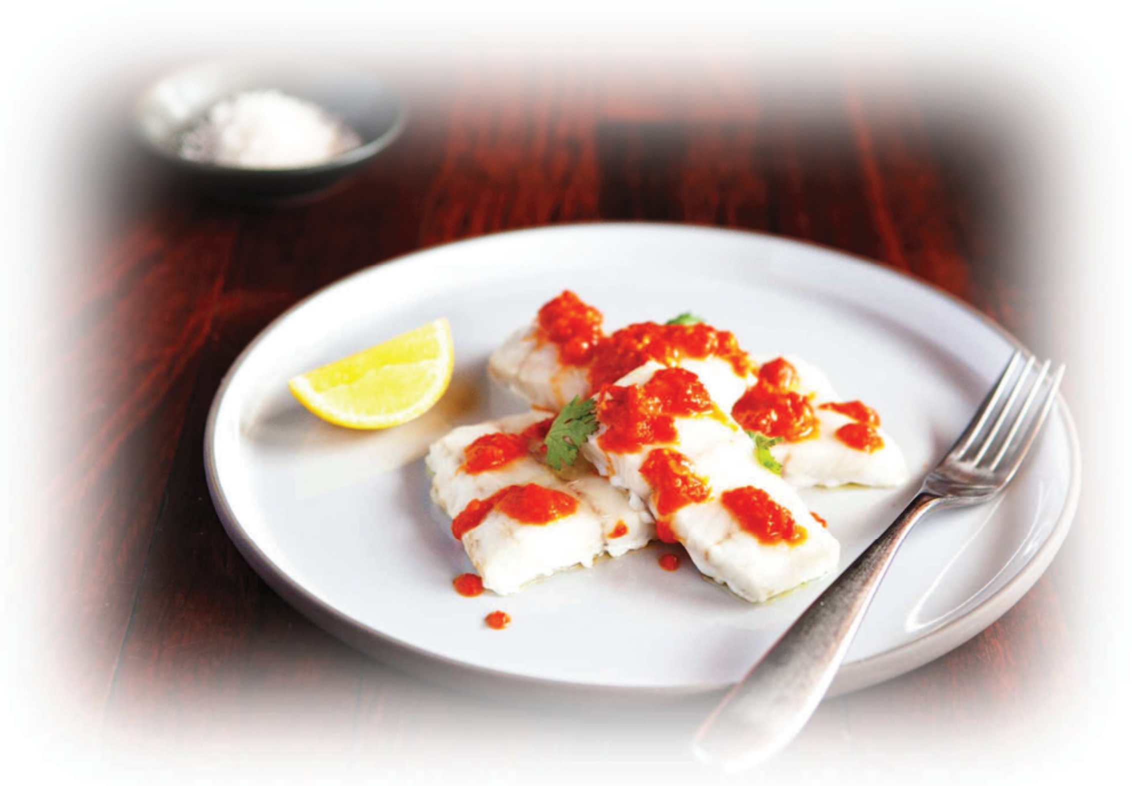
AQUNA
Sustainable Murray Cod

Murray Cod Australia Ltd
Annual Report 2018



Life Tastes Better Our Way

CORPORATE DIRECTORY

ABN 74 143 928 625

Directors

Martin Priestley
Ross Anderson
Mathew Ryan
George Roger Commins

Company Secretaries

Wendy Dillon
Brett Tucker

Registered Office

Level 1
153 Yambil Street
Griffith, NSW 2680
Australia
Telephone +61 2 69625470
Fax +61 2 69641546
Mail PO Box 492
Griffith, NSW 2680

Solicitors

Bellanhouse Legal
Ground Floor
11 Ventnor Ave
West Perth, WA 6872

Bankers

Westpac Banking Corporation
242-244 Banna Ave
Griffith, NSW 2680

Auditors

PinnacleHPC Pty Ltd
135 Yambil Street
Griffith, NSW 2680

Website

www.aquna.com

MURRAY COD AUSTRALIA LIMITED AND CONTROLLED ENTITIES

ABN: 74 143 928 625

Financial Report For The Year Ended 30 June 2018

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OPERATING AND FINANCIAL REVIEW

Principal Activities

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

- Breeding, growing and marketing of Murray Cod, a premium freshwater table fish;
- Construction and sale of aquaculture equipment;

All of our operations are conducted in Australia. At present they are all conducted within the Riverina region of NSW.

Significant Changes to Activities

No significant changes in the nature of the principal activities occurred during the financial year.

Our Business Model and Objectives

Providing satisfactory returns to our shareholders is our primary objective. Our success in delivering this aim is determined by reference to total shareholder return (TSR) over time, and this is compared to the returns delivered by our competitors and the S&P/ASX 200 Index. We strive to continually improve the differential between returns on invested capital over the cost of that capital.

Operating Results

The profit/(loss) for the year was $(268,191): (2017 $(6,444,275))

Review of Operations

Aquaculture

The company operates a hatchery, a nursery, and grow out farms in an integrated business that produces Murray Cod, a premium white fleshed table fish. Our operational capacity increased significantly during the year through modifications made to the hatchery and through additional ponds being constructed and fitted out in the grow out farms.

Overall, the financial results of the company have been in line with expectations.

Financial Position

The net assets of the company have increased by $2,564,298 from $9,234,073 to $11,798,371 in 2018. This increase has resulted from the following factors:

- loss for the year of $268,191
- revaluation of water rights and licences $210,600
- options issued during the year $17,260
- net proceeds from share issues raising $2,604,629.

The directors believe the company is in a strong and stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the company during the financial year.

Events after the Reporting Period

There have been no significant events occurred since 30 June 2018.

Future Developments, Prospects and Business Strategies

Current areas of strategic focus of the company include the following:

- Drive operational efficiencies in all business units through the investment in upgraded technology and management systems;
- Invest in productive capacity so as to meet the strong latent export and domestic demand for our product;
- Roll out of Aquna Brand and the Hot Smoked Product.

Business Risks

The following exposures to business risk may affect the Company's ability to achieve the above prospects:

- Any biological product is subject to disease and other health risks. Whilst we currently have excellent bio security protocols and have had no major issues to deal with during the year, the possibility of unknown disease or environmental risks is always prevalent. Our staff constantly monitor the health of our stock on a daily basis. But we remind members that owning and growing biological assets involves significant risk.
- A very high proportion of our sales are based in Australia at present. If the Australian economy suffered a severe downturn then it is likely that our sales would be affected.
- If a downturn occurred in the Asian or global economies it may become more difficult for us to gain export orders.

Environmental Issues

The company's operations are subject to significant environmental regulation under the law of the Commonwealth and State.

The Company is proud of its innovative operation which results in an extremely low impact on the environment.

i. All water utilised in the fish ponds or aquaculture facilities is used as irrigation water on crops and pastures on the same site. This means nutrient enriched water is used in agricultural operations which operate in tandem with the aquaculture operations;
ii. From our hatchery we sell hundreds of thousands of native fish larvae to NSW, Victorian and South Australian governments for re-stocking of native waterways and dams. We are proud to be involved in boosting the native fish population on an annual basis.
iii. No water leaves our sites. This means no water from our aquaculture operations makes its way into any public channels or native waterways and as such our aquaculture operations have zero environmental impact on the native waterways of inland Australia.

Your directors present their report on the entity Murray Cod Australia Limited, and its subsidiary ("the company"), for the financial year ended 30 June 2018. The information in the preceding Operating and Financial Review forms part of this Directors Report for the financial year ended 30 June 2018 and is to be read in conjunction with the following information.

General Information

Directors

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

Ross James Anderson
Mathew John Ryan
Martin Andrew Priestley
George Roger Commins

Particulars of each Director's experience and qualifications are set out later in this report.

Dividends Paid or Recommended

No dividends have been paid or declared during the year ended 30 June 2018.

Indemnifying Directors and Officers

The Company indemnifies its past, present and future Directors against liabilities arising out of their position with the Company, except where the liability arises out of conduct involving a lack of good faith. The deed stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has paid a premium in respect of a Directors' and Officers' insurance policy covering the liability of past, present or future Directors and Officers, including executive officers of the Company. The terms of the policy prohibit disclosure of the details of the amount of insurance cover and the premium paid. Accordingly the Company relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirement to disclose the nature of the liability insured against and the premium amount of the policy.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

Non-audit Services

The Board of Directors, in accordance with advice from the audit 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 for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to John Keenan of PinnacleHPC Pty Ltd for non-audit services provided during the year ended 30 June 2018:

	$
Taxation services	Nil
Due diligence investigations	Nil
	Nil

Auditor’s Independence Declaration

The lead auditor’s independence declaration for the year ended 2018 has been received and can be found on page 10 of the Financial Report.

Options

The following options over shares were issued to employees under the Company's Employee Securities Incentive Plan during the financial year and to the date of this report:

- 300,000 Unlisted options, exercisable at $0.10 each, expiring on 30 June 2021, vesting upon the Company achieving production and sale of 250 tonnes of Murray Cod between 30 June 2019 and 30 June 2020, issued on the 18th August 2017;
- 300,000 Unlisted options, exercisable at $0.15 each, expiring on 30 June 2023, vesting upon the Company achieving production and sale of 500 tonnes of Murray Cod between 31 December 2021 and 31 December 2022, issued on the 18th August 2017; and
- 400,000 Unlisted options, exercisable at $0.20 each, expiring on 30 June 2025, vesting upon the Company achieving production and sale of 1,000 tonnes of Murray Cod between 31 December 2023 and 31 December 2024, issued on the 18th August 2017.

At the date of this report, the unissued ordinary shares of Murray Cod Australia Limited under option are as follows:

Grant Date	Date of expiry	Exercise price	Number under option
16/01/2017	16/01/2021	$ 0.075	350,000
16/01/2017	16/01/2022	$ 0.075	90,000,000
18/08/2017	30/06/2021	$ 0.100	300,000
18/08/2017	30/06/2023	$ 0.150	300,000
18/08/2017	30/06/2025	$ 0.200	400,000
			91,350,000

Options holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2018 and subsequently to the date of this report, no shares of Murray Cod Australia Limited were issued on the exercise of options or performance.

On 13 April 2018 the Company announced that it had received firm commitments to raise $2.75 million from a share placement at 6 cents per share to institutional and sophisticated investors.

On 19 April 2018 the Company issued 45,833,331 shares to satisfy the placement. Funds raised are to be applied to the Company's ongoing production expansion. No amounts are unpaid on any of the shares.

No person is entitled to exercise the option, had or has any right by virtue of the option to participate in any share issue of any other body corporate.

ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191

The company is an entity to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* applies but the company has not elected to obtain the relief available under the instrument. Accordingly, amounts in the directors' report have been rounded to the nearest dollar.

Information relating to Directors and Company Secretary

Ross James Anderson	—	Chairman
Qualifications	—	Chartered Accountant, Bcom (with merit), CTA
Experience	—	26 years as Chartered Accountant,18 years as AFSL Holder 3 years as Director of MCA
Interest in Shares and Options	—	13,444,582 ordinary shares, 15,000,000 unlisted options and 15,000,000 performance rights
Directorships held in other listed entities during the three years prior to the current year	—	Nil
Mathew John Ryan	—	Managing Director
Qualifications	—	BRurSc
Experience	—	19 Years in Agricultural Industry including 7 years in Aquaculture
Interest in Shares and Options	—	68,928,572 ordinary shares, 19,642,587 deferred ordinary shares, 40,000,000 unlisted options
Directorships held in other listed entities during the three years prior to the current year	—	Nil
Martin Priestley	—	Director
Qualifications	—	Bsc(Hons)
Experience	—	Over 30 years experience in Banking and Finance
Interest in Shares and Options	—	4,000,000 shares and 2,000,000 unlisted options
Directorships held in other listed entities during the three years prior to the current year	—	Nil
George Roger Commins	—	Director
Experience	—	over 35 years in Agribusiness
Interest in Shares and Options	—	20,901,443 shares, 6,785,714 deferred ordinary shares and 20,000,000 unlisted options
Directorships held in other listed entities during the three years prior to the current year	—	Nil

Company Secretaries

The following persons held the position of company secretary at the end of the financial year:
Brett Tucker CA. and Wendy Dillon CA.

Meetings of Directors

During the financial year, 5 meetings of directors (including committees of directors) were held.
Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Ross James Anderson	5	5
Mathew John Ryan	5	5
Martin Priestley	5	5
George Roger Commins	5	4

Remuneration Policy

The remuneration policy of Murray Cod Australia Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the entity's financial results. The Board of Murray Cod Australia Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high-quality KMP to run and manage the entity, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the entity is as follows:

- The remuneration policy is to be developed and approved by the Board after professional advice is sought from independent external consultants.
- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.
- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Board reviews KMP packages annually by reference to the entity's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive, at a minimum, a superannuation guarantee contribution required by the government, which is currently 9.5% of the individual's average weekly ordinary time earnings (AWOTE). Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Any options issued under the Employee Share Option Plan but not exercised prior to the date of termination will lapse.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is measured using the Black-Scholes methodology.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

In addition, the Board's remuneration policy prohibits directors and KMP from using Murray Cod Australia Limited shares as collateral in any financial transaction, including margin loan arrangements.

Performance-based Remuneration

The KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for company expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the company's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Murray Cod Australia Limited bases the assessment on audited figures, however, where the KPI involves comparison of the entity, or a division within the entity, to the market, independent reports are obtained from organisations such as Standard & Poors.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on KPI, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests.

Performance Conditions linked to Remuneration

The company seeks to emphasise reward incentives for results and continued commitment to the company through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of revenue targets, return on equity ratios and continued employment with the company. Incentive payments result where the company returns operating production that meets the targets laid down in the options deeds. The details of these options and performance rights hurdles can be found in the table of options and rights granted as shown below.

The satisfaction of the performance conditions is based on a review of the audited financial statements of the company and publicly available market indices, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with any other measures or factors external to the company at this time.

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the company. The table also illustrates the proportion of remuneration that was performance and non-performance based.

	Position Held as at 30 June 2018 and any change during the year	Contract details (duration & termination)
Key Management Personnel		
Ross James Anderson	Chairman	No fixed term. 3 months notice
Mathew John Ryan	Managing Director	2 Years. 6 months notice
George "Roger" Commins	Director	No fixed term. 3 months notice

	Proportions of elements of remuneration related to performance (other than options issued)		Proportions of elements of remuneration not related to performance
	Non-salary cash-based incentives %	Shares/ Options %	Fixed Salary/Fees %
Key Management Personnel			
Ross James Anderson			100
Mathew John Ryan			100
George Roger Commins			100

The employment terms and conditions of all KMP are formalised in contracts of employment.

Changes in Directors and Executives Subsequent to Year End

There have been no changes to Directors or Executives since the end of the financial year.

Remuneration Expense Details for the Year Ended 30 June 2018

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the Company. Such amounts have been calculated in accordance with Australian Accounting Standards:

Table of Benefits and Payments for the year ended 30 June 2018

	Short-term benefits				**Post-employment Benefits**	
	Salary, Fees and Leave $	Profit Share and bonuses $	Non-monetary $	Other $	Pension and superannuation $	Other $
Key Management Personnel						
Ross James Anderson	60,000	-	-	-	5,700	-
Mathew John Ryan	150,000	-	-	-	14,250	-
Martin Priestley	30,000	-	-	-	-	-
George Roger Commins	30,000	-	-	-	2,850	-
Total Key Management Personnel	270,000	-	-	-	22,800	-

Securities Received that Are Not Performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

There have not been any alterations of terms or conditions of any grants since grant date.

