Angel Seafood Holdings Limited

ACN 615 035 366

and Controlled Entities

Financial Report
for the year ended 30 June 2018

Contents

Directors' Report

The Directors of Angel Seafood Holdings Ltd (Company or Angel) present their report, together with the financial statements of the Company and its controlled entities (the Group) for the financial year ended 30 June 2018.

Directors

The following persons were directors of the Company during or since the end of the financial year and to the date of this report:

Tim Goldsmith	Non-executive Chairman (appointed 21 February 2018)
Michael Porter	Non-executive Director (until 22 August 2017 and since 21 February 2018)
	Executive Chairman (22 August 2017 - 21 February 2018)
Ashley Roff	Non-executive Director (appointed 21 February 2018)
Isaac Halman	Chief Executive Officer and Company Founder (Executive Director)
James Rogalski	Non-executive Director (resigned 21 February 2018)
Boris Bosnich	Non-executive Director (resigned 11 August 2017)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated. Details of each Director's experience and qualifications are set out later in this report.

Principal activities

Angel Seafood Holdings Ltd is an Australian producer, manufacturer, marketer, and seller of certified organic and sustainable oysters. No significant changes occurred in the nature of the principal activities during the financial year.

Company Overview

The Company's vision is to become Australia's largest producer of fresh, clean, green, organic and sustainable oysters. The Company over time plans to leverage off its pristine farming environment through the expansion of seafood offerings to the marketplace.

The Company holds water leases and land based operating facilities in four strategically located bays on South Australia's Eyre Peninsula, including the internationally acclaimed Coffin Bay, which is renowned for its world-famous oysters. This diversification in geographic operating locations provides disease risk mitigation and allows the Company to optimise oyster performance at each stage of the growth cycle.

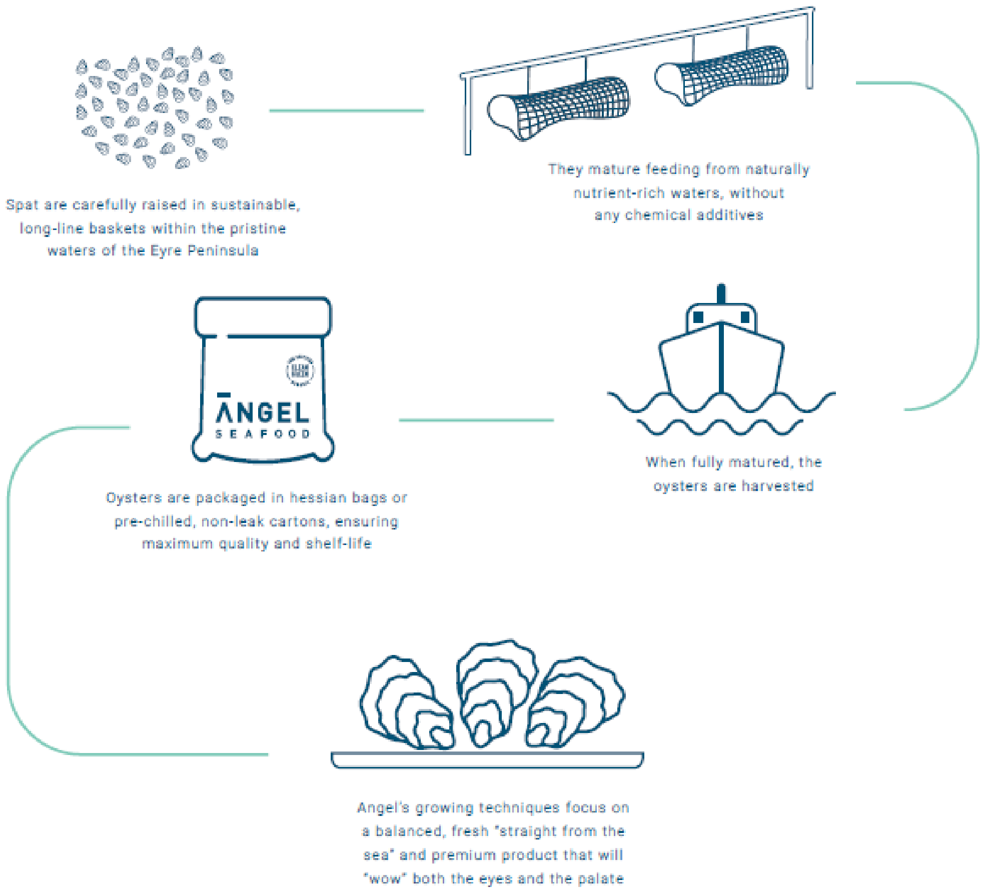
The Company is an Organically and Sustainably Certified Oyster producer; Organically certified through internationally recognised National Association for Sustainable Agriculture, Australia (NASAA) and sustainably certified with the internationally recognised 'Friends of The Sea' organisation.

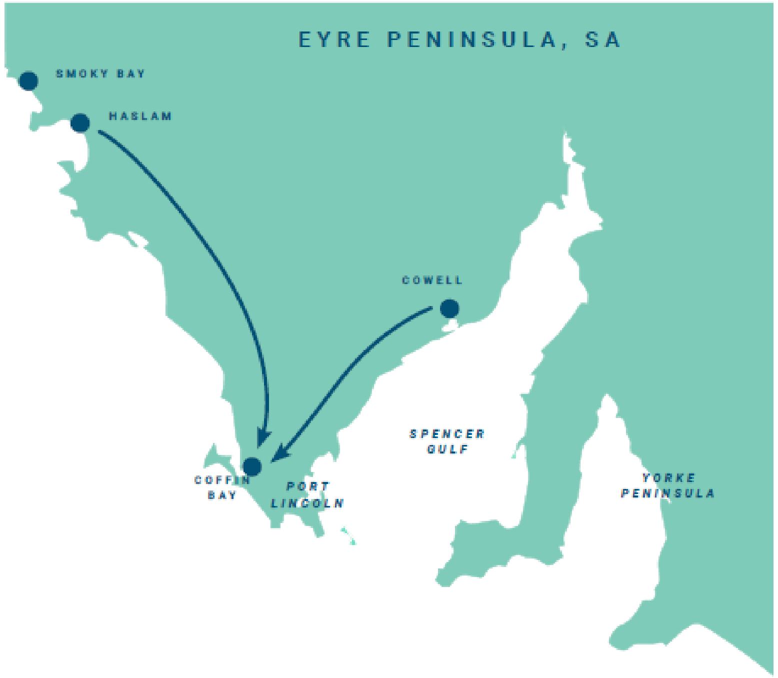
The Company has the capacity to hold up to 20-million oysters in its waters of Smoky Bay, Haslam and Cowell. As these oysters mature they are funnelled to Coffin Bay where they complete their final growing stage before being ready to market to the Company's customers.

The Company can sell direct to domestic customers or process the oysters for export out of its purpose built and fully AQIS accredited export site in Port Lincoln.

The Company's business processes and farming locations can be further viewed on the following page.

BUSINESS PROCESS





Review of Operations

Angel has moved from an unlisted public company to an ASX listed company over the course of the financial year. The Company lodged a Replacement Prospectus (Prospectus) with ASIC on the 13 December 2017 and then listed on the ASX on the 21 February 2018, having successfully completed an $8-million raise.

Since admission to the ASX the Company has methodically implemented its prospectus goals through the deployment of available capital in a measured and disciplined fashion. Over this period the Company has funded the outcomes as listed in the Prospectus with the only departure to this being the acquisition of a purpose-built export facility in Port Lincoln. When further considering the Company's operations, the following achievements are worthy of note:

a. The Company has continued to expand its operating footprint with a further 5.4Ha being added in Cowell and 1.5Ha in Coffin Bay. In addition, as part of the South Australian Government Public Call, Angel was successful in obtaining a further 9Ha of water in Haslam and Dutton Bay. Combined the Company now has access to 67Ha of water suitable for oyster farming. This is a 31% increase in available water over and above that listed in the Company Prospectus.
b. The Company acquired, refurbished, commissioned and achieved AQIS accreditation of a purpose-built processing export facility located in Port Lincoln; the Eyre Peninsula's largest town.
c. The Company has commenced the expansion of the processing site in Coffin Bay and has commissioned into service multiple pieces of key oyster processing and handling equipment specifically designed to cater for future growth in oyster volumes.
d. Angel has invested in its people that now number 14 full time staff. New staff include specialist Bay Managers and a Spat Manager whose sole focus is the health of the Company's juvenile oysters.

Operating Results

The consolidated loss of the Company and its controlled entities (Group) after income tax was $(1,142,629) (2017: $(1,667,519)). This represented a 31.48% improvement on the results reported for the previous financial year. Angel has worked hard to ensure each dollar expended represents best value. This ethos will continue as the Company grows in size and scope into the future.

Revenue for the year increased by 6.70% to $1,510,511 (2017: $1,415,659) despite a very challenging market environment where spat were difficult to obtain. In response, a South Australian based spat production industry has been established and expanded, and with each passing month the spat supply has been improving. It is anticipated that spat supply whilst improving through FY19 will remain tight.

Full details associated with the operating results of the Company can be found in the Financial Reports Section of this document.

Financial Position

Net assets for the period increased by 164% to $11.12 million; most assets are valued at cost with the exception being oyster stocks, which are valued using a Fair Value Model. The Company closed FY18 with $3.95 million in cash. However, soon after the end of FY18, Angel Seafood settled on the 10Ha Cowell purchase that totalled $2.90M.

On 11 July 2018 approval was granted by the National Australia Bank Limited for an additional $2,000,000 loan facility, bringing total available debt from the NAB to $2,800,000. Currently this debt has no drawn down balance. The Directors believe the Company is in a strong and stable financial position to expand and grow its current operations.

Full details associated with the financial position of the Company can be found in the Consolidated Financial Statements Section of this document.

Strategic and Future Objectives

The Company continues to build a strong and stable business based in South Australia's Eyre Peninsula; the following objectives are key to the overall success in implementing Angel's business plan:

a. The continued procurement of sufficient spat to ensure that business plan outcomes can be reached.
b. Implementation of oyster husbandry and farming techniques that optimise the oyster growth cycle and lower the mortality levels throughout the stock's lifecycle.
c. Development and maintenance of key domestic and export sale markets.
d. Investigation, and where deemed appropriate the expansion of the Company's assets, including additional seafood leases and potentially expanding into vertical integration.
e. The attraction and maintenance of a vibrant, diverse and engaged workforce.
f. The development of a sustainable business model including the delivery of an operationally cash flow positive outcome in FY19.
g. The continuation of the introduction of industry-leading innovation and efficiencies, leveraging off the Company's know-how, scale and financial resources.

The Company will continue to explore further opportunities that meet Angel's long-term growth and development goals. The overall aim is to provide shareholders with a sustainable increase in profits. Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Operational Risks

There are specific risks which relate directly to the Company and the industry in which it operates. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors.

The key risks discussed below were also identified in a more detailed discussion of risks in Section 11 of the Company's Prospectus, which is available at www.angelseafood.com.au.

Company specific Risks

Competition risk

The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake reasonable due diligence in its business decisions and operations, the Company has no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's business. An increase in the supply of oysters from either domestic or international competitors, or increased competition from alternative fish species and food sources could have an adverse effect of the Company's operations and business. In turn access to spat cannot be guaranteed and the Company relies on spat purchases to replenish its oyster stocks.

Disease risk

There is a risk that the Company suffers a disease outbreak that impacts on the health and wellbeing of its oyster stocks. This includes a disease such as Pacific Oyster Mortality Syndrome (POMS) which affects mainly juvenile Pacific Oysters. To date, POMS has not occurred in South Australian oyster growing areas but was identified in a population of feral oysters in the Port River near Adelaide during late summer of 2018. The South Australian Government and the Company have measures in place to mitigate the risk of any such disease. POMS, among other diseases, and natural events may impact the health and wellbeing of the oyster stock.

Title and Renewal Risk

The water leases and licences held by the Company are issued through the South Australian state government body called Primary Industries and Regions South Australia (PIRSA). The licence and lease holder must abide by a number of

PIRSA regulations and guidelines that are monitored and enforced through mandatory periodic PIRSA officer inspections; Angel is subject to these inspections.

The Group's oyster leases are classified as 'production leases' by the Department of Primary Industries and Regions SA (PIRSA) and are granted for a maximum term of 20 years. Upon the expiry of any given term, they are renewable for successive terms and the Group considers that the risk of any of its oyster leases not being renewed at the end of their current terms to be immaterial.

Environmental

The Company's operations are subject to Government environmental legislation. There is no assurance that the Company's operations will not be affected by an environmental incident or subject to environmental liabilities. The introduction of new environmental legislation and regulations may result in additional cost to the Company arising from additional compliance and further capital expenditure which may have a material adverse impact on the financial position and performance of the Company. The impact of climate change and/or global warming on the Company's operations is currently unknown.

General risks

Economic Risk

Changes in both Australian and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings. If any risks above occur, it may have a significant adverse impact on the Company, its operations and its ability to meet forecast targets.

Legislative Change

The introduction of new legislation or amendments to existing legislation by Governments, developments in existing common law, respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations and changes in Government policy could all impact adversely on the assets, operations and the overall financial performance of the Company and its securities.

Agents and contractors

The Directors are unable to predict the risk of the insolvency or managerial failure by any of the contractors used (or to be used in the future) by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used (or to be used in the future) by the Company for any activity.

Climate Change

The Directors are unable to predict the outcome of climate change. However, some studies have linked ocean acidification and temperature rises to climate change. As yet any impact of these factors has not been revealed in any material fashion. However, these factors could impact the long-term future size and quality of product and/or the likelihood of disease or algae events.

Sustainability

The Company believes that if we look after our 'Seafood Heaven' it will look after us. Angel is privileged to enjoy farming in a way that respects the waters and environment we farm in. Unfortunately, the majority of oyster farmers around the world still use water-based infrastructure that have been chemically treated (e.g. posts), which is harmful to the eco system and therefore non-organic.

The Company aims to operate 'at-one' with nature and actively champions ecologically sound farming practices.

Sustainability is the key driver and the vision to maintain or increase production levels. The Company is always mindful of, and endeavors to preserve, the very ecosystems that deliver such a premium product for the Company's customers to enjoy. Angel is privileged to be able to farm in a way that respects the waters and environment in which it operates.

The Board believes that the Company's key differentiators include:

Best Practice

The Company holds food safety accreditation for the growing, harvest, grading, storage and transportation of oysters from the South Australian (SA) Government (The business that Angel acquired gained Certificates of Accreditation dated 24 February 2011 Accreditation Number 20/176 – Primary Produce (Food Safety Schemes) Act 2004). In addition, the SA Government administers a Shellfish Quality Assurance Program (SASQAP), which is a joint initiative between PIRSA and the shellfish industries of South Australia. SASQAP monitors the water quality in shellfish harvesting areas where the Company's oysters are grown.

In June 2018, following commissioning of the Company's newly purchased facility in Port Lincoln, certification was granted by the Australian Department of Agriculture, Fisheries and Forestry for an approved arrangement under the Export Control Act 1982, as Export Registered Establishment No 6280. This accredits the good hygienic practice, HACCP, product integrity and importing country requirements required for export.

In addition to statutory legislative and regulatory requirements, the Company complies with the SA Environment Protection Authority (EPA) Code of practice for the environmental management of the SA oyster farming industry.

Certified Organic

The business that Angel acquired achieved 'Certified Organic' status in 2012, the first oyster grower in Australia to achieve this accreditation. This is accredited by the National Association for Sustainable Agriculture, Australia (NASAA), Certificate No 5411 and was renewed by the Company in 2018. Ongoing water monitoring, sea grass management and environmentally friendly infrastructure are just a few elements required to achieve and maintain organic status. The auditing process for obtaining and maintaining certified status is rigorous, and the Company believes this certification is something that its customers, especially in Asia, look for when deciding which farmer to partner with, and reinforces the market focus on seeking a quality, consistent product from a clean, green business.

