Angel Seafood Holdings Ltd & Controlled Entities

Financial Statements

For the Period Ended 30 June 2017

Angel Seafood Holdings Ltd & Controlled Entities

Contents

For the Period Ended 30 June 2017

Directors' Report
30 June 2017

The directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial period ended 30 June 2017.

The company was incorporated on 27 September 2016 and changed its status to a public company on 21 April 2017.

Information on directors

The names of each person who has been a director during the period and to the date of this report are:
Isaac Halman (appointed 27/09/2016)
Michael Porter (appointed 2/12/2016)
James Rogalski (appointed 2/12/2016)
Boris Bosnich (appointed 1/03/2017, resigned 11/08/2017)
Adrian Rose (appointed 2/12/2016, resigned 12/01/2017)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Principal activities

The principal activities of the Group during the financial period were oyster farming.

No significant change in the nature of these activities occurred during the period.

Operating results

The consolidated loss of the Group after income tax amounted to $ (1,667,519) .

Review of operations

Angel Seafood Holdings Ltd's year is best defined as one dominated by expansionary change. Since incorporation the Company has expanded its footprint both geographically and in terms of oysters on hand and the associated personnel and infrastructure required to farm these Oysters.

This expansion is driving the Company to a mature model where enough spat can be purchased to ensure that our water holdings are full and our key production hub of Coffin Bay is always functioning at peak output. Since inception the Company has been making significant steps toward this goal. Embedded in this result are some key costs that lay the foundation for our future growth and ultimate success.

These costs include establishing a spat procurement cycle that will ensure our production pipeline has sufficient oysters to underpin the business performance within the next 18-months; this has included $619,000 of spat and on-grower oysters throughout the year. The Company also has to tender these oysters as they grow, these costs are also embedded in this result. The first of spat that has been procured are earmarked for sale in May 2018.

Also included in the result is the expansion of operations into Coffin Bay. This expansion has had a number of one off costs including that of supporting our staff, many of whom had to relocate to ensure the expansion was a success. The expansion has also meant the costs such as repairs and maintenance, fuel and casual staff have increased. However, Coffin Bay is the key to our future operational success; its reliability throughout the calendar year is what sets it apart. When the Eyre Peninsula business achieves maturity Coffin Bay will remain the engine room of our production.

Review of operations (continued)

Disappointingly, over and above the Board's forecast loss at inception, a number of one off events also impacted our final result; these include:

- A spat mortality event that impacted close to 40% of our spat on hand at the time (5-million) and led to a write down of our 'fair value' stock on hand of close to $490,000; this flows through to our bottom line performance. However, the Board is pleased to report that the remaining spat on hand and new spat sourced since this event are all healthy and growing well. Management, and industry reports, suggest that this event was due to industry being provided spat of 2mm size; this is not intended to happen again as the spat supply on the Eyre Peninsula is improving with each week that passes.

- A write down of stock on hand associated with the Coffin Bay asset purchase of $132,000. When the Board evaluated the Coffin Bay Asset acquisition it came with a stock figure that could not be substantiated. The Board was faced with the question as to whether the Coffin Bay acquisition was in the best interest of shareholders or not. The decision was: Yes, Coffin Bay is absolutely crucial to the Business Plan outcomes. On takeover of the assets grading of the stock found that the realisable value of the stock was $68,000 resulting in the subsequent write down. This result also flowed through to a reduction in top-line sales.

- All told, these two factors have added close to $600,000 additions over and above the Board's initial forecast loss position.

The Board looks forward to an improved result in FY2017/18 as our expansion plans and Business Plan outcomes progress towards maturity.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the period.

Matters or circumstances arising after the end of the year

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

Future developments and results

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

Environmental matters

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

Company secretary

Isaac Halman has been the company secretary since 27 September 2016 and resigned 20 September 2017. Ms Christine Manuel (BMus, GradDipACG, DipCD, DipInvRel, FGIA, FCIS, MAICD, MAITD, AAIPM) - Chartered Company Secretary, was appointed company secretary on 20 September 2017.