Options and Rights Granted

		Balance at Beginning of Year	**Grant Details**			**Exercised**	
	Note	No.	Issue Date	No.	Value $ (Note 1)	No. (Note 2)	Value $ (Note 3)
Key Management Personnel							
Ross James Anderson	1a	15,000,000		-	-	-	-
Ross James Anderson	1b	15,000,000		-	-	-	-
Martin Priestley	1c	2,000,000		-	-	-	-
Mathew Ryan	1d	40,000,000		-	-	-	-
George Roger Commins	1e	20,000,000		-	-	-	-
		92,000,000		-	-	-	-

		Lapsed	Balance at End of Year	Vested			Unvested
		No. (Note 3)	No.	Exercisable No.	Unexercisable No.	Total at End of Year No.	Total at End of Year No.
Key Management Personnel							
Ross James Anderson	Options		15,000,000	-	0.00%	0.00%	100.00%
Ross James Anderson	Perf Rights		15,000,000	-	0.00%	0.00%	100.00%
Martin Priestley	Options		2,000,000	-	0.00%	0.00%	100.00%
Mathew Ryan	Options		40,000,000	-	0.00%	0.00%	100.00%
George Roger Commins	Options		20,000,000	-	0.00%	0.00%	100.00%
			92,000,000	-	-	-	-

Note 1a The options were granted as a performance incentive for the successful initial public offering and acquisition of the Aquaculture businesses as disclosed elsewhere in this annual report. The unlisted options issued have an exercise price of 7.5 cents each and expire on 16 January 2022, vesting upon production and sale of 100 tonnes of Murray Cod by 31 January 2021

Note 1b The performance rights were granted pursuant to the Bidgee Fresh Pty Ltd acquisition agreement as an incentive to develop the growth of the company over the following 5 years. They are broken into three tranches of 5 million rights each.Vesting conditions are as follows: 5 million are vested upon production and sale of 50 tonnes of Murray Cod within 3 years. 5 million rights vest upon production and sale of 100 tonnes within 4 years and the remaining 5 million rights vest upon production and sale of 150 tonnes of Murray Cod within 5 years from the date of issue.

Note1c The unlisted options were issued as incentive for future performance and have an exercise price of 7.5 cents each and expire on 16 January 2022, vesting upon production and sale of 100 tonnes of Murray Cod by 31 January 2021

Note1d 20,000,000 unlisted options were issued as partial consideration for the acquisition of Bidgee Fresh Pty Ltd to M&B Ryan Pty Ltd, an entity associated with Mr Ryan.

A further 20,000,000 unlisted options were issued as partial consideration for the acquisition of the business known as Riverina Aquaculture to M&B Ryan Pty Ltd, an entity associated with Mr Ryan.

Note1e 20,000,000 unlisted options were issued as partial consideration for the acquisition of Bidgee Fresh Pty Ltd to Brigalow Enterprises Pty Ltd, an entity associated with Mr Commins.

Note 2 The fair value of options granted as remuneration as shown in the above table has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.

Note 3 No options have become vested, lapsed or been exercised during the year.

KMP Shareholdings

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

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
Ross James Anderson	13,444,582	-	-	-	13,444,582
Mathew John Ryan	68,928,572	-	-	-	68,928,572
Martin Priestley	2,000,000	-	-	-	2,000,000
George Roger Commins	20,901,443	-	-	-	20,901,443
	105,274,597	-	-	-	105,274,597

Other Equity-related KMP Transactions

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

Martin Priestley bought 2,000,000 shares after the end of the financial year on market at arms length terms

Loans to key management personnel

No loans have been made to any KMP during the course of the year and no loans are outstanding from any KMP.

Other transactions with KMP and/or their related parties

There were no other transactions conducted between the company and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Ross James Anderson

Dated: 26th September 2018

PinnacleHPC
ACCOUNTANTS

PinnacleHPC Pty Ltd
ABN 15 866 782 108

Principals
John P Keenan CPA
Morris G Massarotto CPA
Graeme J Lyons CA
Geoffrey M Marin CPA
Allan J Andreazza CPA
Angela C Favell CPA
John P Farronato CA

Consultant
Frank S Sergi CPA

MURRAY COD AUSTRALIA LIMITED AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MURRAY COD AUSTRALIA LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

JKeenan
....

J.P. Keenan CPA
Registered Company Auditor 156228
135 Yambil Street Griffith NSW 2680

Dated this 27 day of September 2018

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MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated Group		Parent Entity	
		2018	2017*	2018	2017*
	Note	$	$	$	$
Continuing operations					
Revenue	2	4,480,966	1,822,677	4,472,586	1,531,941
Other income	2	332,862	260,323	76,811	-
Employee benefits expense		(1,107,509)	(497,699)	(1,040,038)	(400,100)
Cost of sales - equipment		(160,928)	(77,990)	(160,928)	(33,215)
Cost of sales - fish purchases		(1,890,460)	(732,012)	(1,890,460)	(602,019)
Administrative and other expenses		(553,315)	(214,772)	(522,825)	(294,702)
Fish farm operating expenses		(1,177,735)	(619,432)	(1,177,735)	(436,523)
Exploration expenditure		-	(31,800)	-	(46,259)
Depreciation and amortisation expense		(313,033)	(115,159)	(252,569)	(57,108)
Share based payment - employee benefit expense	23,31	(17,260)	-	(17,260)	-
Share based payment - listing expense	23,31	-	(6,229,119)	-	(6,229,119)
Net Profit/(Loss) before income tax		(406,412)	(6,434,983)	(512,418)	(6,567,104)
Tax expense	4	138,221	(9,292)	86,543	115,696
Net Profit/(Loss) after tax attributable to members		(268,191)	(6,444,275)	(425,875)	(6,451,408)
Other comprehensive income:					
Total other comprehensive income for the year		-	-	-	-
Total Profit/(Loss) and other comprehensive income		(268,191)	(6,444,275)	(425,875)	(6,451,408)
Earnings per share					
Basic earnings per share (cents)	7	(0.0800)	(2.00)	(0.1200)	(2.00)
Diluted earnings per share (cents)	7	(0.0550)	(1.00)	(0.0870)	(1.00)

The accompanying notes form part of these financial statements.

*Refer to Note 30 for details on restatement of comparatives due to classification error.

MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

		Consolidated Group		Parent Entity	
		2018	2017*	2018	2017*
	Note	$	$	$	$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	2,076,942	3,132,325	2,065,725	3,118,790
Trade and other receivables	9	472,795	350,980	745,068	825,110
Inventories	10	4,542,150	2,061,796	4,542,150	2,061,796
Other assets	14	33,624	15,816	33,624	15,816
TOTAL CURRENT ASSETS		7,125,511	5,560,917	7,386,567	6,021,512
NON-CURRENT ASSETS					
Property, plant and equipment	12	5,308,608	3,933,919	4,542,341	3,107,188
Deferred tax assets	17	344,091	164,030	279,869	132,828
Intangible assets	13	897,050	686,450	897,050	686,450
TOTAL NON-CURRENT ASSETS		6,549,749	4,784,399	5,719,260	3,926,466
TOTAL ASSETS		13,675,260	10,345,316	13,105,827	9,947,978
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	15	1,307,939	714,852	755,778	195,759
Borrowings	16	67,012	45,980	67,012	45,980
Current tax liabilities	17	-	-	-	-
Provisions	18	43,220	6,717	43,220	6,717
TOTAL CURRENT LIABILITIES		1,418,171	767,549	866,010	248,456
NON-CURRENT LIABILITIES					
Borrowings	16	243,556	170,374	243,556	170,374
Deferred tax liabilities	17	215,162	173,320	77,629	17,132
TOTAL NON-CURRENT LIABILITIES		458,718	343,694	321,185	187,506
TOTAL LIABILITIES		1,876,889	1,111,243	1,187,195	435,962
NET ASSETS		11,798,371	9,234,073	11,918,632	9,512,016
EQUITY					
Issued capital	19	16,101,173	13,496,544	17,431,183	14,826,552
Reserves	28	2,131,980	1,904,120	2,131,980	1,993,552
Retained earnings		(6,434,782)	(6,166,591)	(7,644,531)	(7,308,088)
TOTAL EQUITY		11,798,371	9,234,073	11,918,632	9,512,016

The accompanying notes form part of these financial statements.

*Refer to Note 30 for details on restatement of comparatives due to classification error.

MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

		Share Capital				Reserves										
	Note	Ordinary	Redeemable Preferred	Deferred Ordinary Shares	Retained Earnings	Capital Profits Reserve	Revaluation Surplus	Asset Realisation Reserve	Foreign Currency Translation Reserve	General Reserve	Option Reserve	Performance Rights Reserve	Share Based Payment Reserve	Subtotal	Non-controlling interests	Total
		$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Consolidated Group																
Balance at 1 July 2016		100	-	-	(112,175)									(112,075)		(112,075)
Retrospective adjustment upon change in accounting policy	1ac													-		-
Balance at 1 July 2016 (restated)		100	-	-	(112,175)	-	-	-	-	-	-	-	-	(112,075)	-	(112,075)
Comprehensive income																
Profit/(loss) for the year					(6,444,275)									(6,444,275)		(6,444,275)
Total comprehensive income for the year		-	-	-	(6,444,275)	-	-	-	-	-	-	-	-	(6,444,275)	-	(6,444,275)
Transactions with owners, in their capacity as owners, and other transfers																
Shares issued during the year		14,144,285		660,714										14,804,999		14,804,999
Transaction costs		(1,308,555)												(1,308,555)		(1,308,555)
Optons issued during the year											1,529,120			1,529,120		1,529,120
Performance rights issued during the year												375,000		375,000		375,000
Total transactions with owners and other transfers		12,835,730	-	660,714	-	-	-	-	-	-	1,529,120	375,000	-	15,400,564	-	15,400,564
Other																
Elimination of Parent Company Share Capital on Consolidation					1,330,109									1,330,109		1,330,109
Elimination of Parent Company Share Based Payment Reserve on Consolidation					89,433									89,433		89,433
Elimination of Parent Company Losses on Consolidation					(1,029,683)									(1,029,683)		(1,029,683)
Total Other		-	-	-	389,859	-	-	-	-	-	-	-	-	389,859	-	389,859
Balance at 30 June 2017 *		12,835,830	-	660,714	(6,166,591)	-	-	-	-	-	1,529,120	375,000	-	9,234,073	-	9,234,073
Balance at 1 July 2017		12,835,830	-	660,714	(6,166,591)	-	-	-	-	-	1,529,120	375,000	-	9,234,073	-	9,234,073
Comprehensive income																
Profit/(loss) for the year					(268,191)									(268,191)		(268,191)
Total comprehensive income for the year		-	-	-	(268,191)	-	-	-	-	-	-	-	-	(268,191)	-	(268,191)
Transactions with owners, in their capacity as owners, and other transfers																
Shares issued during the year		2,750,000												2,750,000		2,750,000
Transaction costs		(145,371)												(145,371)		(145,371)
Options issued during the year											17,260			17,260		17,260
Total transactions with owners and other transfers		2,604,629	-	-	-	-	-	-	-	-	17,260	-	-	2,621,889	-	2,621,889
Other																
Transfers to Reserves								210,600						210,600		210,600
Total Other		-	-	-	-	-	-	210,600	-	-	-	-	-	210,600	-	210,600
Balance at 30 June 2018		15,440,459	-	660,714	(6,434,782)	-	-	210,600	-	-	1,546,380	375,000	-	11,798,371	-	11,798,371

The accompanying notes form part of these financial statements.
*Refer to Note 30 for details on restatement of comparatives due to classification error.

MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

		Share Capital				Reserves								
	Note	Ordinary	Redeemable Preferred	Convertible Preferred	Retained Earnings	Capital Profits Reserve	Revaluation Surplus	Asset Realisation Reserve	Foreign Currency Translation Reserve	General Reserve	Option Reserve	Performance Rights Reserve	Share Based Payment Reserve	Total
Parent Entity		$	$	$	$	$	$	$	$	$	$	$	$	$
Balance at 1 July 2016		1,330,108			(856,680)								89,432	562,860
Retrospective adjustment upon change in accounting policy	1ac													-
Balance at 1 July 2016 (restated)		1,330,108	-	-	(856,680)	-	-	-	-	-	-	-	89,432	562,860
Comprehensive income														
Profit/(loss) for the year					(6,451,408)									(6,451,408)
Total comprehensive income for the year		-	-	-	(6,451,408)	-	-	-	-	-	-	-	-	(6,451,408)
Transactions with owners, in their capacity as owners, and other transfers														
Shares issued during the year		14,144,285		660,714										14,804,999
Transaction costs		(1,308,555)												(1,308,555)
Options issued during the year											1,529,120			1,529,120
Performance rights issued during the year												375,000		375,000
Total transactions with owners and other transfers		12,835,730	-	660,714	-	-	-	-	-	-	1,529,120	375,000	-	15,400,564
Other														
Total Other		-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2017 *		14,165,838	-	660,714	(7,308,088)	-	-	-	-	-	1,529,120	375,000	89,432	9,512,016
Balance at 1 July 2017		14,165,838	-	660,714	(7,308,088)	-	-	-	-	-	1,529,120	375,000	89,432	9,512,016
Comprehensive income														
Profit/(loss) for the year					(425,875)									(425,875)
Total comprehensive income for the year		-	-	-	(425,875)	-	-	-	-	-	-	-	-	(425,875)
Transactions with owners, in their capacity as owners, and other transfers														
Shares issued during the year		2,750,000												2,750,000
Transaction costs		(145,369)												(145,369)
Options issued during the year											17,260			17,260
Expired Options Reserve write-off					89,432								(89,432)	-
Total transactions with owners and other transfers		2,604,631	-	-	89,432	-	-	-	-	-	17,260	-	(89,432)	2,621,891
Other														
Transfer to Reserve								210,600						210,600
Total Other		-	-	-	-	-	-	210,600	-	-	-	-	-	210,600
Balance at 30 June 2018		16,770,469	-	660,714	(7,644,531)	-	-	210,600	-	-	1,546,380	375,000	-	11,918,632

The accompanying notes form part of these financial statements.

*Refer to Note 30 for details on restatement of comparatives due to classification error.

MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated Group 2018 $	Consolidated Group 2017* $	Parent Entity 2018 $	Parent Entity 2017* $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		2,113,388	803,672	1,851,009	328,261
Interest received		28,354	24,851	24,322	37,813
Payments to suppliers and employees		(4,237,951)	(3,117,178)	(4,093,785)	(1,448,323)
Payment for inventory on Business Acquisitions		-	(100,000)	-	(100,000)
Income tax paid		-	-	-	-
Net cash (used in)/ generated by operating activities	22a	(2,096,209)	(2,388,655)	(2,218,454)	(1,182,249)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(1,687,429)	(716,923)	(1,687,429)	(649,411)
Payment for Business Acquisitions		-	(3,200,000)	-	(3,200,000)
Loan to Bidgee Fresh Pty Ltd on Acquisition to payout BidgeeFresh Shareholders					(1,100,000)
Repay Loans to Shareholders of Bidgeefresh on Business Acquisition		-	(1,100,000)	-	-
Net cash (used in)/generated by investing activities		(1,687,429)	(5,016,923)	(1,687,429)	(4,949,411)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		2,750,000	-	2,750,000	11,196,500
Proceeds from borrowings		167,785	725,855	137,785	225,855
Refund of share oversubscription		-	(1,196,500)		(1,196,500)
Capital costs on issue of share capital		(145,369)	(711,748)	(145,369)	(1,308,555)
Bank accounts contributed on consolidation		-	11,303,233		
Repayment of borrowings		(39,076)	(307,876)	(39,076)	(16,405)
Loans from related parties		-		-	-
- Loan to Bidgee Fresh Pty Ltd					(251,605)
- Loan to Bidgee Fresh Pty Ltd from Shareholders prior to Acquisition			670,304		
- Proceeds from borrowings		-	-	154,563	-
Net cash provided by (used in) financing activities		2,733,340	10,483,268	2,857,903	8,649,290
Net increase in cash held		(1,050,298)	3,077,690	(1,047,980)	2,517,630
Cash and cash equivalents at beginning of financial year		3,125,421	47,731	3,111,886	594,256
Effect of exchange rates on cash holdings in foreign currencies		-	-	-	-
Cash and cash equivalents at end of financial year	8	2,075,123	3,125,421	2,063,906	3,111,886

The accompanying notes form part of these financial statements.

*Refer to Note 30 for details on restatement of comparatives due to classification error.

These consolidated financial statements and notes represent those of Murray Cod Australia Limited and Controlled Entities (the "consolidated group" or "group").

The financial statements were authorised for issue on the 26th of September 2018 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation
These general purpose consolidated financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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 non-current assets, financial assets and financial liabilities.

