28 August 2020

Annual Report

2020 Financial Year Highlights

NZCS Expands into Nutraceuticals

- Completed the acquisition of KDI, a New Zealand based developer of innovative nutraceutical products and services, including ingredient supply, quality and validation, as well as formulation and development, providing the Company with immediate access to the high growth nutraceutical market.

High Value Purchase Agreements

- Strategic one year Supply Agreement with German Company, Dr. Behr ("Dr. Behr") for the sale of green lip mussel powders and oils, with the opportunity to further expand revenues as the Company develops additional products.
- NZ$4.4m (approximately AU$4.29m) purchase agreement with SuperMilkBaba (NZ) Limited ("SMB"), for the sale of a minimum of 100 tonnes of frozen Ling Maw over a 12 month period.
- NZ$400,000 (approx. AU$377,000) purchase agreement with Good Health Product Limited, for the sale of a minimum of 4,000 kilograms of Nutraceutical Oyster Powder over a 12 month period, with opportunities to expand order quantities.

Further Sales and International Expansion

- Purchase orders received for NZ$120,000 of Astaxanthin Oil from an existing KDI customer, New Zealand Health Manufacturing, and a new US based customer, Elevate Health Sciences.
- US Food and Drug Administration Listing Approval to export products to the United States and European Union Listing Approval received.
- Initial Astaxanthin trial order shipped to a leading nutraceutical manufacturer in Japan.

Processing and Production Facility

- NZCS moved to the new upgraded and expanded processing and production facility.

- Risk Management Programme ("RMP") approval received for Company's new upgraded and expanded processing and production.
- NZCS received delivery of a new milling machine used to produce nutraceutical products

NZCS Branded Product Range

- Development of NZCS branded ready to eat product range, with these products being sold direct to consumers in NZCS retail packaging.
- Agreement with Reach China for the distribution of the Company's ready to eat and nutraceutical product range in Australia, Hong Kong and China.
- Export order received from BuyNatural for the NZCS branded ready to eat product range.
- Launch of flagship e-commerce portal on the Company's website.

Corporate

- NZCS successfully listed on the ASX following a capital raise of $5 million.
- Andrew Peti was appointed Chief Executive Office following his appointment as Chief Operating Officer in September 2019.
- Rob Wells appointed as Chief Financial Officer.
- Anna-Lee Fraser appointed to the newly created role of Head of Sales.
- NZCS conducted a rights issue raising a total of $1.819m, to fund the Company's growth strategy going forward.

Leading secondary producer of nutraceutical, seafood products and premium marine ingredients **New Zealand Coastal Seafoods Limited** (**ASX:NZS**) ("NZCS", the "Company") presents its Appendix 4E, Annual Report and accompanying commentary for the period ending 30 June 2020.

Authority:

This announcement has been approved by Winton Willesee, Non-Executive Chairman.

Further information:

Aldo Miccio	Jane Morgan
Executive Director	Investor Relations Advisor
New Zealand Coastal Seafoods Limited	Jane Morgan Management
Email: investors@nzcs.co	Email: jm@janemorganmanagement.com.au
Tel. +61 421 497 138	Tel. +61 405 555 618

About New Zealand Coastal Seafoods

New Zealand Coastal Seafoods (NZCS) is a New Zealand based, ASX listed, secondary producer of nutraceutical, seafood products and premium marine ingredients. The Company recently acquired Kiwi Dreams International Limited (KDI), a leading developer of innovative nutraceutical products and services including ingredient supply, quality and validation, as well as formulation and development.

Through the development of Nutraceutical projects, NZCS has recognised significant opportunities in this high growth market, with the global Nutraceutical market estimated at US $230.9 billion in 2018.[1]

Harnessing the countries reputation for pure, pristine waters and fisheries provenance, NZCS utilise raw ingredients sourced from New Zealand's finest deep sea fishing companies, employing a nose-to-tail philosophy to create a range of high-value products.

The Company's mission is to share the sought-after flavours of sustainably-sourced, nutritious, healthy and organic goodness of New Zealand's seafood with Asian consumers, through expanding distributor, wholesale and consumer channels.

NZCS's growth strategy is focused on the development of a new nutraceutical product range and increasing production and sales of its flagship, collagen-rich, dried ling maw range and developing high-value ready-to-eat, FMCG products for export into new and existing markets.

[1] https://www.bccresearch.com/market-research/food-and-beverage/nutraceuticals-global-markets.html

New Zealand Coastal Seafoods Limited
Appendix 4E
Preliminary final report

Company details

Name of entity:	New Zealand Coastal Seafoods Limited
ABN:	16 124 251 396
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

Results for announcement to the market

				$'000
Revenues from ordinary activities	up	10.7%		1,514
Loss from ordinary activities after tax attributable to the members of New Zealand Coastal Seafoods Limited	up	3519.7%	to	6,805
Loss for the year attributable to the members of New Zealand Coastal Seafoods Limited	up	3519.7%	to	6,805

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Company after providing for income tax amounted to $6,805,020 (30 June 2019: loss of $188,397).

