



**Appendix 4D
Interim Report**

**For the half-year ended
31 December 2018**

Appendix 4D

(Rule 4.2A.3)

Angel Seafood Holdings Ltd

ABN 38 615 035 366

For the half-year ended:

31 December 2018

Previous Corresponding Period:

31 December 2017

Results for announcement to the market

	2018	2017	Mvmt	Mvmt
Revenue and Profit	\$	\$	\$	%
Revenue from ordinary activities	2,482,542	873,253	1,609,289	184%
Net profit/(loss) from ordinary activities attributable to members	(968,370)	(1,131,557)	163,187	14%
Net profit/(loss) attributable to members	(968,370)	(1,131,557)	163,187	14%
Profit/(loss) before depreciation, amortisation, finance costs, acquisition and restructuring related expenses	(593,698)	(821,562)	227,864	28%

Commentary on results for the period

Refer to the accompanying ASX announcement dated 27 February 2019 for commentary on results.

Dividends

No dividends were declared or paid during the period.

Net tangible assets per ordinary share

	2018	2017
Net tangible assets per ordinary share	\$	\$
Net tangible assets per ordinary share	0.035	0.054

Note that oyster lease assets are classified as intangible and not included in the calculation of net tangible assets per ordinary share. The value of these assets was \$6,498,555 as at 31 December 2018 and \$1,768,959 as at 31 December 2017.

Issued Capital: Performance Shares and Performance Rights

There were 126,191,932 ordinary shares on issue as at 31 December 2018 and 125,577,900 ordinary shares on issue as at 30 June 2018.

There were 1,000,000 Performance Shares and 4,000,000 Performance Rights on issue at 31 December 2018 compared to 1,500,000 Performance Shares and 4,000,000 Performance Rights on issue at 30 June 2018. These Performance Shares and Performance Rights are subject to escrow for a period of 24 months from the date of official listing on 21/2/18.

Each Performance Share converts into one ordinary share subject to the completion of performance milestones as set out in section 16.3 of the Replacement Prospectus dated 13/12/17 (Replacement Prospectus). The performance milestone for the first tranche of 500,000 of the Performance Shares was satisfactorily achieved and 500,000 Performance Shares were converted to ordinary shares on 20/9/18. The 500,000 converted ordinary shares are also subject to escrow until 21/2/20.

The performance milestone and conversion rate for Performance Rights are set out in section 16.4 of the Replacement Prospectus. No Performance Rights were converted or redeemed during the half-year ended 31 December 2018. Based on management accounts to 31 December 2018, the Board determined that the performance milestone for the Performance Rights had been triggered and the Company's auditors were directed to verify the relevant revenue. Following receipt of audit verification, the Board approved vesting of the 4,000,000 Performance Rights on 27 February 2019 and 4,000,000 Performance Rights were converted to 5,657,708 ordinary shares on 27 February 2019. These shares are also subject to escrow until 21/2/20.

Details of entities over which control has been gained

Nil

Information on Audit or Review

Independent Review by Auditor

This report is based on the attached Interim Report for the half-year ended 31 December 2018, which has been reviewed by William Buck. The review report is attached as part of the Interim Report.

Angel Seafood Holdings Ltd and Controlled Entities

ACN 615 035 366

Interim Financial Report

For the half-year ended 31 December 2018

To be read in conjunction with the 30 June 2018 annual report and public announcements made by the Company for the six months ended 31 December 2018

Angel Seafood Holdings Ltd & Controlled Entities

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Interim Financial Report

For the half-year ended 31 December 2018

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Angel Seafood Holdings Ltd & Controlled Entities

Directors' Report

31 December 2018

The Directors present their report, together with the financial statements of the Group, being Angel Seafood Holdings Ltd (Company) and its controlled entities, for the half-year ended 31 December 2018.