In the preparation of these Financial Statements the "Parent Entity" columns refers to the legal parent. In accounting for the reverse acquisition in the 2017 Financial Year the consolidated entity takes guidance from AASB3 Business Combinations and determines that the legal subsidiary is deemed to be the acquiror for accounting purposes.

The directors have the ability to amend and reissue financial statements.

(a) Principles of Consolidation
The consolidated financial statements incorporate all of the assets, liabilities and results of the Murray Cod Australia Limited 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 11.

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. Inter-company 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.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling Interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or the non-controlling interests proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

In accounting for a reverse acquisition, the Consolidated Entity takes guidance from the principles of AASB 3 Business Combinations (AASB3) and determines that the subsidiary is deemed to be the acquiror for accounting purposes. Accordingly the transaction is accounted for as a reverse asset acquisition. As a result the consolidated statement of financial position has been prepared as a continuation of the subsidiary Financial Statements with the subsidiary (as the accounting acquiror) accounting for the acquisition of the parent as at the date of acquisition transaction. As the activities of the legal acquiror (parent entity) would not constitute a business based on the requirements of AASB 3, any excess of the deemed consideration over the fair value of the acquisition, as calculated in accordance with the reverse acquisition accounting principles, cannot be taken to be a goodwill asset and will be expensed.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

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 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.

Goodwill
Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:
(i) the consideration transferred;
(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASB Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interests proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Refer to Note 11 for information on the goodwill policy adopted by the Group for acquisitions.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(b) Operating Segments

Operating segments would be presented using the "management approach', where the information presented is on the same basis as the internal reports provided to Directors. The consolidated entity however only has one operating segment.

(c) 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 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.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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.

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.

(d) 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 (ie 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 (ie 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 the respective note to the financial statements.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Refer to Note 1(ad) for further details on changes in accounting policy.

(f) Biological Assets

Biological assets compromise Murray Cod live fish. Biological assets are measured at their fair value less costs to sell in accordance with AASB 141 Agriculture, with any changes to fair value recognised immediately in the statement of profit or loss and other comprehensive income. Fair value of a biological asset is based on its present location and condition. If an active or other effective market exists for the biological asset or agricultural asset. If an active market does not exist then we use one of the following when available, in determining fair value;

* the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the end of the reporting period; or
* market prices, in markets accessible to the entity, for similar assets with adjustments to reflect differences; or
* sector benchmarks.

(g) Construction Contracts and Work in Progress

Construction work in progress is measured at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction revenues are recognised according to the stage of completion basis and measured using the proportion of costs incurred to date compared to expected total actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

(h) Property, Plant and Equipment

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

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated impairement losses and accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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 either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(n) for details of impairment).

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 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 assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	5-33.33%
Leased plant and equipment	5-33.33%

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. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(i) Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(j) Investment Property

Investment property, comprising freehold office complexes, is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is initially measured at cost and subsequently measured at fair value.

Fair value of investment properties is determined annually based on a valuation by an independent valuer who has recognised and appropriate professional qualifications and recent experience in the location and category of investment property being valued. Fair values are determined by the valuer using market information, including prices for similar properties in comparable locations.

Changes to fair values of investment properties are recognised in profit or loss in the period in which they occur.

(k) Leases (the group as lessee)

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 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.

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 on a straight line basis over the lease term.

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

(l) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and generally measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as "held for sale" occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash-generating units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

(m) Financial Instruments

Recognition and Initial 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 the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's Accounting Policy.

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.

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

Financial assets are classified at "fair value through profit or loss" when they are contingent consideration that may be paid by an acquirer as part of a business combination to which AASB 3: Business Combinations applies, held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned from the financial asset and is included in the face of the statement of profit and loss and other comprehensive income.

(ii) 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.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They 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.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) 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.

Contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies is classified as a financial liability and measured at fair value through profit or loss.

Derivative instruments

The Group designates certain derivatives as either:

(i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

(ii) hedges of highly probable forecast transactions (cash flow hedge).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the group's risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items are also documented.

(i) *Fair value hedge*
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) *Cash flow hedge*
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in the hedge reserve in equity are transferred to profit or loss in the periods when the hedged item affects profit or loss.

Preference Shares

Preferred share capital is classified as equity if it is non-redeemable or redeemable only at the discretion of the parent company, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon declaration by the directors.

Preferred share capital is classified as a liability if it is redeemable on a set date or at the option of the shareholders, or where the dividends are mandatory. Dividends thereon are recognised as interest expense in profit or loss.

Compound financial instruments

The component parts of compound instruments (convertible preference shares) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option. Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

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 available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for shares classified as available-for-sale. For all other financial assets, including redeemable notes classified as available-for-sale and finance lease receivables, objective evidence of impairment could include: significant financial difficulty of the issuer or counterparty; breach of contract, such as a default or delinquency in interest or principal payments; it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or the disappearance of an active market for that financial asset because of financial difficulties. For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.
At the end of each reporting period the group assessed whether there is any objective evidence that a financial asset or group of financial assets is impaired (other than financial assets classified as at fair value through profit or loss).

Financial Guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract issued by a group entity are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of: the amount of the obligation under the contract, as determined in accordance with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets*; and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

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.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(n) 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, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. 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 (eg 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.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(o) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to Note 1(n) for a description of the equity method of accounting.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

(p) Intangible Assets Other than Goodwill

Trademarks and licences

Patents and trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives.

Water rights and licences

Water rights and licences held by the company are classified as intangible assets. There is a sophisticated and well regulated market network which provides daily prices of the permanent licences and annual allocations. The company revalues the water licences each half year in accordance with the prevailing market prices at balance date. Refer to Note 12.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably. Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

(q) Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of each of the Group's entities is 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.

Transaction and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies
The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

— assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
— income and expenses are translated at average exchange rates for the period; and
— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position and allocated to non-controlling interest where relevant.The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(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, salaries and sick leave. 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, salaries and sick leave 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 the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on 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.

Termination benefits
When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (i) the date when the Group can no longer withdraw the offer for termination benefits; and (ii) when the Group recognises costs for restructuring pursuant to AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amounts are recognised in the option reserve and statement of profit and loss respectively. The fair value of options is determined using the Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting period is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determing fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as they were a modification.

(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) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

(u) 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.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint ventures are accounted for in accordance with the equity method of accounting. The carrying amount of the investment in the associate must be decreased by the amount of dividends received or receivable from the associate.

Revenue relating to construction activities is detailed at Note 1(f).

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

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

Where the group is a lessor, rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(v) 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 1(l) for further discussion on the determination of impairment losses.

(w) 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. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(x) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(y) Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(z) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(aa) Comparative Figures

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 statement is presented.

(ab) Rounding of Amounts

The parent entity has not elected to apply the relief available to it under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* . Accordingly, amounts in the financial statements have been rounded to the nearest $1.

(ac) New and amended accounting policies adopted by the Group

There have been no new or amended accounting policies adopted by the group that impact the annual consolidated financial statements.

(ad) Critical Accounting Estimates and Judgements

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

Key Estimates and Judgements

(i) Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(ii) Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial psition.

(iii) Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement, The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

(iv) Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

(v) Estimation of useful lives of assets

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

(vi) Impairment or revaluation of Water Rights and licences

The consolidated entity assesses the impairment or revaluation of Water rights and licences at each reporting date. Water rights and licences held by the company are classified as intangible assets. There is a sophisticated and well regulated market network which provides daily prices of the permanent licences and annual allocations. The company revalues the water licences each half year in accordance with the prevailing market prices at balance date. Minimal directors estimates and judgements are required due to the sophisticated and well regulated market network providing regular observable and reliable market values of water rights and licences.

(vii) Valuation of Biological Assets

Directors make significant judgements and estimates in regards to valuing Biological Assets. Refer to Note 1(f) and Note 10 for further detail on Biological Assets valuations.

(viii) Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. All other expenditure is expensed.

(ae) New Accounting Standards for Application in Future Periods

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.

The Company is in the process of completing its impact assessment of AASB 9. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 9 are not expected to have a material effect on the Group.

— AASB 2014-7: *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014)

AASB 2014-7 (issued December 2014) gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issue of AASB 9: Financial Instruments (December 2014). More significantly, additional disclosure requirements have been added to AASB 7: Financial Instruments: Disclosures regarding credit risk exposures of the entity. This Standard also makes various editorial corrections to Australian Accounting Standards and an Interpretation.

AASB 2014-7 mandatorily applies to annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted, provided AASB 9 (December 2014) is applied for the same period.

— 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)

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The Company is in the process of completing its impact assessment of AASB 15. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 15 are not expected to have a material effect on the Group.

— AASB 2014-5: *Amendments to Australian Accounting Standards arising from AASB 15*

This Standard is applicable to annual reporting periods beginning on or after 1 January 2017 and makes consequential amendments to various Australian Accounting Standards arising as a result of the issue of AASB 15: Revenue from Contracts with Customers. AASB 2014-5 is not expected to impact the Group's financial statements.

— AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15

This Standard amends the mandatory effective date (application date) of AASB 15: Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. Therefore, this Standard also defers the consequential amendments that were originally set out in AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15. This deferral is achieved in a variety of ways because some of the Standards amended by AASB 2014-5 have been superseded by new principal versions issued in 2015 that apply to annual reporting periods beginning on or after 1 January 2017 or 2018. This Standard amends Interpretation 1052: Tax Consolidation Accounting to update the cross-references to Standards and to remove the references to dividends and other distributions, so that the wording of Int 1052.45 is appropriate for annual reporting periods beginning on or after 1 January 2018. AASB 15 is also reformatted to follow the structure of the new principal versions of other Standards by deleting or moving the Aus-numbered "Application" paragraphs.

— AASB 2016-7: *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*

This Standard amends the mandatory effective date (application date) of AASB 15 for not-for-profit entities so that AASB 15 is required to be applied by such entities for annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2018.

Therefore, this Standard also defers, for not-for-profit entities, the consequential amendments that were originally set out in AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15. This deferral is achieved by restating the effective date of the amendments set out in AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15 as they apply to not-for-profit entities.

Earlier application of AASB 15 is permitted for not-for-profit entities for annual reporting periods beginning before 1 January 2019, provided AASB 1058: Income of Not-for-Profit Entities (Appendix D) is also applied to the same period.

This Standard applies to annual periods beginning on or after 1 January 2017, which was the original mandatory effective date of AASB 15.

— AASB 2016-3: *Amendments to Australian Accounting Standards – Clarifications to AASB 15*

AASB 2016-3 (issued May 2016) makes amendments to AASB 15 to:

— clarify the requirements for assessing whether two or more promises to transfer goods or services to a customer are separately identifiable when identifying performance obligations in accordance with AASB 15.27(b) and the factors indicating this assessment;
— elaborate on the assessment of "control" over goods or services when determining whether an entity is acting as a principal or agent
— clarify the timing of revenue recognition from licensing transactions; and
— extend the application of practical expedients on transition to AASB 15.

— AASB 2016-3 mandatorily applies to annual reporting periods beginning on or after 1 January 2018, with earlier application permitted.

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:

— identify the contract(s) with a customer;
— identify the performance obligations in the contract(s);
— determine the transaction price;
— allocate the transaction price to the performance obligations in the contract(s); and
— 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.

— 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.

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

- recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term of 12 months or less of tenure and leases relating to low-value assets);
- 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;
- 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;
- 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
- 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 Company is in the process of completing its impact assessment of AASB 16. Based on a preliminary assessment performed over each line of business and lease type, the effect of AASB 16 is not expected to have a material effect on the Group. It is impracticable at this stage to provide a reasonable estimate of such impact.

Note 2 Revenue and Other Income

	Note	Consolidated Group		Parent Entity	
		2018	2017	2018	2017
(a) Revenue from continuing operations		$	$	$	$
Sales revenue					
— Fish sales		1,890,461	732,012	1,890,461	602,019
— Net gain from changes in fair value of biological assets	10	2,177,898	977,584	2,177,898	852,048
— Equipment sales		372,522	90,646	372,522	32,390
		4,440,881	1,800,242	4,440,881	1,486,457
Other revenue					
— Interest received		27,225	17,532	23,193	40,687
— Sundry income		12,860	4,903	8,512	4,797
		40,085	22,435	31,705	45,484
Total revenue		4,480,966	1,822,677	4,472,586	1,531,941
Other income					
— Gain on debt forgiveness		-	260,323	-	-
— Research and development tax incentive		332,862	-	76,811	-
Total other income		332,862	260,323	76,811	-
Total Revenue and other income		4,813,828	2,083,000	4,549,397	1,531,941

Note 3 Profit for the Year

	Note	Consolidated Group		Parent Entity	
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		2018	2017	2018	2017
(a) Expenses		$	$	$	$
Cost of sales - Fish		1,890,460	732,012	1,890,460	602,019
Cost of Sales - Aquaculture Equipment Sales		160,928	77,990	160,928	33,215
Total Cost of Sales		2,051,388	810,002	2,051,388	635,234
Interest expense on financial liabilities					
— Related parties	25	30,000	19,092	-	-
— Unrelated parties		10,755	28,820	10,385	3,832
Total finance cost		40,755	47,912	10,385	3,832
Rental expense on operating leases					
— minimum lease payments		99,447	-	99,447	-
— contingent rents		-	-	-	-
— sublease payments		-	-	-	-
Exploration expenditure		-	31,800	-	46,259
Depreciation		313,033	115,159	252,569	57,108
Superannuation		88,485	44,225	82,632	30,391
Share Based Payment - stock exchange listing		-	6,229,119	-	6,229,119

Note part of employee benefits expenses, veterinary and depreciation are expenses incurred in Research and Development but are not listed separately as Research and Development.

Note 4 Tax Expense

		Note	Consolidated Group 2018 $	Consolidated Group 2017 $	Parent Entity 2018 $	Parent Entity 2017 $
(a)	The components of tax (expense) income comprise:					
	Current tax					
	Deferred tax	17	(137,446)	(152,251)	(96,184)	(115,696)
	Recoupment of prior year tax losses					
	Under provision in respect of prior years		(775)	161,543	9,641	
			(138,221)	9,292	(86,543)	(115,696)
(b)	The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:					
	Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2017: 30%)					
	— consolidated group		(111,763)	(1,930,495)		
	— parent entity				(140,915)	(1,970,131)
	Add:					
	Tax effect of:					
	— non-deductible depreciation and amortisation		-	-	-	-
	— non-allowable items		145,460	1,935,400	145,461	1,935,194
	— adjusted carry forward tax loss		359	-	359	-
			34,056	4,905	4,905	(34,937)
	Less:					
	Tax effect of:					
	— deductible expenses capitalised on balance sheet or not claimed in prior year		79,966	86,940	79,966	80,759
	— adjustment to consolidated figures as part year expenses removed due to reverse acquisition consolidation		-	51,900		-
	— foreign currency exchange profit not subject to income tax		-	-		-
	— taxation depreciation exceeding accounting depreciation		-	-		-
	— non-assessable income		91,536	-	21,123	-
	— Carry forward losses prior year not accounted for as Deferred Tax Asset		-	18,316		-
	Recoupment of prior year tax losses not previously brought to account		-	-	-	-
	Income tax attributable to entity		(137,446)	(152,251)	(96,184)	(115,696)

Note 5 Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors' 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:

	2018	2017
	$	$
Short-term employee benefits	270,000	200,577
Post-employment benefits	22,800	14,780
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total KMP compensation	292,800	215,357

Short-term employee benefits

– these amounts include fees and benefits paid to the non-executive chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits

– these amounts are the current year's estimated costs of providing for the Group's superannuation contributions made during the year.

Other long-term benefits

– these amounts represent long service leave benefits accruing during the year, long-term disability benefits, and deferred bonus payments.

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 Remuneration Report.