Sustainability Certification

In 2014, the business that Angel acquired was awarded the highly respected "Friends of the Sea" certification, one of only three oyster companies in the world (the others are in Scotland and Croatia) to achieve this certification. This global program strives to make sustainability a reality in the fishing and aquaculture sectors. Reducing ecosystem impact, energy efficiency and social accountability underpin this program. These certifications are subject to regular audits, the most recent of which was conducted in early 2018 and saw the Company achieve renewal of this certification.

The Company uses an adjustable long line system to farm oysters, which is one of the requirements for sustainable certification. This method allows the lines and baskets to be adjusted up and down the holding posts depending on the season, tides, weather, age of the oysters and the condition of the oysters to ensure the oysters are always sitting in the most nutrient-rich section of the water column.

The Company will apply its sustainable and organic farming techniques to newly acquired leases over a staged implementation process, allowing these also to reach the Company's broader certification standards. These standards will continue to be assessed periodically to ensure certification standards are continually met.

Traceability

Organic oysters are 100% traced from spat throughout their life cycle on the Company's organic farms through to their final customer destinations. The Company can account for each batch of oysters from spat to plate.

It is also important to note that the majority of oyster farmers throughout the world now grow genetically modified oysters, which precludes these farmers from obtaining the organic and sustainable certifications achieved by the Company. This alone gives the Company a significant point of difference and provides its customers with the satisfaction and peace-of-mind knowing the Company's products are free from being genetically modified or biologically enhanced in any way.

The Company's environmental passion is also translated into practical innovations. Simple solutions like changing infrastructure from traditional methods (fixed rates) to the world's best practice (adjustable longline system) have significantly optimised nutrient water flow throughout the Company's farms. The Company's impact on the sea bed has been dramatically reduced compared to previously used traditional methods, allowing the sea grasses to regrow and rejuvenate in its natural sense. Efficiencies in growing techniques also result in a stronger, healthier oyster which translates to a longer shelf-life after harvest.

Environmental regulation

The Company operates a number of licences and leases issued through Primary Industries and Regions South Australia (PIRSA). The licence and lease holder must comply with PIRSA regulations and guidelines. The Company must comply with a number of relevant legislative instruments including the Environmental Protection Act 1993 (SA), Aquaculture Act 2001 (SA), Aquaculture Regulations 2016 (SA), Environmental Protection (Water Quality) Policy 2015, Livestock Act 1997 (SA) and Livestock Notice 2014.

The Company also complies with the South Australian Environment Protection Authority (EPA) Code of practice for the environmental management of the South Australian oyster farming industry. The South Australian Shellfish Quality Assurance Program (SASQAP), which is a joint initiative between PIRSA and the shellfish industries of South Australia, monitors the water quality in shellfish harvesting areas where the Company's oysters are grown.

No breaches of environmental regulation occurred during the financial year and to the date of this report.

Changes in the state of affairs

A capital reorganisation by a 1:1.5 share split was implemented on 31 October 2017. The Company issued a Prospectus dated 13 December 2017 for an Initial Public Offering (IPO) of up to 40,000,000 shares at an issue price of $0.20 per share to raise up to $8,000,000. A copy of the Prospectus is available at www.angelseafood.com.au. The offer was fully subscribed, and the Company was admitted to the ASX as a publicly listed company and commenced trading on 21 February 2018. Details of resultant changes to the capital structure are provided in Notes 18 and 19 to the financial statements.

During the financial year there were no other significant changes in the state of affairs of the Company, other than as referred to in this Report.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of financial year that has significantly affected, or may affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years, except for:

a. On 11 July 2018 approval was granted by the National Australia Bank Limited for an additional $2,000,000 loan facility.
b. On 2 August 2018 settlement was completed for the acquisition of the Cowell Assets, comprising 10Ha of existing oyster farming leases and associated infrastructure. Details were included in sections 8.11 and 15.3 of the Prospectus (see www.angelseafood.com.au).
c. On 30 August 2018 the Company announced the purchase of a further 1Ha of water leases in Coffin Bay for total consideration of $450,000.

Company Dividends

No dividends were paid or declared during the period.

Indemnification and Insurance of Officers or Auditor

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary, and all Executive Officers of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the financial year.

Non-Audit Services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence. All audit services are reviewed and approved by the Audit and Risk Committee and/or the Board to ensure they do not adversely affect the integrity an objectivity of the auditor. The nature of the services provided does not compromise the general principles relating to auditor independence. The following fees were paid or payable to William Buck Corporate Advisory Services (SA) Pty Ltd (an entity related to William Buck) for non-audit services provided during the year ended 30 June 2018:

a. Prospectus - preparation of the Independent Accountant's Report: $34,000

Auditor's independence declaration

The auditor's independence declaration is included on page 32 of the financial report.

Options, Performance Rights and Performance Shares

At the date of this report, the unissued ordinary shares of the Company under option are as follows. During the financial year ended 30 June 2018, 6,000,000 options were issued (2017: 4,000,000).

Grant Date	Date of Expiry	Exercise Price	Number of options(2)
20 April 2017(1)	28 February 2021	$0.0833	6,000,000
8 February 2018	21 February 2022	$0.40	2,000,000
8 February 2018	21 February 2022	$0.20	4,000,000

(1) 4,000,000 options were originally issued at an exercise price of $0.125; this was converted to 6,000,000 options at an exercise price of $0.0833 as a result of the Company's capital reorganisation on a 3 for 2 basis on 31 October 2017.

(2) Subject to escrow for 24 months following the date of initial ASX listing on 21 February 2018.

At the date of this report, the unissued ordinary shares of the Company under performance rights are as follows. During the financial year ended 30 June 2018, 4,000,000 performance rights were issued (2017: nil).

Grant Date	Date of Expiry	Consideration payable	Number of performance rights(1)
8 February 2018	31 December 2021	Nil	4,000,000

At the date of this report, the unissued performance shares are as follows. During the financial year ended 30 June 2018, 1,500,000 performance shares were issued (2017: nil).

Grant Date	Date of Expiry	Consideration payable	Number of performance shares(1)
8 February 2018	30 June 2022	Nil	1,000,000

(1) Subject to escrow for 24 months following the date of initial ASX listing on 21 February 2018.

The first tranche of 500,000 Performance Shares, relating to performance indicators to be achieved in the period from ASX listing on 21 February 2018 to 30 September 2018, has vested and been converted to ordinary shares following the end of the 2018 Financial Year.

Holders of options, performance shares and performance rights do not have any rights to participate in any issue of shares or other interests of the Company or any other entity.

There have been no options, performance shares or performance rights granted over unissued shares or interests of any controlled entity within the Group since the end of the reporting period.

For details of options, performance shares and performance rights issued to Directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2018 and to the date of this report, no shares were issued on the exercise of options or vesting of performance rights.

Corporate governance

The Board oversees the Company's business and is responsible for the overall corporate governance of the Company. It monitors the operational, financial position and performance of the Company and oversees its business strategy, including approving the strategy and performance objectives of the Company.

The Board is committed to maximising performance and generating value and financial returns for Shareholders. To further these objectives, the Board has created a framework for managing the Company, including the adoption of relevant internal controls, risk management processes and corporate governance policies and practices which the Board believes are appropriate for the business and which are designed to promote the responsible management and conduct of the Company. To the extent relevant and practical, the Company has adopted a corporate governance framework that is consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition).

The Company's Corporate Governance Plan, including key policies, is available at www.angelseafood.com.au.

Information Relating to Directors and Company Secretary

Details of each Director's experience, qualifications and responsibilities are set out below. This includes information on other listed company directorships in the last three years.

Name & Qualifications	Experience and Responsibilities
Tim Goldsmith BA(Hons)	Independent Non-Executive Chairman appointed 21 February 2018. Member of Audit and Risk Committee. Tim was appointed Chairman effective from the date of initial ASX listing of the Company. Tim is currently CEO of Rincon Ltd, a lithium development company and is also Chairman of ASX listed Hazer Group since July 2017. Tim was appointed a Non-executive Director of Costa Group from 1 September 2018. He was Chairman of Kopore Metals Ltd from November 2017 to February 2018. Until 30 June 2017, Tim was a partner at PricewaterhouseCoopers. He was a partner for more than 20 years and dealt with many companies throughout the world. He was particularly focused on China and worked extensively in the mining sector.
Michael Porter BBS (Enterprise Development), Grad Cert (Change Management), GAICD	Non-executive Chairman appointed 2 December 2016 – 1 March 2017 Non-executive Director 1 March 2017 – 22 August 2017 and since 21 February 2018 Executive Chairman 22 August 2017 – 21 February 2018 Member of the Audit and Risk Committee Director of subsidiary companies Angel Seafood Infrastructure Pty Ltd and Angel Oysters Australia Pty Ltd Michael has extensive experience in the Agricultural sector where he was the CEO of SQP Co-operative for almost four years. He owns dry land farming interests in Victoria's Western District near Ballarat. He has particular interest in soil re-generation and making the best use of our limited resources, such as water. Other Board positions include being a Non-executive Director of ASX listed Murray River Organics Ltd from 3 April 2018. He is also a Board Member of the Wimmera Catchment Management Authority (a Victorian State Government appointment) and Chairman of the Audit Advisory Committee for the City of Ballarat. Michael is also an Active Reservist where he holds the rank of Commander in the Royal Australian Naval Reserve.
Ashley Roff LLM (Syd) (Hons2), FGIA	Independent Non-executive Director appointed 21 February 2018 Chairman of the Audit and Risk Committee Ashley is a senior and trusted legal, compliance and governance advisor at board and executive leadership levels with extensive commercial experience across industries as diverse as agriculture, consumer beverages, internet marketing and finance. In 2005 he was responsible, as General Counsel, for the public compliance listing of ABB Grain Ltd, and served as Company Secretary 2005-09. During this time, he headed ABB's Risk Management division and was recognised as Chartered Secretaries Australia 2007 Corporate Governance Professional of the Year (sub-ASX 100 Companies). After ABB was acquired by Viterra Ltd, a Canadian company, he was responsible 2009-2010 for liaising with

	ASX on Viterra's CHESS Depositary Interests (CDI) program. General Counsel and Company Secretary of Emerald Grain Pty Ltd 2011-15. Principal of Adelaide-based law firm Brightman Legal since 2016. No other public company directorships.
Isaac (Zac) Halman	Chief Executive Officer since 1 July 2018; previous title Executive Operations Director 1 May 2017 – 30 June 2018 Director appointed 27 September 2016 Director of subsidiary companies Angel Seafood Infrastructure Pty Ltd and Angel Oysters Australia Pty Ltd Zac is the founder of the Company and has been successfully farming oysters for close to a decade in South Australia's Eyre Peninsula. He has successfully grown a team and business which is one of only three certified sustainable oyster producers in the world who have been certified by "Friends of the Sea" and is also one of only two certified organic oyster producers in Australia who have been certified by NASAA. Zac applies strict budgetary and quality controls and through his guidance and expertise has grown the oyster business, now owned by the Company, exponentially. This experience was one of the deciding factors in his appointment to the board of the South Australian Oysters Growers' Association. Before oyster farming Zac has been active in the agriculture industry, specialising in broad acre and stock agricultural contracting. Mr Halman holds no other public company directorships.
James Rogalski B.Acc	Non-executive Director 2 December 2016 – 21 February 2018 James is a partner at InterAcct Business Consulting Pty Ltd, a public accounting practice located in Port Lincoln, South Australia. He has over 20 years' experience providing a broad range of taxation, accounting and business advisory services. He is a member of the Institute of Public Accountants (MIPA).
Boris Bosnich MBA, BEc, MAICD	Non-executive Chairman, 1 March 2017– 11 August 2017 Boris is a highly regarded business executive and director with over 30 years of experience in business ownership, direct investment and board roles. He has expertise and skills in the areas of corporate finance, capital raising, commercial operations, business development and general management. He is an Honorary Adjunct Fellow at the University of South Australia (since 2016) and Chairman of Kid Sense Child Development (since 2017), SILK Laser Clinics (since 2015) and Splash Cartridges (since 2016). Mr Bosnich holds no other listed company directorships.

Company Secretary

Ms Christine Manuel BMus, GradDipACG (Applied Corporate Governance), DipCD (Corporate Director), DipInvRel (Investor Relations), FGIA, FCIS, MAICD, MAITD, AAIPM, a Chartered Company Secretary, was appointed Company Secretary on 20 September 2017. Ms Manuel is an experienced Company Secretary and corporate governance professional. Her background includes Company Secretary and executive roles in a range of listed and unlisted entities over more than 20 years. Ms Manuel is SA/NT State Council Chair and a Non-executive Director of the Governance Institute of Australia and regularly facilitates Governance Institute training courses.

Mr Isaac Halman (refer directors above) resigned as Company Secretary effective 20 September 2017.

Directors' meetings

During the financial year, 14 meetings of Directors, including Committees of Directors, were held. Attendances by each Director during the year were as follows:

Directors	Directors' Meetings		Audit and Risk Committee	
	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended
Tim Goldsmith[(i)]	4	4	1	1
Michael Porter	13	13	1	1
Ashley Roff[(i)]	4	4	1	1
Isaac Halman	13	13	-	-
James Rogalski[(i)]	9	9	-	-
Boris Bosnich[(i)]	1	1	-	-

(i) Mr Goldsmith and Mr Roff were appointed on 21/2/18, Mr Rogalski resigned 21/2/18 and Mr Bosnich resigned 11/8/17

Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Name	Fully paid ordinary shares	Share Options	Performance Rights	Performance Shares
Tim Goldsmith[(i)]	1,940,000	1,500,000	-	-
Michael Porter	5,253,198	2,750,000	-	-
Ashley Roff[(i)]	50,000	-	-	-
Isaac Halman	19,112,002	1,500,000	4,000,000	1,000,000
James Rogalski[(i)]	937,500	-	-	-
Boris Bosnich[(i)]	600,000	-	-	-

(i) Mr Goldsmith and Mr Roff were appointed on 21/2/18, Mr Rogalski resigned 21/2/18 and Mr Bosnich resigned 11/8/17.

Further details of Directors' security holdings are provided in the Remuneration Report.

Directors' and Senior Executives' Remuneration

Details of the Company's remuneration polices and the nature and amount of the remuneration of the Directors and senior management (including shares, options and rights granted during the financial year) are set out in the Remuneration Report and in Notes 22, 29 and 30 to the financial statements.

Remuneration Report (Audited)

The Directors of the Company present this Remuneration Report for the Group for the year ended 30 June 2018. The information provided in this Report has been audited as required by section 308(3C) of the *Corporations Act 2001* (*Cth*) (Corporations Act) and forms part of the Directors' Report.

The Remuneration Report outlines the Company's key remuneration activities in 2018 and remuneration information pertaining to the Company's Directors and senior management personnel who are the key management personnel (KMP) of the Group for the purpose of the Corporations Act and Accounting Standards. These are the personnel who have authority and responsibility for planning, directing and controlling the activities of the Company.

