

New Zealand Coastal Seafoods Limited

Report for the year ended 31 March 2019

New Zealand Coastal Seafoods Limited

Contents

For the year ended 31 March 2019

Company Directory	1
Directors' Report	2
Statement of Comprehensive Income	4
Statement of Changes in Equity	5
Balance Sheet	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Auditors Report	21

New Zealand Coastal Seafoods Limited

Company Directory

As at 31 March 2019

Registered Name	New Zealand Coastal Seafoods Limited (formerly Kiwi Ling Limited)	
Nature of Business	Fish Product Sales	
Date of Incorporation	10/11/2016	
Incorporation Number	6159969	
Registered Office	140 Quinns Road Shirley Christchurch	
Directors	Alexander Zu Ming Li Cataldo Miccio Peter James Win	
Shareholders	Cataldo Miccio	950
	Alexander Trading Corporation Limited	950
	Peter Jamies Win	950
	Chang Yuan Chen	150
	Total Ordinary	<u>3000</u>
Accountants	French & Last-Harris Limited Level 1 18 New Street Nelson	
Auditors	Crowe Horwath New Zealand Audit Partnership Invercargill	
Bankers	ANZ Banking Group Limited	

New Zealand Coastal Seafoods Limited

Directors report

The Directors present the Company Financial Statements for New Zealand Coastal Seafoods Limited (formerly Kiwi Ling Limited) for the year ended 31 March 2019.

Nature of Business

There has been no change in the main activities of the company during the period under review.

Auditors

The Financial Statements have been audited by Crowe Horwath New Zealand Audit Partnership.

Transactions with the Company

Unless stated in note 18 of the notes to the financial statements, for the period under review, there were no reported transactions between the Company and its Directors which require disclosure pursuant to Section 140 of the Companies Act 1993.

Use of Company Information

For the period under review, the Board received no written notices of disclosure from its directors in connection with the release of Company information, nor did it authorise any such disclosure of Company information, as required by Section 145 of the Companies Act 1993.

Share Capital Dealing

For the period under review, the Board reported one acquisition or disposal of a relevant interest in shares of the Company which required disclosure pursuant to Section 148 of the Companies Act 1993:

Peter Win	+950
Cataldo Miccio	-950

Remuneration and Other Benefits

Unless noted in note 18 of the notes to the financial statements, there was no Directors' remuneration for the year ended 31 March 2019.

Indemnity and Insurance

For the period under review, the Company gave no indemnities to, or effected insurance for any director or employee of the Company, pursuant to Section 162 of the Companies Act 1993.

ASX Listing

The Company notes its upcoming listing on ASX (refer note 19). The process has required considerable management resources which has had an impact on the trading of the Company. The Company does not believe this will be a recurring impact. Further the Company has incurred additional employee costs in this period as it resources up its operational staff in preparation for the completion of the ASX listing and the anticipated rapid increase in raw materials and processing volumes.

New Zealand Coastal Seafoods Limited

Directors report

Directors responsibility statement

The Directors are responsible for the preparation in accordance with New Zealand law and generally accepted accounting practice of financial statements which presents fairly the financial position of New Zealand Coastal Seafoods Limited as at 31 March 2019 and the results of its operations and cashflows for the year then ended.

The Directors consider that the financial statements have been prepared using accounting policies appropriate to the Company's circumstances, consistently applied and supported by reasonable and prudent judgements and estimate.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

On Behalf of the Directors

Director:

Date:


26/7/19

Director:

Date:



26/7/19



New Zealand Coastal Seafoods Limited

Statement of Comprehensive Income
For the year ended 31 March 2019

	Note	31-Mar-19 \$	31-Mar-18 \$
Revenue	1	1,769,273	1,180,914
Cost of Sales		<u>(1,149,981)</u>	<u>(792,076)</u>
Gross Margin		619,292	388,838
Other income		3,624	31
Other operating expenses	2	<u>(595,382)</u>	<u>(338,282)</u>
Operating profit/(loss) before finance costs		<u>27,533</u>	<u>50,587</u>
Finance income	3	-	-
Finance expenses	3	<u>(1,309)</u>	<u>(227)</u>
Net financing costs		<u>(1,309)</u>	<u>(227)</u>
Profit/(Loss) before tax		26,225	50,360
Income tax benefit/(expense)	4	<u>(11,273)</u>	<u>(14,641)</u>
Profit/(Loss) for the period after tax		<u>14,951</u>	<u>35,719</u>
Other comprehensive income/(loss)		-	-
Total other comprehensive income/(loss)		-	-
Total comprehensive income/(loss) for the period		<u>14,951</u>	<u>35,719</u>
Earnings per share, net of tax attributable to equity holders of the company during the period			
Basic and diluted earnings per share (\$ per share)		4.98	11.91

The accompanying notes form part of, and should be read in conjunction with, these financial statements.