Information on directors

The names of each person who has been a director during the period and to the date of this report are:

Mr Tim Goldsmith	Chairman
Mr Isaac Halman	Chief Executive Officer and Founder (Executive Director)
Mr Michael Porter	Non-executive Director
Mr Ashley Roff	Non-executive Director

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

Principal activities

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

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

Review of operations

The consolidated loss of the Company and its controlled entities (Group) after income tax was \$(968,370) (31 December 2017: \$(1,131,557)). This represented a 14.4% improvement on the results reported for the period ended 31 December 2017.

Revenue in the period increased by 184.3% to \$2.482m (31 December 2017: \$873,253). This increase reflects expansion as planned in the post-IPO period.

Net assets for the period decreased by 1.5% to \$10.952 m (30 June 2018: \$11.118m), with total assets increasing by 28% to \$15.717m. Most assets are valued at cost with the exception of oyster stocks, which are valued using a Fair Value Model; this model resulted in a reduction of \$63,308 over the reporting period. Cash and cash equivalents at 31 December were \$258,832 (30 June 2018: \$211,815).

Non-cash expenses in the half-year increased by 432.4% to \$1.161m (31 December 2017: \$218,046). Non-cash expenses in the half-year included \$801,935 share based payments and \$353,961 depreciation and amortisation. The share-based payments expense included the full remaining balance of \$720,000 for the 4,000,000 Performance Rights on issue, due to the performance milestone being met during the period.

Operating cash outflow improved by 20.6% to \$(625,242) (31 December 2017: \$(787,669)).

On 11 July 2018, approval was granted by National Australia Bank Limited (NAB) for an additional \$2,000,000 loan facility, bringing total available debt from NAB to \$2,800,000.

Key developments in the half-year included:

- Expansion of water holdings in Cowell, resulting in an increase in the Group's operated water holdings in Cowell by 100%, to 15.4 Ha;
- Acquisition of 1Ha prime water holdings in Coffin Bay, resulting in an increase of the total owned holding in Coffin Bay to 6.75 Ha;
- Entering into a three-year lease with the option to purchase 3.5Ha fully developed prime water in the Longnose Zone of Coffin Bay, with the associated purchase of approximately 1.9 million existing oyster stock on the lease; in accordance with applicable accounting standards, this lease has been recognised as a finance lease and accounted for on the balance sheet;
- Continuation of capital investment program including completion of processing facility enhancements in Coffin Bay, delivery of a new large oyster tender and commencement of work on extension of the export facility in Port Lincoln to include a Head Office.

Directors' Report

31 December 2018

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Subsequent events

On 27 February 2019, the Board approved the vesting of 4,000,000 Performance Rights following audit review confirming that the relevant performance Milestone had been met on 31 December 2018. These Performance Rights were converted to 5,657,708 ordinary shares.

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires Angel Seafood Holdings auditors, William Buck, to provide directors with an Independence Declaration in relation to the review of the half-yearly financial report. This Independence Declaration follows and forms part of the Directors report.

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

A handwritten signature in blue ink, appearing to read 'Tim Goldsmith', is shown above a faint rectangular stamp.

Tim Goldsmith
Non-Executive Chairman

27 February 2019

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2018 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck
ABN 38 280 203 274

M. D. King

M. D. King
Partner

Dated at Adelaide this 27th day of February, 2019

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Angel Seafood Holdings Ltd & Controlled Entities

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2018

		Half-year ended 31 Dec 2018	Half-year ended 31 Dec 2017
	Note	\$	\$
Revenue	4	2,482,542	873,253
Other revenue	4	29,851	23,024
Fair value adjustments of Biological Assets		(63,308)	201,359
Cost of sales	5	(280,960)	(536,092)
Employee benefits expense	5	(1,013,168)	(584,820)
Employee expense - Share based payments	5	(801,935)	-
Depreciation and amortisation expense	5	(353,961)	(147,949)
Other expenses	5	(946,720)	(742,986)
IPO Expenses		-	(139,951)
Finance costs	5	(20,711)	(22,095)
Loss before income tax		(968,370)	(1,076,257)
Income tax expense		-	(55,300)
Loss for the period		(968,370)	(1,131,557)
Total comprehensive loss for the period		(968,370)	(1,131,557)
Profit attributable to:			
Members of the parent entity		(968,370)	(1,131,557)
Earnings per share (EPS)			
Basic EPS (cents)		(0.008)	(0.014)
Diluted EPS (cents)		(0.008)	(0.014)

The accompanying notes form part of these financial statements.