The Directors and KMP of the Group during the year were:

	Period of Responsibility	**Position**
Non-Executives		
Tim Goldsmith	21 February – 30 June 2018	Independent Non-executive Chairman
Ashley Roff	21 February – 30 June 2018	Independent Non-executive Director
Michael Porter	1 July 2017 – 22 August 2017 22 August 2017 – 21 February 2018 21 February – 30 June 2018	Non-executive Director Executive Chairman Non-executive Director
James Rogalski	1 July 2017 – 21 February 2018	Non-executive Director
Boris Bosnich	1 July 2017 – 11 August 2017	Non-executive Chairman
Executives		
Isaac Halman	1 July 2017 – 30 June 2018	Chief Executive Officer (CEO); Executive Director and Company Founder

Remuneration Approach

Remuneration comprises elements of fixed remuneration (salary), short-term and long-term incentive plan components. These are set with reference to the Company's performance and the market. Fixed remuneration, which reflects the individual's role and responsibility as well as their experience and skills, includes base pay and statutory superannuation. Remuneration at risk is provided through short-term and long-term incentive plan components, linked to performance measured against operational and financial targets set by the Company. These are designed to achieve operational and strategic targets for the sustainable growth of the Company and long-term shareholder value.

Remuneration and Nomination Responsibilities

Composition

Consistent with the Board's Charter, the Board has taken the decision that at this early stage of the Company's growth a separate Remuneration and Nomination Committee is not warranted. Accordingly, the Board as a whole carries out the functions of the Remuneration and Nomination Committee, as described in the Committee Charter. Where appropriate, this is undertaken by Non-executive Directors only, without the presence or participation of the Executive Director.

Functions

The Board reviews any matters of significance affecting the remuneration of the Board and employees of the Company.

The primary remuneration purpose of the Board is to fulfil its responsibilities to shareholders, including by:

a. Ensuring that the approach to executive remuneration demonstrates a clear relationship between key executive performance and remuneration;
b. Fairly and responsibly rewarding executives, having regard to the performance of the Company, the performance of the executive and the prevailing remuneration expectations in the market;
c. Reviewing the Company's remuneration, recruitment, retention and termination policies and procedures for senior management;
d. Reviewing and approving any equity-based plans and other incentive schemes;
e. Clearly distinguishing the structure of Non-executive Director (NED) remuneration from that of executive directors and senior executives, and recommending NED remuneration to the Board;
f. Arrange the performance evaluation of the Board, its Committees, individual Directors and senior executives on an annual basis; and
g. Oversee the annual remuneration and performance evaluation of the senior executive team.

The Board considered performance and remuneration of both the Non-executive Directors and CEO in detail in the latter part of 2017 as part of the due diligence process of preparation of the Prospectus leading to initial ASX listing of the Company on 21 February 2018. Details of the new remuneration framework, effective from the date of listing, were provided in the Prospectus. The Board anticipates that a performance evaluation and review of the remuneration framework will be undertaken in late 2018 or early 2019. A performance review of the CEO for the 2017/18 financial year has been completed. Refer 'Key Terms of Employment Contracts' below for further details.

Further information about remuneration structures and the relationship between remuneration policy and company performance is set out below.

The Board Charter and the Remuneration and Nomination Committee Charter, which outlines the terms of reference under which the Committee operates, are available in the Corporate Governance Plan at www.angelseafood.com.au.

Remuneration Policy

The Company's remuneration framework for Directors and senior executives has been designed to remunerate fairly and responsibly, balancing the need to attract and retain key personnel with a prudent approach to management of costs. Other employees are remunerated in accordance with the provisions of the relevant Fairwork Australia Award. The majority of staff fall under the Aquaculture Attendants' Award.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows.

The Board aims to remunerate each Non-executive Director at market rates for comparable companies for their time, commitment and responsibilities. The Board determines the annual level of fees payable to Non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability and subject to the maximum aggregate amount per annum as approved by shareholders. Fees for NEDs are not linked to the performance of the Group. The Board approves a letter of appointment setting out the key terms and conditions of appointment for each Non-executive Director and Executive Director. Non-executive Directors receive statutory superannuation guarantee payments and do not receive any other retirement benefits. Details of termination arrangements for the Executive Director/CEO are outlined in the section 'Key Terms of Employment Contracts'.

Short-Term and Long-Term Incentive (STI/LTI) Plans

Following are details of the key terms and conditions of the Performance Shares, Performance Rights and Options comprising the Company's STI and LTI, as well as the key terms and conditions of the Company's Performance Rights and Options Plan. This information was also provided in the Company's Prospectus, available at www.angelseafood.com.au.

<u>Performance Shares</u>

Terms and conditions of the Performance Shares issued to the Company founder and CEO, Isaac Halman:

a. Performance Shares: Each Performance Share is a share in the capital of the Company.
b. General meetings: Each Performance Share confers on the holder (Holder) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. Holders have the right to attend general meetings of Shareholders.
c. No voting rights: A Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
d. No dividend rights: A Performance Share does not entitle the Holder to any dividends.
e. No rights to return of capital: A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
f. Rights on winding up: A Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
g. Not transferable: A Performance Share is not transferable.
h. Reorganisation of capital: If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
i. Application to ASX: The Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Performance Shares into Shares, the Company must within seven (7) days apply for the official quotation of the Shares arising from the conversion on ASX.
j. Participation in entitlements and bonus issues: A Performance Share does not entitle a Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
k. No other rights: A Performance Share gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

l. Conversion of the Performance Shares - Conversion on achievement of milestone: Performance Shares will convert into Shares as follows:

   (i) 500,000 Performance Shares will convert into Shares upon completion of each, and all, of the following on or before 30 September 2018 (Milestone 1); these shares have converted post 30 June 2018:

      A. the acquisition by the Company of the land comprised in Certificate of Title Volume 5563 Folio 759 being 35 Haslam Highway, Haslam, SA 5680, South Australian production lease numbers LA00013, LA00014, LA00172, LA00173, LA00003, AL00372 and AL00106 for Intertidal Oysters and all associated infrastructure (Haslam Assets);

      B. the acquisition by the Company of:

         1. South Australian aquaculture licence number FM00036 and aquaculture lease number AL00069 for marine molluscs (Intertidal);
         2. associated plant and equipment; and

      C. the land comprised in Certificates of Title Volume 5334 Folio 372 and Volume 5510 Folio 54 being allotments 25 DP 45074 and 33 DP 49014 Oyster Drive, Cowell, SA 5602 (together, the Cowell Assets);

   (ii) 1,000,000 Performance Shares will convert into Shares upon each, and all of the following occurring in the same financial year, by 30 June 2022 (Milestone 2):

      A. the Company achieving, in relation to its business and assets at the date it is admitted to the Official List of ASX and the Haslam Assets and Cowell Assets, annual sales revenue, not including fair value adjustment, of at least $8,000,000, as shown in the Company's audited financial statements; and

      B. the Company being cash flow positive for the financial year; and

      C. the Company achieving a net profit before tax of at least 2.66 cents earnings per Share assessed against net profit before tax.

m. Conversion on change of control: Subject to paragraph (n) and notwithstanding the relevant milestone has not been satisfied, upon the occurrence of either:

   (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company having received acceptances for more than 50% of the Company's Shares on issue and being declared unconditional by the bidder; or

   (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

   the Performance Shares shall automatically convert into Shares, provided that if the number of Shares that would be issued upon such conversion is greater than 10% of the Company's Shares on issue as at the date of conversion, then that number of Performance Shares that is equal to 10% of the Company's Shares on issue as at the date of conversion under this paragraph will automatically convert into an equivalent number of Company Shares. The conversion will be completed on a pro rata basis across each class of Performance Shares then on issue as well as on a pro rata basis for each Holder. Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

n. Deferral of conversion if resulting in a prohibited acquisition of Shares: If the conversion of a Performance Share would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) (General Prohibition) then the conversion of that Performance Share shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Share would result in a contravention of the General Prohibition:

   (i) Holders may give written notification to the Company if they consider that the conversion of a Performance Share may result in the contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.

(ii) The Company may (but is not obliged to) by written notice to a Holder request a Holder to provide the written notice referred to in paragraph (n)(i) within seven days if the Company considers that the conversion of a Performance Share may result in a contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.

o. Redemption if Milestone not achieved: If the relevant Milestone is not achieved by the required date, then the total number of Performance Shares on issue to each Holder will convert into one (1) Share.
p. Conversion procedure: The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Share within 10 Business Days following the conversion.
q. Ranking upon conversion: The Share into which a Performance Share may convert will rank pari passu in all respects with existing Shares.

Performance Rights

Terms and conditions attaching to the Performance Rights issued to Angel Oysters Pty Ltd as trustee for the Halman Family Trust as part consideration for the Company's acquisition of the Smoky Bay Business:

a. Milestone: The Performance Rights shall vest on achievement of the following milestone: the Company achieving sales revenue of at least $3,000,000 for any rolling 12-month period on or before 30 June 2021 in relation to its business and assets (as at the date it is admitted to the Official List of ASX) and the Haslam Assets and Cowell Assets, as shown in the Company's audited financial statements or reviewed half yearly accounts (Milestone). The Board will consider whether the Milestone may have been met based on the Company's monthly management accounts. If the Milestone may have been achieved, the Board will direct its auditors to conduct audit tests on the Group's reported revenue in the 12-months prior to suspected achievement of the Milestone. The auditor will reconcile the balance of the audited accounts to provide confirmation the Milestone has been achieved.
b. Conversion: Subject to paragraph (h), upon the Performance Rights vesting, the 4,000,000 Performance Rights issued will, at the election of the holder, convert into that number of fully paid ordinary shares in the Company (Shares) which is equal to $800,000 divided by the volume weighted average price of the Shares in the 30 days prior to the date of satisfaction of the Milestone (VWAP), provided that the VWAP is not less than $0.10 or in the event the VWAP is less than $0.10, will convert into 8,000,000 Shares.
c. Vesting: The Performance Rights shall vest on the date that the Milestone has been satisfied.
d. Lapse of a Performance Right: If the Milestone attaching to the Performance Rights has not been satisfied by 31 December 2021, the Performance Rights will automatically lapse.
e. Notification to holder: The Company shall give written notice to the holder promptly following satisfaction of the Milestone or lapse of a Performance Right where the Milestone is not satisfied.
f. Consideration: No consideration will be payable by the holder upon the vesting of the Performance Rights.
g. Conversion on change of control: Subject to paragraph (h) and notwithstanding the Milestone has not been satisfied, upon the occurrence of either:
   (i) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the
   (ii) Company's Shares on issue and being declared unconditional by the bidder; or
   (iii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

   the Performance Rights will automatically convert into Shares in accordance with paragraph (b). If the number of Shares that would be issued upon such conversion is greater than 10% of the Company's Shares on issue as at the date of conversion, then only the number of performance Rights equal to 10% of the Shares on issue at the date of conversion will automatically convert into Shares. Performance Rights that are not converted into Shares under this paragraph will continue to be held by the holder on the same terms and conditions.

h. Deferral of conversion if resulting in a prohibited acquisition of Shares: If the conversion of Performance Rights into Shares would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) (General Prohibition) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:
   (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; or
   (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (h)(i) within seven days if the Company considers that the conversion of a Performance Right may result in contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.
i. Share ranking: All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.
j. Listing of Shares on ASX: the Company will not apply for quotation of the Performance Rights on ASX. The Company will apply for quotation of all Shares issued pursuant to the vesting of Performance Rights on ASX within the period required by ASX.
k. Transfer of Performance Rights: A Performance Right is not transferable.
l. Participation in new issues: There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.
m. Adjustment for bonus issue: If securities are issued pro-rata to the Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the number of Performance Rights to which each holder is entitled, will be increased by that number of Shares which the holder would have been entitled to if the Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the bonus issue.
n. Adjustment for reconstruction: If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
o. Dividend and Voting Rights: A Performance Right does not confer upon the holder an entitlement to vote on any resolutions proposed by the Company or a right to receive dividends.
p. No rights on winding up or reduction of capital: A Performance Right does not entitle the holder to any return of capital or to participate in the surplus profits or assets of the Company upon winding up of the Company, a reduction of capital or otherwise.
q. No other rights: A Performance Right gives the holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Options

OP2 Class Options issued to Directors at IPO

Terms and conditions of options issued to Mr Goldsmith and Mr Porter at IPO are as follows.

a. Entitlement: Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
b. Exercise Price: Subject to paragraph (i), the amount payable upon exercise of each Option will be $0.40 (Exercise Price).
c. Expiry Date: Each Option will expire at 5:00 pm (WST) on the fourth-year anniversary of the date the Company is admitted to the Official List of ASX (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
d. Exercise Period: The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).
e. Notice of Exercise: The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
f. Exercise Date: A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (Exercise Date).
g. Timing of issue of Shares on exercise: Within 15 Business Days after the Exercise Date, the Company will:
    (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
    (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a Prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
    (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

    If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 business days after becoming aware of such notice being ineffective, lodge with ASIC a Prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

h. Shares issued on exercise: Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
i. Reconstruction of capital: If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
j. Participation in new issues: There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
k. Change in exercise price: An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
l. Transferability: The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

OPE Class Options

The following key terms and conditions apply to the 4,000,000 options issued in April 2017, that became 6,000,000 options as part of the capital reorganisation, prior to ASX listing of the Company.

a. Each Option entitles the holder to subscribe for one Share in the Company upon the payment of $0.0833 subsequent to satisfaction of the restriction on exercise set out in (e) below.
b. The Options will lapse at 5:00pm (AEST) on 28 February 2021 (Expiry Date).
c. The Options are non-transferable and will not be listed.
d. There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to Shareholders during the currency of the Option.
e. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re organised as required by the Directors, but in all other respects the terms of exercise will remain unchanged.
f. The Options shall be exercisable at any time during the period ending on or before the Expiry Date (Exercise Period) by the delivery to the registered office of the Company of a notice in writing (Notice) stating the intention of the Option holder to exercise all or a specified number of Options held by the Option holder accompanied by an Option Certificate or holding statement and a payment to the Company for the subscription moneys for the Shares to be issued on exercise of the Options the subject of the Notice. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by him.
g. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number, if the Company is listed, within 5 business days of exercise of the Options.
h. The Shares allotted shall rank, from the date of allotment, equally with the existing Shares of the Company in all respects.

Option and Performance Rights Plan

Options and Performance Rights are issued pursuant to the Company's Option and Performance Rights Plan, a summary of which was published at section 17.2 of the Prospectus (available at www.angelseafood.com.au). Key terms of the Option and Performance Rights Plan follow:

The key terms of the Performance Rights and Option Plan (Plan) are as follows:

a. Eligibility: Participants in the Plan may be:
   (i) a Director (whether executive or non-executive) of the Company and any associated body corporate of the Company (each a Group Company);
   (ii) a full or part time employee of any Group Company;
   (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (Class Order); or
   (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,

   who is declared by the Board to be eligible to receive grants of Awards under the Plan (Eligible Participants).

b. Offer: The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (Offer).
c. Plan limit: The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
d. Issue price: Unless the Awards are quoted on the ASX, Awards issued under the Plan will be issued for no more than nominal cash consideration.
e. Vesting Conditions: An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (Vesting Conditions).
f. Vesting: The Board may in its absolute discretion (except in respect of a Change of Control (as defined in the Performance Rights and Option Plan) occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (Relevant Person)), resolve to waive any of the Vesting Conditions applying to Awards due to:
   (i) Special Circumstances arising in relation to a Relevant Person in respect of those Performance Rights, being:
      A. A Relevant Person ceasing to be an Eligible Participant due to:
         1. death or total or permanent disability of a Relevant Person; or
         2. retirement or redundancy of a Relevant Person;
      B. a Relevant Person suffering severe financial hardship;
      C. any other circumstance stated to constitute "special circumstances" in the terms of the relevant Offer made to and accepted by the Participant; or
      D. any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the Relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant; or
   (ii) a Change of Control occurring (as defined in the Performance Rights and Option Plan); or

(iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

g. Lapse of an Award: An Award will lapse upon the earlier to occur of:
   (i) an unauthorised dealing, or hedging of, the Award occurring;
   (ii) a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Condition and vest the Award;
   (iii) in respect of unvested Awards only, an Eligible Participant ceases to be a Relevant Person, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
   (iv) in respect of vested Awards only, a relevant person ceases to be an Eligible Participant and the Award granted in respect of that person is not exercised within a one (1) month period (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
   (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
   (vi) the Company undergoes a change of control or a winding up resolution or order is made, and the Board does not exercise its discretion to vest the Award;
   (vii) the expiry date of the Award.

h. Shares: Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (i)) from the date of issue, rank on equal terms with all other Shares on issue.

i. Sale Restrictions: The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to a Participant (or their eligible nominee) on exercise of those Awards up to a maximum of five (5) years from the grant date of the Awards. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.

j. No Participation Rights: There are no participating rights or entitlements inherent in the Awards and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards.

k. Change in exercise price of number of underlying securities: Unless specified in the offer of the Awards and subject to compliance with the ASX Listing Rules, an Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.

l. Reorganisation: If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Award are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

m. Trust: The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested Awards, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Plan to affect the establishment of such a trust and the appointment of such a trustee.