New Zealand Coastal Seafoods Limited

**Statement of Changes in Equity
For the year ended 31 March 2019**

	Note	31-Mar-19 \$	31-Mar-18 \$
Balance at start of the period		44,823	9,104
Total comprehensive income/(loss) for the period		14,951	35,719
Balance at end of period	8	<u>59,774</u>	<u>44,823</u>

The accompanying notes form part of, and should be read in conjunction with, these financial statements.



New Zealand Coastal Seafoods Limited

Balance Sheet
As at 31 March 2019

	Note	31-Mar-19 \$	31-Mar-18 \$
ASSETS			
Non-current assets			
Property, plant and equipment	7	55,547	50,788
Total non-current assets		55,547	50,788
Current assets			
Cash and cash equivalents	5	9,422	77,751
Trade and other receivables	6, 11	7,717	5,069
Inventories		150,305	60,956
Total current assets		167,444	143,776
Total assets		222,991	194,564
EQUITY			
Issued capital		-	-
Retained earnings		59,774	44,823
Total equity	8	59,774	44,823
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	4	-	-
Total non-current liabilities		-	-
Current liabilities			
Trade and other payables	10	120,113	87,910
Taxation payable	4	25,454	18,181
Borrowings	9	17,650	43,650
Total current liabilities		163,217	149,741
Total liabilities		163,217	149,741
Total equity and liabilities		222,991	194,564

On Behalf of the Board


Director


Date


Director

26/7/19
Date

The accompanying notes form part of, and should be read in conjunction with, these financial statements.





New Zealand Coastal Seafoods Limited

Statement of cash flows
For the year ended 31 March 2019

	Note	31-Mar-19 \$	31-Mar-18 \$
Cash flows from operating activities			
Revenue from sales		1,729,294	1,225,845
Other income		1,165	31
Payments to suppliers and employees		(1,765,194)	(1,168,870)
Interest paid		(1,309)	(227)
Taxes received/(paid)		(4,000)	0
Net GST		<u>4,668</u>	<u>35,526</u>
Net cash generated from operating activities	12	<u>(35,376)</u>	<u>92,305</u>
Cash flows from investing activities			
Proceeds from sale of PPE		11,261	-
Purchases of PPE		<u>(18,214)</u>	<u>(56,486)</u>
Net cash used in investing activities		<u>(6,953)</u>	<u>(56,486)</u>
Cash flows from financing activities			
Proceeds from loans		9,000	-
Repayment of loans		<u>(35,000)</u>	<u>-</u>
Net cash generated from financing activities		<u>(26,000)</u>	<u>-</u>
Net increase in cash held		(68,329)	35,819
Cash and bank accounts at the beginning of the period		<u>77,751</u>	<u>41,932</u>
Cash and bank accounts at the end of the period	5	<u><u>9,422</u></u>	<u><u>77,751</u></u>

The accompanying notes form part of, and should be read in conjunction with, these financial statements.



New Zealand Coastal Seafoods Limited

Notes to the financial statements For the year ended 31 March 2019

Reporting entity

New Zealand Coastal Seafoods Limited (the Company) is a company incorporated and domiciled in New Zealand. The company was incorporated on the 10 November 2016.

The Company operates in the fish processing industry. The financial statements of the Company are for the year ended 31 March 2019.

The financial statements were authorised for issue by the Board on the date stated on page 5.

Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The Company has elected to be a Tier 1 For-profit entity and has elected to report in accordance with Tier 1 For-profit Accounting Standards as issued by the New Zealand External Reporting Board (XRB).

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Presentation currency

The financial statements are presented in New Zealand dollars, which is the Company's functional currency.

All numbers are rounded to the nearest dollar, except when otherwise stated.

Summary of significant accounting policies

The accounting policies of the Company have been applied consistently to all periods presented in these financial statements.

The significant accounting policies used in the preparation of these financial statements are summarised below:

(a) Foreign currency translation

Functional and presentation currency

The Company's financial statements are presented in New Zealand dollars (NZD), which is also the functional currency.