Directors' Report
30 June 2017

Meetings of directors

During the financial period, 8 meetings of directors were held. Attendances by each director during the period were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Isaac Halman	8	8
Michael Porter	8	8
James Rogalski	8	8
Boris Bosnich	6	6
Adrian Rose	2	2

Options

As at the end of the reporting period, there were 4 million of unissued options and no shares were issued as a result of exercise of the options.

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an auditor of Angel Seafood Holdings Ltd & Controlled Entities.

The Company's constitution allows for the inclusion of indemnities in favour of persons who are or have been a Director or officer of the Company. To the extent permitted by law, the Company indemnifies every person who is or has been a Director or officer against any liability to any person incurred while acting in that capacity in good faith, and against costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters and operates to the extent that the loss or liability is not covered by a valid and current insurance policy (No deeds of indemnity were executed during the year).

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the period ended 30 June 2017 has been received and can be found on page 4 of the financial report.

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

Director: .... Director: ....

Dated this 9th day of October 2017

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ANGEL SEAFOOD HOLDINGS LTD

I declare that, to the best of my knowledge and belief during the period ended 30 June 2017 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

William Buck

William Buck
ABN: 38 280 203 274

M.D. King
Partner

Dated this 9th day of October, 2017

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Statement of Profit or Loss and Other Comprehensive Income

For the Period Ended 30 June 2017

	Note	2017 $
Revenue	5	**1,385,272**
Other income	5	**435,035**
Cost of sales	6	**(1,409,968)**
Employee benefits expense	6	**(704,291)**
Depreciation and amortisation expense	6	**(226,995)**
Other expenses	6	**(823,645)**
Finance costs	6	**(161,578)**
Loss before income tax		**(1,506,170)**
Income tax expense	7	**(161,349)**
Loss for the year		**(1,667,519)**
Total comprehensive income for the year		**(1,667,519)**
Profit attributable to:		
Members of the parent entity		**(1,667,519)**

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2017

	Note	2017 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	8	**1,355,649**
Trade and other receivables	9	**145,390**
Current tax receivable	10	**713**
Biological assets	11	**1,019,333**
Other assets	12	**58,882**
TOTAL CURRENT ASSETS		**2,579,967**
NON-CURRENT ASSETS		
Property, plant and equipment	13	**2,163,596**
Deferred tax assets	10	**26,876**
Oyster leases	14	**1,752,300**
Other intangible assets	14	**11,146**
Other assets	12	**4,175**
TOTAL NON-CURRENT ASSETS		**3,958,093**
TOTAL ASSETS		**6,538,060**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	15	**355,238**
Borrowings	16	**625,058**
Employee benefits	17	**47,441**
TOTAL CURRENT LIABILITIES		**1,027,737**
NON-CURRENT LIABILITIES		
Trade and other payables	15	**787,226**
Borrowings	16	**333,418**
Deferred tax liabilities	10	**188,225**
TOTAL NON-CURRENT LIABILITIES		**1,308,869**
TOTAL LIABILITIES		**2,336,606**
NET ASSETS		**4,201,454**
EQUITY		
Issued capital	18	**6,300,973**
Reserves	19	**(432,000)**
Retained earnings		**(1,667,519)**
Total equity attributable to equity holders of the Company		**4,201,454**
TOTAL EQUITY		**4,201,454**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Period Ended 30 June 2017

2017

	Note	Ordinary Shares $	Retained Earnings $	Common Control Reserve $	Share Option Reserve $	Total $
Loss attributable to members of the parent entity		-	(1,667,519)	-	-	(1,667,519)
Shares issued during the year		7,023,853	-	-	-	7,023,853
Transaction costs		(722,880)	-	-	-	(722,880)
Common control reserve recognised	4	-	-	(800,000)	-	(800,000)
Share option reserve recognised		-	-	-	368,000	368,000
Balance at 30 June 2017		6,300,973	(1,667,519)	(800,000)	368,000	4,201,454