Key Terms of Employment Contracts

Key terms of employment contracts were included in the Company's Prospectus. Below is a summary of these key terms of employment contracts:

Non-executive Directors

The Company has entered into letters of appointment with each Non-executive Director, which set out the terms and conditions of their appointment. Non-executive Directors' receive fixed annual remuneration and statutory superannuation payments. No additional fees are paid for Directors' service on Board Committees. Further remuneration details are provided in the Board Remuneration section of this report.

In addition, as approved by shareholders at the 2017 Annual General Meeting (AGM), 1,500,000 OP2 Class options were issued to Mr Goldsmith and 500,000 OP2 Class options were issued to Mr Porter at the time of the Company's admission to the Official List of ASX, on the terms and conditions detailed at section 16.2 of the Prospectus and in accordance with the Option and Performance Rights Plan and key terms and conditions described above.

Directors are subject to the provisions of the Constitution relating to retirement by rotation and re-election of directors. A Director may terminate their directorship at any time by advising the Board in writing. The Non-executive Director Agreements are otherwise made on standard commercial terms.

Chief Executive Officer / Company Founder

The Company's wholly owned subsidiary, Angel Oysters Australia Pty Ltd (AOA) entered into an executive employment agreement with Isaac Halman dated 1 May 2017 (Executive Employment Agreement) pursuant to which Mr Halman is appointed as the Managing Director of AOA.

The Company also entered into a letter agreement with Mr Halman pursuant to which he was appointed as an Executive Operations Director of the Company. In August 2018, the Board of the Company approved a change to Mr Halman's title, to Chief Executive Officer. He retains his appointment as an executive Director of the Company.

The material terms and conditions of the Executive Employment Agreement are summarised below:

a. Term: Mr Halman commenced his employment on 1 May 2017 and the Executive Employment Agreement continues until terminated in accordance with its terms.
b. Remuneration: Mr Halman receives a fixed salary and statutory superannuation. For the period to 30 June 2018 this salary was $140,000; this was increased by the Board to $180,000 effective 1 July 2018 following a performance review.
c. Incentive Programs: Mr Halman may participate in any incentive plan that the Company may introduce from time to time. The Company issued Mr Halman 500,000 Shares upon being admitted to the ASX Official List as a bonus and 1,500,000 Performance Shares as an incentive. The first tranche of 500,000 Performance Shares, relating to performance indicators to be achieved by 30 September 2018, has vested. Mr Halman is also eligible for an annual cash bonus, subject to satisfaction of key performance indicators set by the Board. The maximum cash bonus payable in respect of performance during the 2017/18 financial year is 10% of fixed salary. This was assessed by the Board in August 2018 against previously set key performance indicators and approved for full payment of $14,000, which will be made in the 2018/19 financial year. For performance in the 2018/19 financial year the maximum available cash bonus will be 25% of fixed salary.
d. Termination: The Company may immediately terminate the employment of Mr Halman in the case of serious misconduct. Further, the Company may terminate the Executive Employment Agreement for any reason by giving four weeks' notice.

The Executive Employment Agreement contains other standard terms and conditions expected to be included in a contract of this nature.

Relationship between Remuneration Policy and Group Performance

	2018[(i)] $'000	2017[(i)] $'000	2016 $'000	2015 $'000	2014 $'000
Revenue	1,459	1,385	N/A	N/A	N/A
EBITDA (Statutory)	(890)	(1,118)	N/A	N/A	N/A
EBITDA (Proforma)	(890)	(1,118)	N/A	N/A	N/A
Net Profit/(Loss) after tax attributable to members of the parent entity	(1,143)	(1,668)	N/A	N/A	N/A

	2018	2017	2016	2015	2014
Share price at start of year[(i)]	$0.20	N/A	N/A	N/A	N/A
Share price at end of year	$0.16	N/A	N/A	N/A	N/A
Basic earnings (cents) per share	($0.012)	($0.047)	N/A	N/A	N/A
Diluted earnings (cents) per share	($0.011)	($0.046)	N/A	N/A	N/A
Interim and final dividend	N/A	N/A	N/A	N/A	N/A

(i) The Company was incorporated on 27 September 2016 as a proprietary company and was changed to an unlisted public company on 21 April 2017. Initial listing on the ASX occurred on 21 February 2018. The share price at start of year is based on the value of shares taken up pursuant to the Prospectus and at initial listing.

See also the sections 'Remuneration Policy' and 'STI/LTI Plans' above, including the details of performance milestones for STI and LTI. These performance milestones link clearly to the Group's objectives as outlined in the Prospectus and to Strategic and Future Objectives as discussed in the Directors' Report above.

Details of Key Management Personnel Remuneration

The compensation of each KMP of the Company for the current year (2018) and previous year (2017) is set out below:

		Short-term		Post-employment	Long-term benefits	Equity-settled share-based payments						
		Salary/fees	Bonus	Superannuation	Long service leave	Shares	Options	Performance rights, Performance shares	Termination	Total	Total Performance related	Fixed remuneration
		$	$	$	$	$	$	$	$	$		%
Non–executive Directors (i)												
T Goldsmith(ii)	2018	11,125	-	1,057	-	-	10,800	-	-	22,982	-	100%
	2017	-	-	-	-	-	-	-	-	-	-	-
A Roff(ii)	2018	8,900	-	846	-	-	-	-	-	9,746	-	100%
	2017	-	-	-	-	-	-	-	-	-	-	-
M Porter(iii)	2018	80,600	-	3,800	-	20,000	3,600	-	-	108,000	-	100%
	2017	-	-	-	-	17,500	92,000	-	-	109,500	92,000	16%
J Rogalski(iv)	2018	30,000	-	-	-	-	-	-	-	30,000	-	100%
	2017	-	-	-	-	-	-	-	-	-	-	-
B Bosnich(v)	2018	8,333	-	-	-	-	-	-	-	8,333	-	100%
	2017	13,334	-	-	-	-	-	-	-	13,334	-	100%
A Rose(vi)	2018	-	-	-	-	-	-	-	-	-	-	-
	2017	8,750	-	-	-	-	-	-	-	8,750	-	100%
Executives												
I Halman(vii)	2018	150,769	-	13,300	582	100,000	-	152,526	-	417,177	252,526	39%
	2017	69,994	-	6,248	-	-	92,000	-	-	168,243	92,000	45%

(i) Dates of appointment and resignation of KMPs during the financial year are detailed at the commencement of the Remuneration Report.

(ii) Tim Goldsmith and Ashley Roff were appointed on 21 February 2018.

(iii) Michael Porter was appointed as a Non-executive Director on 2 December 2016. From the date of appointment to 1 March 2017 he served as Non-executive Chairman and then fulfilled the role as Executive Chairman from 22 August 2017 to 21 February 2018 before reverting to a Non-Executive Director role on 21 February 2018. He provided consultancy services to the Group in addition to his role as a Director. Refer Note 30(b).

(iv) James Rogalski resigned from the Board effective 21 February 2018. He is a director of Interacct Business Consulting Pty Ltd which provides accounting, taxation and advisory services to the Group. Refer Note 30(b).

(v) Boris Bosnich was appointed on 1 March 2017 and resigned on 11 August 2017. He is a Director of B5 Partners Pty Ltd which provided consultancy services to the Company. Refer Note 30(b).

(vi) Adrian Rose was appointed on 2 December 2016 and resigned on 12 January 2017.

(vii) As described in section 15.7 of the Prospectus (available at www.angelseafood.com.au), upon admission to the ASX official List the Company issued Mr Halman 500,000 Shares as a bonus and 1,500,000 Performance Shares as an incentive. Following a review of 2018 performance, the Board approved a cash bonus of $14,000 and vesting of 500,000 Performance Shares. These were implemented in the first quarter of the 2019 financial year.

Key Management Personnel: Share-based Compensation

Performance rights issued

	Tranche	Grant date	Number granted	Fair value per performance right at grant date $	Number vested during the year	Year in which right may be vested	Vested %	Fair value of exercised performance rights during the year	Number lapsed during the year	Year lapsed performance rights were granted	Amount paid or payable for exercised performance rights	Terms and conditions for each grant			
												Exercise price $	Expiry date	First exercise date	Last exercise date
I Halman	IPO	8/2/18	4,000,000	0.20	-	2019	0	-	-	N/A	-	-	30/6/21	21/2/19	30/6/21
Total			**4,000,000**		-			-	-		-				

Options issued

	Tranche	Grant date	Number granted	Fair value per option at grant date $	Number vested during the year	Year in which option may be vested	Vested %	Fair value of exercised options during the year	Number lapsed during the year	Year lapsed options were granted	Amount paid or payable for exercised options	Terms and conditions for each grant			
												Exercise price $	Expiry date	First exercise date	Last exercise date
I Halman	OPE	24/4/17	1,500,000	0.06	-	N/A	100%	-	-	N/A	N/A	0.0833	28/2/21	24/4/17	21/2/21
T Goldsmith	OP2	8/2/18	1,500,000	0.0072	1,500,000	N/A	100%	-	-	N/A	N/A	0.40	21/2/21	21/2/18	21/2/21
M Porter	OPE	24/4/17	1,500,000	0.06	-	N/A	100%	-	-	N/A	N/A	0.0833	28/2/21	24/4/17	28/2/21
M Porter	OP2	8/2/18	500,000	0.0072	500,000	N/A	100%	-	-	N/A	N/A	0.40	21/2/21	21/2/18	21/2/21
Total			**5,750,000**		**2,750,000**			-	-						

Option tranches (refer 'Short Term and Long-Term Incentive Plans' above and Note 29 to the financial statements) are as follows:

OPE Options issued during pre-IPO period. The 'number granted' reflects the number on issue following the capital reorganisation by the Company on 31 October 2017 (3 for 2), at which time 1,000,000 converted to 1,500,000. Refer Note 29(a) and table 'Options held by KMP' below.

OP2 Options issued to Non-executive Directors at IPO.

No options have been exercised during the year. All options are subject to escrow until 21 February 2020 and none are subject to performance hurdles; all vested immediately upon issue.

Performance rights held by Key Management Personnel

The number of performance rights in the Company held by each KMP:

	Balance at 01/07/16	Granted	Perform-ance rights exercised	Expired/ Lapsed	Balance at 01/07/17	Granted	Perform-ance rights exercised	Expired/ Lapsed	Balance at 30/06/18
Angel Oysters Pty Ltd ATF Halman Family Trust #	-	-	-	-	-	4,000,000	-	-	4,000,000
Total		-	-	-	-	4,000,000	-	-	4,000,000

Angel Oysters Pty Ltd is controlled by Mr Isaac Halman

Performance shares held by Key Management Personnel

The number of performance shares in the Company held by each KMP:

	Balance at 01/07/16	Granted	Perform-ance rights converted	Expired/ Lapsed	Balance at 01/07/17	Granted	Perform-ance shares converted	Expired/ Lapsed	Balance at 30/06/18
Isaac Halman	-	-	-	-	-	1,500,000	-	-	1,500,000
Total		-	-	-	-	1,500,000	-	-	1,500,000

The first tranche of 500,000 Performance Shares, relating to performance indicators to be achieved in the period from ASX listing on 21 February 2018 to 30 September 2018, has vested and been converted to ordinary shares following the end of the 2018 Financial Year.

Options held by Key Management Personnel

The number of options in the Company held by each KMP are as follows. Not all options were granted as part of KMP remuneration.

	Balance at 01/07/16	Granted	Options exercised	Expired/ Lapsed	Balance at 01/07/17	Share split 3 for 2 (i)	Granted	Options exercised	Expired/ Lapsed	Balance at 30/06/18
Tim Goldsmith	-	-	-	-	-		1,500,000	-	-	1,500,000
Michael Porter	-	1,000,000	-	-	1,000,000	500,000	1,250,000	-	-	2,750,000
Isaac Halman	-	1,000,000	-	-	1,000,000	500,000	-	-	-	1,500,000
Total	-	-	-	-	2,000,000	1,000,000	2,750,000	-	-	5,750,000

(i) On 31 October 2017 the Company reorganised its capital by way of a 3 for 2 share split. Refer Notes 19 and 29(a).

Number of shares held by key management personnel

The number of ordinary shares in the Company held by each KMP of the Company during the financial year is as follows:

	Balance at 30 June 2017	Share Split 3 for 2 (i)	Options Exercised	Net Change Other (ii)	Balance at 30 June 2018
Tim Goldsmith	-		-	1,740,000	1,740,000
Ashley Roff	-		-	50,000	50,000
Michael Porter	3,268,132	1,439,066	-	(24,000)	5,253,198
Isaac Halman	15,000,001	7,500,001	-	(3,887,500)	18,612,502
James Rogalski(iii)	625,000	312,500	-	-	937,500
Boris Bosnich(iv)	400,000	200,000	-	-	600,000
	29,314,700		**-**	**(2,121,500)**	**27,193,200**

(i) On 31 October 2017 the Company reorganised its capital by way of a 3 for 2 share split. Refer Note 18(e).
(ii) Mr Goldsmith and Mr Roff acquired shares in off-market purchases prior to the IPO.
Mr Porter disposed of 490,000 shares in off-market transfers prior to the IPO and subsequently acquired 436,000 shares in on-market purchases.
Mr Halman disposed of 4,387,500 shares in off-market transfers prior to the IPO and was granted 500,000 shares at IPO.
(iii) Mr Rogalski ceased to be a Director on 21 February 2018.
(iv) Mr Bosnich ceased to be a Director on 11 August 2017.

Since the end of financial year:

- Mr Goldsmith acquired 200,000 ordinary shares in an on-market purchase, resulting in a current balance of 1,940,000 shares.
- The Board approved vesting of 500,000 Performance Shares as part of Mr Halman's STI. These were converted to ordinary shares, resulting in a current balance of 19,112,502 shares.

There were no other changes to KMP shareholdings in the period from 30 June 2018 to the date of this report.

Board Remuneration

Policy

The Board's policy in relation to Board remuneration is outlined in the section 'Remuneration Policy' above.

Maximum Aggregate Amount

Total fees paid to all non-executive Director in a year must not exceed $200,000, which was the amount approved by shareholders at the Company's first Annual General Meeting (AGM) on 24 October 2017.

The Company's Constitution provides that the Board may, subject to the ASX Listing Rules, authorise the provision of other benefits by the Company to a Director for services as a director or in any other capacity if the Board is satisfied that to do so is fair to the Company. The Board may also authorise special remuneration to any Director who is or has been engaged by the Company to carry out work or perform any services which are not in their capacity as a director of the Company or a related company. A Director may also be reimbursed for reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as a Director.

Remuneration

Board remuneration, as detailed in the Prospectus and adopted at the date of listing on the ASX on 21 February 2018 is as follows:

Chairman:	$50,000 per annum
Non-executive Director	$40,000 per annum

Directors do not receive any additional fees for serving on or chairing any Board committee.

