%)	**(18,778,385)**	(6,696,443)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	**1,385**	-
Employee option plan	**109,631**	-
Debt waiver - employee	**126**	-
SGC - recharged from PSDCE	**237**	-
Non-deductible expenses	**-**	4,068
Other	**(138,816)**	(13,000)
	(18,805,822)	(6,705,375)
Write off current and prior year deferred tax assets	**14,284,695**	155,695
Current year tax losses not recognised	**4,521,127**	6,340,693
Impact of change in tax rate on closing deferred tax balance	**-**	208,987
Income tax expense/(benefit)	**-**	-

(c) Franking account

	2022 $	2021 $
Franking account balance (tax paid basis)	**-**	-
Impact on franking account balance of dividends not recognised	**-**	-
	-	-

9 Current assets - Cash and cash equivalents

	2022 $	2021 $
Cash at bank and in hand	**35,782,632**	85,112
Deposits at call	**412,897**	412,000
	36,195,529	497,112

(a) Risk exposure

The Group's exposure to interest rate risk is discussed in note .

(b) Cash at bank and on hand

Of the cash at bank and on hand, $1,750 (2021: $2,250) is non-interest bearing, and $35,780,882 (2021: $82,862) is in accounts that earn interest.

(c) Cash not available for use

$412,897 (2021: $412,000) is held as security for bank facilities and lease guarantees (note 19).

(d) Deposits at call

Deposits at call are interest bearing.

10 Current assets - Trade and other receivables

	2022 $	2021 $
Trade receivables	**994,855**	1,509,622
Loss allowance	**-**	-
	994,855	1,509,622
Other receivables	**3,406**	14,622
Loans to employees	**22,570**	11,145
Goods and services tax (GST) receivable	**346,641**	505,192
	372,617	530,959
	1,367,472	2,040,581

(a) Trade receivables

As of 30 June 2022, trade receivables of $364,237 (2021: $65,428) were past due but not impaired.

	2022 $	2021 $
Up to 3 months	**80,531**	14,320
3 to 6 months	**283,706**	51,108
	364,237	65,428

Trade receivables represent receivables in respect of which the Group's right to consideration is unconditional subject only to the passage of time. Trade receivables are non-derivative financial assets accounted for in accordance with the Group's accounting policy for non-derivative financial assets as set out in note 1(b)(ii) AASB 9 *Financial Instruments*.

Trade and other receivables are measured at amortised cost. A gain or loss on trade and other financial assets that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

The average credit period on trade receivables ranges from current to 90 days in most cases. In determining the recoverability of a trade receivable, the Group used the expected credit loss model as per AASB 9. The expected credit loss model requires the Group to account for expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit default to have occurred before credit losses are recognised.

The Group has Trade Credit Insurance in place until 31 May 2023, which has insured indemnity of 90% with a maximum insured amount of $1.54 million.

10 Current assets - Trade and other receivables (continued)

(b) Interest rate risk

Information about the Group’s exposure to interest rate risk in relation to trade and other receivables is provided in note .

(iii) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The average credit period on rendering of invoices is 30 days.

Refer to note for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

11 Current assets - Inventories

	2022	2021
	$	$
Finished goods*	**6,102,427**	9,223,458
Feed and consumables	**2,103,626**	1,098,406
	8,206,053	10,321,864

Finished goods are harvested prawns from the Group's aquaculture operations in North Queensland.

Feed and consumables relate wholly to the Group's aquaculture operations.

*Includes fair value adjustment of biological assets at point of harvest ($1,295,865) 2021: $1,382,746.

12 Current assets - Other current assets

	2022	2021
	$	$
Prepayments	**2,262,442**	1,036,852
Deposits paid	**48,714**	24,820
	2,311,156	1,061,672

13 Current assets - Biological assets

	30 June 2022 $	30 June 2021 $
Livestock at fair value		
Opening Balance	**2,223,845**	2,683,903
Profit/(loss) arising from changes in fair value less estimated point of sale costs	**(723,005)**	101,744
Increases due to purchases	**3,177,179**	2,122,104
Transferred to inventories	**(2,223,848)**	(2,683,906)
Closing Balance	**2,454,171**	2,223,845

The Group has classified live prawn as level 3 in the fair value hierarchy (refer note 1 for explanation of levels), since one or more of the significant inputs is not based on observable market data.