During the year the Company incurred non-cash expenses of $4,381,689 relating to the acquisition of NZCS Operations Ltd. Under the provisions of AASB 2 *Share based payment* the transaction was treated as a reverse acquisition – refer to Note 2 of the attached financial report.

Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security (cents)	0.27	nil

Attachments

Additional Appendix 4E disclosure requirements can be found in the director's report and the 30 June 2020 financial statements and accompanying notes.

This report is based on the financial statements which have been audited by Crowe Perth.

Signed

Winton Willesee
Director
28 August 2020

NEW ZEALAND COASTAL SEAFOODS LIMITED

ANNUAL REPORT - 30 JUNE 2020

CONTENTS

CORPORATE DIRECTORY

DIRECTORS	Winton Willesee Erlyn Dale Harry Hill (resigned 25 July 2019) Jourdan Thompson (appointed 25 July 2019) Aldo Miccio (appointed 25 July 2019)
COMPANY SECRETARY	Erlyn Dale
REGISTERED AND PRINCIPAL OFFICE	Suite 5 CPC, 145 Stirling Highway NEDLANDS WA 6009 Telephone: (08) 9389 3130 Website: www.nzcs.co Email: info@nzcs.co
PRINCIPAL PLACE OF BUSINESS	7 Bolt Place Christchurch, 8053 NEW ZEALAND
AUDITORS	Crowe Perth Level 5, 45 St Georges Terrace PERTH WA 6000
SHARE REGISTRY	Automic Registry Services Level 2 267 St Georges Terrace PERTH WA 6000 Telephone: 1300 992 916 International: +61 2 9698 5414
HOME EXCHANGE	Australian Securities Exchange Ltd Exchange Plaza 2 The Esplanade PERTH WA 6000 ASX Code: NZS and NZSOA
SOLICITORS	Steinepreis Paganin Level 4, The Read Buildings 16 Milligan street PERTH WA 6000

DIRECTORS' REPORT

The Directors present their report together with the financial report of New Zealand Coastal Seafoods Limited and its controlled entities (**Group**) for the financial year ended 30 June 2020 and the Auditor's Report thereon.

BOARD OF DIRECTORS

The names and details of the Directors in office during the financial period and until the date of this report are set out below.

- Winton Willesee (Non-executive Chairman)
- Aldo Miccio (appointed 25 July 2019)
- Erlyn Dale
- Jourdan Thompson (appointed 25 July 2019)
- Harry Hill (resigned 25 July 2019)

PRINCIPAL ACTIVITIES

The Group is a secondary producer of nutraceutical, seafood products and premium marine ingredients. Harnessing the country's reputation for pure, pristine waters and fisheries provenance, the Group utilises raw ingredients sourced from New Zealand's finest deep-sea fishing companies, employing a nose-to-tail philosophy to create a range of high-value products.

The Group's mission is to share the sought-after flavours of sustainably sourced, nutritious, healthy and organic goodness of New Zealand's seafood with Asian and other consumers worldwide, through expanding distributor, wholesale and consumer channels.

The Group's growth strategy is focused on the development of a new nutraceutical product range to complement increasing production and sales of its flagship, collagen-rich, dried ling maw range and its developing high-value ready-to-eat FMCG products for export into new and existing markets.

DIVIDENDS PAID OR RECOMMENDED

The Directors of the Company do not recommend the payment of a dividend in respect of the current financial period ended 30 June 2020 (2019: Nil).

OPERATING RESULTS

The Group's net loss after providing for income tax for the year ended 30 June 2020 amounted to $6,805,020 (2019: $188,397). Excluding non-cash expenses recorded for the reverse acquisition of NZCS Operations Ltd (refer Note 2), the loss was $2,175,587 (2019: $188,397). Refer to Note 2 for details of the financial impact of the reverse acquisition.

FINANCIAL POSITION

At 30 June 2020 total Group assets were $4,944,357 (2019: $109,984) and net assets were $3,299,091 (2019: net liabilities of $156,217).

DIRECTORS' REPORT

REVIEW OF OPERATIONS

New Zealand Coastal Seafoods successfully lists on the ASX

On 5 August 2019, NZCS announced that it had successfully listed on the ASX following a capital raise of $5 million. Since listing on the ASX, the Company has been successful in executing its growth strategy of:

- Increasing sales of existing products through expanded production capacity and increased ability to access raw seafood supply.
- Improving profit margins by extending the range of products to include nutraceuticals and wellness products and ready-to-eat products.
- Expanding sales capacity by enlarging NZCS' sales force and expanding distribution channels, in existing markets, such as New Zealand, Australia and Hong Kong and entering or further penetrating as relevant markets such as China, Malaysia, Singapore, Indonesia and Vietnam.