Note 6 Auditor's Remuneration

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Remuneration of the auditor for:				
— auditing or reviewing the financial statements	40,000	57,557	40,000	57,557
— taxation services	-	-	-	-
— due diligence services	-	5,000	-	5,000
— other taxation services	-	-	-	-
	40,000	62,557	40,000	62,557

Note 7 Earnings per Share

		Consolidated Group	
		2018	2017
		$	$
(a)	Reconciliation of earnings to profit or loss		
	Profit/(loss)	(268,191)	(6,444,275)
	Profit attributable to non-controlling equity interest	-	-
	Redeemable and convertible preference share dividends	-	-
	Earnings used to calculate basic EPS	(268,191)	(6,444,275)
	Dividends on convertible preference shares	-	-
	Earnings used in the calculation of dilutive EPS	(268,191)	(6,444,275)
(b)	Reconciliation of earnings to profit or loss from continuing operations		
	Profit/(loss) from continuing operations	(268,191)	(6,444,275)
	Profit attributable to non-controlling equity interest in respect of continuing operations	-	-
	Redeemable and convertible preference share dividends	-	-
	Earnings used to calculate basic EPS from continuing operations	(268,191)	(6,444,275)
	Dividends on convertible preference shares	-	-
	Earnings used in the calculation of dilutive EPS from continuing operations	(268,191)	(6,444,275)
(c)	Reconciliation of earnings to profit or loss from discontinued operations		
	Profit from discontinued operations	-	-
	Profit attributable to non-controlling equity interest	-	-
	Earnings used to calculate basic EPS from discontinued operations	-	-
		No.	
(d)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	354,916,572	
	Weighted average number of dilutive options outstanding	91,350,000	
	Weighted average number of dilutive performance rights outstanding	15,000,000	
	Weighted average number of dilutive deferred consideration shares outstanding	26,428,571	
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	487,695,143	
			No.
	Total number of ordinary shares outstanding 30/6/17		346,825,684
	Total number of dilutive options outstanding 30/6/17		90,350,000
	Total number of dilutive performance rights outstanding 30/6/17		15,000,000
	Total number of dilutive deferred consideration shares outstanding 30/6/17		26,428,571
	Total number of securities outstanding during the year used in calculating dilutive EPS		478,604,255

In preparation of the 2017 Financial Report there was a departure from AASB 3 (paragraph B25 - B27) The transactions to acquire the aquaculture businesses on 16th January 2017 involved three separate acquisitions. Two of these acquisitions (Riverina Acquaculture and Silverwater Native Fish) were by way of acquisition of assets and the third involved the takeover of Bidgee Fresh Pty Ltd (deemed to be the acquiror in accordance with AASB 3). The Directors believe that adherence to the EPS method of calculation in accordance with AASB 3 has the potential to be misleading to existing shareholders as the issue of shares to Riverina and Silverwater would be excluded in calculating the weighted average number of shares. Accordingly in 2017 the company has calculated Earnings Per Share of the consolidated entity by dividing the net earnings of the group by the total shares on issue as at 30th June 2017.

Note 8 Cash and Cash Equivalents

	Note	Consolidated Group		Parent Entity	
		2018	2017	2018	2017
		$	$	$	$
Cash at bank and on hand		2,076,942	3,132,325	2,065,725	3,118,790
Short-term bank deposits		-	-	-	-
	26	2,076,942	3,132,325	2,065,725	3,118,790

The effective interest rate on short-term bank deposits was 2%, 2017: 2%.

Reconciliation of cash

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	Note	Consolidated 2018	Consolidated 2017	Parent 2018	Parent 2017
Cash and cash equivalents		2,076,942	3,132,325	2,065,725	3,118,790
CBA Credit Cards	16	(1,819)	(6,904)	(1,819)	(6,904)
		2,075,123	3,125,421	2,063,906	3,111,886

A floating charge over cash and cash equivalents has been provided for certain debts. Refer to Note 16 for further details.

Note 9 Trade and Other Receivables

	Note	Consolidated Group 2018 $	Consolidated Group 2017 $	Parent Entity 2018 $	Parent Entity 2017 $
CURRENT					
Trade receivables		456,768	140,252	455,584	137,088
Provision for impairment		-	-	-	-
		456,768	140,252	455,584	137,088
Other receivables		2,311	3,383	2,311	3,383
Business Activity Statement Refund Receivable		13,716	207,345	13,716	256,620
Amounts receivable from related parties					
— wholly-owned subsidiaries		-	-	273,457	428,019
Total current trade and other receivables		472,795	350,980	745,068	825,110

The ageing of the past due but not impaired receivables are as follows:

0 to 3 months overdue	353,140	137,088	353,140	137,088
3 to 6 months overdue	56,808	3,164	56,808	-
Over 6 months overdue	46,820	-	45,636	-
	456,768	140,252	455,584	137,088

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties 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.

(c) **Collateral Held as Security**

There is no collateral held as security over any Trade Receivables or Loans to Subsidiaries.

(d) **Financial Assets Classified as Loans and Receivables**	Note	Consolidated Group 2018 $	Consolidated Group 2017 $	Parent Entity 2018 $	Parent Entity 2017 $
Trade and other Receivables					
— Total current		472,795	350,980	745,068	825,110
— Total non-current		-	-	-	-
Total financial assets classified as loans and receivables	26	472,795	350,980	745,068	825,110

(e) **Collateral Pledged**

A fixed and floating charge over all company assets was provided to the Commonwealth Bank in respect of a credit card facility.

Note 10 Inventories

The Biological Asset is Murray Cod, a premium freshwater table fish.

	Note	Consolidated Group		Parent Entity	
		2018	2017	2018	2017
		$	$	$	$
CURRENT					
At cost:					
Fish Feed and Chemical Inventory		77,259	29,861	77,259	29,861
Livestock - Cattle		15,763	15,763	15,763	15,763
Cage Building Stock and Parts		171,290	141,452	171,290	141,452
		264,312	187,076	264,312	187,076
At net realisable value:					
Biological Assets		4,277,838	1,874,720	4,277,838	1,874,720
Total Inventory		4,542,150	2,061,796	4,542,150	2,061,796

(a) Biological Assets

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Biological Assets				
Murray Cod Broodstock	115,695	87,615	115,695	87,615
Murray Cod Fingerlings	782,817	823,087	782,817	823,087
Murray Cod Pond Fish	3,379,326	873,848	3,379,326	873,848
Silver Perch	-	90,170	-	90,170
	4,277,838	1,874,720	4,277,838	1,874,720

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Carrying amount at the beginning of the period	1,874,720	277,863	1,874,720	-
Purchases	786,259	759,264	786,259	954,874
Growing Costs	672,050	358,049	672,050	490,883
Decreases due to harvest for sale	(1,233,089)	(498,040)	(1,233,089)	(423,085)
Gain from physical changes at fair value	2,177,898	977,584	2,177,898	852,048
Carrying amount at the end of the period	4,277,838	1,874,720	4,277,838	1,874,720

Note 11 Interests in Subsidiaries

(a) **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group.

		Ownership interest held by the Group		Proportion of non-controlling interests	
		2018	2017	2018	2017
Name of legal subsidiary	Country of Incorporation	(%)	(%)	(%)	(%)
Bidgee Fresh Pty Ltd	Australia	100%	100%	0%	0%

Refer to point (d) regarding Bidgee Fresh Pty Ltd being the Accounting Parent.

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

(b) **Significant Restrictions**

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

(c) **Acquisition of Controlled Entities**

On 16th January 2017, the parent entity acquired a 100% interest in and control of Bidgee Fresh Pty Ltd. By holding 100% of the outstanding voting shares in Bidgee Fresh Pty Ltd, the Group holds all of the seats on the Board of Bidgee Fresh Pty Ltd, thereby giving the Group the current ability to direct the relevant activities of the entity. The acquisition was a result of Murray Cod Australia Limited purchasing three aquaculture businesses, being Bidgee Fresh Pty Ltd, Riverina Aquaculture and Silverwater Native Fish, for the breeding, growing and supply of Murray Cod. The acquisition is intended to consolidate existing operations to create a vertically integrated producer across the entire Murray Cod lifecycle.

	Quantity	Price $/Unit	Market Value $
- Purchase consideration:			
- Fully paid Ordinary Shares	40,714,286	0.05	2,035,714
- Deferred Fully paid Ordinary Shares	13,571,428	0.025	339,286
- Vendor Options	40,000,000	0.01735	694,000
- Performance Rights	15,000,000	0.025	375,000
	109,285,714		3,444,000

At the time Murray Cod Australia Limited purchased Bidgee Fresh Pty Ltd, Bidgee Fresh Pty Ltd Assets exceeded its liabilities. This means that the purchase consideration is all allocated to Share based payment expense on purchase

Share Based Payment on listing expense	$ 3,444,000

(i) Deferred fully paid ordinary shares are not converted to Ordinary Shares until the milestone is achieved and approved as agreed by the Board of Directors. Milestone being the production and sale of 100 tonnes of Murray Cod within 4 years from the Quotation Date.

(ii) The Options are exercisable on or prior to the Expiry Date, if within 4 years from the Quotation Date, 100 tonnes of Murray Cod are produced and sold by the company.

(iii) The vesting of a Performance Right is conditional on the satisfaction of vesting conditions attaching to the Performance Rights on or before the milestone date as set out below:

Class	Number of Performance	Vesting Conditions	Milestone Date
A	5,000,000	Production and sale by the company of 50 tonnes of Murray Cod	3 years from date of issue
B	5,000,000	Production and sale by the company of 100 tonnes of Murray Cod (tonnage aggregated with that from Class A)	4 years from date of issue
C	5,000,000	Production and sale by the company of 150 tonnes of Murray Cod (tonnage aggregated with that from Classes A and B)	5 years from date of issue

(iv) The share based payment on stock exchange listing is attributable to the high growth potential of the acquired business, acquired intellectual property, and the significant synergies expected to arise after the Group's acquisition of Bidgee Fresh Pty Ltd combined with that of Riverina Aquaculture and Silverwater Native Fish to create a vertically integrated producer of Murray Cod.

Cash Payment on Acquisition of Controlled Entity

On the 16th January 2017 Murray Cod Australia acquired 100% interest in and control of Bidgee Fresh Pty Ltd. At the time of takeover Shareholders in Bidgee Fresh Pty Ltd had loaned funds to Bidgee Fresh Pty Ltd. M & B Ryan Pty Ltd had loaned $681,032.55 to Bidgee Fresh Pty Ltd and Brigalow Enterprises Pty Ltd had loaned $679,290.68 to Bidgee Fresh Pty Ltd. As part of the acquistion agreement between Murray Cod Australia and the shareholders of Bidgee Fresh Pty Ltd Murray Cod Australia was to pay $1,100,000 to Bidgee Fresh Pty Ltd to repay $550,000 of the Loans to each of M& B Ryan Pty Ltd and Brigalow Enterprises Pty Ltd. It was agreed the amounts of the loan in excess of the $550,000 per shareholder would be written off.

(d) In accounting for the acquisition, the Consolidated Entity has taken guidance from the principles of AASB 3 Business Combinations (AASB3) and determined that Bidgee Fresh Pty Ltd would be deemed to be the acquiror for accounting purposes. Accordingly the transaction is accounted for as a reverse asset acquisition. As a result the consolidated statement of Financial Position as at 30 June 2017 has been prepared as a continuation of the Bidgee Fresh Pty Ltd Financial Statements with Bidgee Fresh Pty Ltd (as the accounting acquiror) accounting for the acquisition as at 17th January 2017. As the activities of the legal acquiror (Murray Cod Australia Limited) would not constitute a business based on the requirements of AASB 3, any excess of the deemed consideration over the fair value of the acquisitions, as calculated in accordance with the reverse acquisition accounting principles, cannot be taken to be a goodwill asset and has been expensed as share based payment expense.

Note 12 Property, Plant and Equipment

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
LAND AND BUILDINGS				
Land and Buildings	1,654,332	1,654,332	1,654,332	1,654,332
Total Land and buildings	1,654,332	1,654,332	1,654,332	1,654,332

All land and buildings were acquired at the time of the business acquisitions from Silverwater and Riverina Aquaculture (refer to note 31). At the time of acquisition the Land and Buildings were valued by an independent valuer. The Land and Buildings are recorded at the deemed cost as this is the cost of purchase at time of acquisition. Directors have determined not to revalue Land and Buildings at the reporting date as the deemed cost was market value at purchase. The acquisition date is less than 18 months prior to the reporting date and the directors believe the value has not increased since that date.

	2018	2017	2018	2017
PLANT AND EQUIPMENT				
Plant and equipment:				
At cost	4,088,230	2,406,037	3,197,686	1,509,964
Accumulated depreciation	(433,954)	(126,450)	(309,677)	(57,108)
	3,654,276	2,279,587	2,888,009	1,452,856
Total property, plant and equipment	5,308,608	3,933,919	4,542,341	3,107,188

(a) **Movements in Carrying Amounts**

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Freehold Land	Buildings	Leasehold Improvements	Plant and Equipment	Leased Plant and Equipment	Total
	$	$	$	$	$	$
Consolidated Group:						
Balance at 1 July 2016				819,251		819,251
Additions				624,922		624,922
Acquisitions through business combinations:						-
a)Purchased from M & B Ryan	862,330			286,170		1,148,500
b)Legal costs and stamp duty on purchase from M & B Ryan	57,307					57,307
c)Purchased from Silverwater Native Fish - Ian & Michelle Charles	700,000			115,050		815,050
d)Legal costs and stamp duty on purchase from Silverwater Native Fish - Ian & Michelle Charles	34,695					34,695
e)Purchased from Brigalow Enterprises Pty Ltd				550,000		550,000
Revaluation and impairment increments / (decrements)						-
Depreciation expense				(109,629)		(109,629)
Capitalised borrowing costs expensed and capital costs write off				(7,512)		(7,512)
Capitalised borrowing costs and depreciation				1,335		1,335
Balance at 30 June 2017	1,654,332	-	-	2,279,587	-	3,933,919
Additions				1,687,429		1,687,429
Disposals						-
Acquisitions through business combinations						-
Revaluation increments / (decrements)						-
Depreciation expense				(313,033)		(313,033)
Capitalised borrowing costs expensed and capital costs write off				(297)		(297)
Capitalised borrowing costs and depreciation				590		590
Balance at 30 June 2018	1,654,332	-	-	3,654,276	-	5,308,608

Parent Entity:						
Balance at 1 July 2016	-	-	-		-	-
Additions				557,409		557,409
Disposals						-
Acquisitions through business combinations:						-
a)Purchased from M & B Ryan	862,330			286,170		1,148,500
b)Legal costs and stamp duty on purchase from M & B Ryan	57,307					57,307
c)Purchased from Silverwater Native Fish - Ian & Michelle Charles	700,000			115,050		815,050
d)Legal costs and stamp duty on purchase from Silverwater Native Fish - Ian & Michelle Charles	34,695					34,695
e)Purchased from Brigalow Enterprises Pty Ltd				550,000		550,000
Revaluation and impairment increments / (decrements)						-
Depreciation expense				(57,108)		(57,108)
Capitalised borrowing costs and depreciation				1,335		1,335
Balance at 30 June 2017	1,654,332	-	-	1,452,856	-	3,107,188
Additions				1,687,429		1,687,429
Disposals						-
Revaluation increments/(decrements)						-
Depreciation expense				(252,569)		(252,569)
Capitalised borrowing costs expensed and capital costs write off				(297)		(297)
Capitalised borrowing costs and depreciation				590		590
Balance at 30 June 2018	1,654,332	-	-	2,888,009	-	4,542,341

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
(b) **Capitalised Finance Costs**				
Borrowing costs incurred	1,925	3,317	1,925	3,317
Borrowing costs written off to profit and loss	(297)	(1,982)	(297)	(1,982)
Borrowing costs capitalised	1,628	1,335	1,628	1,335

Note 13 Intangible Assets

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Goodwill				
Cost	-	-	-	-
Accumulated impairment losses	-	-	-	-
Net carrying amount	-	-	-	-
Water Rights and Licences				
Market Value	897,050	686,450	897,050	686,450
Total intangible assets	897,050	686,450	897,050	686,450

Consolidated Group:

	Goodwill	Water Rights and Licences
	$	$
Year ended 30 June 2017		
Balance at the beginning of the year		-
Additions		-
Acquisitions through business combinations:		
a)Purchased from M & B Ryan		301,500
b)Purchased from Silverwater Native Fish - Ian & Michelle Charles		384,950
Disposals		
Amortisation charge		
Revaluation		-
	-	686,450
Year ended 30 June 2018		
Balance at the beginning of the year	-	686,450
Additions		
Internal development		
Acquisitions through business combinations		
Disposals		
Revaluation		210,600
Amortisation charge		
Impairment losses		
Closing value at 30 June 2018	-	897,050

Water Licences held by the company are classified as intangible assets. The licences are issued by the NSW Government and by Murrumbidgee Irrigation Limited and provide the company with the right to receive allocations of water from Murrumbidgee river supplies and from underground aquifers. The volume of water allocated to the general security Murrumbidgee licences each year is dependent upon the volumes available within the Snowy Mountains storages each year and the allocations are announced progressively throughout the irrigation season each year by the government. Both the licences and the annual allocations of water are readily tradeable assets. There is a sophisticated and well regulated market network which provides daily prices of the permanent licences and the annual allocations. The company revalues the water licences each half year in accordance with the prevailing market prices at balance date. The value of annual allocations is not accounted for by the company as such allocations expire on 30 June each year.