In addition to the above Directors' fees, as detailed in the Prospectus, Mr Goldsmith and Mr Porter were allocated 1,500,000 and 500,000 options respectively upon listing of the Company on the ASX. Details of these options are included in the Remuneration Report.

During the previous financial year and from the commencement of the current financial year until the date of ASX listing on 21 February 2018, the applicable Director fees, exclusive of statutory superannuation, were as follows:

Chairman	$40,000 per annum
Non-executive Director	$35,000 per annum

Fees are shown exclusive of superannuation. Superannuation contributions are made on behalf of Non-executive Directors in accordance with the requirements of the Company's statutory superannuation obligations. Non-executive Directors are not entitled to any other retirement benefits.

Other equity-related key management personnel transactions

There have been no transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

Loans from Key Management Personnel to the Company

No loans were made from the Company to any KMP and no loans were made from KMP to the Company in 2018. Refer to Note 30 to the financial statements.

Other Transactions with Key Management Personnel

Details of transactions with related parties including KMPs are provided at Note 30 to the financial statements.

-- End of Remuneration Report --

This Directors' report is signed in accordance with a resolution of directors made pursuant to s298(2) of the *Corporations Act 2001*.

On behalf of the Directors

Tim Goldsmith
Chairman

26 September 2018

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 year ended 30 June 2018 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 26th day of September, 2018 in Adelaide, South Australia.

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 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year 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 2018 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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.

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

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	
Biological asset existence and valuation **Refer also to notes 2(q), 3 and 11**	**How our audit addressed it**
The Group's biological assets consist of oysters, which are measured at fair value less costs to sell. The process of estimating the fair value is complex involving a number of judgements and estimates regarding various inputs. Due to the nature of the asset, the valuation technique includes a model that uses a number of inputs from internal and external sources.	Our audit procedures included: — Documenting the processes and assessing the internal controls relating to the valuation methodology applied to biological assets; — Attending a physical inspection of oyster leases and grading during the year to observe and document the process and related controls; — Reviewing the inputs used in the valuation model by comparing to actual performance

This area is a key audit matter due to the complex nature involving a number of judgements and estimates.	subsequent to reporting date, comparing with historical performance of the Group and comparing to external data such as current oyster prices, where external data is available; — Reviewing the historical accuracy of the Group's assessment of the fair value of Oysters by comparing to actual outcomes; and — Assessing the adequacy of the related disclosures within the financial statements.
KEY AUDIT MATTER	
Carrying value of property, plant and equipment and intangible assets **Refer also to notes 2(k), 2(m), 2(n), 3, 13 and 14**	**How our audit addressed it**
As disclosed in Notes 13 and 14, at 30 June 2018 the Group's balance sheet includes property, plant and equipment of $3,411,268 and intangible assets of $2,749,222, which make up one cash generating unit (CGU). The assessment of the recoverable amount of the Group's property, plant and equipment and intangible assets requires the exercise of significant judgement in respect of factors such as discount rates, future contract renewals and economic assumptions such as inflation. The outcome of this assessment could vary significantly if different assumptions were applied and as a result the evaluation of the carrying value of property, plant and equipment and intangible assets is a key audit matter.	Our audit procedures included a detailed evaluation of the group's budgeting procedures (upon which the forecasts are based) and testing the principles and integrity of the discounted future cash flow models. We tested the accuracy of the calculation derived from each forecast model and we assessed key inputs in the calculations such as revenue growth, discount rates and working capital assumptions, by reference to the Board approved forecasts, data external to the group and our own views. We engaged our own valuation specialists when considering the appropriateness of the discount rates and the long term growth rates. We also considered the adequacy of the group's disclosures in relation to the impairment testing.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* 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.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 31 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Angel Seafood Holdings Ltd, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck
ABN: 38 280 203 274

M.D. King
Partner
Dated this 26th day of September, 2018 in Adelaide, South Australia.

Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2018

	Note	Consolidated Group	
		2018	**2017**
		$	**$**
Revenue	5	**1,458,916**	**1,385,272**
Other revenue	5	**51,595**	**30,387**
Other income	5	**1,632,213**	**404,648**
Cost of sales	6	**(689,320)**	**(1,409,968)**
Employee benefits expense	6	**(1,662,328)**	**(704,291)**
Depreciation and amortisation expense	6	**(360,959)**	**(226,995)**
Other expenses		**(1,289,553)**	**(823,645)**
IPO Expenses		**(391,642)**	**-**
Finance costs	6	**(52,900)**	**(161,578)**
Loss before income tax		**(1,303,978)**	**(1,506,170)**
Income tax revenue/(expense)	7	**161,349**	**(161,349)**
Loss for the year		**(1,142,629)**	**(1,667,519)**
Total comprehensive income for the year		**(1,142,629)**	**(1,667,519)**
Profit attributable to:			
Members of the parent entity		**(1,142,629)**	**(1,667,519)**

	Note	2018	2017
Earnings per share (EPS)	25		
Basic EPS (cents)		**(0.012)**	**(0.047)**
Diluted EPS (cents)		**(0.011)**	**(0.046)**

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the final report.

Consolidated Statement of Financial Position
As at 30 June 2018

	Note	Consolidated Group 2018 $	Consolidated Group 2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	**3,957,345**	**1,355,649**
Trade and other receivables	9	**249,801**	**145,390**
Current tax receivable	10	**-**	**713**
Biological assets	11	**1,360,612**	**929,461**
Other assets	12	**435,899**	**58,882**
TOTAL CURRENT ASSETS		**6,003,657**	**2,490,095**
NON-CURRENT ASSETS			
Property, plant and equipment	13	**3,411,268**	**2,163,596**
Biological assets	11	**102,141**	**89,872**
Deferred tax assets	10	**-**	**26,876**
Oyster leases	14	**2,734,149**	**1,752,300**
Other intangible assets	14	**15,073**	**11,146**
Other assets	12	**7,979**	**4,175**
TOTAL NON-CURRENT ASSETS		**6,270,610**	**4,047,965**
TOTAL ASSETS		**12,274,267**	**6,538,060**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	**169,030**	**355,238**
Borrowings	16	**724,127**	**625,058**
Employee benefits	17	**68,314**	**47,441**
TOTAL CURRENT LIABILITIES		**961,471**	**1,027,737**
NON-CURRENT LIABILITIES			
Trade and other payables	15	**3,932**	**787,226**
Borrowings	16	**176,743**	**333,418**
Deferred tax liabilities	10	**-**	**188,225**
Employee benefits	17	**13,482**	**-**
TOTAL NON-CURRENT LIABILITIES		**194,157**	**1,308,869**
TOTAL LIABILITIES		**1,155,628**	**2,336,606**
NET ASSETS		**11,118,639**	**4,201,454**
EQUITY			
Issued Capital	18	**14,007,061**	**6,300,973**
Reserves	19	**721,726**	**(432,000)**
Accumulated losses		**(3,610,148)**	**(1,667,519)**
Total equity attributable to equity holders of the Company		**11,118,639**	**4,201,454**
TOTAL EQUITY		**11,118,639**	**4,201,454**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the final report.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2018

Consolidated Group

2018

	Note	Ordinary Shares $	Accumulated Losses $	Common Control Reserve $	Share Based Payment Reserve $	Total $
Balance as at 1 July 2017		6,300,973	(1,667,519)	(800,000)	368,000	4,201,454
Loss attributable to members of the parent entity		-	(1,142,629)	-	-	(1,142,629)
Common control reserve transferred to accumulated losses	4	-	(800,000)	800,000	-	-
Shares issued during the year	18	8,870,000	-	-	-	8,870,000
Transaction costs	18	(1,163,912)				(1,163,912)
Share based payment reserve recognised	19	-	-	-	353,326	353,326
Receipt of option issue proceeds		-	-	-	400	400
Balance at 30 June 2018		14,007,061	(3,610,148)	-	721,726	11,118,639

Consolidated Group
2017

	Note	Ordinary Shares $	Accumulated Losses $	Common Control Reserve $	Share Based Payment Reserve $	Total $
Loss attributable to members of the parent entity		-	(1,667,519)	-	-	(1,667,519)
Shares issued during the year	18	7,023,853	-	-	-	7,023,853
Transaction costs	18	(722,880)	-	-	-	(722,880)
Common control reserve recognised	4	-	-	(800,000)	-	(800,000)
Share based payment reserve recognised	19	-	-	-	368,000	368,000
Balance at 30 June 2017		6,300,973	(1,667,519)	(800,000)	368,000	4,201,454

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the final report.

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2018

		Consolidated Group	
		2018	2017
	Note	$	$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	31.a	1,499,798	1,399,336
Payments to suppliers and employees	31.a	(3,504,842)	(1,911,351)
Interest received	31.a	14,122	2,967
Finance costs	31.a	(56,703)	(165,753)
Net cash (used in) operating activities	31.a	(2,047,625)	(674,801)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for oyster lease		(486,535)	(1,025,175)
Payment of deposit for Cowell Oyster lease		(300,000)	-
Payment for other intangible assets		(14,542)	(13,932)
Proceeds from disposal of property, plant and equipment		105,688	-
Purchase of property, plant and equipment		(1,861,798)	(1,285,819)
Net cash (used in) investing activities		(2,557,187)	(2,324,926)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		8,000,400	5,823,855
Proceeds from Convertible Notes		500,000	-
Proceeds from related party loans		-	197,038
Repayment of related party loans		(8,773)	(190,000)
Repayment of borrowings		(481,753)	(1,097,813)
Proceeds from Finance leases		23,100	(22,824)
Repayment of finance leases		(98,953)	-
Payments for capital raising costs		(727,513)	(354,880)
Net cash provided by financing activities		7,206,508	4,355,376
Net increase in cash and cash equivalents held		2,601,696	1,355,649
Cash and cash equivalents at beginning of the period		1,355,649	-
Cash and cash equivalents at end of the period	8	3,957,345	1,355,649

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, which form an integral part of the final report.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2018

Nature of Operations

Angel Seafood Holdings Ltd and its controlled entities (the "Consolidated Group" or "Group") principle activity is the sale of oysters. This activity comprises of the grow-out and sale of oysters.

The consolidated financial statements and notes represent those of Angel Seafood Holdings Ltd and Controlled Entities.

The separate financial statements of the parent entity, Angel Seafood Holdings Ltd, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 21 September 2018 by the Directors of the Company.

1. Basis of Preparation

These general-purpose financial statements:

a. have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

b. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

c. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

d. Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected current and non-current assets.

2. Summary of Significant Accounting Policies

a. Principles for consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Angel Seafood Holdings Ltd) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 26.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses. More detail on applicable business combinations can be found at Note 4.

Note 2 Summary of Significant Accounting Polices (continued)

a. Principles for consolidation (continued)

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

b. Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Note 2 Summary of Significant Accounting Polices (continued)

b. Income Tax (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

(i) a legally enforceable right of set-off exists; and
(ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in Note 2l to the financial statements.

d. Leases

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

Finance leases are capitalised by recognising 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.

Note 2 Summary of Significant Accounting Polices (continued)

d. Leases (continued)

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

e. Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

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

f. Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1l for further discussion on the determination of impairment losses.

g. Trade and other payables

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

h. Finance Costs

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

Note 2 Summary of Significant Accounting Polices (continued)

i. 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.

j. 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.

k. 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 losses.

Property

Freehold land and buildings are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of freehold land and buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1m for details of impairment).

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

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1m for details of impairment).

Note 2 Summary of Significant Accounting Polices (continued)

k. Property, plant and equipment (continued)

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

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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%

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 the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

l. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Note 2 Summary of Significant Accounting Polices (continued)

l. Financial Instruments (continued)

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

Note 2 Summary of Significant Accounting Polices (continued)

l. Financial Instruments (continued)

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

m. Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information.

If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment).

Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

n. Intangible Assets

Oyster Leases

Oyster leases are measured on the cost basis and therefore carried at cost less any accumulated impairment. In the event the carrying amount of an oyster lease is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1m for details of impairment).

Note 2 Summary of Significant Accounting Polices (continued)

n. Intangible Assets (continued)

The Group's Government awarded oyster leases are classified as 'production leases' by the Department of Primary Industries and Regions SA (PIRSA) and are granted for a maximum term of 20 years. Upon the expiry of any given term, they are renewable for successive terms and the Group considers that the risk of any of its oyster leases not being renewed at the end of their current terms to be immaterial. As such, the useful life of the leases is considered to be indefinite and no amortisation is applied.

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

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than 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.

o. Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

p. Cash and cash equivalents

Cash and cash equivalents comprise 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.

q. Biological Assets

Biological assets consist of oysters. These assets have been measured at fair value less costs to sell in accordance with *AASB141 Agriculture*. Estimated fair values are based on a stock lifecycle model developed by the Group which incorporates various key assumptions. These assumptions include anticipated:

- Oyster prices less cost to sell
- Mortality rates
- Spawning cycles
- Seasonal growth rates

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. Refer to Note 3 for further details regarding the key estimates relating to the fair value of biological assets.

Note 2 Summary of Significant Accounting Polices (continued)

r. 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. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions 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 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 government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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.

s. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

t. Share-based payments

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and earnings per share growth targets and performance conditions).

Note 2 Summary of Significant Accounting Polices (continued)

u. Segment reporting

For management purposes the Group is organised in one operating segment being the production and sale of oysters in Australia. Financial information of the Group is reported to the Board (Chief Operating Decision Maker) as a single segment. All material operating decisions are based on analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

v. Comparative figures

The financial statements for 2017 covered the period from 27 September 2016 to 30 June 2017.

The financial statements for 2018 covered the twelve-months ended 30 June 2018.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

w. New Accounting Standards and Interpretations

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- **AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).**

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Note 2 Summary of Significant Accounting Polices (continued)

w. New Accounting Standards and Interpretations (continued)

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial statements.

– AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

i. identify the contract(s) with a customer;
ii. identify the performance obligations in the contract(s);
iii. determine the transaction price;
iv. allocate the transaction price to the performance obligations in the contract(s); and
v. recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's financial statements.

– AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 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.

Note 2 Summary of Significant Accounting Polices (continued)

w. New Accounting Standards and Interpretations (continued)

The main changes introduced by the new Standard are as follows:

i. recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
ii. depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
iii. inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
iv. application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
v. inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Group currently has $214,899 disclosed as operating leases which will need to be included on the statement of financial position under AASB 16.

3. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

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.

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.

Note 3 Critical Accounting Estimates and Judgments (continued)

Key estimate and judgement - deferred tax asset

Judgements and estimates are required when determining the recognition and measurement of deferred tax asset. The Group has not recognised a deferred tax asset relating to unused tax losses and deductible temporary differences. Based on estimates of the probability of realising these tax benefits, management does not believe that the criteria to recognise deferred tax assets has been met (see Note 10). Changes in the Group's performance and profitability may impact the recognition of the deferred tax asset.

4. Business Combinations

During the previous financial year (9^{th} 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 Chief Executive Officer (CEO), 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:

	Consolidated Group 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**

Note 4 Business Combinations (continued)

At the time of the acquisition, the Group issued 15,000,000 shares at $0.08 each as initial consideration for the purchase of the business. Further, under the terms of the Business Sale and Purchase Deed a liability for deferred consideration of $800,000, less the employee entitlements was assumed, and was to be payable on the occurrence of a Liquidity Event. A Liquidity Event was defined as:

i. The achievement of the Revenue Target by any or all of the Company's and its related bodies corporate;

ii. The merger or consolidation of the Company (or a related body corporate) into another company;

iii. If a takeover bid is made in respect of the Company (or a related body corporate) and its directors recommend acceptance to shareholders; or

iv. 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 meant $3,000,000 in sales revenue during a calendar year commencing 1 January 2018 based on Management Accounts and certified by the Company's auditor.