Valuation processes

The Group's finance team performs the valuations of the Group's biological assets for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit and risk committee (ARC). Discussions of valuation processes and results are held between the CFO and the ARC at least once every six months, in line with the Group's half-yearly reporting requirements.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Survival rate, harvest average body weight and average production cost per kilogram is determined based on actual rates achieved over the last 6-12 months.
- Prawn market prices are based on active liquid market prices achieved over the last 3 months.
- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Changes in level 3 inputs and fair values are analysed at the end of each reporting period during the half-yearly valuation discussion between the CFO, and ARC. As part of this discussion the team presents a report that explains the reason for the fair value movements.

Financial risk management strategies for biological assets

The Group is exposed to risks arising from environmental and climatic changes and market prices.

The Group has strong operating procedures to prevent and mitigate the impact of disease and environmental risks.

The Group is exposed to some risks arising from fluctuations in the price and demand of prawn. To mitigate those risks the Group continues to focus on producing a high quality product that is well sought after in the market. Where appropriate the Group will also enter into supply contracts.

14 Non-current assets - Property, plant and equipment

	Freehold land $	Buildings $	Ponds $	Plant and equipment $	Leasehold improvements $	Assets under construction $	Total $
At 1 July 2020							
Cost or fair value	2,010,000	5,000,198	7,919,543	19,310,690	31,908	-	34,272,339
Accumulated depreciation	-	(549,141)	(2,118,900)	(7,477,577)	(14,022)	-	(10,159,640)
Net book amount	2,010,000	4,451,057	5,800,643	11,833,113	17,886	-	24,112,699
Year ended 30 June 2021							
Opening net book amount	2,010,000	4,451,057	5,800,643	11,833,113	17,886	-	24,112,699
Additions	-	-	-	486,018	-	1,440,612	1,926,630
Depreciation charge	-	(234,342)	(395,152)	(2,028,056)	(2,216)	-	(2,659,766)
Closing net book amount	2,010,000	4,216,715	5,405,491	10,291,075	15,670	1,440,612	23,379,563
At 30 June 2021							
Cost or fair value	2,010,000	5,000,198	7,919,543	18,356,096	31,908	1,440,612	34,758,357
Accumulated depreciation	-	(783,483)	(2,514,052)	(9,505,633)	(16,238)	-	(12,819,406)
Net book amount	2,010,000	4,216,715	5,405,491	8,850,463	15,670	1,440,612	21,938,951

14 Non-current assets - Property, plant and equipment (continued)

	Freehold land $	Buildings $	Ponds $	Plant and equipment $	Leasehold improvements $	Assets under construction $	Total $
At 1 July 2021							
Cost or fair value	2,010,000	5,000,198	7,919,543	18,356,096	31,908	1,440,612	34,758,357
Accumulated depreciation	-	(783,483)	(2,514,052)	(9,505,633)	(16,238)	-	(12,819,406)
Net book amount	2,010,000	4,216,715	5,405,491	8,850,463	15,670	1,440,612	21,938,951
Year ended 30 June 2022							
Opening net book amount	2,010,000	4,216,715	5,405,491	8,850,463	15,670	1,440,612	21,938,951
Additions	-	-	-	625,568	-	12,028,622	12,654,190
Disposals	-	-	-	(193,034)	-	-	(193,034)
Transfers	-	-	-	(31,595)	-	31,595	-
Depreciation charge	-	(214,537)	(395,976)	(1,885,099)	(2,170)	-	(2,497,782)
Impairment loss	-	-	-	-	-	(13,500,829)	(13,500,829)
Closing net book amount	2,010,000	4,002,178	5,009,515	7,366,303	13,500	-	18,401,496
At 30 June 2022							
Cost or fair value	2,010,000	5,000,198	7,919,543	18,628,173	32,997	-	33,590,911
Accumulated depreciation	-	(998,020)	(2,910,028)	(11,261,870)	(19,497)	-	(15,189,415)
Net book amount	2,010,000	4,002,178	5,009,515	7,366,303	13,500	-	18,401,496

14 Non-current assets - Property, plant and equipment (continued)

Queensland aquaculture CGU ('QLDAQ')

Management's approach and the key assumptions used to determine the CGU's FVLCOD in FY2022 were as follows:

CGU	Unobservable inputs	2022	2021	Approach in determining key assumptions
QLDAQ	Cost of disposal	5%	5%	Estimated based on the company's experience with disposal of assets and on industry benchmarks
	Sales price per hectare	$59,000 to $85,000	$55,000 to $84,000	Average sales price for similar properties in North Queensland

Non-current assets pledged as security

The Group has provided a mortgage over LOT 166 ON CROWN PLAN CWL3565 & LOT 183 ON CROWN PLAN CWL3484 to the third party investor when entering into the lease agreement.

Depreciation methods and useful lives

The leased land is depreciated using the minimum lease term of 30 years.