Note 14 Other Assets

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
CURRENT				
Prepayments	33,624	15,816	33,624	15,816
	33,624	15,816	33,624	15,816

Note 15 Trade and Other Payables

	Note	Consolidated Group 2018 $	Consolidated Group 2017 $	Parent Entity 2018 $	Parent Entity 2017 $
CURRENT					
Unsecured liabilities					
Trade payables		649,556	99,432	646,487	99,431
Sundry payables and accrued expenses		109,291	96,328	109,291	96,328
Amounts payable to related parties					
— wholly-owned subsidiaries		-	-	-	-
— other related parties	25(d)	-	-	-	-
— key management personnel related entities	25(d)	549,092	519,092	-	-
		1,307,939	714,852	755,778	195,759

	Note	Consolidated Group 2018 $	Consolidated Group 2017 $	Parent Entity 2018 $	Parent Entity 2017 $
(a) Financial liabilities at amortised cost classified as trade and other payables					
Trade and other payables					
— Total current		1,307,939	714,852	755,778	195,759
— Total non-current		-	-	-	-
		1,307,939	714,852	755,778	195,759
Less: other payables (net amount of GST payable)					
Financial liabilities as trade and other payables	26	1,307,939	714,852	755,778	195,759

Note 16 Borrowings

	Note	Consolidated Group 2018 $	Consolidated Group 2017 $	Parent Entity 2018 $	Parent Entity 2017 $
CURRENT					
Unsecured liabilities					
Bank overdrafts		-	-	-	-
		-	-	-	-
Secured liabilities					
Lease liability	20	65,193	39,076	65,193	39,076
CBA Credit Card	16(a)(b)	1,819	6,904	1,819	6,904
Total current borrowings		67,012	45,980	67,012	45,980
NON-CURRENT					
Secured liabilities					
Lease liability	20	243,556	170,374	243,556	170,374
Total non-current borrowings		243,556	170,374	243,556	170,374
Total borrowings	26	310,568	216,354	310,568	216,354

	Note	Consolidated Group 2018 $	Consolidated Group 2017 $	Parent Entity 2018 $	Parent Entity 2017 $
(a) Total current and non-current secured liabilities:					
CBA Credit Card		1,819	6,904	1,819	6,904
Lease Liabilities	20	308,749	209,450	308,749	209,450
		310,568	216,354	310,568	216,354

(b) **Collateral provided**

A fixed and floating charge over all company assets was provided to the Commonwealth Bank in respect of a credit card facility.
Lease liabilities are secured by the underlying leased assets.

Note 17 Tax

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
CURRENT				
Income tax payable	-	-	-	-
	-	-	-	-

NON-CURRENT **Consolidated Group**	Opening Balance $	Recognised in Profit and Loss $	Charged directly to Equity $	Changes in Tax Rates $	Exchange Differences $	Closing Balance $
Deferred tax liabilities						
Property, plant and equipment						
- tax allowance		173,320				173,320
Tangible assets revaluation						-
Fair value gain						-
Gain on cash flow hedges						-
Future income tax benefits attributable to tax losses						-
Other						-
Balance at 30 June 2017	-	173,320	-	-	-	173,320
Property, Plant and Equipment						
- tax allowance	173,320	56,285		(14,443)		215,162
Tangible assets revaluation	-					-
Fair value gain	-					-
Gain on cash flow hedges	-					-
Future income tax benefits attributable to tax losses	-					-
Other	-					-
Balance at 30 June 2018	173,320	56,285	-	(14,443)	-	215,162
Deferred tax assets						
Provisions and accruals						-
Transaction costs on equity issue						-
Fair value gain adjustments						-
Property, plant and equipment						
- impairment						-
Other		164,030				164,030
Balance at 30 June 2017	-	164,030	-	-	-	164,030
Provisions	-					
Transaction costs on equity issue	-					-
Fair value gain adjustments	-					-
Property, plant and equipment						
- impairment	-					-
Other	164,030	193,731		(13,670)		344,091
Balance at 30 June 2018	164,030	193,731	-	(13,670)	-	344,091

The benefits of the above temporary differences and unused tax losses will only be realised if the conditions for deductibility set out in Note 1(b) occur. These amounts have no expiry date.

Parent Entity	Opening Balance $	Recognised in Profit and Loss $	Charged directly to Equity $	Changes in Tax Rates $	Exchange Differences $	Closing Balance $
Deferred tax liabilities						
Property, plant and equipment						
- tax allowance		17,132				17,132
Tangible assets revaluation						-
Fair value gain						-
Gain on cash flow hedges						-
Future income tax benefits attributable to tax losses						-
Other						-
Balance as at 30 June 2017	-	17,132	-	-	-	17,132
Property, plant and equipment						
- tax allowance	17,132	61,925		(1,428)		77,629
Tangible assets revaluation	-					-
Fair value gain	-					-
Gain on cash flow hedges	-					-
Cash flow hedge gain transferred from equity to profit or loss	-					-
Future income tax benefits attributable to tax losses	-					-
Other	-					-
Balance as at 30 June 2018	17,132	61,925	-	(1,428)	-	77,629
Deferred tax assets						
Provisions						
Transaction costs on equity issue						-
Fair value gain adjustments						-
Property, plant and equipment						
- impairment						-
Other		132,828				132,828
Balance as at 30 June 2017	-	132,828	-	-	-	132,828
Provisions	-					-
Transaction costs on equity issue	-					-
Fair value gain adjustments	-					-
Property, plant and equipment						
- impairment	-					-
Other	132,828	158,109		(11,068)		279,869
Balance as at 30 June 2018	132,828	158,109	-	(11,068)	-	279,869

Note 18 Provisions

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
CURRENT	$	$	$	$
Employee Benefits				
Opening balance at 1 July 2017	6,717	-	6,717	-
Additional provisions	36,503	6,717	36,503	6,717
Amounts used	-	-	-	-
Unused amounts reversed	-	-	-	-
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-	-
Balance at 30 June 2018	43,220	6,717	43,220	6,717
Total	43,220	6,717	43,220	6,717

Analysis of Total Provisions	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Current	43,220	6,717	43,220	6,717
Non-current	-	-	-	-
	43,220	6,717	43,220	6,717

Provision for Employee Benefits

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.

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.

The probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(r).

Note 19 Issued Capital

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
392,659,015 (2017: 346,825,684) fully paid ordinary shares in the parent entity	16,894,385	14,144,385	18,976,916	16,226,916
Less: Capital Raising Costs	(1,453,926)	(1,308,555)	(2,206,447)	(2,061,078)
392,659,015 (2017: 346,825,684) fully paid ordinary shares in the parent entity	15,440,459	12,835,830	16,770,469	14,165,838
26,428,571 Deferred Ordinary Shares	660,714	660,714	660,714	660,714
	16,101,173	13,496,544	17,431,183	14,826,552

	Consolidated Group		Parent Entity	
(a) **Ordinary Shares**	2018	2017	2018	2017
	No.	No.	No.	No.
At the beginning of the reporting period	346,825,684	63,939,969	346,825,684	63,939,969
Shares issued during the year				
— 16/01/2017		82,885,715		82,885,715
— 16/01/2017		200,000,000		200,000,000
— 19/04/2018	45,833,331		45,833,331	
At the end of the reporting period	392,659,015	346,825,684	392,659,015	346,825,684

On the 19th April 2018 Murray Cod Australia Limited issued 45,833,331 Ordinary Shares at $0.06.
On the 16th January 2017 Murray Cod Australia Limited issued 200,000,000 Ordinary Shares at $0.05, this capital was raised under the prospectus issued in November 2016. On the 16th January 2017 Murray Cod Australia Limited also issued 82,885,715 Ordinary Shares for consideration. Details in regards to this transaction is detailed in the November 2016 prospectus issued and Note 31.

Ordinary shareholders participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

(b) **Par Value**

All Shares are fully paid Ordinary Shares, there is no par value.

(c) **Capital Management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital, and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio remains between 0% and 50%. The gearing ratios for the year ended 30 June 2018 and 30 June 2017 are as follows:

		Consolidated Group		Parent Entity	
		2018	2017	2018	2017
	Note	$	$	$	$
Total borrowings	15, 16	1,618,507	931,206	1,066,346	412,113
Less cash and cash equivalents	8	(2,076,942)	(3,132,325)	(2,065,725)	(3,118,790)
Net debt		(458,435)	(2,201,119)	(999,379)	(2,706,677)
Total equity		11,798,371	9,234,073	11,918,632	9,512,016
Total capital		11,339,936	7,032,954	10,919,253	6,805,339
Gearing ratio		N/A	N/A	N/A	N/A

Note 20 Capital and Leasing Commitments

		Consolidated Group		Parent Entity	
		2018	2017	2018	2017
	Note	$	$	$	$
(a) **Finance Lease Commitments**					
Payable — minimum lease payments					
— not later than 12 months		79,827	49,216	79,827	49,216
— between 12 months and five years		263,958	186,748	263,958	186,748
— later than five years		-	-	-	-
Minimum lease payments		343,785	235,964	343,785	235,964
Less future finance charges		(35,036)	(26,514)	(35,036)	(26,514)
Present value of minimum lease payments	16	308,749	209,450	308,749	209,450

All Finance lease commitments are equipment finance from the Commonwealth Bank. There are 6 Equipment finances with CBA with varying commencement and completion dates. The equipment finances are over a Truck and 5 Motor Vehicle Utes. No Finance Lease commitments are longer than 5 years. Security provided for each equipment finance is the underlying asset in regards which the finance was obtained for.

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
(b) **Operating Lease Commitments**	$	$	$	$
Non-cancellable operating leases contracted for but not recognised in the financial statements				
Payable — minimum lease payments				
— not later than 12 months	183,800		183,800	
— between 12 months and five years	735,200		735,200	
— later than five years	1,000,000		1,000,000	
	1,919,000	-	1,919,000	-

The company has two property leases:

a) Farm 1444c Burley Griffin Way BILBUL (known as "Molloys"), Lease is currently for Land, including a residence, and 52 ML's of High Security Water and 41 ML's of General security water. The Lease is currently $6,983.33 (GST exclusive) per month and is a 5 year lease with an option to renew in 5 years and then again in 10 years. The Lease commenced August 2017. Lease payments are indexed annually in accordance with the CPI.
b) Farm "Carawatha" Irrigation Way WIDGELLI (known as "McFarlanes"). Lease is currently for Land. The Lease is currently $8,333.33 (GST Exclusive) per month and is a 15 year lease. Lease payments are indexed annually in accordance with the CPI.

Note 21 Contingent Liabilities and Contingent Assets

There were no contingent assets and liabilities outstanding at 30 June 2018; (30/6/17: nil)

Note 22 Cash Flow Information

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
(a) **Reconciliation of Cash Flows from Operating Activities with Profit/(loss) after Income Tax**				
Profit/(loss) after income tax	(268,191)	(6,444,275)	(425,875)	(6,451,408)
Non-cash flows in profit/(loss)				
Depreciation and Amortisation	313,331	117,141	252,866	57,108
Capitalised Borrowing Costs				
Share based payment - listing expense	-	6,229,119	-	6,229,119
Share based payment - employee benefit	17,260	-	17,260	-
Net Gain on Debt Forgiveness	-	(260,323)	-	-
Subsidiary Inter-entity non cash transactions	-	-	-	923,587
Expenses incurred by Share Issue	-	480,000	-	480,000
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
(Increase)/decrease in trade and term receivables	(72,540)	(123,304)	(74,520)	(139,961)
(Increase)/decrease in other assets	(17,808)	(83,957)	(17,808)	(244,388)
(Increase)/decrease in inventories	(2,480,354)	(1,783,933)	(2,480,354)	(2,061,796)
Increase/(decrease) in trade payables and accruals	513,813	(528,413)	560,019	141,186
Increase/(decrease) in income taxes payable				
Increase/(decrease) in deferred taxes payable	41,840	173,320	60,497	17,132
(Increase)/decrease in deferred taxes receivable	(180,062)	(164,030)	(147,041)	(132,828)
Increase/(decrease) in provisions	36,502		36,502	
(Increase)/decrease in other current assets				
Cash flows from operating activities	(2,096,209)	(2,388,655)	(2,218,454)	(1,182,249)

Note 23 Share-based Payments

(i) A prospectus was issued in November 2016 to raise capital to assist Murray Cod Australia Limited with its acquisition of:

* 100% of the issued capital of Bidgee Fresh Pty Ltd (refer to Note 11);
* the business and assets of Silverwater Native Fish;
* the land and farm assets owned by Ian Charles (together with Silverwater)
* the Land and farm assets owned by Mathew Ryan (together with Riverina Aquaculture)
* the business and assets of Riverina Aquaculture
* custom designed cage and fish grading assets owned by George Roger Commins' company

As was proposed in the prospectus issued November 2016, the Equity Settled Share Based Payment Transactions that occurred during the year were

Riverina Aquaculture (M & B Ryan Pty Ltd)

	Quantity	Price $/Unit	Market Value $
Fully paid ordinary shares	38,571,429	0.05	1,928,571
Deferred fully paid ordinary shares*	12,857,143	0.025	321,429
Unlisted options	20,000,000	0.01735	347,000
TOTAL CONSIDERATION PAID			2,597,000
ASSETS ACQUIRED			
Murray Cod Stock			300,000
Goodwill			2,297,000
TOTAL ASSETS ACQUIRED			2,597,000

*Deferred fully paid ordinary shares are not converted to Ordinary Shares until the milestone is achieved and approved as agreed by the Board of Directors. Milestone being the production and sale of 100 tonnes of Murray Cod within 4 years from the Quotation Date.

Silverwater Native Fish (Ian and Michelle Charles)

	Quantity	Price $/Unit	Market Value $
Fully paid ordinary shares	2,000,000	0.05	100,000
Unlisted options	4,000,000	0.01735	69,400
TOTAL CONSIDERATION PAID			169,400
ASSETS ACQUIRED			
Murray Cod Stock			100,000
Goodwill			69,400
TOTAL ASSETS ACQUIRED			169,400

Zebina Minerals Pty Ltd

	Quantity	Price $/Unit	Market Value $
Fully paid ordinary shares	600,000	0.05	30,000
TOTAL CONSIDERATION PAID			30,000
ASSETS ACQUIRED			
Payment of liability arising under term sheet			30,000
TOTAL ASSETS ACQUIRED			30,000

*Shares were issued to Zebina as consideration for a liability arising under the term sheet dated 8 September 2015 between Zebina and the company in relation to an earn in interest in tenements owned by Zebina located in the Murchison province of Western Australia.

Alto Capital

	Quantity	Price $/Unit	Market Value $
Fully paid ordinary shares	1,000,000	0.05	50,000
TOTAL CONSIDERATION PAID			50,000
ASSETS ACQUIRED			
Payment of liability arising under Lead Manager agreement			50,000
TOTAL ASSETS ACQUIRED			50,000

*Alto Capital received 1,000,000 Ordinary Shares and 350,000 Options under their Lead Manager Agreement.