Notwithstanding the above, if no Liquidity Event occurred, the Company (or a related body corporate) was to 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.

The deferred consideration recognised was not discounted as it was expected that it would be paid within 2 years of recognition and that any impact of discounting would not be material.

During the current financial year, an agreement was made with the trustee of the Halman Family Trust to extinguish the debt relating to the deferred consideration with equity by the issue of 4,000,000 performance rights for up to 8-million shares following the forgiveness of the debt by the trustee of the Halman Family Trust. These performance rights vest providing the Company achieves sales revenues of at least $3,000,000 for any rolling 12-month period on or before 30 June 2021. For further details on the performance shares refer to Note 29 Share-based payments.

As a result of the above, the common control reserve previously recognised has been transferred to retained earnings.

As a result of the forgiveness of the obligation the pay the deferred consideration, there has been the recognition of a one-off gain of $780,188 in the statement of Profit or Loss and other Comprehensive Income. Refer to Note 5 Revenue and Other Income.

5. Revenue and Other income

	Consolidated Group	
	2018	2017
Revenue from continuing operations	$	$
Sales revenue		
- sale of biological assets	1,458,916	1,385,272
Total Revenue	1,458,916	1,385,272
Other revenue		
- rental income	3,800	1,000
- interest income	14,122	2,967
- sundry income	33,673	26,420
	51,595	30,387
Other income		
- Related party loan forgiven (refer Note 4)	780,188	-
- net gain on disposal of property, plant and equipment	-	4,822
- fair value adjustment of biological assets	852,025	399,826
	1,632,213	404,648

6. Result for the year

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

Finance Costs		
- Interest paid on borrowings – related parties	11,553	63,375
- Interest paid on borrowings – unrelated parties	41,347	98,203
Total finance costs	52,900	161,578

The result for the year includes the following specific expenses:

Cost of sales	689,320	1,409,968
Other expenses:		
Accounting fees	87,682	53,756
Employee benefits expense	1,549,475	651,838
Employee superannuation	112,853	52,453
Depreciation of property, plant and equipment	356,495	224,209
Amortisation of intangible assets	4,464	2,786
Freight and cartage	79,796	87,589
Petrol and oil	95,649	58,408
Repairs and maintenance	156,591	114,339
Rental expense on operating leases:		
- Minimum lease payments	155,049	155,900

7. Income Tax Expense

(a) The major components of tax expense comprise:

		Consolidated Group	
		2018	2017
	Note	$	$
Deferred tax revenue/(expense) relating to temporary differences	2.b	161,349	(161,349)

(b) Reconciliation of income tax to accounting loss:

Loss	(1,303,978)	(1,506,170)
Tax	27.5%	27.5%
	358,594	414,197
Add tax effect of:		
- other non-allowable items	(1,233)	-
- tax losses not brought to account	(196,012)	(576,508)
	161,349	(162,311)
Less tax effect of:		
- other allowable items	-	962
Income tax revenue/(expense)	161,349	(161,349)

8. Cash and Cash Equivalents

Cash at bank	651,513	1,355,649
Short-term bank deposits	3,305,832	-
	3,957,345	1,355,649

The effective interest rate on short-term bank deposits was 2.15% (2017: N/A), these deposits have an average maturity of 30 days.

9. Trade and Other Receivables

CURRENT		
Trade receivables	97,471	101,597
GST receivable	143,531	41,378
Loan – Halman Family Trust (Oyster Lease)	5,667	-
Other receivables	3,132	2,415
	249,801	145,390

Note 9 Trade and Other Receivables (continued)

a. Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 9. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

The following table details the Group's trade and other receivables exposed 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, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances 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. On this basis, the Group has not recognised any provision for impairment of the trade and other receivables.

Consolidated Group

2018

			Past Due but not impaired				
	Gross amount	**Past due and impaired**	**<30**	**31-60**	**61-90**	**>90**	**Within initial trade terms**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables	**97,471**	-	-	-	-	-	**97,471**
GST receivable	**143,531**	-	-	-	-	-	**143,531**
Other receivables	**8,799**	-	-	-	-	-	**8,799**
Total	**249,801**	-	-	-	-	-	**249,801**

Consolidated Group

2017

			Past Due but not impaired				
	Gross amount	**Past due and impaired**	**<30**	**31-60**	**61-90**	**>90**	**Within initial trade terms**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables	**101,597**	-	-	-	-	-	**101,597**
GST receivable	**41,378**	-	-	-	-	-	**41,378**
Other receivables	**2,415**	-	-	-	-	-	**2,415**
Total	**145,390**	-	-	-	-	-	**145,390**

10. Tax Assets and Liabilities

	Consolidated Group	
	2018	2017
Current tax asset	$	$
Current tax receivable	-	713

Consolidated Group

2018	Opening Balance	(Charged)/ Credited to Income	Offset	Closing Balance
	$	$	$	$
Deferred tax assets				
Provisions - employee benefits	13,046	9,448	(22,494)	-
Accruals	13,830	4,381	(18,211)	-
Balance at 30 June 2018	26,876	13,829	(40,705)	-

	Opening Balance	Charged/ (Credited) to Income	Offset	Closing Balance
	$	$	$	$
Deferred tax liabilities				
Property, plant and equipment	78,273	12,403	(90,676)	-
Fair value adjustments to biological assets	109,952	234,307	(344,259)	-
Balance at 30 June 2018	188,225	246,710	(434,935)	-

Consolidated Group

2017	Opening Balance	(Charged)/ Credited to Income	Offset	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	Offset	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

Note 10 Tax Assets and Liabilities (continued)

Due to uncertainty around the Group's ability to fully utilise the prior year tax losses in future years, a deferred tax asset has not been recognised. The balance of tax losses carried forward to future years as at 30 June 2018 is $4,493,027 (2017: $2,062,066).

11. Biological Assets

	Consolidated Group	
	2018	**2017**
	$	**$**
Oyster Inventory		
Oyster stock - On-grown	**30,610**	**612,542**
Oyster Stock - Spat	**1,432,143**	**406,791**
Total Biological Assets	**1,462,753**	**1,019,333**
Reconciliation of Oyster Inventory		
Stock value at the beginning of the year	**1,019,333**	**-**
Additions/purchases	**287,594**	**2,039,715**
Deductions/sales	**(696,199)**	**(1,420,208)**
Fair value movements	**852,025**	**399,826**
Balance at end of year	**1,462,753**	**1,019,333**

The closing oyster inventory consisted of approximately 7.3 million units. During the financial year ended 30 June 2018, approximately 1.88 million units were sold at an average price of 77.5 cents per unit.

There is inherent uncertainty in the biomass estimate and resultant fair valuation of the Biological assets. This is common to all such valuations and best practice methodology is used to facilitate reliable estimates. The estimated fair value of oyster inventory is based on a stock lifecycle model developed internally by the Group which incorporates various key assumptions to simulate stock growth which are regularly reviewed and updated. These assumptions include anticipated:

- Oyster prices less cost to sell
- Mortality rates
- Spawning cycles
- Seasonal growth rates

Actual growth will invariably differ to some extent, which is monitored along with mortality rates during periodic physical grading and harvest counts. Perpetual stock records are then adjusted and reconciled following the completion of each periodic physical count.

Note 11 Biological Assets (continued)

a. Current and non-current biological assets

	Consolidated Group	
	2018	**2017**
	$	**$**
Total current	**1,360,612**	**929,461**
Total non-current	**102,141**	**89,872**
Total current and non-current biological assets	**1,462,753**	**1,019,333**

The current biological assets are oysters that will be available to sell in the next 12-months (i.e. an adequate size for sale).

12. Other Assets

	Consolidated Group	
	2018	**2017**
	$	**$**
CURRENT		
Prepayments	**129,748**	**58,882**
Deposit – Cowell asset acquisition	**306,151**	-
	435,899	**58,882**
NON-CURRENT		
Borrowing costs	**7,979**	**4,175**

13. Property, plant and equipment

	Consolidated Group	
	2018	**2017**
LAND AND BUILDINGS	**$**	**$**
Land and buildings		
At cost	**1,002,796**	**461,453**
Total land and buildings	**1,002,796**	**461,453**
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	**1,967,585**	**1,223,061**
Accumulated depreciation	**(418,767)**	**(152,657)**
Total plant and equipment	**1,548,818**	**1,070,404**
Leased plant and equipment		
At cost	**465,082**	**558,817**
Accumulated depreciation	**(158,583)**	**(70,142)**
Total leased plant and equipment	**306,499**	**488,675**
Computer software		
At cost	**2,668**	**2,668**
Accumulated depreciation	**(1,166)**	**(499)**
Total computer software	**1,502**	**2,169**
Work in Progress - Leasehold improvements (Oyster)		
At Cost	**489,609**	**-**
Total leasehold improvements (Oyster)	**489,609**	**-**
Property improvements		
At cost	**64,232**	**141,806**
Accumulated depreciation	**(2,188)**	**(911)**
Total property improvements	**62,044**	**140,895**
Total plant and equipment	**2,408,472**	**1,702,143**
Total property, plant and equipment	**3,411,268**	**2,163,596**

Note 13 Property, plant and equipment (continued)

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:

Consolidated Group

2018

	Land and Buildings	Plant and Equipment	Leased Plant and Equipment	Computer Software	Leasehold Improvements (Oyster)	Property Improvements	Total
	$	$	$	$	$	$	$
Year ended 30 June 2018							
Balance as at 1 July 2017	461,453	1,070,404	488,675	2,169	-	140,895	2,163,596
Additions	541,343	826,710	23,043	-	489,609	6,223	1,886,928
Disposals	-	(82,186)	(116,778)	-	-	(83,797)	(282,761)
Depreciation expense	-	(266,110)	(88,441)	(667)	-	(1,277)	(356,495)
Balance at the end of the year	1,002,796	1,548,818	306,499	1,502	489,609	62,044	3,411,268

Consolidated Group
2017

	Land and Buildings	Plant and Equipment	Leased Plant and Equipment	Computer Software	Leasehold Improvements (Oyster)	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	436,183	558,817	-	-	-	1,101,986
Depreciation expense	-	(152,657)	(70,142)	(499)	-	(911)	(224,209)
Balance at the end of the year	461,453	1,070,404	488,675	2,169	-	140,895	2,163,596

14. Intangible Assets

	Consolidated Group	
	2018	2017
	$	$
FORMATION AND BUSINESS STRUCTURE COSTS		
Cost	22,323	13,932
Accumulated amortisation	(7,250)	(2,786)
Net carrying value	15,073	11,146
OYSTER LEASES		
Cost	2,734,149	1,752,300
Total Intangibles	2,749,222	1,763,446

Note 14 Intangible Assets (continued)

a. Movements in carrying amounts of intangible assets

Consolidated Group
2018

	Formation and business structure costs	Oyster leases	Total
	$	$	$
Year ended 30 June 2018			
Value as at 1 July 2017	**11,146**	**1,752,300**	**1,763,446**
Additions	**8,391**	**981,849**	**990,240**
Amortisation	**(4,464)**	**-**	**(4,464)**
Balance at the end of the year	**15,073**	**2,734,149**	**2,749,222**

Consolidated Group

2017

	Formation and business structure 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)**
Balance at the end of the year	**11,146**	**1,752,300**	**1,763,446**

Impairment testing of intangible assets

For intangible assets with a finite life, at the end of each reporting period, management assess whether there are any indications that an asset may be impaired (i.e. its carrying amount may be higher than its recoverable amount). For impairment testing purposes, the Group identifies its cash generating unit (CGU) which is the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets of the Group. Management have determined that there is one CGU.

The recoverable amount of the CGU is determined based on value in use. Value in use is calculated using a discounted cash flow model covering a five-year period with an appropriate terminal growth rate at the end of that period for the CGU. The model is based upon an estimated future five-year cash flow forecast, incorporating budgets for the first two years, a three-year forecast period, and a terminal value calculation in the fifth year, with the following key input assumptions.

	2018	2017
	%	%
Key assumptions:		
Growth rate over forecast period	**3.00**	**-**
Terminal value growth rate	**2.50**	**-**
Pre-tax discount rate	**13.15**	**-**

Management believes that any reasonable possible change in the key assumptions would not cause the carrying amount of the CGU to exceed the recoverable amount. At each reporting date the directors review intangible assets for impairment. No impairment was assessed as necessary in 2018 (2017: Nil).

15. Trade and Other Payables

	Consolidated Group	
	2018	**2017**
	$	**$**
CURRENT		
Unsecured liabilities:		
Trade payables	**62,010**	**288,504**
Sundry payables and accrued expenses	**107,020**	**66,734**
	169,030	**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		
Unsecured liabilities:		
Related party payables – Halman Family Trust	**3,932**	**787,226**
	3,932	**787,226**

a. Financial liabilities at amortised cost classified as trade and other payables

Total current	**169,030**	**355,238**
Total non-current	**3,932**	**787,226**
Financial liabilities as trade and other payables	**172,962**	**1,142,464**

16. Borrowings

	Consolidated Group	
	2018	2017
	$	$
CURRENT		
Unsecured liabilities:		
Vendor finance loans	-	449,836
Secured liabilities:		
Lease liability	97,397	96,575
Bank Loans	-	78,647
Vendor finance loans	626,730	-
Total current borrowings	724,127	625,058
NON-CURRENT		
Unsecured liabilities:		
Vendor finance loans	-	80,000
Secured liabilities:		
Lease liability	176,743	253,418
Total non-current borrowings	176,743	333,418
Total borrowings	900,870	958,476

a. Current and non-current secured liabilities

Bank Loans	-	78,647
Lease liability	274,140	349,993
Vendor finance loans	626,730	-
Total current and non-current secured liabilities	900,870	428,640

Note 16 Borrowings (continued)

b. Assets pledged as security

The carrying amounts of non-current assets pledged as security are:

	Consolidated Group	
	2018	**2017**
	$	**$**
Oyster leases	**2,734,149**	**1,752,300**
Biological assets	**1,462,753**	**1,019,333**
Land and buildings	**1,002,796**	**461,453**
Leased plant and equipment	**306,499**	**488,675**
Floating charge over assets	**6,768,070**	**2,816,299**
	12,274,267	**6,538,060**

c. Collateral Provided

The Group has a draw down facility capped at $800,000, with a base interest rate of 5.52%. There is a balance of unused facility of $800,000 at the end of the reporting period.

Following the end of the period the Company has been granted an additional $2,000,000 facility with the National Australia Bank Limited which was approved on 11 July 2018. Total facility limit is now $2,800,000.

Lease liabilities are secured by the related leased assets.

The vendor finance loan is secured by a first mortgage over the property at 35 Haslam Highway, Haslam, SA, 5680. The value of the secured vendor finance asset is $111,377 which is included in Land and buildings above.

All other assets are pledged as securities over the facilities with National Australia Bank Limited.

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	**68,314**	**47,441**
Non-current liabilities		
Provision for long service leave	**13,482**	**-**
Total Employee Benefits	**81,796**	**47,411**

The provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Note 17 Employee Benefits (continued)

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 2.r.

Consolidated Group

2018

	Annual Leave	Long Service Leave	Total
	$	$	$
Year ended 30 June 2018			
Value as at 1 July 2017	**47,441**	**-**	**47,441**
Additional provisions	**56,308**	**13,482**	**69,790**
Amounts used	**(35,435)**	**-**	**(35,435)**
Balance at the end of the year	**68,314**	**13,482**	**81,796**

18. Issued Capital

	Consolidated Group	
	2018	2017
	$	$
125,577,900 (June 2017: 53,701,933) Ordinary shares	**15,893,853**	**7,023,853**
Share issue costs	**(1,886,792)**	**(722,880)**
Total	**14,007,061**	**6,300,973**

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. Options

For information relating to share options issued to key management personnel during the financial year, refer to Note 22.