Angel Seafood Holdings Ltd & Controlled Entities

Statement of Cash Flows
For the Period Ended 30 June 2017

	Note	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers		**1,399,336**
Payments to suppliers and employees		**(1,910,638)**
Interest received		**2,967**
Finance costs		**(165,753)**
Income taxes paid		**(713)**
Net cash (used in) operating activities	28	**(674,801)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for oyster lease		**(1,025,175)**
Payment for other intangible assets		**(13,932)**
Purchase of property, plant and equipment		**(1,285,819)**
Net cash (used in) investing activities		**(2,324,926)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares		**5,823,855**
Proceeds from related party loans		**197,038**
Repayment of related party loans		**(190,000)**
Repayment of borrowings		**(1,097,813)**
Repayment of finance leases		**(22,824)**
Payments for capital raising costs		**(354,880)**
Net cash provided by financing activities		**4,355,376**
Net increase in cash and cash equivalents held		**1,355,649**
Cash and cash equivalents at end of the period	8	**1,355,649**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Period Ended 30 June 2017

The financial report covers Angel Seafood Holdings Ltd and its controlled entities ('the Group'). Angel Seafood Holdings Ltd is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 09 October 2017.

The Company was incorporated on 27 September 2016 and accordingly comparatives are not presented.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001.*

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2 Summary of Significant Accounting Policies

(a) Going Concern

For the period ended 30 June 2017 the consolidated net loss was $1,667,519. The net cash outflows from operations for the period were $674,801. The operating loss was largely a result of:

- The timing of the Company's incorporation and acquisition of business and assets. Typically the period July to October are the best selling months of the year;
- The Company's expansion into Coffin Bay;
- The costs associated with the purchase of Oyster spat and on growers to prepare for expansion in water assets;
- The oyster spat mortality event that occurred in June 2017; and
- Additional costs incurred in preparation for an initial public offering.

The Directors have assessed the Group's cash requirement for a period of 12 months from the date of this report. The Directors are mindful of their obligation to ensure the Group can meet its financial obligations as and when they fall due and payable.

In this regard the Company is in the process of obtaining the necessary regulatory approvals for an initial public offering. It is intended that the Company seek to raise $8m before the end of this calendar year. The capital raised is expected to be applied to asset acquisitions and also to contribute towards the working capital position of the Group.

Should this capital raising not succeed the Directors are confident that operations can be wound down to an extent that minimal working capital will be required to maintain the operations until further capital raising opportunities can be explored and sales volumes increase towards the middle of next year. The Directors are also confident that additional funding could be obtained if required. On this basis the Directors believe it is appropriate to prepare the financial report on a going concern basis.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabitlities that might be necessary should the economic entity not continue as a going concern.

2 Summary of Significant Accounting Policies (continued)

(b) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 24 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(c) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(d) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the period and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

2 Summary of Significant Accounting Policies (continued)

(d) Income Tax (continued)

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(f) Revenue and other income

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

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

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

Notes to the Financial Statements
For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies (continued)

(f) Revenue and other income (continued)

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Interest revenue

Interest is recognised using the effective interest method.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

(g) Finance costs

Finance costs include all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

(h) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(i) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

2 Summary of Significant Accounting Policies (continued)

(j) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line and reducing balance basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	5-50%
Computer Software	25%
Improvements	2.5%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(k) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets of the group are divided into the following categories which are described in detail below:

- loans and receivables;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the ‘finance income’ or ‘finance costs’ line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group’s trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Losses recognised in the prior period consolidated statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities depending on the purpose for which the liability was acquired.

The Group‘s financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(l) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(m) Intangible Assets

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and oyster leases, from the date that they are available for use.

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

(n) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2 Summary of Significant Accounting Policies (continued)

(o) Biological assets

Biological assets consist of oysters. These have been measured at fair value, which has been determined based upon various assumptions, including oyster prices less cost to sell. These assumptions are updated regularly and the fair value increments or decrements are recorded in the statement of profit or loss and other comprehensive income.