Angel Seafood Holdings Ltd & Controlled Entities

Statement of Financial Position

As At 31 December 2018

	Note	As at 31 Dec 2018 \$	As at 30 June 2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		258,832	3,957,345
Trade and other receivables		767,774	249,801
Biological assets	7	1,427,968	1,360,612
Other assets		9,153	435,899
TOTAL CURRENT ASSETS		2,463,727	6,003,657
NON-CURRENT ASSETS			
Property, plant and equipment	8	6,105,412	3,411,268
Biological assets	7	623,203	102,141
Oyster leases	9	6,498,555	2,734,149
Other intangible assets		12,840	15,073
Other assets		13,446	7,979
TOTAL NON-CURRENT ASSETS		13,253,456	6,270,610
TOTAL ASSETS		15,717,183	12,274,267
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		161,476	169,030
Borrowings	10	1,174,573	724,127
Employee benefits		109,444	68,314
TOTAL CURRENT LIABILITIES		1,445,493	961,471
NON-CURRENT LIABILITIES			
Trade and other payables		3,933	3,932
Borrowings	10	3,294,123	176,743
Employee benefits		21,430	13,482
TOTAL NON-CURRENT LIABILITIES		3,319,486	194,157
TOTAL LIABILITIES		4,764,979	1,155,628
NET ASSETS		10,952,204	11,118,639
EQUITY			
Issued capital	11	14,123,061	14,007,061
Reserves		1,407,661	721,726
Accumulated losses		(4,578,518)	(3,610,148)
Total equity attributable to equity holders of the Company		10,952,204	11,118,639
TOTAL EQUITY		10,952,204	11,118,639

The accompanying notes form part of these financial statements.

Angel Seafood Holdings Ltd & Controlled Entities

Statement of Changes in Equity For the half-year ended 31 December 2018

For the half-year ended 31 December 2018

	Ordinary Shares	Accumulated Losses	Common Control Reserve	Share Based Payment Reserve	Total
	\$	\$	\$	\$	\$
Balance as at 30 June 2018	14,007,061	(3,610,148)	-	721,726	11,118,639
Loss attributable to members of the parent entity	-	(968,370)	-	-	(968,370)
Share based payments converted to shares	116,000	-	-	(116,000)	-
Share based payment expense	-	-	-	801,935	801,935
Balance at 31 December 2018	14,123,061	(4,578,518)	-	1,407,661	10,952,204

For the half-year ended 31 December 2017

	Ordinary Shares	Accumulated Losses	Common Control Reserve	Share Based Payment Reserve	Total
	\$	\$	\$	\$	\$
Balance as at 30 June 2017	6,300,973	(1,667,519)	(800,000)	368,000	4,201,454
Loss attributable to members of the parent entity	-	(1,131,557)	-	-	(1,131,557)
Shares issued during the period	20,000	-	-	-	20,000
Transaction costs	(16,075)	-	-	-	(16,075)
Receipt of option issue proceeds	-	-	-	400	400
Balance at 31 December 2017	6,304,898	(2,799,076)	(800,000)	368,400	3,074,222

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the half-year ended 31 December 2018