New Zealand Coastal Seafoods Limited

Notes to the financial statements (Cont'd) For the year ended 31 March 2019

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using exchange rates prevailing at the dates of the transactions (i.e. the spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from measurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in the reported profit or loss.

Non-monetary items measured at historical cost are not re-translated at each year-end, instead they are only translated once using the exchange rate at the transaction date. Non-monetary items measured at fair value are translated using the exchange rates at the date when the period-end fair value was determined.

The net balance of foreign exchange gains and losses that relate to monetary items (such as borrowings, cash and cash equivalents) are presented in the Statement of Comprehensive Income within "finance income" or "finance costs". All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within "Other gains/(losses)".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit and loss are recognised in the Statement of Comprehensive Income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in fair value movements disclosed within other comprehensive income.

Foreign currency translation

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to NZD at the foreign exchange rate ruling on the reporting date (i.e. balance date). Foreign exchange differences arising on translation are recognised in the profit or loss.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(c) Trade debtors and other receivables

Trade debtors are amounts due from customers for goods sold and services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors and other receivables are measured initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for any impairment.

An allowance for impairment is established where there is objective evidence the Company will not be able to collect all amounts due according to the original terms of the receivable.

(d) Trade creditors and other payables

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.



New Zealand Coastal Seafoods Limited

Notes to the financial statements (Cont'd) For the year ended 31 March 2019

(d) Trade creditors and other payables (continued)

Trade creditors and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade creditors and other payables are stated at cost.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost comprises all the costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

(f) Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses.

Additions and subsequent costs

Subsequent costs and the cost replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to profit or loss in the period in which the expense is incurred.

Disposals

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the profit or loss is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

Depreciation

Depreciation is charged on a diminishing value (DL) basis on all property, plant and equipment over the estimated useful life of the asset. Depreciation is charged to profit or loss and disclosed within Administrative expenses. The following depreciation rates have been applied at each class of property, plant and equipment:

Building - fit out	10%
Plant & equipment	10-40%
Motor vehicles	20%
Furniture and equipment	50%

The residual value and useful life of property, plant and equipment is reassessed annually.

(g) Impairment of non-financial assets

At each reporting date, the carrying amounts of tangible assets are reviewed to determine whether there is any indication of impairment. If any such indication exists for an asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the reported profit or loss.



New Zealand Coastal Seafoods Limited

Notes to the financial statements (Cont'd) For the year ended 31 March 2019

(h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables, borrowings, and other financial liabilities.

Financial assets are classified and subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, at the following categories:

- a) Amortised costs
- b) Fair value through Other Comprehensive Income (FVOCI) - Debt investments
- c) Fair value through Other Comprehensive Income (FVOCI) - Equity investments
- d) Fair value through profit or loss (FVPL)

Financial assets are not reclassified after initial recognition unless the Company changes its business model for managing financial assets, in which case such reclassification will be applied prospectively from the reclassification date.

Financial assets at amortised costs

Unless designated at FVPL, financial assets are measured at amortised costs if:

- it is held within a business model with an objective to hold the assets to collect contractual cash flow; and
- its contractual Cash flows comprise of solely principal and interest on the principal amount outstanding

These assets, mainly trade and other receivables including amount due from related parties, cash and cash equivalents, are subsequently measured at amortised costs using the effective interest rate method, which is reduced by impairment losses. Interest income, foreign exchange differences, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

Unless designated at FVPL, a debt investment is measured at FVOCI if:

- it is held within a business model with objectives of both collecting contractual cash flows and selling financial asset; and
- its contractual Cash flows comprise of solely principal and interest on the principal amount outstanding

These assets are subsequently measured at fair value. Interest income calculated on effective interest rate method, foreign exchange differences and impairment are recognised in profit or loss. Other net gains and losses (including changes in fair value) are recognised in OCI. The cumulative amounts in OCI are reclassified to profit or loss upon derecognition. As at 31 March 2019, the Company has no debt investments at FVOCI.

Equity investments at FVOCI

Unless held-for-trading, the Company may irrevocably elect on initial recognition, on an investment-by-investment basis, to present subsequent changes of fair value of the equity investments in OCI.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses (including changes in fair value) are recognised in OCI which will never be reclassified to profit or loss. As at 31 March 2019, the Company has no equity investments at FVOCI.