(p) Employee benefits

Short-term employee benefits

Provision is made for the Group’s obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group’s obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees’ long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The Group’s obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

2 Summary of Significant Accounting Policies (continued)

(q) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant:

Standard Name	Mandatory Application Date	Requirements	Impact
AASB 15 Revenue from contracts with customers	1 January 2018	The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.	The Company has not yet considered the impact of the new rules on its revenue recognition policies. It will undertake a detailed assessment in the near future.
AASB 16 Leases	1 January 2019	When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.	Although the directors anticipate that the adoption of AASB 16 will impact the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - fair value of financial instruments

The Group has certain financial assets and liabilities which are measured at fair value. Where fair value is not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

3 Critical Accounting Estimates and Judgments (continued)

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - fair value of oysters

Management value oysters held for sale at their fair value less costs to sell in accordance with AASB141 Agriculture. Estimated fair values are based on estimated selling prices observed in the industry and other relevant factors that ultimately impact fair value. These estimates may vary from net proceeds ultimately achieved.

4 Business Combinations

On 9th October 2016 the Group acquired the business of Angel Oysters Australia from the Halman Family Trust.

The Halman Family Trust is controlled by the Company founder and Managing Director, Mr Isaac Halman. Mr Halman's expertise and knowledge of the oyster industry is critical to the ongoing success of the Group. Given his role within the Company and that he held the majority of shares on issue at the time the acquisition took place and for a period of time thereafter, the Directors have treated this business combination as being under common control.

Assets and liabilities acquired from the Halman Family Trust have been measured at their carrying amounts and the excess of consideration over net assets has been recorded in a common control reserve in equity.

The carrying amounts of the identifiable assets and liabilities acquired as at the date of acquisition were:

	2017 $
Assets	
Biological assets (Oyster inventory)	**1,500,000**
Intangible assets	**353,240**
Land and buildings	**106,986**
Plant and equipment	**995,000**
	2,955,226
Liabilities	
Other payables	**50,000**
Loans	**1,705,226**
Employee leave provisions	**19,812**
	1,775,038
Total identifiable net assets at carrying value	**1,180,188**
Purchase consideration	
Shares issued	**1,200,000**
Deferred consideration	**780,188**
	1,980,188
Common control reserve recognised in equity	**800,000**

Notes to the Financial Statements

For the Period Ended 30 June 2017

4 Business Combinations (continued)

The group issued 15,000,000 shares at $0.08 each as initial consideration for the purchase of the business. Under the terms of the Business Sale and Purchase Deed an amount of $800,000, less the employee entitlements assumed, is payable on a Liquidity Event. A Liquidity Event is defined as:

(a) The achievement of the Revenue Target by any or all of the Company's and its related bodies corporate;
(b) The merger or consolidation of the Company (or a related body corporate) into another company;
(c) If a takeover bid is made in respect of the Company (or a related body corporate) and its directors recommend acceptance to shareholders; or
(d) Any event similar to those described in (b) or (c) involving a change in ownership or control on the Company (or a related body corporate) or all or substantial part of the assets of the Company (or a related body corporate).

The Revenue Target means $3m in sales revenue during a calendar year commencing 1 January 2018 based on Management Accounts.

Notwithstanding the above, if no Liquidity Event occurs, the Company (or a related body corporate) will pay $780,188 (being $800,000 less employee entitlements assumed by the Company) to the vendor on a date reasonably determined by the Board of Directors of the Company.

Deferred consideration has not been discounted as it is expected that it will be paid within the next 2 years and that any impact of discounting would not be material.