(ii) Options issued by Murray Cod Australia Limited:

Quantity issued to:	Options Issued	Exercise Price	Expiry Date	Fair Value/Optio	Fair Value 30/6/18
Alto Capital (Lead Manager) issued 16/1/17	350,000	0.075	16/01/2021	0.03143	11,000
Panaquatic (Corporate Advisor) issued 16/1/17*	5,000,000	0.075	16/01/2022	0.00868	43,375
Ross Anderson (Director) issued 16/1/17	15,000,000	0.075	16/01/2022	0.01735	260,245
Martin Priestley (Director) issued 16/1/17	2,000,000	0.075	16/01/2022	0.01735	34,700
Morgan Barron (Previous Director) issued 16/1/17	2,000,000	0.075	16/01/2022	0.01735	34,700
Douglas O'Neill (Previous Director) issued 16/1/17	2,000,000	0.075	16/01/2022	0.01735	34,700
Riverina Aquaculture and Silverwater on Asset acquisition issued 16/1/17	24,000,000	0.075	16/01/2022	0.01735	416,400
Brigalow Enterprises Pty Ltd and M & B Ryan Pty Ltd on acquisition of Bidgee Fresh Pty Ltd issued 16/1/17	40,000,000	0.075	16/01/2022	0.01735	694,000
Employee Options issued 18/8/2017	300,000	0.10	30/06/2021	0.02377	7,131
Employees Options issued 18/8/2017	300,000	0.15	30/06/2023	0.01689	5,066
Employee Options issued 18/8/2017	400,000	0.20	30/06/2025	0.01266	5,063
	91,350,000				1,546,380

The Options, excluding the Options issued pursuant to the Panaquatic Offer and the Options issued pursuant to the Lead Manager Offer, are excercisable on or prior to the Expiry Date, if within 4 years from the Quotation Date, 100 tonnes of Murray Cod are produced and sold by the company.

*The Options issued pursuant to the Panaquatic Offer are excercisable as follows:
(i) 2,500,000 of the Options exercisable on or prior to the Expiry Date, if within 4 years from Quotation Date, 150 tonnes of Murray Cod are produced and sold by the Company; and
(ii) 2,500,000 of the Options exercisable on or prior to the Expiry Date, if within 4 years from the Quotation Date, 250 tonnes of Murray Cod are produced and sold by the Company.

(iii) The company established the Murray Cod Australia Limited Public Employee Share Option Scheme on 16th December 2016 as a long term incentive scheme to recognise talent and motivate executives to strive for Group performance. Employees are granted options which vest over time, subject to meeting specified performance criteria. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board and is based on performance measures including growth in shareholder return, return on equity, cash earnings, and group EPS growth.

Options are forfeited when the holder ceases to be employed by the Group, unless the Board determines otherwise (this is usually only in the case of redundancy, death or disablement).

The following options over shares were issued to employees under the Company's Employee Securities Incentive Plan during the 2018 financial year and to the date of this report:

- 300,000 Unlisted options, exercisable at $0.10 each, expiring on 30 June 2021, vesting upon the Company achieving production and sale of 250 tonnes of Murray Cod between 30 June 2019 and 30 June 2020, issued on the 18th August 2017;
- 300,000 Unlisted options, exercisable at $0.15 each, expiring on 30 June 2023, vesting upon the Company achieving production and sale of 500 tonnes of Murray Cod between 31 December 2021 and 31 December 2022, issued on the 18th August 2017; and
- 400,000 Unlisted options, exercisable at $0.20 each, expiring on 30 June 2025, vesting upon the Company achieving production and sale of 1,000 tonnes of Murray Cod between 31 December 2023 and 31 December 2024, issued on the 18th August 2017.

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

	Consolidated Group		Parent Entity	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding as at 1 July 2016	-		-	
Granted	90,350,000	$ 0.075	90,350,000	$ 0.075
Forfeited	-		-	
Exercised	-		-	
Expired	-		-	
Options outstanding as at 30 June 2017	90,350,000	$ 0.075	90,350,000	$ 0.075
Granted	1,000,000	$ 0.155	1,000,000	$ 0.155
Forfeited	-		-	
Exercised	-		-	
Expired	-		-	
Options outstanding as at 30 June 2018	91,350,000	$ 0.076	91,350,000	$ 0.076
Options exercisable as at 30 June 2018:	91,350,000	$ 0.076	91,350,000	$ 0.076
Options exercisable as at 30 June 2017:	90,350,000	$ 0.075	90,350,000	$ 0.075

The weighted average fair value of options strike price was 2018 $0.076, (2017: $0.075) and the weighted average duration 2018 3.56 years (2017: 4.55 years).

(Iv) **Summary of Share Based Payment Expense 2018**	Quantity	Price $/Unit	Market Value $
Employee Options issued 18/8/2017	300,000	0.02377	7,131
Employees Options issued 18/8/2017	300,000	0.01689	5,066
Employee Options issued 18/8/2017	400,000	0.01266	5,063
Total Share Based Payment Employee Benefit Expense	1,000,000		17,260

Summary of Share Based Payment Expense 2017

		Quantity	Price $/Unit	Market Value $
Riverina Aquaculture (M & B Ryan Pty Ltd)				
Fully paid ordinary shares		38,571,429	0.05	1,928,571
Deferred fully paid ordinary shares		12,857,143	0.025	321,428
Unlisted options		20,000,000	0.01735	347,000
Silverwater Native Fish (Ian and Michelle Charles)				
Fully paid ordinary shares		2,000,000	0.05	100,000
Unlisted options		4,000,000	0.01735	69,400
Zebina Minerals Pty Ltd				
Fully paid ordinary shares		600,000	0.05	30,000
Alto Capital				
Fully paid ordinary shares		1,000,000	0.05	50,000
Other Options Issued	Alto	350,000	0.03143	11,000
	Panaquatic	5,000,000	0.00868	43,375
	Directors Options Issued	21,000,000	0.01735	364,345
Bidgee Fresh Pty Ltd				
Fully paid Ordinary Shares		40,714,286	0.05	2,035,714
Deferred Fully paid Ordinary Shares		13,571,428	0.025	339,286
Vendor Options		40,000,000	0.01735	694,000
Performance Rights		15,000,000	0.025	375,000
TOTAL SHARE BASED PAYMENT EXPENSE				6,709,119

ALLOCATED AS

Share Based Payment - Listing Expense	Expense in Profit and Loss	6,229,119
Inventory Purchased	Expense in Profit and Loss	400,000
Capital Raising Costs	Share Capital	50,000
Exploration Costs	Expense in Profit and Loss	30,000
		6,709,119

Note 24 Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

On the 3rd of September 2018 Westpac Bank Finance in the sum of $508,000 was drawn down against the pre-approved equipment finance facility the company has with Westpac. This finance was secured against assets that the company had previously paid for from existing cash reserves.

Note 25 Related Party Transactions

Related Parties

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

i. **Entities exercising control over the Group:**
The ultimate parent entity that exercises control over the Group is Murray Cod Australia Limited, which is incorporated in Australia.

ii. **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 key management personnel, refer to Note 5.

iii. **Entities subject to significant influence by the Group:**
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity that holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iv. **Joint ventures accounted for under the equity method:**
The Group has no interest in any joint ventures.

v. **Other Related Parties**

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel 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:

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
i. **Ultimate parent entity**				
Interest revenue	-	-	-	-
ii. **Associates**				
Sales of goods and services	-	-	-	-
Dividend revenue	-	-	-	-
Interest revenue	-	-	-	-
iii. **Joint Ventures**				
Dividend revenue	-	-	-	-
iv. **Other Related Parties**				
Purchase of goods and services				
Ventnor Capital a company related to previous Director Morgan Barron has provided Joint Company Secretarial Services of Brett Tucker and Corporate Advisory Services to Murray Cod Australia Limited (Total GST Inclusive)	33,000	20,708	33,000	106,733
Anderson's Investment Services Pty Ltd a company related to Director Ross Anderson has provided a Brokerage service to Murray Cod Australia Limited (Total GST Inclusive)	-	535,112	-	535,112
Anderson's Tax and Investment Services Pty Ltd a company related to Ross Anderson has provided Joint Company Secretarial services of Wendy Dillon, monthly administration and general bookkeeping, Accounting, corporate consulting, taxation and advice and preparation of financial report services, Payroll services, provision of office space, facilities and supplies. Anderson's Chartered Accountants (The Firm) has provided a wide variety of services to MCA. However no work undertaken by Mr Anderson on behalf of MCA has been charged to MCA by the Firm. For all of his personal exertion in the service of MCA Mr Anderson has received no benefits or remuneration other than directors fees disclosed in this report.	251,002	69,729	-	187,927
Anderson's Tax and Investment Services Pty Ltd a company related to Ross Anderson has paid expenses on behalf of the company and been reimbursed these costs. (Total GST Inclusive)	-	6,332	-	15,676
Commins Enterprises Pty Ltd a company related to Director George Roger Commins has provided manufacturing services to the company (Total GST Inclusive)	647,543	230,804	647,543	172,545

Aquacomm Pty Ltd a company related to Director George Roger Commins is a contract Murray Cod grower to Murray Cod Australia Limited. Purchase of Contract grown murray cod less costs (GST Inclusive)	106,248	55,982	106,248	48,693
Ian and Michelle Charles a Partnership related to Ian Charles has provided contract labour and has been reimbursed for out off pocket expenses in running the Hatchery (Total GST Inclusive)	13,962	88,324	13,962	88,324
Bamford Partners a company related to Director Martin Priestley was paid brokerage on Share capital raising (Total GST Inclusive)	-	7,590	-	7,590
Murray Cod Australia Limited purchases from Bidgee Fresh Pty Ltd (Wholly owned subsidiary from 17/1/17) Dam Cage build purchases (GST Inclusive)	-	-	-	103,452
Murray Cod Australia Limited purchases from Bidgee Fresh Pty Ltd (Wholly owned subsidiary from 17/1/17) part of Dam Cages Ponds 4,5,6 (GST Inclusive)	-	-	-	223,308
Murray Cod Australia Limited purchases from Bidgee Fresh Pty Ltd (Wholly owned subsidiary from 17/1/17) Biological Assets and Fish related purchases (GST Inclusive)	-	-	-	839,730
Ag Finance Specialists Pty Ltd a company related to Director Ross Anderson was paid Interest as per the Loan Agreement at 6%	30,000	19,092	-	-
Sales of goods and services				
Aquacomm Pty Ltd a company related to Director George Roger Commins has been sold Dam Cage Equipment from Murray Cod Australia Limited (GST Inclusive)	20,247	30,712	20,247	30,712
Aquacomm Pty Ltd a company related to Director George Roger Commins has been sold Advanced Fingerlings from Murray Cod Australia Limited (GST Inclusive)	215,277	27,518	215,277	-
Ian and Michelle Charles a partnership related to Ian Charles has been sold Fingerlings from Murray Cod Australia Limited (GST Inclusive)	-	57,354	-	-
Murray Cod Australia Limited sales to Bidgee Fresh Pty Ltd (Wholly owned subsidiary from 17/1/17) Fingerlings and Murray Cod Fish (GST Inclusive)	-	-	-	242,905
Dividend revenue				
Interest revenue				

(c) Amounts outstanding from related parties

Trade and Other Receivables

Unsecured loans are made to the ultimate parent entity, subsidiaries, directors, key management personnel and other related parties on an arm's length basis. Interest is dependent on the loan agreement, principal and interest repayments are made over the terms of the loans.

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Loans to Other Related Parties				
Beginning of the year			428,020	-
Loans advanced				428,020
Loan repayment received			(154,563)	-
Interest charged				-
Interest received				-
End of the year	-	-	273,457	428,020

(d) Amounts payable to related parties

Trade and Other Payables

Unsecured, at call loans are provided by the ultimate parent entity, subsidiaries, directors, key management personnel and other related parties on an arm's length basis. Interest is dependant on the loan agreement

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Loans from Other Key Management Personnel Related Entities				
Beginning of the year	519,092	690,020		
Loans advanced		1,170,303		
Loan repayment received		(1,100,000)		
Debt forgiven		(260,323)		
Interest charged	30,000	19,092		
Interest received		-		
End of the year	549,092	519,092	-	-

Note 26 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills, leases, preference shares and derivatives.

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		Parent Entity	
		2018	2017	2018	2017
	Note	$	$	$	$
Financial Assets					
Cash and cash equivalents	8	2,076,942	3,132,325	2,065,725	3,118,790
Loans and receivables	9	472,795	350,980	745,068	825,110
Total Financial Assets		2,549,737	3,483,305	2,810,793	3,943,900
Financial Liabilities					
Financial liabilities at amortised cost					
— Trade and other payables	15	1,307,939	714,852	755,778	195,759
— Borrowings	16	310,568	216,354	310,568	216,354
Total Financial Liabilities		1,618,507	931,206	1,066,346	412,113

Financial Risk Management Policies

The board of directors monitors the Group's financial risk management policies and exposures and approves financial transactions. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, foreign currency risk, liquidity risk and interest rate risk. The board of directors meet at least on a bi-monthly basis.

The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price 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.

a. 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. Depending on the division within the Group, 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 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.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held is equivalent to the carrying amount and (net of any provisions) as presented in the statement of financial position.

There is no Collateral held by the Group securing receivables.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographic basis, the Group has significant credit risk exposures to Australia given the only operation in this region. Details with respect to credit risk of Trade and Other Receivables is provided in Note 9.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 9.

Credit risk related to balances with banks and other financial institutions is managed by the board in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA.

b. 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:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The group’s policy is to ensure no more than 25% of borrowings should mature in any 12 month period.

The table below reflects an undiscounted contractual maturity analysis for financial assets and 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.

Cash flows realised from financial assets reflect management’s expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management’s expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
	2018	2017	2018	2017	2018	2017	2018	2017
Consolidated Group	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Bank overdrafts and loans							-	-
Bills of exchange and promissory notes							-	-
Debentures							-	-
Redeemable preference shares							-	-
Convertible preference shares							-	-
Trade and other payables	760,666	202,664					760,666	202,664
Amounts payable to related parties		519,092	549,092				549,092	519,092
Finance lease liabilities	65,193	39,076	243,556	170,374			308,749	209,450
Financial guarantees							-	-
Total expected outflows	825,859	760,832	792,648	170,374	-	-	1,618,507	931,206

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
	2018	2017	2018	2017	2018	2017	2018	2017
Consolidated Group	$	$	$	$	$	$	$	$
Financial Assets - cash flows realisable								
Cash and cash equivalents	2,076,942	3,132,325					2,076,942	3,132,325
Trade, term and loans receivables	472,795	350,980					472,795	350,980
Held-for-trading investments							-	-
Held-to-maturity investments							-	-
Other investments							-	-
Interest rate swaps							-	-
Foreign exchange forward contracts:								
- gross settled								
- contractual inflows							-	-
- contractual outflows							-	-
Total anticipated inflows	2,549,737	3,483,305	-	-	-	-	2,549,737	3,483,305
Net (outflow) / inflow on financial instruments	1,723,878	2,722,473	(792,648)	(170,374)	-	-	931,230	2,552,099

Financial liability maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total contractual cash flow	
	2018	2017	2018	2017	2018	2017	2018	2017
Parent Entity	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Bank overdrafts and loans							-	-
Bills of exchange and promissory notes							-	-
Debentures							-	-
Redeemable preference shares							-	-
Convertible preference shares							-	-
Trade and other payables (excl. est. annual leave)	757,597	202,663					757,597	202,663
Amounts payable to related parties							-	-
Financial Lease Liabilities	65,193	39,076	243,556	170,374			308,749	209,450
Total expected outflows	822,790	241,739	243,556	170,374	-	-	1,066,346	412,113

	Within 1 Year		1 to 5 years		Over 5 years		Total contractual cash flow	
	2018	2017	2018	2017	2018	2017	2018	2017
Parent Entity	$	$	$	$	$	$	$	$
Financial Assets - cash flows realisable								
Cash and cash equivalents	2,065,725	3,118,790					2,065,725	3,118,790
Trade, term and loans receivables	745,068	825,110					745,068	825,110
Held-to-maturity investments							-	-
Other investments							-	-
Total anticipated inflows	2,810,793	3,943,900	-	-	-	-	2,810,793	3,943,900
Net (outflow) / inflow on financial instruments	1,988,003	3,702,161	(243,556)	(170,374)	-	-	1,744,447	3,531,787

The periods in which cash flows related to cash flow hedges are expected to occur are as depicted in the above maturity analysis table. The periods in which the cash flows related to cash flow hedges are expected to affect profit or loss are as follows:

	Within 1 Year		1 to 5 years		Over 5 years		Total contractual cash flow	
	2018	2017	2018	2017	2018	2017	2018	2017
Consolidated Entity	$	$	$	$	$	$	$	$
Interest rate swaps							-	-
Foreign exchange Forward contracts							-	-

Lease liabilities are secured by the underlying leased assets.