New Zealand Coastal Seafoods Limited

Notes to the financial statements (Cont'd) For the year ended 31 March 2019

Financial assets at FVPL

All financial assets not at amortised cost or FVOCI as described above are measured at fair value through profit or loss. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI to be measured at FVPL, if doing so eliminates or significantly reduce accounting mismatch that would otherwise arise.

Financial assets held for trading or are managed and whose performance is evaluated on a fair value basis would be mandatorily measured at FVPL.

These assets are subsequently measured at fair value. Net gains or losses, including any interest income or dividend income are recognised in profit or loss. As at 31 March 2019, the Company has no financial asset at FVPL.

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and tax.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation is satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The following specific recognition criteria must be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when the Company has met its performance obligations to the customer. Performance obligation is generally considered to be met when the buyer has taken undisputed delivery of the goods.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

(j) Finance costs

Finance costs recorded in the Statement of Comprehensive Income comprise the interest expenses charged on borrowings.

(k) Income tax

The income tax expense recognised in profit or loss comprises the sum of deferred tax movements and current tax not recognised in other comprehensive income or directly in equity.

Current income taxes

Current tax is the amount of income tax payable based on the taxable surplus for the current period, plus any adjustment to income tax payable in respect of prior periods. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.



New Zealand Coastal Seafoods Limited

Notes to the financial statements (Cont'd) For the year ended 31 March 2019

Deferred tax

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses (if any). Temporary differences are differences between the carrying amount of asset and liabilities in the financial statements and the corresponding tax bases used in the consumption of taxable surpluses.

Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects the tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available in future periods, against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects to recover the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of income tax in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

(l) Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Balance Sheet.

(m) Share capital

Share capital represents the consideration received for shares that have been issued. All transaction costs associated with the issuing of shares are recognised as a reduction in equity, net of any related income tax benefits.

Changes to accounting policies and disclosures

Changes to previous accounting policies

The Company has adopted NZ IFRS 9 and 15 for the year ended 31 March 2019. The company has changed its accounting policies for revenue from contracts with customers and financial instruments. The new policies are described in section (h) and (i). Comparatives for the 31 March 2018 financial year have not been restated as it was prepared in accordance with NZ IFRS 9 and 15.



New Zealand Coastal Seafoods Limited

Notes to the financial statements (Cont'd) For the year ended 31 March 2019

New NZ IFRS standards and interpretations issued but not yet adopted

A number of new standards and interpretations have been issued but are not yet effective for the current period-end. The reported results and financial position of the Company is not expected to change on adoption of these pronouncements as they do not result in any changes to the Company's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements.

NZ IFRS 16: Leases - this standard is expected to be adopted by the Company in the financial statements for the year ending 31 March 2020 (effective date 1 January 2019).

NZ IFRS 16 abolishes the concept of the operating lease and effectively requires all leases to be treated as finance leases. The standard requires lease agreements (for leasees) to be recognised on Balance Sheet as a right-to-use asset, with a corresponding liability.

The standard may have a material impact on the financial statements dependent on any leases that the Company enters/renews during the next year. Any leases will be required to be recognised on the Balance Sheet as a right-to-use asset (with a corresponding liability) which may be material. However there is no expectation that there will be a material movement in the statement of comprehensive income.

No other standards, amendments or interpretations that have been issued but are not yet effective are expected to materially impact the Company's financial statements.

Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.



New Zealand Coastal Seafoods Limited

Notes to the financial statements For the year ended 31 March 2019

1. Revenue	31-Mar-19	31-Mar-18
Product line	\$	\$
Dried Ling	1,681,701	980,876
Other Fish Product	87,572	200,038
Total	1,769,273	1,180,914
Location of customers		
New Zealand based customers/exporters	1,449,942	959,599
Foreign based direct customers	319,331	221,315
Total	1,769,273	1,180,914
2. Other operating expenses		
Specific items included in Other operating expenses:		
Depreciation	8,651	5,697
Employee benefits	210,563	98,628
Audit and consultancy fees incurred in relation to the company is carried by XTV Networks Limited.		
3. Net financing costs		
Interest income	-	-
Interest expense	(1,309)	(227)
	(1,309)	(227)
Net finance expense	(1,309)	(227)
4. Income tax		
Components of tax expense/(benefit)		
Current tax expense / (benefit) in respect of current period	(11,273)	(14,641)
Deferred tax expense / (benefit) in respect of current period	-	-
	(11,273)	(14,641)
Reconciliation of effective tax rate		
Profit/(loss) before income tax	26,225	50,360
Tax at 28%	7,343	14,101
<i>Plus/(less) tax effect of:</i>		
Expenditure not deductible for tax purposes	6,822	541
Non-assessable income	(556)	-
Total income tax expense/(benefit)	13,608	14,641
Tax payable		
Opening balance	18,181	3,540
Tax expense	11,273	14,641
Payments made	(4,000)	
Refunds received	-	-
Resident withholding tax paid	-	-
Tax payable	25,454	18,181