Notes to the Financial Statements
For the Period Ended 30 June 2017

5 Revenue and Other Income

Revenue from continuing operations

	2017
	$
Sales revenue	
- sale of biological assets	1,385,272
Total Revenue	1,385,272

Other Income	
- rental income	1,000
- interest income	2,967
- sundry income	26,420
- net gain on disposal of property, plant and equipment	4,822
- fair value adjustment of biological assets	399,826
	435,035

6 Result for the Year

The result for the period was derived after charging the following items:

Finance Costs	
- Interest paid on borrowings	161,578
Total finance costs	161,578

The result for the year includes the following specific expenses:

Cost of sales	1,409,968
Other expenses:	
Accounting fees	53,756
Employee benefits expense	704,291
Depreciation of property, plant and equipment	224,209
Amortisation of intangible assets	2,786
Freight and cartage	87,589
Petrol and oil	58,408
Repairs and maintenance	114,339
Rental expense on operating leases:	
- Minimum lease payments	155,900

Notes to the Financial Statements
For the Period Ended 30 June 2017

7 Income Tax Expense

(a) The major components of tax expense comprise:

		2017
		$
Deferred tax expense relating to temporary differences	10	**161,349**

(b) Reconciliation of income tax to accounting loss:

Loss	**(1,506,170)**
Tax	27.5%
	414,197
Add tax effect of:	
- other non-allowable items	**962**
	415,159
Less tax effect of:	
- tax losses not brought to account	**(576,508)**
Income tax expense	**(161,349)**

8 Cash and Cash Equivalents

Cash at bank and in hand	**1,355,649**
	1,355,649

9 Trade and Other Receivables

CURRENT	
Trade receivables	**101,597**
GST receivable	**41,378**
Other receivables	**2,415**
	145,390

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

10 Tax Assets and Liabilities

	2017
	$
Current tax receivable	713

	Opening Balance	(Charged)/ Credited to Income	Closing Balance
	$	$	$
Deferred tax assets			
Provisions - employee benefits	-	13,046	13,046
Accruals	-	13,830	13,830
Balance at 30 June 2017	-	26,876	26,876

	Opening Balance	Charged/ (Credited) to Income	Closing Balance
	$	$	$
Deferred tax liabilities			
Property, plant and equipment	-	78,273	78,273
Fair value adjustments to biological assets	-	109,952	109,952
Balance at 30 June 2017	-	188,225	188,225

Deferred tax asset in respect of tax losses have not been recognised because at this stage the Group is unsure if these losses will continue to be available if the proposed initial public offering proceeds.

11 Biological Assets

	Oyster inventory
	$
Additions/purchases	619,507
Fair value movements	399,826
Balance at 30 June 2017	1,019,333

12 Other Assets

	2017
	$
CURRENT	
Prepayments	58,882
NON-CURRENT	
Borrowing costs	4,175

13 Property, plant and equipment

	2017
	$
Land and buildings	
At cost	**461,453**
Total land and buildings	**461,453**
PLANT AND EQUIPMENT	
Plant and equipment	
At cost	**1,781,878**
Accumulated depreciation	**(222,799)**
Total plant and equipment	**1,559,079**
Computer software	
At cost	**2,668**
Accumulated depreciation	**(499)**
Total computer software	**2,169**
Property improvements	
At cost	**141,806**
Accumulated depreciation	**(911)**
Total property improvements	**140,895**
Total plant and equipment	**1,702,143**
Total property, plant and equipment	**2,163,596**

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

	Land and Buildings	Plant and Equipment	Computer Software	Property improvements	Total
	$	$	$	$	$
Period ended 30 June 2017					
Additions	354,467	786,878	2,668	141,806	1,285,819
Additions through business combination	106,986	995,000	-	-	1,101,986
Depreciation expense	-	(222,799)	(499)	(911)	(224,209)
Balance at the end of the period	461,453	1,559,079	2,169	140,895	2,163,596

Notes to the Financial Statements
For the Period Ended 30 June 2017

14 Intangible Assets

	2017
	$
Formation costs	
Cost	13,932
Accumulated amortisation	(2,786)
Net carrying value	11,146
Oyster leases	
Cost	1,752,300
Total Intangibles	1,763,446

(a) Movements in carrying amounts of intangible assets

	Formation costs	Oyster leases	Total
	$	$	$
Period ended 30 June 2017			
Additions through business combinations	-	353,240	353,240
Additions	13,932	1,399,060	1,412,992
Amortisation	(2,786)	-	(2,786)
Closing value at 30 June 2017	11,146	1,752,300	1,763,446