15 Non-current assets - Right-of-use assets

	Leasehold land $	Leased buildings $	Leased plant and equipment $	Total $
At 1 July 2020				
Cost or fair value	21,624,847	1,086,782	1,265,820	23,977,449
Accumulated depreciation	(1,124,479)	(534,637)	(507,129)	(2,166,245)
Net book amount	20,500,368	552,145	758,691	21,811,204
Year ended 30 June 2021				
Opening net book amount	20,500,368	552,145	758,691	21,811,204
Additions	-	684,342	-	684,342
Depreciation charge	(725,764)	(342,892)	(304,126)	(1,372,782)
Closing net book amount	19,774,604	893,595	454,565	21,122,764
At 30 June 2021				
Cost or fair value	21,624,847	1,771,123	1,265,820	24,661,790
Accumulated depreciation	(1,850,243)	(877,528)	(811,255)	(3,539,026)
Net book amount	19,774,604	893,595	454,565	21,122,764

	Leasehold land $	Leased Buildings $	Leased Plant and equipment $	Total $
At 1 July 2021				
Cost	21,624,847	1,771,123	1,265,820	24,661,790
Accumulated depreciation	(1,850,243)	(877,528)	(811,255)	(3,539,026)
Net book amount	19,774,604	893,595	454,565	21,122,764
Year ended 30 June 2022				
Opening net book amount	19,774,604	893,595	454,565	21,122,764
Additions	-	267,382	-	267,382
Disposals	-	(32,004)	(38,208)	(70,212)
Depreciation charge	(725,764)	(447,279)	(293,523)	(1,466,566)
Closing net book amount	19,048,840	681,694	122,834	19,853,368
At 30 June 2022				
Cost	21,624,847	1,987,408	1,212,282	24,824,537
Accumulated depreciation	(2,576,007)	(1,305,714)	(1,089,448)	(4,971,169)
Net book amount	19,048,840	681,694	122,834	19,853,368

For details on the leasehold land and impairment refer to note 16.

Lease - Legune station

On 15 February 2015, the Group entered into the Legune Station Access and Option Agreement. Under the agreement, the Group had the option to acquire the leasehold interest into the Legune Station ('station'). The station comprises 178,870 ha of land, property, plant & equipment and cattle.

15 Non-current assets - Right-of-use assets (continued)

Lease - Legune station (continued)

The Group subsequently ceded their purchase option to a third party investor, who acquired the leasehold interest (including property, plant and equipment) on 31 October 2018. The Group and the third party investor simultaneously entered into a series of agreements whereby the Group leased 73,000 ha of the 178,870 ha of land (excluding any property, plant and equipment and cattle). The lease is effective from 12 December 2018. While the lease contract provides a potential maximum 90 year lease term (thereby securing the Group's ability to access the Legune site for this period), the Group has determined the relevant minimum lease term to be 30 years based on the relevant break clauses in the contract, the first of which occurs after 30 years.

16 Non-current assets - Deferred tax assets

	2022	2021
	$	$
The balance comprises temporary differences attributable to:		
Tax losses	**(19,509,359)**	(5,224,664)
Fair value	**502,872**	-
Work in progress	**11,457,572**	-
Provisions	**385,488**	411,518
Accruals	**3,257,290**	-
Available for sale investment	**-**	825,200
Intangible assets	**3,149,627**	3,495,658
Depreciable assets	**859,393**	467,090
Accrued interest	**13,827**	-
Lease assets and liabilities	**(132,392)**	25,198
Prepayments	**(2,049)**	-
Unpaid super	**17,731**	-
Net deferred tax assets	**-**	-
Movements:		
Charged/credited:		
- to profit or loss	**(14,284,695)**	155,695
Write off of Deferred Tax Asset	**14,284,695**	(155,695)
Closing balance at 30 June	**-**	-

Unrecognised deferred tax balances

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

Tax losses (revenue in nature)*	**18,994,104**	24,349,128

17 Other non-current assets

	2022 **$**	2021 $
Loan to AAM Licensees Pty Ltd	**5,000,000**	5,000,000
Loss allowance	**(5,000,000)**	-
	-	5,000,000

The loan to AAM Licensees Pty Ltd was provided on 12 December 2018, at interest free.

The receivable forms part of the series of arrangements in relation to Legune, as at 30 June 2022, repayment of the loan is dependent on a number of factors one of which being the financial close of Stage 1 of PSD of 1120ha by December 2023. The Company considers it unlikely that this milestone will be achieved and therefore has recognised an expected credit loss (ECL) in the profit and loss.