Deferred income tax

There are no deferred tax assets or liabilities as at 31 March 2019 (31 March 2018: nil).



New Zealand Coastal Seafoods Limited

Notes to the financial statements For the year ended 31 March 2019

4. Income tax (cont'd)

Deferred tax on unused tax losses is recognised as a deferred tax asset when management consider it probable that future tax profits will be available against which tax losses will be utilised.

	31-Mar-19	31-Mar-18
	\$	\$
Imputation Credit Account		
Opening Balance	-	-
Credits for tax paid and tax deducted from income received	4,000	-
	4,000	-
Less Debits for imputation credits on dividends paid & tax refunded	-	-
Closing Balance	4,000	-

The closing balance represents imputation credits available to be attached to any future dividend distributions from the company's reserves, subject to certain shareholder continuity provisions. This account is not reflected in the financial statements.

5. Cash and Cash equivalents

	31-Mar-19	31-Mar-18
	\$	\$
Cash at bank	9,422	77,751
	9,422	77,751

6. Trade and other receivables

	31-Mar-19	31-Mar-18
	\$	\$
Current		
Trade receivables	7,545	5,069
Trade and other receivables due from related parties	173	-
	7,717	5,069

The fair values of trade and other receivables are equivalent to the carrying values.

Impairment assessment - expected credit losses

The Company applies the simplified approach to providing for expected credit losses prescribed by NZ IFRS9, which permits the lifetime expected loss provision for all trade receivables. The allowance for doubtful debts on trade receivables that are individually significant are determined by an evaluation of the exposures on a line by line basis. For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on number of days overdue, and taking into account the historical loss experience in portfolios with a similar number of days overdue. The expected credit losses incorporate forward looking information and relevant macroeconomic factors.

7. Property, plant and equipment

	Buildings	Plant and Equipment	Motor Vehicles	Furniture and Equipment	Total
31 March 2019					
Cost					
Balance at the beginning of year	19,391	35,478	-	1,616	56,485
Additions	991	13,744	3,478	4,000	22,213
Disposals	-	(9,783)	-	-	(9,783)
Balance at the end of the period	20,382	39,439	3,478	5,616	68,915
Accumulated Depreciation					
Balance at the beginning of year	(1,777)	(3,396)	-	(524)	(5,697)
Depreciation	(1,811)	(5,714)	(580)	(546)	(8,651)
Disposals	-	980	-	-	980
Balance at the end of the period	(3,588)	(8,130)	(580)	(1,070)	(13,368)
Net book value at 31 March 2019	16,794	31,309	2,898	4,546	55,547



New Zealand Coastal Seafoods Limited

**Notes to the financial statements
For the year ended 31 March 2019**

7. Property, plant and equipment (continued)

31 March 2018	Buildings	Plant and Equipment	Motor Vehicles	Furniture and Equipment	Total
Cost					
Balance at the beginning of year	-	-	-	-	-
Additions	19,391	35,478	-	1,616	56,485
Disposals	-	-	-	-	-
Balance at the end of the year	<u>19,391</u>	<u>35,478</u>	<u>-</u>	<u>1,616</u>	<u>56,485</u>
Accumulated Depreciation					
Balance at the beginning of year	-	-	-	-	-
Depreciation	(1,777)	(3,396)	-	(524)	(5,697)
Disposals	-	-	-	-	-
Balance at the end of the year	<u>(1,777)</u>	<u>(3,396)</u>	<u>-</u>	<u>(524)</u>	<u>(5,697)</u>
Net book value at 31 March 2018	<u>17,614</u>	<u>32,082</u>	<u>-</u>	<u>1,092</u>	<u>50,788</u>