During the course of the period following listing on ASX the Company achieved the following;

NZCS Expands into Nutraceuticals

Acquisition of Kiwi Dreams International Limited

NZCS completed the acquisition ("Acquisition") of Kiwi Dreams International Limited ("KDI"), a New Zealand based developer of innovative nutraceutical products and services, including ingredient supply, quality and validation, as well as formulation and development.

The Acquisition of KDI has provided the Company with immediate access to the lucrative value added nutraceutical and pharmaceutical ingredient sector, with NZCS developing potential high value products including; Mussel Powder and Oils, Marine Based Collagens (Ling Maw and Fish Skin), Underia (seaweed) powder, Oyster Powder, Nootropic products and other cognitive enhancers.

Through the Company's prior development of nutraceutical products, NZCS recognised significant opportunities in this high growth market, with the global nutraceutical market estimated at US $230.9 billion in 2018[1].
The Acquisition aligns with the Company's strategy to expand revenues streams, by adding greater depth to the existing product line.

High Value Purchase Agreements

Strategic Supply Agreement for European Distribution

Following the Acquisition, NZCS entered a strategic one year Supply Agreement with German Company, Dr. Behr ("Dr. Behr") for the sale of green lip mussel powders and oils, with the opportunity to further expand revenues as the Company develops additional products.

Under the Dr. Behr Supply Agreement, Dr. Behr will initially sell NZCS's green lip mussel powders and oils in Europe, with minimum order quantity revenues solely from mussel products (excluding the UK) of NZ$432,000 (approximately A$400,000) for Year 1, with parties able to agree to further terms, which are expected to be on similar pricing terms, with expected increased indicative product quantities to be negotiated.

The Supply Agreement with Dr. Behr aligns with NZCS's growth strategy of entering new markets and improving profit margins by extending its range of products.

NZ$4.4m Purchase Agreement for 100 Tonnes of Ling Maw

The Company entered a NZ$4.4m (approximately AU$4.29m) purchase agreement with SuperMilkBaba (NZ) Limited ("SMB"), for the sale of a minimum of 100 tonnes of frozen Ling Maw over a 12 month period.

During the lockdown period, the first 1000kg order for SMB was successfully dispatched and processed, with NZCS continuing to fulfil further orders for SMB and other customers during the lockdown period. The purchase agreement with SMB aligns with NZCS's growth strategy of entering new markets including China.

NZ$400,000 Purchase Agreement with Good Health

In May 2020, the Company entered a NZ$400,000 (approx. AU$377,000) purchase agreement with Good Health Product Limited ("Good Health"), for the sale of a minimum of 4,000 kilograms of Nutraceutical Oyster Powder over a 12 month

[1] https://www.bccresearch.com/market-research/food-and-beverage/nutraceuticals-global-markets.html

period, with opportunities to expand order quantities to up to 10,000 kilograms over the same period. The purchase agreement with Good Health aligns with NZCS's growth strategy of entering new markets and improving profit margins by extending the range of products.

Further Sales and International Expansion

Astaxanthin Oil

NZCS received purchase orders for NZ$120,000 of Astaxanthin Oil from an existing KDI customer, New Zealand Health Manufacturing, and a new US based customer, Elevate Health Sciences, with these purchase orders aligning with NZCS's growth strategy of expanding sales capacity and expanding distribution channels, in existing and new markets.

International Export Licenses

As NZCS further expanded into international markets, US Food and Drug Administration Listing Approval to export products to the United States was received in May 2020. NZCS also received European Union Listing Approval, allowing the Company to export marine product to Europe. These international export licenses facilitate NZCS's entry into new markets, thereby adding geographical diversity to its customer base and reducing reliance on one particular market. Export licenses also align with the Company's strategy of expanding distribution channels by entering new markets.

Astaxanthin Sales to Japan

NZCS shipped an initial Astaxanthin trial order to a leading nutraceutical manufacturer in Japan in July 2020, as the Company seeks to enter this market. The trial order of Astaxanthin to Japan aligns with the Company's growth strategy of expanding sales by entering new markets and by extending NZCS's range of products to also include nutraceuticals.

Significant Trial Order to Hong Kong

A new Hong Kong based customer placed a significant trial order for NZ$148,000 of Ling Maw in July 2020. The Company has utilised trial orders to build relationships with key customers globally, whilst providing the opportunity for NZCS's customers to receive feedback from end consumers before proceeding to higher value orders.
The significant trial order to Hong Kong aligns with the Company's growth strategy of expanding sales by entering new markets.