		Half-year ended 31 Dec 2018	Half-year ended 31 Dec 2017
Note		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
	Receipts from customers	1,878,445	776,185
	Payments to suppliers and employees	(2,484,372)	(1,538,114)
	Interest received	6,864	832
	Finance costs	(26,179)	(26,572)
	Net cash (used in) operating activities	<u>(625,242)</u>	<u>(787,669)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
	Payments for oyster leases	(1,601,255)	(343,343)
	Payment of deposit for Cowell Oyster lease	-	(300,000)
	Payment for other intangible assets	-	(14,542)
	Proceeds from disposal of property, plant and equipment	-	55,688
	Purchase of property, plant and equipment	(2,925,276)	(654,462)
	Net cash (used in) investing activities	<u>(4,526,531)</u>	<u>(1,256,659)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
	Proceeds from issue of shares	-	400
	Proceeds from borrowings	1,565,085	521,915
	Proceeds from convertible notes	-	500,000
	Proceeds from related party loans	-	-
	Repayment of related party loans	(5,667)	(2,364)
	Repayment of borrowings	(26,729)	(78,647)
	Proceeds from finance leases	-	23,100
	Repayment of finance leases	(79,428)	(47,835)
	Payments for capital raising costs	-	(16,075)
	Net cash provided by financing activities	<u>1,453,261</u>	<u>900,494</u>
	Net increase/(decrease) in cash and cash equivalents held	(3,698,512)	(1,143,834)
	Cash and cash equivalents at beginning of the period	3,957,344	1,355,649
	Cash and cash equivalents at end of the period	<u>258,832</u>	<u>211,815</u>

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Notes to the Financial Statements

For the half-year ended 31 December 2018

Summary of Significant Accounting Policies

This half-year financial report covers Angel Seafood Holdings Ltd ('Company') and its controlled entities ('the Group') as at and for the half-year ended 31 December 2018. Angel Seafood Holdings Ltd is a listed public company incorporated and domiciled in Australia. The Company's registered office is at 19 Adelaide Place, Port Lincoln, South Australia.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the following half-year.

The annual financial report of the Group as at and for the year ended 30 June 2018 is available upon request.

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

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 "Interim Financial Reporting".

The accounting policies and methods of computation adopted in the preparation of this half-year financial report are consistent with those adopted and disclosed in the Company's 2018 annual financial report for the year ended 30 June 2018, except for the impact of the adopted of the new and revised accounting policies discussed below. These accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2 Amendments to Accounting Standards and New Interpretations that are Mandatorily Effective for the Current Reporting Period

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

(a) AASB 15 Revenue from Contracts with Customers ("AASB 15")

The Group has adopted AASB 15 as issued in May 2014 with the date of initial application being 1 July 2018.

Under the previous revenue standard revenue from the sale of goods was recognised at the point of delivery as this corresponded to the transfer of the significant risks and rewards of ownership of the goods. Under AASB 15 revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

The Directors have assessed the requirements of AASB 15 and have determined there is no impact on the Group.

(b) AASB 9 Financial instruments ("AASB 9")

The Group has adopted AASB 9 as issued in July 2014 with the date of initial application being 1 July 2018. In accordance with transitional provisions of AASB 9, comparative figures have not been restated. AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement ("AASB 139") bringing together all three aspects of the accounting for financial instruments; classification and measurement; impairment and hedge accounting. The Group's accounting policies have been updated to reflect the application of AASB 9 from 1 July 2018.

Notes to the Financial Statements

For the half-year ended 31 December 2018

Summary of Significant Accounting Policies (cont)

2 Amendments to Accounting Standards and New Interpretations that are Mandatorily Effective for the Current Reporting Period (cont)

(b) AASB 9 Financial instruments ("AASB 9") (cont)

Measurement and classification

At the date of initial application, existing financial assets and liabilities of the Group were assessed in terms of the requirements of AASB 9. In this regard the Group has determined that the adoption of AASB 9 has impacted on the classification of financial instruments as follows:

Class of Financial Instrument	Measurement under AASB 139 (ie prior to 1 July 2018)	New measurement category under AASB 9 (ie from 1 July 2018)
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Borrowings	Financial liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustments at 1 July 2018.

Impairment of financial assets

In relation to financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, all balances are assessed to have low credit risk as they are held with reputable financial institutions.

The Directors have assessed the requirements of AASB 9 and have determined there is no impact on the Group.

3 Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the interim 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.

The judgements, estimations and assumptions applied in the interim financial statements were the same as those applied in the Group's last annual financial report for the year ended 30 June 2018.