8. Capital and reserves

Reconciliation of movement in capital and reserves

	Share Capital	Retained Earnings	Total
31 March 2019			
Opening Balance	-	44,823	44,823
Total comprehensive income/(loss) net of tax	-	14,951	14,951
Dividends to shareholders	-	-	-
Closing Balance	<u>-</u>	<u>59,774</u>	<u>59,774</u>

	Share Capital	Retained Earnings	Total
31 March 2018			
Opening Balance	-	9,104	9,104
Total comprehensive income/(loss) net of tax	-	35,719	35,719
Dividends to shareholders	-	-	-
Closing Balance	<u>-</u>	<u>44,823</u>	<u>44,823</u>

Share capital

At 31 March 2019 share capital comprised 3,000 ordinary fully paid shares (31-Mar 2018: 3,000).

The holders of ordinary shares have equal voting rights and share equally in dividends and any surplus on winding up.



New Zealand Coastal Seafoods Limited

Notes to the financial statements (cont'd) For the year ended 31 March 2019

9. Loans and borrowings

	31-Mar-19 \$	31-Mar-18 \$
Current		
Non bank loan	-	35,000
Shareholders loans and advances	17,650	8,650
	17,650	43,650

Terms and debt repayment schedule

The terms and conditions of outstanding loans were as follows:

	Security	Currency	Interest rate	Year of maturity	31-Mar-19 Face value	31-Mar-19 Carrying amount
Loan from shareholder	Unsecured	NZ\$	0%	On demand	17,650	17,650
Total financial liabilities					17,650	17,650

	Security	Currency	Interest rate	Year of maturity	31-Mar-18 Face value	31-Mar-18 Carrying amount
Other loan	Unsecured	NZ\$	0%	On demand	35,000	35,000
Loan from shareholder	Unsecured	NZ\$	0%	On demand	8,650	8,650
Total financial liabilities					43,650	43,650

The loan from the shareholder is unsecured.

10. Trade and other payables

	31-Mar-19 \$	31-Mar-18 \$
Trade payables	74,427	9,563
Trade and other payables due to related parties	-	-
Employee entitlements	-	-
Income in advance	15,111	50,000
GST payable	30,574	28,347
	120,113	87,910

11. Financial Instruments

Financial Instrument Categories

All the company's financial assets and liabilities are categorised as financial assets/liabilities at amortised cost. There has been no change to the financial instrument categories from the prior period.

Credit Risk

To the extent that the Company has a receivable from another party, there is a credit risk in the event of non-performance by that counter party. Financial Instruments which potentially subject the Company to credit risk principally consist of bank balances and receivables.

The Company manages its exposure to credit risk to minimise losses from bad debts. The Company performs credit evaluations on all customers requiring credit and generally does not require collateral. Payment is generally required to be made before delivery of the goods.



New Zealand Coastal Seafoods Limited

Notes to the financial statements (cont'd) For the year ended 31 March 2019

Credit Risk (continued)

	Gross receivables 31-Mar-18	Allowance for doubtful debts 31-Mar-18	Gross receivables 31-Mar-19	Allowance for doubtful debts 31-Mar-19
Not past due	-	-	-	-
Past due 1-30 days	-	-	2,651	-
Past due 31-60 days	-	-	1,304	-
Past due 61-90 days	-	-	4,145	-
Past due 90+ days	5,069	-	2,226	-
	5,069	-	7,718	-

Liquidity Risk

Liquidity risk represents the Company's ability to meet contractual obligations as they fall due. The Company manages liquidity risk by managing cash flows on a daily basis ensuring that adequate credit lines are in place to cover any potential shortfalls.

All significant payables and current liabilities as at 31 March 2019 totalling \$170,063 are due within 6 months or less. (All significant payables and current liabilities as at 31 March 2018 totalling \$149,741 are due within 6 months or less.)

Facilities

The company has no bank loan facilities in place as at 31 March 2019.

Shareholder advances totalling \$17,650 are outstanding as at 31 March 2019. The funds are unsecured, interest free and repayable on demand.

Market Risk

Currency Risk Exposures

The Company has no significant exposure to currency risk, all stock is purchased and sold in New Zealand Dollars including export sales.

Interest Rate Risk Exposures

The Company has no significant exposure to interest rate risk, other than lower interest rates, reducing the investment returns in the Company's On Call bank account.

Capital Management

The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the equity balance.

The capital structure of the company consists of cash and equity, comprising issued capital and retained earnings as disclosed in Note 8.