A fixed and floating charge over all company assets was provided to the Commonwealth Bank in respect of a credit card facility.

c. Market Risk

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 primarily expose the Group to interest rate risk are borrowings, foreign exchange forward contracts, interest rate swaps, government and fixed interest securities, and cash and cash equivalents.

Interest rate risk to the company is minimal as the company has no borrowing facilities subject to variable interest rates. Currently the company has borrowings that are fixed interest rate equipment finance facilities. The company has currently not drawn down on any variable rates interest faciliities. The company is subject to interest rate risk from the interest receivable on cash and cash equivalents. This risk is viewed by the board as minimal effect on the company income.

Interest Rate Swaps
The consolidated group did not hold any interest rate swap contracts during the 2018 or 2017 Financial Year.

ii. *Foreign currency risk*

Exposure to foreign currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The group currently has no exposure to Foreign currency risk.

iii. *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or foreign currency risk) for commodities.

The Group is exposed to commodity price risk through the operations of its Murray Cod production business. The board constantly monitors commodity prices and aims to minimise significant price risk accordingly.

Sensitivity Analysis

Sensitivity analysis has not been displayed due to the immaterial nature of the interest rate and exchange rate risks on the companies operations.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are the same amounts as the carrying amounts as presented in the statement of financial position. Refer to Note 27 for detailed disclosures regarding the fair value measurement of the group's financial assets and financial liabilities.

Note 27 Fair Value Measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:
- Biological Assets
- Water rights and licences

The Group measures some items of freehold land and buildings at fair value on a non-recurring basis.

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

(a) 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 that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on 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 in 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:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect 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 risks. 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 are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide 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.

		30 June 2018			
		Level 1	Level 2	Level 3	Total
Recurring fair value measurements	**Note**	**$**	**$**	**$**	**$**
Inventory					
Inventory at fair value through profit or loss					
— Biological Assets - current	10	-	-	4,277,838	4,277,838
Total inventory recognised at fair value on a recurring basis		-	-	4,277,838	4,277,838
Non-financial assets					
Water Rights and licences	13	897,050			897,050
Total non-financial assets recognised at fair value on a recurring basis		897,050	-	-	897,050
Non-recurring fair value measurements					
Land and Buildings	12		1,654,332		1,654,332
Total non-financial assets recognised at fair value on a non-recurring basis		-	1,654,332	-	1,654,332
Total non-financial assets recognised at fair value		897,050	1,654,332	-	2,551,382

(i) On the 17th of January 2017 settlement occurred for the purchase of Farm 1444D Bilbul and 563 Pinehope Road Grong Grong. These farming properties have not been revalued as at 30th June 2018 as the directors believe the market value at 30 June 2018 would be the same as at 30 June 2017.

All land and buildings were acquired at the time of the business acquisitions from Silverwater and Riverina Aquaculture (refer to note 31). At the time of acquisition the Land and Buildings were valued by an independent valuer. The Land and Buildings are recorded at the deemed cost as this is the cost of purchase at time of acquisition. Directors have determined not to revalue Land and Buildings at the reporting date as the deemed cost was market value at purchase. The acquisition date is less than 18 months prior to the reporting date and the directors believe the value has not increased since that date.

		30 June 2017			
		Level 1	Level 2	Level 3	Total
Recurring fair value measurements	**Note**	**$**	**$**	**$**	**$**
Inventory					
Inventory at fair value throught profit or loss					
— Biological Assets - current	10			1,874,720	1,874,720
Total inventory recognised at fair value on a recurring basis		-	-	1,874,720	1,874,720
Non-financial assets					
Water rights and licences	13	686,450			686,450
Total non-financial assets recognised at fair value on a recurring basis		686,450	-	-	686,450
Non-recurring fair value measurements					
Land and Buildings	12		1,654,332		1,654,332
Total non-financial assets recognised at fair value on a non-recurring basis		-	1,654,332	-	1,654,332
Total non-financial assets recognised at fair value		686,450	1,654,332	-	2,340,782

(b) Valuation techniques and inputs used to measure Level 2 fair values

Description	**Fair value ($) at 30 June 2018**	**Valuation technique(s)**	**Inputs used**
Non-financial assets			
Land and Buildings (i)		Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per hectare; market borrowing rate
	1,654,332		
	1,654,332		

(i) The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

(c) Valuation techniques and unobservable inputs used to measure Level 3 fair values

Valuation processes

The biological assets of the Company are considered Level 3 and are valued internally by the company as there is no observable market for them. The value is based on the estimated exit price per kilogram and the value changes for the average weight of each fish as it progresses through the growth and transformation cycle. The average weight of the fish is sample measured periodically, and the value is determine by applying the average weight to the estimated price based on staged weight values (100 gram stages). The lifecycle of the fish is approximately 2 years to minimum initial harvest size. The value per fish is based on this weight estimate, multiplied by the expected market price at the relevant point of transformation. Significant changes in any of the significant unobservable inputs in isolation would result in significant changes in fair value measurement.

The net increment/(decrement) in the fair value of Murray Cod Fish is recognised as income/(expense) in the reporting period. There has been no change in the fair value per unit of Murray Cod Fish from the 30 June 2017 to 30 June 2018.

Note 28 Reserves

a. **Asset Revaluation Reserve**
The reserve is used to recognise increments and decrements in the fair value of land and buildings, and Water rights and licences.

b. **Share Based Payment Reserve**
The share based payment reserves records items recognised as expenses on valuation of employee equity benefits not yet vested.

c **Options Reserve**
The option reserve records items recognised as expenses on valuation of employee share options.

d **Performance Rights Reserve**
The performance rights reserve records items recognised as expenses on valuation of employee performance rights.

	Note	Consolidated Group 2018 $	Consolidated Group 2017 $	Parent Entity 2018 $	Parent Entity 2017 $
Asset Revaluation Reserve		210,600		210,600	
Share Based Payment Reserve				-	89,432
Options Reserve		1,546,380	1,529,120	1,546,380	1,529,120
Performance Rights Reserve		375,000	375,000	375,000	375,000
		2,131,980	1,904,120	2,131,980	1,993,552

Movements in Reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Note	Asset Revaluation Reserve	Share Based Payment Reserve	Options Reserve	Performance Rights Reserve	TOTAL
Consolidated						
Balance at 1 July 2016		-	-	-	-	-
Revaluation of Water rights and licences		-	-	-	-	-
Valuation of Options issued 16/1/2017	23(ii)	-	-	1,529,120	-	1,529,120
Valuation of Performance Rights issued 16/1/2017		-	-	-	375,000	375,000
Balance at 30/6/2017		-	-	1,529,120	375,000	1,904,120
Balance at 1/7/2017						
Revaluation of Water rights and licences 30/6/18		210,600	-	-	-	210,600
Valuation of Options issued		-	-	17,260	-	17,260
Valuation of Performance Rights issued		-	-	-	-	-
Balance at 30/6/2018		210,600	-	1,546,380	375,000	2,131,980

	Note	Asset Revaluation Reserve	Share Based Payment Reserve	Options Reserve	Performance Rights Reserve	TOTAL
Parent Entity						
Balance at 1 July 2016		-	89,432	-	-	89,432
Revaluation of Water rights and licences		-	-	-	-	-
Valuation of Options issued 16/1/2017	23(ii)	-	-	1,529,120	-	1,529,120
Valuation of Performance Rights issued 16/1/2017		-	-	-	375,000	375,000
Balance at 30/6/2017		-	89,432	1,529,120	375,000	1,993,552
Balance at 1/7/2017						
Revaluation of Water rights and licences 30/6/18		210,600	-	-	-	210,600
Valuation of Options issued		-	-	17,260	-	17,260
Expired Options Reserve Write-off		-	(89,432)	-	-	(89,432)
Balance at 30/6/2018		210,600	-	1,546,380	375,000	2,131,980

Note 29 REVERSE ACQUISITION ACCOUNTING

On 16th January 2017 the Business Combination as desribed in Note 31 occurred. Murray Cod Australia acquired the three businesses of Riverina Aquaculture, Bidgee Fresh Pty Ltd and Silverwater Native Fish.

Murray Cod Australia Limited acquired all the Ordinary shares in Bidgee Fresh Pty Ltd by issuing 40,714,286 Ordinary Shares, 13,571,428 Deferred Ordinary Shares, 40,000,000 Options and 15,000,000 Performance Rights in MCA to Bidgee Fresh Pty Ltd shareholders.

The acquisition of Bidgee Fresh Pty Ltd by Murray Cod Australia Limited is not deemed to be a business combination as Murray Cod Australia Limited is not considered to be a business under AASB 3 Business Combinations. As such the consolidation of these two companies in 2017 was on the basis of the continuation of Bidgee Fresh Pty Ltd with no fair value adjustments, whereby Bidgee Fresh Pty Ltd was deemed to be the accounting parent.

In accounting for a reverse acquisition, the Consolidiated Entity takes guidance from the principles of AASB 3 Business Combinations (AASB3) and determines that the subsidiary is deemed to be the acquiror for accounting purposes. Accordingly the transaction is accounted for as a reverse asset acquisition. As a result the consolidated statement of financial position has been prepared as a continuation of the subsidiary Financial Statements with the subsidiary (as the accounting acquiror) accounting for the acquisition of the parent as at the date of acquisition transaction. As the activities of the legal acquiror (parent entity) would not constitute a business based on the requirements of AASB 3, any excess of the deemed consideration over the fair value of the acquisition, as calculated in accordance with the reverse acquisition accounting principles, cannot be taken to be a goodwill asset and will be expensed.

Note 30 Material Classification Errors in 2017 Annual Report

The 2017 Annual Report contained two material Errors of Classification:

1 Goodwill Write off
2 Water Licences

Goodwill Write off

On Page 10 of the 2017 Annual Report the following item was disclosed under the Heading "Other Comprehensive Income"

Expense Goodwill on acquisition of businesses $6,229,119.

This error in classification had no effect on the net assets of the company or total equity attributable to shareholders at 30 June 2017.

This has now been classified as Share based payment expense - listing expense, see extract below.

Water Licences and Water Rights

Water Licences and Water Rights in the amount of $686,450 were incorrectly included on the Balance Sheet in the classification of Property Plant and Equipment on Page 10 of the 2017 annual report and in the Note 12 on page 32 thereof. This error in classification had no impact on either the Net Assets of the Company as at 30 June 2017, or the Profit or Loss of the company for the year ended 30 June 2017.

This report now classifies them as Intangible Assets in accordance with Note 13.

Consolidated Statement of Cashflows

The net cash paid on Acquisition of Business as detailed in Note 31 Business Combination is now clearly stated on the Consolidated Statement of Cashflows.

Extracts (being only those line items affected) are disclosed below.

Extract

	Consolidiated			Parent		
	2017		2017	2017		2017
	$	$	$	$	$	$
	Reported	Adjustment	Restated	Reported	Adjustment	Restated
Share based payment - listing expense	-	(6,229,119)	(6,229,119)	-	(6,229,119)	(6,229,119)
Net Profit/(Loss) before income tax	(205,864)	(6,229,119)	(6,434,983)	(337,985)	(6,229,119)	(6,567,104)
Tax expense	(9,292)	-	(9,292)	115,696	-	115,696
Net Profit/(Loss) after tax attributable to members	(215,156)	(6,229,119)	(6,444,275)	(222,289)	(6,229,119)	(6,451,408)
Other comprehensive income:						
Expense goodwill on acquisition of businesses	(6,229,119)	6,229,119	-	(6,229,119)	6,229,119	-
Total other comprehensive income for the year	-	-	-	-	-	-
Total Profit/(Loss) and other comprehensive income	(6,444,275)	-	(6,444,275)	(6,451,408)	-	(6,451,408)

Extract

	Consolidiated			Parent		
	2017		2017	2017		2017
	$	$	$	$	$	$
	Reported	Adjustment	Restated	Reported	Adjustment	Restated
TOTAL CURRENT ASSETS	5,560,917	-	5,560,917	6,021,512	-	6,021,512
Non-Current Assets						
Property, Plant and equipment	4,620,369	(686,450)	3,933,919	3,793,638	(686,450)	3,107,188
Deferred Tax Assets	164,030	-	164,030	132,828	-	132,828
Intangible Assets	-	686,450	686,450	-	686,450	686,450
TOTAL NON-CURRENT ASSETS	4,784,399	-	4,784,399	3,926,466	-	3,926,466
TOTAL ASSETS	10,345,316	-	10,345,316	9,947,978	-	9,947,978
			-			-
TOTAL CURRENT LIABILITIES	767,549	-	767,549	248,456	-	248,456
TOTAL NON-CURRENT LIABILITIES	343,694	-	343,694	187,506	-	187,506
TOTAL LIABILITIES	1,111,243	-	1,111,243	435,962	-	435,962
NET ASSETS	9,234,073	-	9,234,073	9,512,016	-	9,512,016
			-			-
Issued Capital	13,496,544	-	13,496,544	14,826,552	-	14,826,552
Reserves	1,904,120	-	1,904,120	1,993,552	-	1,993,552
Retained Earnings	(6,166,591)	-	(6,166,591)	(7,308,088)	-	(7,308,088)
TOTAL EQUITY	9,234,073	-	9,234,073	9,512,016	-	9,512,016

Extract

	Consolidated			Parent		
	2017		2017	2017		2017
	$	$	$	$	$	$
	Reported	Adjustment	Restated	Reported	Adjustment	Restated
CASH FLOWS FROM OPERATING ACTIVITES						
Receipts from customers	803,672	-	803,672	328,261		328,261
Interest received	24,851	-	24,851	37,813		37,813
Payments to suppliers and employees	(3,217,178)	100,000	(3,117,178)	(1,548,323)	100,000	(1,448,323)
Payment for inventory on Business Acquisitions	-	(100,000)	(100,000)		(100,000)	(100,000)
Income Tax Paid	-	-	-			-
Net cash (used in)/ generated by operating activities	(2,388,655)	-	(2,388,655)	(1,182,249)	-	(1,182,249)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	(3,916,923)	3,200,000	(716,923)	(3,849,411)	3,200,000	(649,411)
Payment for Business Acquisitions		(3,200,000)	(3,200,000)		(3,200,000)	(3,200,000)
Loan to Bidgee Fresh Pty Ltd on Acquisition to payout Bidgee Fresh Shareholders			-		(1,100,000)	(1,100,000)
Repay Loans to Shareholders of Bidgee Fresh on Business Acquisition		(1,100,000)	(1,100,000)			-
Net cash (used in) generated by investing activities	(3,916,923)	(1,100,000)	(5,016,923)	(3,849,411)	(1,100,000)	(4,949,411)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of shares	-	-	-	10,000,000	1,196,500	11,196,500
Proceeds from borrowings	725,855	-	725,855	225,855		225,855
Refund of share oversubscription	(1,196,500)	-	(1,196,500)		(1,196,500)	(1,196,500)
Capital costs on issue of share capital	(711,748)	-	(711,748)	(1,308,555)		(1,308,555)
Bank Accounts contributed on consolidation	11,303,233	-	11,303,233			-
Repayment of borrowings	(737,572)	429,696	(307,876)	(16,405)		(16,405)
Loans from related parties			-			-
Payments made			-	(1,351,605)	1,351,605	-
Loan to Bidgee Fresh Pty Ltd			-		(251,605)	(251,605)
Loan to Bidgee Fresh Pty Ltd from Shareholders prior to Acquisition		670,304	670,304			-
Proceeds from borrowings			-			-
Net cash provided by (used in) financing activities	9,383,268	1,100,000	10,483,268	7,549,290	1,100,000	8,649,290
Net increase in cash held	3,077,690	-	3,077,690	2,517,630	-	2,517,630
Cash and cash equivalents at beginning of financial year	47,731		47,731	594,256		594,256
Effect of exchange rates on cash holdings in foreign currencies	-		-	-		
Cash and cash equivalents at end of financial year	3,125,421	-	3,125,421	3,111,886	-	3,111,886

Note 31 Business Combination

On 16 January 2017 the following businesses and assets were acquired:

Business	Description of Business	Method of Acquisition
Riverina Aquaculture	Aquaculture Grow out Farm	Acquistion of Business Assets
Bidgee Fresh Pty Ltd	Aquaculture Nursery	Acquisition of 100% of Share Capital of the Company
Silverwater Native Fish	Aquaculture Hatchery	Acquisition of Business Assets

The primary reason for the business combination was to create an integrated producer of Murray Cod
The businesses were acquired via consideration consisting of cash and shares in MCA in varying amounts for each transaction

Qualitative description of Factors making up Goodwill recognised in the transactions:

The individual businesses each had specific intellectual property, customer and supplier relationships and industry knowledge that contributed to their specific goodwill components. However when combined into a single business unit that integrated the operations and created significant synergies the combined value of the businesses was seen to be more than the sum of the individual business units. Note that the goodwill component of the purchases was written off in the 2017 year under the category of Share based payments - refer to statement of profit and loss and other comprehensive income and to Note 23.