15 Trade and Other Payables

	2017
	$
Current	
Trade payables	288,504
Sundry payables and accrued expenses	66,734
	355,238

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

Non-Current	
Related party payables - Halman Family Trust	787,226
	787,226

Notes to the Financial Statements
For the Period Ended 30 June 2017

16 Borrowings

		2017 $
CURRENT		
Unsecured liabilities:		
Vendor finance loans		**449,836**
Secured liabilities:		
Lease liability	20(a)	**96,575**
Bank loans		**78,647**
Total current borrowings		**625,058**
NON-CURRENT		
Unsecured liabilities:		
Vendor finance loans		**80,000**
Secured liabilities:		
Lease liability	20(a)	**253,418**
Total non-current borrowings		**333,418**
Total borrowings		**958,476**

(a) Collateral Provided

The bank loan is a draw down facility capped at $250,000, with a base interest rate of 5.45%. There is a balance of unused facility of $171,353 at the end of the reporting period. This facility is currently being reviewed.

Lease liabilities are secured by the related leased assets.

The financial assets pledged as collateral represent a floating charge and cannot be disposed of without consent of the financier.

17 Employee Benefits

Current liabilities	
Provision for annual leave	**47,441**
	47,441

18 Issued Capital

53,701,933 Ordinary shares	**7,023,853**
Share issue costs	**(722,880)**
Total	**6,300,973**

18 Issued Capital (continued)

(a) Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(b) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

(c) Transaction costs

The Company raised capital during the period. Transaction costs directly associated with the capital raising have been recorded directly in equity as a reduction to issued capital. Transaction costs also include an amount of $368,000 being the fair value of options issued to parties as consideration for capital raising services.

19 Reserves

		2017 $
Share option reserve	**(a)**	
Transfers in		**368,000**
Common control reserve	**(b)**	
Transfers in		**(800,000)**
Total		**(432,000)**

(a) Share option reserve

This reserve records the cumulative value of service received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to share capital. There were 4 million options issued during the year with an exercise price of $0.125. The key assumptions in determining the value of the options in relation to the share based payment are:

- Expected volatility: 25%
- Risk free rate: 3%
- Expected life of the option: 4 years
- Share price: $0.20
- Model used: Black Scholes

19 Reserves (continued)

(b) Common control reserve

As indicated in Note 4 the Group acquired the business of the Halman Family Trust. The business acquisition was determined to be under common control. The transfer in to the common control reserve represents the excess of consideration over the net assets acquired.

20 Capital and Leasing Commitments

(a) Finance Leases

	2017 $
Minimum lease payments:	
- not later than one year	**115,105**
- between one year and five years	**275,605**
Minimum lease payments	**390,710**
Less: finance changes	**(40,717)**
Present value of minimum lease payments	**349,993**

Finance leases are in place for motor vehicles, oyster baskets, barge and grader and normally have a term between 3 and 5 years. The leases have terms of renewal but no purchase option or escalation clauses. Renewals are at the option of the entity holding the lease.

(b) Operating Leases

Minimum lease payments under non-cancellable operating leases:	
- not later than one year	**147,218**
- between one year and five years	**189,899**
	337,117

Operating leases are in place for aquaculture sites and normally have a term between 1 and 3 years. Lease payments are increased on an annual basis to reflect market rentals.

21 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not speculate in financial assets.