Notes to the Financial Statements

For the half-year ended 31 December 2018

4 Revenue and Other Income

Revenue from operations

	Half-year ended 31 Dec 2018	Half-year ended 31 Dec 2017
	\$	\$
Sales revenue		
- sale of biological assets	2,482,452	873,253
Total Sales revenue	2,482,452	873,253
Other revenue		
- rental income	-	2,600
- interest income	6,864	832
- sundry income	22,987	19,592
Total Other revenue	29,851	23,024

5 Result for the Period

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

Finance Costs		
- Interest paid on borrowings	20,711	22,095
Total finance costs	20,711	22,095

The result for the year includes the following specific expenses:

Cost of sales	280,960	536,092
Other expenses:		
Accounting fees	73,931	54,350
Employee benefits expense	1,013,168	584,820
Share based payments	801,935	-
Depreciation of property, plant and equipment	351,727	166,183
Amortisation of intangible assets	2,234	2,286
Freight and cartage	120,170	47,932
Petrol and oil	62,608	40,011
Repairs and maintenance	106,838	73,482

Notes to the Financial Statements

For the half-year ended 31 December 2018

6 Cash and cash Equivalents

	31 Dec 2018	30 June 2018
	\$	\$
Cash on Hand	1	1
Cash at Bank	258,831	211,814
	<u>258,832</u>	<u>211,815</u>

7 Biological Assets

	31 Dec 2018	30 June 2018
	\$	\$
Oyster Inventory		
Oyster stock – On-grown	441,389	30,610
Oyster stock – Spat	1,609,782	1,432,143
Total Biological Assets	<u>2,051,171</u>	<u>1,462,753</u>

Reconciliation of Oyster Inventory

Stock value at the beginning of the period	1,462,753	1,019,333
Additions/purchases	932,687	287,594
Deductions/sales	(280,961)	(696,199)
Fair value movements	(63,308)	852,025
Balance at period end	<u>2,051,171</u>	<u>1,462,753</u>

8 Property, Plant & Equipment

The following table shows the movement in property, plant and equipment:

	Land & Buildings	Plant & Equipment	Leased Plant & Equipment	Computer Software
	\$	\$	\$	\$
Balance at 1 July 2018	1,002,796	1,548,818	306,499	1,502
Additions	687,637	833,686	-	-
Disposals	-	-	-	-
Depreciation expense	-	(217,414)	(32,760)	(337)
Balance at period end	<u>1,690,432</u>	<u>2,165,090</u>	<u>273,739</u>	<u>1,165</u>

	Leasehold Improvements	Property Improvements	Capital Work in Progress	Total
	\$	\$	\$	\$
Balance at 1 July 2018	489,609	62,044	-	3,411,268
Additions	657,616	27,297	839,636	3,045,872
Disposals	-	-	-	-
Depreciation expense	(100,304)	(912)	-	(351,727)
Balance at period end	<u>1,046,921</u>	<u>88,429</u>	<u>839,636</u>	<u>6,105,412</u>

Notes to the Financial Statements

For the half-year ended 31 December 2018

9 Oyster Leases

The following table shows the movement in oyster leases:

	31 Dec 2018 \$
Balance at 1 July 2018	2,734,149
Additions	3,764,406
Balance at period end	6,498,555

10 Borrowings

	31 Dec 2018 \$	30 June 2018 \$
CURRENT		
Unsecured liabilities:		
Vendor finance loans	251,900	-
Secured liabilities:		
Lease liability	97,673	97,397
Vendor finance loans	825,000	626,730
Total current borrowings	1,174,573	724,127
NON-CURRENT		
Secured liabilities:		
Lease liability	1,729,039	176,743
Bank loans	1,565,084	
Total non-current borrowings	3,294,123	176,743
Total borrowings	4,468,696	900,870

(a) Bank Facility

During the period the Group increased its bank facility with the National Australia Bank from \$0.8m to \$2.8m. The added \$2m facility is for a three year term expiring 30 November 2021 and is secured by the assets of the Group. A facility reduction payment of \$500,000 is due in November 2019.