Total Value of Consideration at Acquisition Date		**Fair Value**	**Fair Value**	**Fair Value**	
	Cash	**Shares**	**Rights and Options**	**TOTAL**	**Assets Acquired**
Silverwater Native Fish					
Consideration Paid					
Cash	1,300,000			1,300,000	
Shares in MCA (2,000,000 Ordinary Shares)		100,000		100,000	
Options in MCA (4,000,000 Options)			69,400	69,400	
TOTAL CONSIDERATION PAID	1,300,000	100,000	69,400	1,469,400	
Assets Acquired					
Land					700,000
Water Rights and Licences					384,950
Plant & Equipment					115,050
Fish Inventory					200,000
Goodwill					69,400
TOTAL ASSETS ACQUIRED					1,469,400
Riverina Acquaculture					
Consideration Paid					
Cash	2,000,000			2,000,000	
Shares in MCA (38,571,429 Ordinary Shares)		1,928,571		1,928,571	
Deferred Shares in MCA (12,857,143 Deferred)		321,428		321,428	
Options in MCA (20,000,000 Options)			347,000	347,000	
TOTAL CONSIDERATION PAID	2,000,000	2,249,999	347,000	4,596,999	
Assets Acquired					
Land					862,330
Water Rights and Licences					301,500
Plant & Equipment					286,170
Fish Inventory					300,000
Goodwill					2,296,999
Repay Loan owed by Bidgee Fresh Pty Ltd					550,000
TOTAL ASSETS ACQUIRED					4,596,999
Bidgee Fresh Pty Ltd					
Consideration Paid					
Shares in MCA (40,714,286 Ordinary Shares)		2,035,714		2,035,714	
Deferred Shares in MCA (13,571,428 Deferred)		339,286		339,286	
Options in MCA (40,000,000 Options)			694,000	694,000	
Performance Rights (15,000,000 Rights)			375,000	375,000	
TOTAL CONSIDERATION PAID	-	2,375,000	1,069,000	3,444,000	
Assets Acquired					
100% of Shares in Bidgee Fresh Pty Ltd					3,444,000
TOTAL ASSETS ACQUIRED					3,444,000

Note: MCA also loaned Bidgee Fresh Pty Ltd $1,100,000 to repay the outstanding Shareholder loans to Brigalow and Riverina Aquaculture but this was not part of consideration for Shares. The Loan from MCA to Bidgee Fresh is a related party loan that varies from year to year.

Other Transactions as Part of the Business Combination					
Consideration Paid					
Brigalow Enterprises - Purchase of Plant and Equipment	550,000			550,000	
Brigalow Enterprises- Repay loan owed by Bidgee Fresh Pty Ltd	550,000			550,000	
Panaquatic Health Services - Consultancy 5,000,000 Options			43,375	43,375	
Alto Capital - Lead Manager 350,000 Options			11,000	11,000	
Options issued to Directors - 21,000,000 Options			364,345	364,345	
TOTAL CONSIDERATION PAID	1,100,000	-	418,720	1,518,720	
Assets Acquired					
Plant & Equipment					550,000
Repay loan owed by Bidgee Fresh Pty Ltd					550,000
Goodwill					418,720
TOTAL ASSETS ACQUIRED					1,518,720
COMBINED TOTAL OF ALL ACQUISITIONS	4,400,000	4,724,999	1,904,120	11,029,119	
COMBINED ASSETS ACQUIRED					
Land					1,562,330
Water Rights and Licences					686,450
Plant & Equipment					951,220
Fish Inventory					500,000
Goodwill and Bidgee Fresh Pty Ltd Share Purchase (written off to Profit and Loss as Share Based Payment expense)					6,229,119
Repay Loan owed by Bidgee Fresh Pty Ltd					1,100,000
TOTAL ASSETS ACQUIRED					11,029,119

Additional Information regards Business Combination

Contingent consideration arrangements are listed above as deferred shares and options which had specific vesting conditions.
The valuation of contingent consideration was undertaken by an independent expert.
As part of the Business Combination Trade Receivables of Bidgee Fresh Pty Ltd of $124,736.47 were acquired.
There were no contingent liabilities assumed as part of the Business Combination.
There is no amount of goodwill expected to be deductible for tax purposes.
There are no other transactions in the Business combination that have not been disclosed otherwise in these notes.
There was no bargain purchase involved in the Business Combination.
MCA holds 100% of the assets acquired in the Business Combination.
The Business Combiination was settled on the 16th January 2017 and was not achieved in stages.
Revenue and Profit (Loss) before income tax of acquiree since acquisiton date to 30 June 2017

MCA is deemed to be the Acquiree	**Profit/(loss)**
	$
	(6,394,101)

Revenue and Profit (Loss) before income tax for combined entity as though acquisition date had been at 1 July 2016

Profit/(loss)
$
(6,607,986)

Note 32 Company Details

The registered office of the company is:
Murray Cod Australia Limited
Level 1
153 Yambil Street
GRIFFITH NSW 2680

The principal places of business are:
Murray Cod Australia Limited
Farm 1444D
Bilbul Road
BILBUL NSW 2680

MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Murray Cod Australia Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 11 to 59, are in accordance with the Corporations Act 2001 and:
   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; 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.

Director

Ross James Anderson

Dated this 26th day of September 2018

PinnacleHPC
ACCOUNTANTS

PinnacleHPC Pty Ltd
ABN 15 866 782 108

Principals
John P Keenan CPA
Morris G Massarotto CPA
Graeme J Lyons CA
Geoffrey M Marin CPA
Allan J Andreazza CPA
Angela C Favell CPA
John P Farronato CA

Consultant
Frank S Sergi CPA

MURRAY COD AUSTRALIA LIMITED AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MURRAY COD AUSTRALIA LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

I have audited the financial report of Murray Cod Australia Limited and controlled entities (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 comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion:

(a) the accompanying financial report of Murray Cod Australia Limited and controlled entities 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 then ended; and

ii. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

PinnacleHPC Pty Ltd
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Consultant
Frank S Sergi CPA

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report for the year ended 30 June 2018. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter

Biological assets (refer to note 10 – Biological assets and inventory)

I focused on this area as a key audit matter due to the amount being material as well as the subjectivity involved in the valuation aspect of the asset.

How my audit addressed the key audit matter

My procedures included, amongst other things:

- Observation of manual grading process;
- Observation of harvesting process;
- Making enquiries of management and the directors in relation to the life cycle of the biological assets and the movement of these assets around the farms;
- Review of recent sale and purchase prices and undertaking a comparison to 30 June 2018 valuation for reasonableness;
- Making enquiries of directors in relation to valuation of biological assets when comparing to recent market prices; and
- Examination of the model for estimating weights of fish at 30 June 2018.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement

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of the other information, I am required to report that fact. I 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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ABN 15 866 782 108

Principals
John P Keenan CPA
Morris G Massarotto CPA
Graeme J Lyons CA
Geoffrey M Marin CPA
Allan J Andreazza CPA
Angela C Favell CPA
John P Farronato CA

Consultant
Frank S Sergi CPA

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

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

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

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

I have audited the remuneration report included in pages 4-7 of the financial report for the year ended 30 June 2018. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the remuneration report, based on my audit conducted in accordance with Australian Accounting Standards.

PinnacleHPC
ACCOUNTANTS

PinnacleHPC Pty Ltd
ABN 15 866 782 108

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Consultant
Frank S Sergi CPA

Auditor's Opinion

In my opinion, the remuneration report of Murray Cod Australia Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

J Keenan
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J.P. Keenan CPA
Registered Company Auditor 156228
135 Yambil Street Griffith NSW 2680

Dated this 27 day of September 2018

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135 Yambil Street, Griffith NSW 2680
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PO Box 1467, Griffith NSW 2680
Email: info@pinnaclehpc.com.au

Leeton
Unit 1, 2 Kurrajong Avenue, Leeton NSW 2705
Phone: 02 6953 4515 Fax: 02 6960 1299
PO Box 1467, Griffith NSW 2680
Web: www.pinnaclehpc.com.au

MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 17 September 2018:

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding)	Number: No. of Holders	Number: No. of Units
1 – 1,000	54	4,515
1,001 – 5,000	47	169,960
5,001 – 10,000	105	896,860
10,001 – 100,000	530	26,687,829
100,001 – and over	297	365,179,851
	1,033	**392,939,015**

b. The number of shareholdings held in less than marketable parcels is 60.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder	No. of Shares	%
Entities Controlled by Mathew Ryan	68,928,572	17.5%
JP Morgan Nominees Australia Ltd	41,796,017	10.6%
Entities Controlled by George Roger Commins	20,901,443	5.2%

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 present at a meeting or by proxy has one vote on a show of hands.

Redeemable and convertible preference shares

– There are no redeeemable or convertible preference shares on issue.

e. 20 Largest Shareholders — Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	M & B RYAN PTY LTD <M & B RYAN FAMILY A/C>	58,928,572	15.0%
2.	J P MORGAN NOMINEES AUSTRALIA LIMITED	41,796,017	10.6%
3.	BRIGALOW ENTERPRISES PTY LTD <BRIGALOW ENTERPRISES A/C>	20,357,143	5.2%
4.	ANDERSONS INVESTMENT SERVICES PTY LTD <CLEARPOINT CAP GLOBAL MKT FD>	12,500,000	3.2%
5.	MR MATTHEW JOHN RYAN	10,000,000	2.5%
6.	ALBINS PTY LTD <ALBINS SUPER A/C>	10,000,000	2.5%
7.	THE ESPLANADE SUPERANNUATION PTY LTD <LYMPIKE S/F A/C>	9,000,000	2.3%
8.	SCMG PTY LTD	9,000,000	2.3%
9.	MR TIMOTHY MITCHELL COMMINS + MR GEORGE ROGER COMMINS + MRS KERRY JEAN FORBES <THE G&T COMMINS FAM A/C>	9,000,000	2.3%
10.	MR CAMERON TOWNSEND + MRS THERESE TOWNSEND <TOWNSEND FAMILY A/C>	9,000,000	2.3%
11.	MR LARRY MICHAEL WALSH	8,969,236	2.3%
12.	MR TIMOTHY MITCHELL COMMINS + MR JASON JOSEPH MIMMO <LEETON GOLF BENEVOLENT A/C>	8,000,000	2.0%
13.	BRONDLAX PTY LTD	7,054,573	1.8%
14.	SOUTHERN COTTON PTY LTD	7,000,000	1.8%
15.	AS & JJ ANDERSON PTY LTD <AS & JJ ANDERSON SF A/C>	4,660,666	1.2%
16.	MR LUBBERT BULTMAN + MR BENJAMIN LUKE BULTMAN <BERT BULT	4,350,000	1.1%
17.	KAITLIN COMMINS	4,000,000	1.0%
18.	MR JOSHUA RAYMOND + MR MORGAN RAYMOND <THE DNOMYAR S/F>	4,000,000	1.0%
19.	GRENFELL FM PTY LTD <PRIESTLEY FAMILY SUPER A/C>	4,000,000	1.0%
20.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,369,491	0.9%
	Total Top 20 Holdings	**244,985,698**	**62%**
	Total Remaining Holders	147,953,317	38%
	Total Holders Balance	392,939,015	100%

2. The name's of the company secretaries are Wendy Dillon and Brett Tucker.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

3. The address of the principal registered office in Australia is Level 1, 153 Yambil Street Griffith NSW 2680. Telephone 0269 625 470

4. Registers of securities are held at the following addresses
   110 Stirling Highway NEDLANDS WA 6009

5. **Stock Exchange Listing**

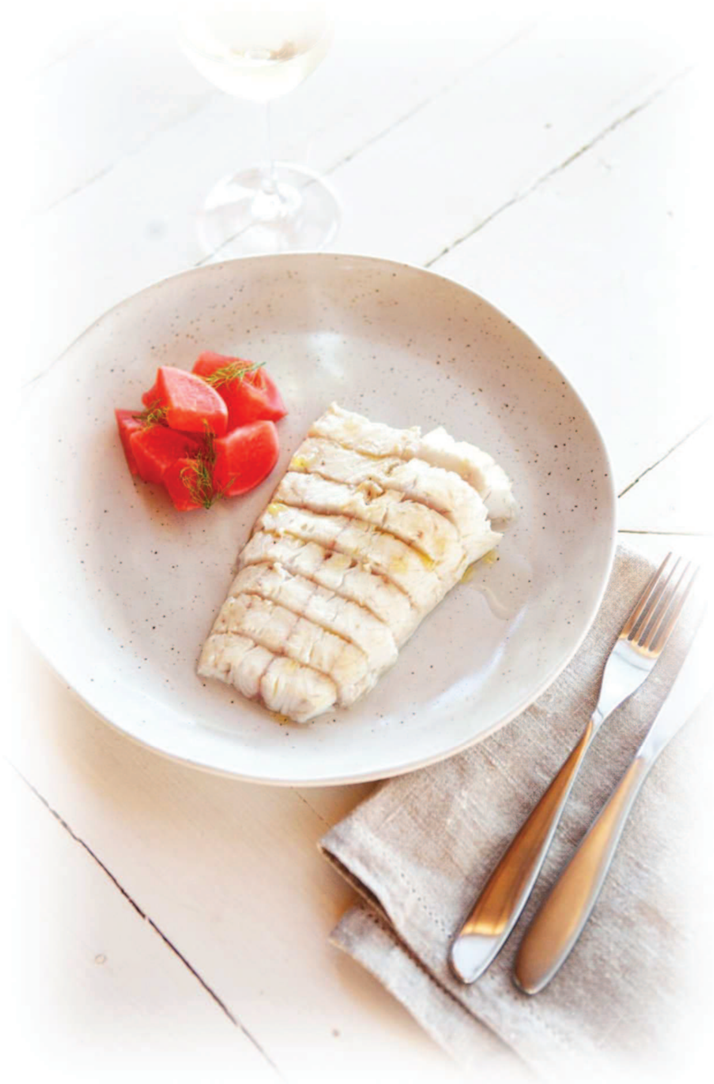
   Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

6. **Unquoted Securities**
   Deferred Consideration Shares:
   26,428,301 deferred consideration shares are on issue.These convert to ordinary shares upon production and sale of 100 tonnes of Murray Cod.

   Options over Unissued Shares
   A total of 91,350,000 options are on issue.

7. **Other Disclosures**
   There are 15,000,000 performance shares on issue. The terms of these shares are disclosed in Note 1b of the Remuneration Report.

   During the Financial Year the Company has used its cash in accordance with its stated business objectives.



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