The most significant financial risks to which the Group is exposed to are described below:

21 Financial Risk Management (continued)

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables
- Vendor finance

Objectives, policies and processes

The Board of Directors receives overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's management under policies and objectives which have been approved by the Board of Directors. Management has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Angel Seafood Holdings Ltd & Controlled Entities does not actively engage in the trading of financial assets for speculative purposes.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its vendor finance. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

21 Financial Risk Management (continued)

Liquidity risk (continued)

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances however refer to Note 2(a) in relation to the Directors assessment of the going concern of the company.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

The Group's liabilities have contractual maturities which are summarised below:

	Not later than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
	2017	2017	2017	2017
	$	$	$	$
Bank loans	-	-	78,647	-
Finance lease obligations	9,592	28,776	76,737	275,605
Vendor finance	20,000	-	429,836	80,000
Total	29,592	28,776	585,220	355,605

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Trade receivables consist of a small number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

21 Financial Risk Management (continued)

Credit risk (continued)

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The following table details the Group's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount $	Within initial trade terms $
2017		
Trade and term receivables	**101,597**	**101,597**
Other receivables	**43,793**	**43,793**
Total	**145,390**	**145,390**

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Notes to the Financial Statements
For the Period Ended 30 June 2017

21 Financial Risk Management (continued)

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the Group to interest rate risk are limited to cash and cash equivalents.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2017, approximately 91% of group debt is fixed. It is the policy of the Group to keep between 75% and 100% of debt on fixed interest rates.

The Group also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

The net effective variable interest rate borrowings (ie unhedged debt) expose the Group to interest rate risk, which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

	2017 $
Floating rate instruments	
Bank loans	**78,647**

(ii) Other price risk

Price risk relates to the risk that the fair value or future cash flows will fluctuate because of changes in market prices of the biological assets (oysters).

22 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the period is shown below:

Short-term employee benefits	**105,354**
Post-employment benefits	**6,248**
	111,602

23 Auditors' Remuneration

Remuneration of the auditor [William Buck], for:	
- auditing or reviewing the financial statements	**14,300**

Notes to the Financial Statements

For the Period Ended 30 June 2017

24 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)*
		2017
Subsidiaries:		
Angel Seafood Infrastructure Pty Ltd	Australia	**100**
Angel Oysters Australia Pty Ltd	Australia	**100**

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Angel Seafood Infrastructure Pty Ltd and Angel Oysters Australia Pty Ltd were both incorporated on 27 September 2016.

25 Fair Value Measurement

The Group measures the following assets and liabilities at fair value on a recurring basis:

- Biological assets

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Group:

	Level 1	Level 2	Level 3	Total
30 June 2017	**$**	**$**	**$**	**$**
Recurring fair value measurements				
Biological assets	-	-	**1,019,333**	**1,019,333**

25 Fair Value Measurement (continued)

Level 3 measurements

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	2017 $
Total gains or losses for the year	
Recognised in profit or loss - other income / other expenses - realised	**399,826**
Other movements	
Purchases	**619,507**
Balance at end of year	**1,019,333**

Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

26 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2017.

27 Related Parties

(a) The Group's main related parties are as follows:

The ultimate parent entity, which exercises control over the Group, is Angel Seafood Holdings Ltd which is incorporated in Australia.

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel. The key management personnel for the Group are the directors. For details of disclosures relating to key management personnel - refer to Note 22.

Subsidiaries - refer to Note 24.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

27 Related Parties (continued)

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

		Purchases	Salaries	Director Fees	Interest expense	Balance outstanding/ Owed by the company
KMP related parties						
Interacct Business Consulting Pty Ltd	(i)	42,850	-	-	-	13,385
B5 Partners Pty Ltd	(ii)	15,000	-	-	-	9,167
PRB Capital Pty Ltd	(iii)	354,880	-	-	-	-
Rogalski Family Trust	(i)	-	-	-	9,375	-
Directors						
Michael Porter	(iii), (iv)	-	-	17,500	23,750	-
Adrian Rose	(iii)	-	-	8,750	23,750	-
Boris Bosnich		-	-	13,333	-	-
Other related parties						
Kady Halman	(v)	-	60,646	-	-	-

(i) James Rogalski is a Director of Interacct Business Consulting Pty Ltd. He provides accounting and secretarial support to the Group. He is also a beneficiary of the Rogalski Family Trust.

(ii) Boris Bosnich is a Director of B5 Partners Pty Ltd. Payments made to B5 Partners Pty Ltd were in respect of consulting services provided by him.