(b) Vendor Finance Loans

As at balance date there were three separate vendor finance loans from unrelated parties totaling \$1,076,900. All loans were interest free. Payments are due as follows:

- \$251,900 no later than 31 July 2019,
- \$225,000 no later than 30 August 2019, and
- \$600,000 no later than 28 February 2019.

Notes to the Financial Statements

For the half-year ended 31 December 2018

11 Issued Capital

	31 Dec 2018	30 June 2018
	\$	\$
126,191,932 (June 2018: 125,577,900) Ordinary shares	16,009,853	15,893,853
Share issue costs	(1,886,792)	(1,886,792)
Total	14,123,061	14,007,061

(a) Reconciliation of Ordinary Shares

Reconciliation of Ordinary Shares as at 31 December 2018:

	No.	\$
Ordinary shares on issue at beginning of the period	125,577,900	15,893,853
Conversion of 500,000 performance shares issued to the CEO ⁽ⁱ⁾	500,000	100,000
Employee share scheme ⁽ⁱⁱ⁾	114,032	16,000
Balance at period end	126,191,932	16,009,853

- (i) As disclosed in section 16.3 of the Company's Replacement Prospectus dated 13 December 2017, the Company Founder and CEO was granted 1,500,000 performance shares. During the half year the Board determined that Milestone 1, being the acquisition of the Haslam and Cowell assets, pertaining to 500,000 performance shares had been satisfactorily completed.
- (ii) During the half year the Company introduced a Tax Exempt Share Plan. 114,032 shares were issued at \$0.1403 per share.

12 Events Occurring After the Reporting Date

The financial report was authorised for issue on 27 February 2019 by the Board of Directors.

On 27 February 2019, the Board approved the vesting of 4,000,000 Performance Rights following audit review confirming that the relevant performance Milestone had been met on 31 December 2018. These Performance Rights were converted to 5,657,708 ordinary shares.

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

13 Contingent liabilities and assets

During the half-year the Group paid a deposit of \$288,000 for the water leases and plant and machinery in the Longnose Zone of Coffin Bay. This deposit has been capitalised in intangible assets and property, plant and equipment for 31 December 2018. The deposit is refundable if the Minister cancels the lease or the licence due to a failure by the Vendor to comply with a condition of the lease or licence whilst the lease and licence are in the name of any one of the vendors.

There have been no other changes in contingent liabilities and assets since the last annual reporting period.

Notes to the Financial Statements

For the half-year ended 31 December 2018

14 Share and option issues

There were no new options, performance shares or performance rights issued during the period. 500,000 of the CEO's performance rights were converted to ordinary shares during the period. Refer Note 11(a).

15 Dividends

No dividends have been declared or paid during the period.

16 Segment information

The Group conducts its operations through a single segment being the production and sale of oysters in Australia.

17 Statutory Information

The registered office of the Company is:

Angel Seafood Holdings Ltd
19 Adelaide Place
Port Lincoln SA 5606

The principal place of business is:

24-26 Nicholson Avenue
Coffin Bay SA 5607

Angel Seafood Holdings Ltd & Controlled Entities

Directors' Declaration

In accordance with a resolution of the Directors of Angel Seafood Holdings Ltd (Company) made pursuant to s303(5)(a) of the Corporations Act 2001, the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 16, are in accordance with the Corporations Act 2001, including:
 - a. Complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
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.

On behalf of the directors



Tim Goldsmith
Non-executive Chairman

Dated this 27th day of February 2019

Angel Seafood Holdings Ltd and Controlled Entities

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Angel Seafood Holdings Ltd (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) on pages 6 to 17, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Angel Seafood Holdings Ltd and Controlled Entities on pages 6 to 17 is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Responsibilities of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and

CHARTERED ACCOUNTANTS & ADVISORS

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- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Angel Seafood Holdings Ltd and Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

William Buck

William Buck
ABN: 38 280 203 274

M.D. King

M.D. King
Partner

Dated at Adelaide this 27th day of February, 2019