For information relating to share options issued to the Initial Public Offering Lead Manager following the successful IPO during the financial year, refer to Note 29.a.

Note 18 Issued Capital (continued)

c. 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.

d. 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. Total transactions costs for the period were $1,163,912 this included an amount of $186,400 being the fair value of options and $250,000 being share based payments issued to parties as consideration for capital raising services.

e. Capital Reorganisation

On 31 October 2017 the Company reorganised its capital by way of a 3 for 2 share split. Following the reorganisation there were a total of 80,702,900 ordinary shares on issue.

Reconciliation of Ordinary Shares as at 30 June 2018:

	No.	**$**
Ordinary shares on issue at beginning of the period	**53,701,933**	**7,023,853**
Ordinary shares issued during the period prior to the reorganisation	**100,000**	**20,000**
Shares issued on reorganisation (3 for 2)	**26,900,967**	**-**
Balance following reorganisation	**80,702,900**	**7,043,853**
Ordinary shares issued at IPO	**40,000,000**	**8,000,000**
Ordinary shares issued to founder under Employee Incentive Scheme	**500,000**	**100,000**
Ordinary shares issued to lead manager upon IPO	**1,250,000**	**250,000**
Ordinary shares issued on conversion of convertible note	**3,125,000**	**500,000**
Balance at period end	**125,577,900**	**15,893,853**

19. Reserves

	Consolidated Group 2018 $	2017 $
Share based payment reserve (a)		
Opening balance at beginning of period	**368,000**	**-**
Transfers in	**353,726**	**368,000**
Balance at period end	**721,726**	**368,000**
Common control reserve (b)		
Opening balance at beginning of period	**(800,000)**	**-**
Transfers in	**-**	**(800,000)**
Transfer to accumulated losses	**800,000**	**-**
Balance at period end	**-**	**(800,000)**
Total reserves	**721,726**	**(432,000)**

a. Share based payment reserve

This reserve records, in accordance with AASB 2 Share-based Payments, the allocated fair value at grant date of share rights that have been granted and remain outstanding at the reporting date. The value determined is recognised evenly over the financial years in which services are provided as specified by the performance period for each grant of share rights, subject to subsequent revision of the number of share rights expected to vest and the number that ultimately vest. The recognised value of share rights that vest and are exercised is transferred to share capital on the issue of shares.

The specific details of each tranche of options, performance rights and performance shares on issue are detailed in Note 29.

A summary of the movement in the Share based payment reserve is as follows:

2018

	Options No.	Performance Shares No.	Performance Rights No.	Share Based Payment Reserve $
Balance as at 1 July 2017	**4,000,000**	**-**	**-**	**368,000**
Share split (3 for 2)	**2,000,000**	**-**	**-**	**-**
Balance after capital reorganisation	**6,000,000**	**-**	**-**	**368,000**
'Debt to Equity Swap' performance rights	**-**	**-**	**4,000,000**	**80,000**
Performance shares – I Halman	**-**	**500,000**	**-**	**57,142**
Performance shares – I Halman	**-**	**1,000,000**	**-**	**15,384**
Options – OP1 Class	**4,000,000**	**-**	**-**	**186,400**
Options – OP2 Class	**2,000,000**	**-**	**-**	**14,400**
Balance at the end of the year	**12,000,000**	**1,500,000**	**4,000,000**	**721,326**

Note 19 Reserves (continued)

a. Share based payment reserve (continued)

2017

	Options No.	**Performance Shares No.**	**Performance Rights No.**	**Share Based Payment Reserve $**
Options – OPE Class	**4,000,000**	**-**	**-**	**368,000**
Balance at the end of the year	**4,000,000**	**-**	**-**	**368,000**

b. Common control reserve

As indicated in Note 4 – Business Combinations, during the previous financial year, 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 represented the excess of consideration over the net assets acquired. As a result of the transaction involving the 'Debt for Equity Swap' outlined in Note 4, the balance of the common control reserve has been transferred to accumulated losses.

20. Capital and Leasing Commitments

a. Finance Leases	**Consolidated Group**	
	2018	**2017**
	$	**$**
Minimum lease payments:		
- not later than one year	**110,825**	**115,105**
- between one year and five years	**188,186**	**275,605**
Minimum lease payments	**299,011**	**390,710**
Less: finance changes	**(24,871)**	**(40,717)**
Present value of minimum lease payments	**274,140**	**349,993**

Finance leases are in place for motor vehicles, oyster baskets, barge and grader and have terms 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.

Note 20 Capital and Leasing Commitments (continued)

b. Operating Leases

	Consolidated Group	
Non-cancellable operating leases contracted for but not recognised in the financial statements. Minimum lease payments:	**2018** $	**2017** $
- not later than one year	**124,293**	**147,218**
- between one year and five years	**90,606**	**189,899**
	214,899	**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. In turn, lease fees are also payable to the South Australian Government on an annual basis.

c. Capital Expenditure Commitments

Capital expenditure commitments contracted for:		
- Plant and equipment purchases	**126,817**	**301,921**
- Cowell assets acquisition	**2,700,000**	**-**
	2,826,817	**301,921**

21. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, leases and related party loans.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group	
		2018	**2017**
	Note	**$**	**$**
Financial assets			
Cash and cash equivalents	2.p	**3,957,345**	**1,355,649**
Loans and receivables	2.l	**249,801**	**145,390**
Total financial assets		**4,207,146**	**1,501,039**
Financial liabilities			
Trade and other payables		**172,962**	**1,142,464**
Borrowings		**900,870**	**958,476**
Total financial liabilities		**1,073,832**	**2,100,940**

Note 21 Financial Risk Management (continued)

Financial Risk Management Policies

The Board and the Board's Audit and Risk Committee are responsible for managing financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty credit risk, liquidity risk and interest rate risk. The Audit and Risk Committee reports to the Board and minutes of the Committee's meetings are reviewed by the Board.

The Company's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are liquidity risk, credit risk, and market risk consisting of interest rate risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

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

Financial instruments used

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

i. Trade receivables
ii. Cash at bank
iii. Convertible Notes
iv. Trade and other payables
v. Vendor finance

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

i. preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
ii. monitoring undrawn credit facilities;
iii. obtaining funding from a variety of sources;
iv. maintaining a reputable credit profile;
v. managing credit risk related to financial assets;
vi. only investing surplus cash with major financial institutions; and
vii. comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Note 21 Financial Risk Management (continued)

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

Financial Liability and Financial Asset Maturity Analysis

2018	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Financial liabilities due for payment	$	$	$	$
Trade and other payables	(169,030)	-	-	(169,030)
Amounts payable to related parties	-	(3,932)	-	(3,932)
Finance lease liabilities	(97,397)	(176,743)	-	(274,140)
Vendor finance	(626,730)	-	-	(626,730)
Total expected outflows	(893,157)	(180,675)	-	(1,073,832)
Financial assets – cash flows realisable				
Cash and cash equivalents	3,957,345	-	-	3,957,345
Trade, term and loan receivables	249,801	-	-	249,801
Anticipated inflows	4,207,146	-	-	4,207,146
Net inflow on financial instruments	3,313,989	(180,675)	-	3,133,314

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to relevant debt contracts. Refer to Note 16 for further details.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Risk and Audit Committee or Board has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Note 21 Financial Risk Management (continued)

Credit Risk Exposures

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

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 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
Consolidated Group	**$**	**$**
2018		
Trade and term receivables	**97,471**	**97,471**
Other receivables	**152,330**	**152,330**
Total	**249,801**	**249,801**

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

Credit risk related to balances with banks and other financial institutions is overseen by the Audit and Risk Committee and Board. Surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA–. The following table provides information regarding the credit risk relating to cash based on Standard & Poor's counterparty credit ratings.

	Consolidated Group	
	2018	**2017**
	$	**$**
Cash and cash equivalents		
AA- Rated	**3,957,345**	**1,355,649**

Note 21 Financial Risk Management (continued)

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.

(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 2018, 100% 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 (i.e. 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:

	Consolidated Group	
	2018	**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).

The Board manages the risk to fair value due to fluctuations in the market price by ensuring minimal fair value is assigned to stock at each stage of its life cycle. Current stock is valued at an average of $0.20/oyster, with the selling price being approximately $0.775/market-ready oyster. Refer Note 11 for full details.

After an adjustment for mortality in stock on hand of 30% the following price-based sensitivity analysis shows the impact to anticipated sales revenue for the financial year ahead.

Revenue Increase/(Decrease)	Price Increase by 10%	Price Increase by 15%	Price Decrease by 10%	Price Decrease by 15%
30 June 2019	$396,000	$594,000	($396,000)	($594,000)

22. Key Management Personnel Compensation

Refer to the remuneration report contained in the director's report for details of the remuneration paid or payable to each member of the Group's Key Management Personnel (KMP) for the year ended 30 June 2018.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	Consolidated Group	
	2018	**2017**
	$	**$**
Short-term employee benefits	**251,394**	**92,079**
Post-employment benefits	**19,002**	**6,248**
Other long-term benefits	**582**	**-**
Share-based payments	**286,926**	**201,500**
	557,904	**299,827**

Short-term employee benefits
These amounts include fees and benefits paid to the non-executive Chairman and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Other long-term benefits
These amounts represent long service leave benefits accruing during the year.

Share-based payments
These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

23. Auditors' Remuneration

	Consolidated Group	
	2018	**2017**
	$	**$**
Audit Services, William Buck		
- auditing or reviewing the financial statements for Company	**28,270**	**14,300**
- auditing or reviewing the financial statements for Halman Family Trust	**13,500**	**-**
Non-audit Services, William Buck Corporate Advisory Services (SA) Pty Ltd (an entity related to William Buck)		
- preparation of the independent accountant's report	**34,000**	**-**
Total Auditor's Remuneration	**75,770**	**14,300**

24. Dividends

No Dividends were declared or paid during the year.

25. Earnings per share

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders as the numerator (i.e. no adjustments to profit were necessary in either the 2018 or 2017 financial years).

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share is as follows:

	Consolidated Group	
	2018	**2017**
	$	**$**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**96,640,160**	**35,483,171**
Weighted average number of dilutive options outstanding	**2,932,638**	**506,328**
Weighted average number of dilutive performance shares outstanding	**1,958,904**	**-**
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**101,531,702**	**35,989,499**

26. Interests in Subsidiaries

a. Information about principal subsidiaries

	Principal place of business	Ownership interest held by the Consolidated Group	
		2018	**2017**
		%	**%**
Subsidiaries:			
Angel Seafood Infrastructure Pty Ltd	Port Lincoln, Australia	**100**	**100**
Angel Oysters Australia Pty Ltd	Port Lincoln, Australia	**100**	**100**

The subsidiaries listed above have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principle place of business is also its country of incorporation.

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared using the same reporting date as the Group's financial statements.

b. Significant Restrictions

Assets held in subsidiaries can be accessed by the Group to settle Group liabilities or be used as collateral for Group debt. Subsidiary assets are currently being used in this manner; refer Notes 16 and 21 for further details.

27. Fair Value Measurement

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

i. Biological assets

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level than an input that is significant to the measurements can be categorised into 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 fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included at level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

i. *Market approach* uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
ii. *Income approach* converts estimated future cash flows or income and expenses into a single discounted present value.
iii. *Cost approach* reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risk. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Note 27 Fair Value Measurement (continued)

The following table provides the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
30 June 2018	**$**	**$**	**$**	**$**
Recurring fair value measurements				
Biological assets	**-**	**1,462,753**	**-**	**1,462,753**

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

Level 2 measurements

A reconciliation of the movements in recurring fair value measurements allocated to Level 2 of the hierarchy is provided below:

	Consolidated Group	
	2018	**2017**
	$	**$**
Stock value at beginning of the period	**1,019,333**	**-**
Total gains or losses for the year		
Recognised in profit or loss - other income / other expenses	**852,025**	**399,826**
Other movements		
Additions/purchases	**287,594**	**2,039,714**
Deductions/sales	**(696,199)**	**(1,420,207)**
Balance at end of year	**1,462,753**	**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.

28. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2018.

29. Share-based payments

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and earnings per share growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share based payment reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share rights expected to vest. Non-market vesting conditions are included in assumptions about the number of share options or rights that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options or rights expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options or rights ultimately exercised are different to that estimated on vesting. Upon exercise of share options or rights, the proceeds received and the accumulated amount in the share options or rights reserve applicable to those share options or rights, net of any directly attributable transaction costs, are allocated to share capital.

a. Options

Options – OPE Class

On 20 April 2017, 4 million options were issued with an exercise price of $0.125 and an expiry date of 28 February 2021. They were then converted to 6 million options as part of the capital reorganisation that occurred during the year (1:1.5 share split). As such, the exercise price was adjusted accordingly and is now $0.0833. These options are subject to escrow until 21 February 2020. 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

Options – OP1 Class

On 8 February 2018, 4 million options were issued to Everblu Capital Pty Ltd (or nominee) as part of the Lead Manager Mandate for the IPO with an exercise price of $0.20 and an expiry date of 21 February 2022. These options are subject to escrow until 21 February 2020. The key assumptions in determining the value of the options in relation to the share-based payment are:

- Expected volatility: 25%
- Risk free rate: 2.139%
- Expected life of the option: 4 years
- Share price: $0.20
- Model used: Binomial

Included under Issued capital in the Statement of Financial Position is an amount of $186,400, which relates to the equity-settled share-based payment transactions. These transactions were directly associated with capital raising and have accordingly has been recorded in equity as a reduction to issued capital.

Note 29 Share based payments (continued)

a. Options (continued)

Options – OP2 Class

On 8 February 2018, there were 2 million options issued to directors as part of the Board Performance Plan with an exercise price of $0.40 and an expiry date of 21 February 2022. These options are subject to escrow until 21 February 2020. The key assumptions in determining the value of the options in relation to the share-based payment are:

- Expected volatility: 25%
- Risk free rate: 2.139%
- Expected life of the option: 4 years
- Share price: $0.20
- Model used: Binomial

Included under Share based payments expense in the statement of profit and loss is an amount of $14,400, which relates to the equity-settled share-based payment transactions.

A summary of the movements of all options issued is as follows:

	No.	Weighted Average exercise price $
Options outstanding as at 1 July 16	-	-
Granted	**4,000,000**	**0.125**
Forfeited	-	-
Exercised	-	-
Expired	-	-
Capital reorganisation - Share Split 1:1.5	**2,000,000**	**0.000**
Options outstanding as at 30 June 17	**6,000,000**	**0.0833**
Granted	**6,000,000**	**0.2667**
Forfeited	-	-
Exercised	-	-
Options outstanding as at 30 June 18	**12,000,000**	**0.1746**

b. Performance Rights

'Debt to Equity Swap' Performance Rights

On 8 February 2018 performance rights for up to 8 million shares were granted to the trustee of the Halman Family Trust with an expiry date of 31 December 2021. These performance rights were issued under a 'Debt to Equity Swap' which was made in relation to the loan owed to the Halman Family Trust (that resulted from the purchase of the original business and was disclosed in the prior year accounts) which was forgiven during the year. Refer to Note 4 for further details.