(iii) Michael Porter and Adrian Rose are Directors of PRB Capital Pty Ltd. Payments made to PRB Capital Pty Ltd were in respect of capital raising fees. 40% of the fees were received in equity in lieu of cash.

(iv) Michael Porter received director fees in equity in lieu of cash.

(v) Kady Halman is the wife of Isaac Halman and employed in the business under a commercial employment relationship.

(c) Loans to/from related parties

	Opening balance	Closing balance	Interest not charged	Interest paid/payable	Impairment
Loans to/(from) related parties					
Other related parties	**-**	**843,177**	**-**	**47,500**	**-**
Angel Seafood Infrastructure Pty Ltd	**-**	**1,317,620**	**-**	**-**	**-**
Angel Oysters Australia Pty Ltd	**-**	**3,903,147**	**-**	**-**	**-**

Short term loans were provided to the Company by Michael Porter, Adrian Rose and James Rogalski. All loans were repaid before period end.

Notes to the Financial Statements
For the Period Ended 30 June 2017

28 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2017
	$
Loss for the year	(1,667,519)
Cash flows excluded from profit attributable to operating activities	
Non-cash flows in profit:	
- amortisation	2,786
- depreciation	224,209
- amortisation of borrowing costs capitalised	267
- (gain) on revaluation of biological assets	(399,826)
Changes in assets and liabilities:	
- (increase) in trade and other receivables	(145,390)
- (increase) in other assets	(4,442)
- (increase) in prepayments	(58,882)
- decrease in biological assets	880,493
- (increase) in current tax receivables	(713)
- (increase) in deferred tax assets	(26,876)
- increase in trade and other payables	305,238
- increase in deferred tax liability	188,225
- increase in employee benefits	27,629
Cashflows from operations	(674,801)

(b) Non-cash financing and investing activities

Purchase of business using shares	1,200,000

29 Events Occurring After the Reporting Date

The financial report was authorised for issue on 09 October 2017 by the board of directors.

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

30 Parent entity

The following information has been extracted from the books and records of the parent, Angel Seafood Holdings Ltd and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Angel Seafood Holdings Ltd, has been prepared on the same basis as the consolidated financial statements except as disclosed below.

30 Parent entity (continued)

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

	2017
	$
Statement of Financial Position	
Assets	
Current assets	**1,278,441**
Non-current assets	**5,229,515**
Total Assets	**6,507,956**
Liabilities	
Current liabilities	**9,167**
Non-current liabilities	**787,226**
Total Liabilities	**796,393**
Equity	
Issued capital	**6,300,973**
Retained earnings	**(157,410)**
Reserves	**(432,000)**
Total Equity	**5,711,563**
Statement of Profit or Loss and Other Comprehensive Income	
Total profit or loss for the year	**(157,410)**
Total comprehensive income	**(157,410)**

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2017.

Contractual commitments

The parent entity did not have any commitments as at 30 June 2017.

31 Statutory Information

The registered office of the company is:

Angel Seafood Holdings Ltd
19 Adelaide Place
Port Lincoln SA 5606

The principal place of business is:

24-26 Nicholson Avenue
Coffin Bay SA 5607

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2017 are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   b. give a true and fair view of the financial position and performance of the consolidated group;

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director .... Michael Porter ....

Director .... Isaac Halman ....

Dated this .... 9th .... day of .... October 2017

Angel Seafood Holdings Ltd

Independent auditor’s report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Angel Seafood Holdings Ltd. (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors’ declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:
(i) giving a true and fair view of the Group’s financial position as at 30 June 2017 and of its financial performance for the period then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) of the financial statements which indicates that the consolidated entity incurred a net loss after income tax of $1,667,519 and a net cash outflow from operations of $674,801 for the period ended 30 June 2017. As stated in Note 2(a), these events or conditions along with other matters as set forth in Note 2(a), indicate that a m aterial uncertainty exists that may cast significant doubt on the consolidated entity’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Basis for Opinion

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

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We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

William Buck

William Buck
ABN 38 280 203 274

M.D. King
Partner

Dated this 9th day of October 2017

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