18 Current liabilities - Trade and other payables

	2022 **$**	2021 $
Trade payables	**1,249,236**	6,819,666
Accrued expenses	**4,079,591**	803,565
PAYG payable	**229,352**	228,890
Other payables	**242,804**	1,313,157
	5,800,983	9,165,278

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

19 Current liabilities - Borrowings

	2022 **$**	2021 $
Secured		
Bank loans	**-**	303,363
Loans from related parties	**-**	14,759,571
Other loan	**-**	5,000,000
Total secured current borrowings	**-**	20,062,934
Unsecured		
Other loans	**-**	7,000,000
Total unsecured current borrowings	**-**	7,000,000
Total current borrowings	**-**	27,062,934

19 Current liabilities - Borrowings (continued)

Terms and conditions of borrowings

(a) **Loans from related parties**

The fair values of the liability portion of the Avatar Finance Pty Ltd convertible loan is determined using a market interest rate for an equivalent non-convertible loan. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the loan.

The balance of this loan was repaid via a share issue on 16 August 2021.

(b) **Other loans**

The $5,000,000 loan from AAM licensees Pty Ltd was provided on 12 December 2018, at an interest rate of 7% per annum, and was due to be repaid on 11 December 2021. The full balance was repaid on 19 April 2022.

A $7,000,000 loan from an unrelated party, on normal and usual terms, was repayable on the earlier of an equity raising or 30 September 2021. On 25 February 2021 it was agreed that the repayment date of this loan would be extended from the earlier of an equity raising or 30 September 2021. In August 2021, the full balance of the loan was converted to equity.

Secured liabilities and assets pledged as security

The Group has a $80,000 (2021: $80,000) facility on its company credit cards and has been required to provide guarantee facilities of $198,972 (2021: $273,205) in respect of office leases and a guarantee of $133,920 (2021: $133,920) in favour of Great Barrier Reef Marine Parks. The Group maintains term deposits with the bank to secure these facilities.

The carrying amounts of assets pledged as security for current borrowings are:

	Notes	**2022** **$**	2021 $
Current			
Deposits at call	9	**412,897**	412,000
Total current assets pledged as security		**412,897**	412,000
Non-current			
First mortgage			
Freehold land	14	**2,010,000**	2,010,000
Finance lease			
Leased land	15	**19,048,840**	19,774,604
Total non-current assets pledged as security		**21,058,840**	21,784,604
Total assets pledged as security		**21,471,737**	22,196,604

(c) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note .

(d) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from Financing activities.

19 Current liabilities - Borrowings (continued)

	Opening balance 1 July 2021 $	Cash movement $	Non-cash movement $	Closing Balance 30 June 2022 $
Current borrowings				
Bank loans	303,363	(303,363)	-	-
Loans from related parties	14,759,571	-	(14,759,571)	-
Other loans	12,000,000	(5,000,000)	(7,000,000)	-
Total current borrowings	**27,062,934**	**(5,303,363)**	**(21,759,571)**	**-**
Non-current borrowings				
Total non-current borrowings	**-**	**-**	**-**	**-**
Total Borrowings	**27,062,934**	**(5,303,363)**	**(21,759,571)**	**-**

20 Provisions

	2022 Current $	**2022** Non-current $	**2022** Total $	2021 Current $	2021 Non-current $	2021 Total $
Make good provision	**10,309**	**124,591**	**134,900**	10,256	123,853	134,109
Provision for contract liabilities	**4,000,000**	**-**	**4,000,000**	-	-	-
	4,010,309	**124,591**	**4,134,900**	10,256	123,853	134,109

(a) Information about individual provisions and significant estimates

Make good provision

The Group is required to restore the leased premises of its retail stores, office and warehouse to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

Provision for contract liabilities

A provision has been recognised for contractual liabilities and associated costs.

20 Provisions (continued)

(b) Movements in provisions

Movements in each class of provision during the financial period, other than employee benefits, are set out below:

2022	**Provision for contract liabilities** **$**	**Make good provision** **$**	**Total** **$**
Carrying amount at start of year	-	134,109	134,109
- additional provisions recognised	4,000,000	791	4,000,791
Carrying amount at end of period	4,000,000	134,900	4,134,900

21 Employee benefit obligations

	2022 **Current** **$**	**2022** **Non-current** **$**	**2022** **Total** **$**	2021 Current $	2021 Non-current $	2021 Total $
Leave obligations	**1,349,694**	**35,718**	**1,385,412**	1,548,721	45,408	1,594,129

Leave obligations

The leave obligations cover the Group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 1(u).