Note 29 Share based payments (continued)

b. Performance Rights (continued)

These performance rights are subject to escrow for 24 months from listing date. The key assumptions in determining the value of the options in relation to the share-based payment are:

- Hurdle – The Company achieving sales revenue of at least $3,000,000 for any rolling 12-month period on

or before 30 June 2021 in relation to its business and assets (as at the date it is admitted to the Official List of ASX) and the Haslam Assets and Cowell Assets, as shown in the Company's audited financial statements or reviewed half yearly accounts
- Probability of achieving hurdle – likely to be met
- Risk free rate: 2.139%
- Expected life of the right: 4 years
- Share price: $0.20
- Exercise Price: Based on 30-day VWAP prior to exercise

Since the number of rights to convert into shares is subject to the 30-day VWAP, and up to a maximum number of 8 million shares, the value of the rights will be at face value or below (if the 30-day VWAP is below $0.10 per share). There is no singular value for each right however the number of shares to convert will adjust inversely to the value per right so that the total value of the rights will be $800,000, or less if the 30-day VWAP is below $0.10 per share.

Included under Share based payments expense in the statement of profit and loss an amount of $80,000, which relates to the equity-settled share-based payment transactions.

The remaining performance rights will be expensed over the period up to 30 June 2021.

c. Performance Shares

Performance shares for I Halman – 500,000

On 8 February 2018, 500,000 Performance Shares were issued to Mr Isaac Halman as part of the Employee Incentive Scheme with a lapse date of 30 September 2018. These shares are subject to escrow until 21 February 2020. The key assumptions in determining the value of the options in relation to the share-based payment are:

- Hurdle – Acquisition of the Haslam assets and the Cowell Assets by 30 September 2018
- Probability of achieving hurdle – a virtual certainty
- Risk free rate: 1.64%
- Expected life of the rights: 15 months
- Share price: $0.20
- Model used: Binomial

Included under Share based payments expense in the statement of profit and loss an amount of $57,142, which relates to the equity-settled share-based payment transactions.

Performance shares for I Halman – 1 million

On 8 February 2018, 1 million Performance Shares were issued to Mr Isaac Halman as part of the Employee Incentive Scheme. These performance shares convert into 1 million ordinary shares if the performance hurdle is met, or if the hurdle is not met by 31 December 2022 the performance shares convert into one ordinary share.

Note 29 Share based payments (continued)

c. Performance Shares (continued)

These performance shares are subject to escrow until 21 February 2020. The key assumptions in determining the value of the options in relation to the share-based payment are:

- Hurdle – In a single financial year, achieving an annual sales revenue of at least $8 million (excluding fair value adjustments) as determined by the audited financial statements, a positive cash flow for the financial year and a Net Profit Before Tax of greater than or equal to $0.0266 earnings per share. All three hurdles must be met in order to achieve the target.
- Probability of achieving hurdle – a probability of 65%
- Risk free rate: 2.192%
- Expected life of the rights: 60 months
- Share price: $0.20
- Model used: Binomial

Included under Share based payments expense in the statement of profit and loss an amount of $15,384, which relates to the equity-settled share-based payment transactions.

d. Ordinary Shares

Ordinary shares for Mr M Porter – 100,000

On 20 October 2017, 100,000 Ordinary Shares were issued to Mr Michael Porter in lieu of cash payment for Director's fees. The fair value of the shares determined by reference to market price was $0.20 per share. These shares were issued prior to the capital reorganisation (1:1.5 split) and as such were split as a result of the reorganisation.

These shares were issued as compensation to key management personnel of the Group. Further details are provided in the directors' report.

Included under Share based payments expense in the statement of profit and loss an amount of $20,000, which relates to the equity-settled share-based payment transactions.

Ordinary shares for I Halman – 500,000

On 8 February 2018, 500,000 Ordinary Shares were issued to Mr Isaac Halman as part of the Employee Incentive Scheme following the successful IPO. The fair value of the shares determined by reference to market price was $0.20 per share. These ordinary shares are subject to escrow until 21 February 2020.

These shares were issued as compensation to KMP of the Group. Further details are provided in the directors' report.

Included under Share based payments expense in the statement of profit and loss is an amount of $100,000, which relates to the equity-settled share-based payment transactions.

30. Related Parties

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

i. Key management personnel:

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, are considered key management personnel.

For details of disclosures relating to KMP, refer to Note 22.

ii. Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which KMP have joint control.

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:

2018

		Purchases	Salaries	Director Fees	Interest expense	Balance outstanding/ Owed by the Company
KMP related parties						
Interacct Business Consulting Pty Ltd	(i)	109,981	-	30,000	-	11,000
B5 Partners Pty Ltd	(ii)	5,000	-	-	-	-
Halman Family Trust	(iii)	-	-	-	11,553	-
Directors						
Tim Goldsmith	(iv)	-	-	22,982	-	-
Isaac Halman	(iii), (v)	-	417,177	-	-	-
Michael Porter	(vi)	60,600	-	47,400	-	-
Ashley Roff		-	-	9,746	-	-
Boris Bosnich		-	-	3,333	-	-
Other related parties						
Kady Halman	(iii), (vii)	-	93,754	-	-	-

i. James Rogalski is a Director of Interacct Business Consulting Pty Ltd. He provides accounting, taxation and advisory services to the Group. James Rogalski resigned as a director on 21 February 2018.

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. Boris Bosnich resigned as a director on 11 August 2017.

iii. Interest was paid to the Halman Family Trust. Isaac Halman is a beneficiary of the Halman Family Trust. Kady Halman is also a beneficiary of the Halman Family Trust.

Note 30 Related Parties (continued)

b. Transactions with related parties (continued)

iv. Tim Goldsmith is the non-executive Chairman and was issued with 1,500,000 options under the Group's Option and Performance Rights Plan valued at $10,800 and Director fees to the value of $12,182.

v. Isaac Halman is an executive director. In addition to his commercial salary, under the Group's Employee Incentive Scheme he received 500,000 Performance Shares valued at $100,000 and 1,500,000 Performance Shares valued at $72,526. During the year he also received 4,000,000 Performance Rights which were valued at $800,000. These Performance Rights were issued under a 'Debt to Equity Swap' which was made in relation to the loan owed to the Halman Family Trust (that resulted from the purchase of the original business and was disclosed in the prior year accounts) which was forgiven during the year. These Performance Rights do not therefore represent any additional net remuneration to Isaac Halman and relate entirely to amounts that were disclosed in the prior period. Refer to Note 4 on Business Combination for further information.

vi. Michael Porter provided consulting services to the Group in addition to his role as a director. He received $20,000 worth of director's fees in equity in lieu of cash. He was also issued with 500,000 options under the Group's Option and Performance Rights Plan, valued at $3,600.

vii. Kady Halman is the spouse of Isaac Halman and employed in the business under a commercial employment relationship.

2017

		Purchases	Salaries	Director & Other Fees	Interest expense	Balance outstanding/ Owed by the Company
KMP related parties						
Interacct Business Consulting Pty Ltd	(i)	69,037	-	-	-	13,385
B5 Partners Pty Ltd	(ii)	15,000	-	-	-	9,167
PRB Capital Pty Ltd	(iii)	337,293	-	-	-	-
Rogalski Family Trust	(i)	-	-	-	9,375	-
Halman Family Trust	(iv)	-	-	-	7,500	-
Directors						
Michael Porter	(iii)	-	-	109,500	23,750	-
Adrian Rose	(iii)	-	-	8,750	23,750	-
Isaac Halman	(iv), (v)	-	168,243	-	-	-
Boris Bosnich	(ii)	-	-	13,334	-	-
Other related parties						
Kady Halman	(v), (vi)	-	64,906	-	-	-

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.

Note 30 Related Parties (continued)

b. Transactions with related parties (continued)

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. In addition, options to the value of $92,000 each were issued to both. Michael Porter received Director fees as equity in Lieu of cash.

iv. Isaac and Kady Halman are beneficiaries of the Halman Family Trust

v. Isaac Halman received share-based payment of options to the value of $92,000 in addition to cash salary.

vi. Kady Halman is the spouse 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	**787,226**	**3,932**	**-**	**11,553**	**-**
Halman Family Trust (HFT)	**-**	**5,667**	**-**	**-**	**-**
Angel Seafood Infrastructure Pty Ltd	**1,317,620**	**1,317,620**	**-**	**-**	**-**
Angel Oysters Australia Pty Ltd	**3,903,147**	**8,480,780**	**-**	**-**	**-**

Other related parties include entities controlled by Mr Halman. Refer Note 9 for details regarding HFT Loan.

Angel Seafood Infrastructure and Angel Oysters Australia are both 100% owned subsidiaries of the Company; these loans have been eliminated in the consolidated financial statements.

31. 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:

	Note	Consolidated Group 2018	Consolidated Group 2017
		$	$
Loss for the year		(1,142,629)	(1,667,519)
Cash flows excluded from profit attributable to operating activities			
Non-cash flows in profit:			
- amortisation		4,464	2,786
- depreciation		356,495	224,209
- amortisation of borrowing costs capitalised		1,468	267
- loss on sale of fixed assets		88,454	-
- loans forgiven		(780,188)	-
- share based payments		286,926	-
- (gain) on revaluation of biological assets		(852,025)	(399,826)
Changes in assets and liabilities:			
- (increase) in trade and other receivables		(98,744)	(145,390)
- (increase) in capitalised borrowing costs		(5,271)	(4,442)
- (increase) in rental bonds		(2,692)	(58,882)
- decrease in biological assets	11,27	408,605	880,493
- (increase) in current tax receivables		713	(713)
- (increase) in deferred tax assets		26,876	(26,876)
- increase in trade and other payables		(186,207)	305,238
- increase in deferred tax liability		(188,225)	188,225
- increase in employee benefits		34,355	27,629
Cashflows from operations		(2,047,625)	(674,801)

b. Non-cash financing and investing activities

	2018	2017
Purchase of business using shares	-	1,200,000
Capital raising costs paid using shares	186,400	-
	186,400	1,200,000

32. Events Occurring After the Reporting Date

On 11 July 2018 approval was granted by the National Australia Bank Limited for an additional $2,000,000 loan facility. Refer to Note 16.c for additional details.

On 2 August 2018 settlement was completed on the Cowell Asset Acquisition.

On the 30 August 2018 the Company announced the purchase of a further 1Ha of water leases in Coffin Bay for a total consideration of $450,000.

33. Parent information

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 Australian 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.

	2018	2017
	$	$
Statement of Financial Position		
Assets		
Current assets	3,897,054	1,278,441
Non-current assets	9,811,675	5,229,515
Total Assets	13,708,729	6,507,956
Liabilities		
Current liabilities	7,655	9,167
Non-current liabilities	3,932	787,226
Total Liabilities	11,587	796,393
Equity		
Issued capital	14,007,061	6,300,973
Accumulated losses	(1,031,645)	(157,410)
Common control reserve	-	(800,000)
Share based payment reserve	721,726	368,000
Total Equity	13,697,142	5,711,563
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	(74,235)	(157,410)
Total comprehensive income	(74,235)	(157,410)

Note 33 Parent information (continued)

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2018.

Contractual commitments

The parent entity did not have any contractual commitments as at 30 June 2018.

Guarantees

The parent entity has provided a guarantee and indemnity for the Group's loan facility with the National Australia Bank.

34. Company Details

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

In accordance with a resolution of the Directors of Angel Seafood Holdings Limited, the Directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2018 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 as at 30 June 2018 and of the performance for the year ended on that date 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, and

3. the Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Tim Goldsmith
Chairman

Dated this 26th day of September 2018

Additional Information for Listed Companies

The following information is current as at 21 September 2018:

1. **Shareholding**

126,077,900 fully paid ordinary shares were on issue. 87,881,252 ordinary fully paid shares were quoted on ASX Limited, including 5,855,000 which are subject to voluntary escrow until 21 February 2019. 38,196,648 fully paid ordinary shares are restricted and will remain unquoted until 21 February 2020.

There were 787 holders of fully paid ordinary shares, including 15 holders of ordinary shares subject to escrow until 21 February 2019 and 35 holders of unquoted ordinary shares restricted until 21 February 2020.

Other unquoted securities on issue, all of which are restricted securities until 21 February 2020, are: 1,000,000 performance shares (1 holder), 4,000,000 performance rights (1 holder) and 12,000,000 options (8 holders).

a. **Distribution of Shareholders**

Category (size of holding)	Number of Holders of Ordinary Shares
1 - 1,000	8
1,001 - 5,000	79
5,001 – 10,000	125
10,001 – 100,000	424
100,001 – and over	151
Total	**787**

b. The number of shareholders holding less than marketable parcels is 47.

c. Substantial shareholders as disclosed by notices received by the Company as at 21 September 2018 are:

Shareholder	Number of Ordinary Shares
Angel Oysters Pty Ltd ATF the Halman Family Trust	18,612,502
Bonafide Wealth Management AG	12,841,106
TIGA Trading Pty Ltd	12,318,655
IFM Independent Fund Management AG as trustee for Bonafide Fish Fund *	9,147,143

* 8,341,106 of this amount is included in Bonafide Wealth Management AG

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:
Ordinary Shares:
- Each ordinary share is entitled to one vote when a poll is called, otherwise each member at a meeting or by proxy has one vote on a show of hands.

Other:
- Performance shares, performance rights and options do not confer upon the holder an entitlement to vote on any resolutions proposed by the Company except as required by law.

e. **20 Largest Shareholders – Ordinary Shares**

Name	Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
ANGEL OYSTERS PTY LTD <HALMAN FAMILY A/C>	18,112,500	14.37
J P MORGAN NOMINEES AUSTRALIA LIMITED	14,568,276	11.55
UBS NOMINEES PTY LTD	11,568,655	9.18
MR KIRIL DENNIS BOITCHEFF + MS SUZANNE JANET BOITCHEFF <SEAVIEW SUPER FUND A/C>	3,477,750	2.76
MR MICHAEL RICHARD PORTER + MRS PATRICIA MARY PORTER	4,627,198	3.67
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,919,190	2.32
AJR MANAGEMENT SERVICES PTY LTD <AJR MANAGEMENT SERVICES A/C>	1,944,600	1.54
MR KIRIL DENNIS BOITCHEFF + MRS SUZANNE JANET BOITCHEFF <SEAVIEW SUPER FUND A/C>	1,560,000	1.24
MOLLYGOLD SUPERANNUATION PTY LTD <MOLLYGOLD SUPER FUND A/C>	1,500,000	1.19
TWISHA PTY LTD <DARWELL FAMILY A/C>	1,500,000	1.19
NATIONAL NOMINEES LIMITED	1,250,000	0.99
MOEN INVESTMENTS PTY LTD <MOEN INVESTMENTS A/C>	1,200,000	0.95
KEMBLA NO 20 PTY LTD	1,125,000	0.89
MR CYRIL KOLEFF	1,037,500	0.82
MR BRETT ANTONY WISEMAN + MS LEAH JAYNE WISEMAN <WISEMAN SUPER FUND A/C>	1,037,500	0.82
MR ISAAC LEE HALMAN	1,000,002	0.79
EVERBLU CAPITAL PTY LTD	1,000,000	0.79
MAUNSELL GLOBAL CORPORATION	970,000	0.77
MR JAMES BRUCE ROGALSKI + MS MONIQUE ELLEN ROGALSKI <ROGALSKI SUPER FUND A/C>	937,500	0.74
ROWDY & CO PTY LTD <D & C LAZZARO FAMILY A/C>	840,000	0.67
Total	**72,175,671**	**57.25**

2. The Company Secretary is Ms Christine Manuel.

3. **Registered Office**
19 Adelaide Place
Port Lincoln SA 5606
Ph: 0427 891 200

Principal Place of Business
24 Nicholson Avenue
Coffin Bay SA 5607
Ph: 0427 891 200

4. **Share Register**
Computershare Investor Services – Australia
Level 5, 115 Grenfell Street
Adelaide SA 5000
Ph: (08) 8236 2300 / 1300 850 505
Website: www.computershare.com

5. **Securities Exchange Listing**
Admitted to the official list of ASX Limited on 21 February 2018. Quoted ordinary shares: AS1