The Company's Directors reviews the capital structure on a regular basis. The company is not subject to externally imposed capital requirements. The Company's overall strategy remains unchanged from the prior period.

12. Reconciliation of profit for the period with the net cash from operating activities	31-Mar-19 \$	31-Mar-18 \$
Profit for the period	14,951	35,719
Adjustments for:		
- Depreciation	8,651	5,697
- (Gain)/Loss on Sale of Assets	(2,456)	0
- Accrued capital addition that is classified in Investing Activities	(4,000)	0
<u>Changes in working capital</u>		
Increase/(Decrease) in Sundry Creditors	64,864	(44,850)
Decrease/(Increase) in Sundry Debtors	(2,648)	(5,069)
Increase/(Decrease) in Provision for Tax	7,272	14,641
Increase/(Decrease) in Income in advance	(34,889)	50,000
Decrease/(Increase) in Inventory	(89,349)	641
Increase/(Decrease) in GST Payable	2,228	35,526
Cash generated from operations	(35,376)	92,305



New Zealand Coastal Seafoods Limited

Notes to the financial statements (cont'd) For the year ended 31 March 2019

15. Capital commitments

There were no material capital commitments at balance date (31 Mar 2018: nil).

16. Contingent liabilities

There were no contingent liabilities at balance date (31 Mar 2018: nil).

17. Operating Leases

Non cancellable operating lease rentals are payable as follows:

	31-Mar-19	31-Mar-18
	\$	\$
Less than one year	5,500	33,000
Between one and five years	-	5,500
More than five years	-	-
	5,500	38,500

18. Related parties

Key management personnel hold positions in other entities that result in them having control or significant influence over these entities. A number of these entities transacted with the company during the period engaging in consultancy services. The terms and conditions of these transactions were no more favourable than those available, or which might be reasonably expected to be available in similar transactions with non key management personnel related companies on an arms length basis.

The following transactions were carried out with related parties:

	31-Mar-19	31-Mar-18
	\$	\$
i) Sales (Purchases) of goods and services		
Pete Win (Director) - Consultancy fees	(50,160)	(39,993)
April Trust (Cataldo Miccio - Director, is a Trustee of the April Trust) - Consultancy fees	(52,620)	(39,993)
Alex Li (Director) Consultancy fees	(66,719)	(47,706)
Alexander Trading Company Limited (Alex Li - Director) - Manufacturing services	-	(9,528)
Export Logistics Alliance Limited (Pete Win - Director) - Sales	9,660	-
ii) Key management compensation		
Other than above, during the period the Company undertook no transactions with directors and key management personnel.		
iv) Period-end balances arising from sales/purchases of goods/services		
Payable (note 10)	-	-
Receivable (note 6) - Export Logistics Alliance Limited	173	-
v) Loans and advances to/from related parties		
Loans and advances from Shareholders (note 9)	17,650	8,650

19. Subsequent events

Subsequent to the year ended 31 March 2019, the Company and its shareholders agreed conditional terms for an acquisition of the Company by Australian listed company, xTV Networks Limited. On completion of the acquisition, the Company will become a wholly owned subsidiary of xTV Networks Limited.



Independent Auditor's Report

To the Shareholders of New Zealand Coastal Seafoods Limited

Qualified Opinion

We have audited the financial statements of New Zealand Coastal Seafoods Limited (the Company) on pages 4 to 20, which comprise the balance sheet as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with *New Zealand equivalents to International Financial Reporting Standards* (NZ IFRS).

Basis for Qualified Opinion - Opening Inventory as at 1 April 2018

We were appointed as auditors of the entity on 22 February 2019 and thus did not observe the counting of the physical inventories at 1 April 2018. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 1 April 2018, which is stated in the balance sheet as \$60,958. We were unable to determine whether adjustments might have been necessary in respect of recorded or unrecorded opening inventories. Opening inventories enter into the determination of the profit for the year reported in the statements of comprehensive income.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for the Company in regards to financial statement disclosure. The firm has no other interests in the Company.

Information other than the financial statements and auditor's report

The Directors are responsible for the other information. The other information comprises the information included in the company directory and directors' report on pages 1 to 3, but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Those Charged with Governance for the Financial Statements

Those charged with governance are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) 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 decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Crowe Horwath New Zealand Audit Partnership

CHARTERED ACCOUNTANTS

Dated at Invercargill this 26th day of July 2019