22 Issued capital

(a) Share capital

	Notes	**2022** **Shares**	2021 Shares	**2022** **$**	2021 $
Ordinary shares					
Fully paid		**4,836,599,179**	2,422,641,490	**297,725,117**	169,830,325
Convertible loan		**-**	-	**2,591,318**	2,591,318
		4,836,599,179	2,422,641,490	**300,316,435**	172,421,643
Convertible preference shares		**30,150,190**	30,150,190	**301**	301
		4,866,749,369	2,452,791,680	**300,316,736**	172,421,944

(b) Movements in ordinary share capital

	Number of shares	**$**
Opening balance 1 July 2020	2,422,262,301	169,793,845
Exercise of listed options - proceeds received	379,189	36,781
Balance 30 June 2021	2,422,641,490	169,830,626

22 Issued capital (continued)

	Number of shares	$
Opening balance 1 July 2021	2,422,641,490	169,830,626
Equity raising	1,954,234,964	107,482,943
Subscriptions	45,454,545	2,500,000
Debt conversion	413,818,183	21,932,364
Exercise of listed options - proceeds received	449,997	43,762
Less: Transaction costs arising on share issues	-	(3,914,749)
Others	-	(149,528)
Balance 30 June 2022	4,836,599,179	297,725,418

(c) Convertible preference shares

The convertible preference shares were issued at $0.00001. To convert to fully paid ordinary shares each holder is required to pay $0.06499. Conversion can occur at any time at the election of the holders. Conversion of convertible preference shares may only be made in multiples of 1,000 convertible preference shares. There is no debt component linked to the convertible preference shares and no maturity date.

The convertible preference shares have limited voting rights as described in ASX Listing Rule 6.3 and are entitled to the payment of a dividend equal to one hundred thousandth of any dividends declared in respect of ordinary shares and such dividend will rank in priority over ordinary shares for payment. Dividends on convertible preference shares will not be cumulative.

(d) Options

Unlisted options

As at 30 June 2022, the Company had the following unlisted options on issue:

- 100,000,000, expiry 30 November 2022, exercise price $0.0715
- 5,320,622, expiry 1 June 2023, exercise price $0.062
- 30,000,000, expiry 12 December 2023, exercise price $0.10
- 1,447,581,216, expiry 13 August 2024, exercise price $0.0975

Listed options

The Company had no listed options at year end (2021: 126,092,085). The options on issue at the start of the financial year had an exercise price of $0.097 and expired on 17 July 2021. During the financial year and prior to expiry 224,997 options were exercised (2021: 882,557).

23 Reserves

(a) Other reserves

	2022 $	2021 $
Financial assets revaluation reserve	**(24,740)**	(24,740)
Share-based payments	**10,809,995**	10,371,472
Option premium reserve	**1,670,705**	1,670,705
	12,455,960	12,017,437

23 Reserves (continued)

	2022 **$**	2021 $
Movements:		
Share-based payments		
Opening balance	**10,371,472**	10,371,472
Employee share plan expense	**438,523**	-
Balance 30 June	**10,809,995**	10,371,472

(b) Nature and purpose of other reserves

(I) Share-based payments

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised
- the grant date fair value of shares issued to employees
- the issue of shares held by the Seafarms Employee Share Trust to employees
- the grant date fair value of options issued to third parties but not exercised.

(ii) Option premium

The option premium represents the fair value of 47,734,412 Seafarms Group Limited options issued historically.

(iii) Financial assets revaluation reserve

Changes in the fair value of financial assets are taken to the financial assets revaluation reserve. Amounts are recognised in profit and loss when the associated assets are sold or impaired.

24 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding** **2022** **%**	2021 %
Seafarms Operations Pty Limited (formerly Seafarms Operations Limited)	Australia	Ordinary	**100**	100
Seafarm Hinchinbrook Pty Ltd	Australia	Ordinary	**100**	100
Project Sea Dragon Pty Ltd	Australia	Ordinary	**100**	100
Marine Harvest Australia Pty Ltd	Australia	Ordinary	**100**	100
Marine Farms Pty Ltd	Australia	Ordinary	**100**	100
Seafarm Queensland Pty Ltd	Australia	Ordinary	**100**	100
PSD Construction Employment Pty Ltd	Australia	Ordinary	**100**	100
PSD Operations Employment Pty Ltd	Australia	Ordinary	**100**	100
Project Sea Dragon Finance Pty Ltd	Australia	Ordinary	**100**	100

25 Contingent liabilities

(a) Contingent liabilities

The Group has contingent liabilities related to potential contractual claims arising from the construction activity undertaken through the year.