Processing and Production Facility

Completed Upgraded and Expanded Production Facility

On 3 March 2020, NZCS announced that it had moved to the new upgraded and expanded seafood processing and production facility in Christchurch, five times larger than the existing facility, and strategically located in close proximity to the Christchurch airport, and the import/export air freight market, providing logistical advantages for export into Asia.

The expanded and upgraded production facility aligns with the Company's growth strategy of increasing sales of existing products through expanded production capacity, and improving profit margins by extending the range of products to include ready-to-eat products

RMP Approval for Upgraded and Expanded Production and Processing Facility

NZCS announced that the Risk Management Programme ("RMP") for the Company's new upgraded and expanded processing and production facility, had received approval from the New Zealand Ministry of Primary Industries ("MPI"), a requirement under the Animal Products Act to process and manufacture animal products in New Zealand.

Nutraceutical Powder Milling Machine

NZCS received delivery of a new milling machine used to produce nutraceutical products, including the Company's recently developed powdered collagen nutraceutical ling powder, mussel powder and Astaxanthin powder.

NZCS Deemed Essential Service

As a primary food producer, under COVID-19 restrictions, NZCS was deemed an 'Essential Service' by the New Zealand Government.

In response to COVID-19, the Company implemented a strategic response plan to ensure continuity in product delivery and sales, including drying, pre-processing and packing sufficient stock to maintain staff safety, whilst allowing for ease of dispatch to customers during the temporary COVID-19 disruptions. NZCS continued to fulfil further orders for SMB and other customers during the lockdown period.

DIRECTORS' REPORT

NZCS Branded Product Range

Development of Ready to Eat Product Range

The Company developed a NZCS branded ready to eat product range consisting of Cooked Ling Maw, Cooked Paua (Abalone) and a powdered Collagen Ling Maw nutraceutical product, with these products being sold direct to consumers in NZCS retail packaging.

Distribution Agreement with Reach China

NZCS entered an agreement with Reach China for the distribution of the Company's ready to eat and nutraceutical product range in Australia, Hong Kong and China Under the Reach China Distribution Agreement, Reach China has the rights to distribute the NZCS branded dried ling maw, cooked ling maw, paua (abalone) and collagen nutraceutical product, with the agreement including scope for expansion.

Export Order from BuyNatural

The Company announced that it had received an export order from BuyNatural for its NZCS branded ready to eat product range, including 100 units of Dried Ling Maw, 50 units of Cooked Abalone, and 50 units of Cooked Ling Maw in Sauce. The order from BuyNatural aligns with NZCS's growth strategy of improving profit margins by extending NZCS's range of products to include ready-to-eat products including as pre-packaged soups.

E-Commerce Portal and Online Sales

NZCS launched a flagship e-commerce portal on the Company's website, selling the NZCS branded ready to eat and powdered collagen nutraceutical ling product, direct to consumers.

Corporate

New Zealand Coastal Seafoods successfully lists on the ASX

As noted earlier in this review of operations, on 5 August 2019, NZCS announced that it had successfully listed on the ASX following a capital raise of $5 million. Since listing on the ASX, the Company has been successful in executing its growth strategy of:

- Increasing sales of existing products through expanded production capacity and increased ability to access raw seafood supply.
- Improving profit margins by extending the range of products to include nutraceuticals and wellness products and ready-to-eat products.
- Expanding sales capacity by enlarging NZCS' sales force and expanding distribution channels, in existing markets, such as New Zealand, Australia and Hong Kong and entering or further penetrating as relevant markets such as China, Malaysia, Singapore, Indonesia and Vietnam.

Andrew Peti appointed as CEO

Mr Peti was appointed as Chief Operating Officer in September 2019, before being appointed Interim CEO on 3 March 2020. During his roles at NZCS, he has been instrumental in securing high value purchase agreements and has also assisted in NZCS's expansion into the high growth nutraceutical market, which was an estimated at US $230.9 billion in 2018[2].

Rob Wells appointed as CFO

On 8 October 2019, the Company appointed Rob Wells as Chief Financial Officer ("CFO") to support the Company's Executive Management Team to deliver the Company's growth and expansion strategy.

Appointment of Head of Sales

NZCS announced the appointment of Anna-Lee Fraser to the newly created role of Head of Sales. The appointment of Ms Fraser forms part of the Company's strategy of expanding sales capacity by enlarging NZCS' sales force and expanding distribution channels, in existing markets, such as New Zealand, Australia and Hong Kong and entering into new markets including China, Malaysia, Singapore, Indonesia and Vietnam.

[2] https://www.bccresearch.com/market-research/food-and-beverage/nutraceuticals-global-markets.html

DIRECTORS' REPORT

Rights Issue
NZCS announced a rights issue to raise up to $1.819m, with shareholders entitled to one (1) new share at an issue price of $0.01 per new share for every (3) shares held at the record date, together with one (1) free attaching listed option for every three (3) shares subscribed for under the rights issue.

The Company received acceptances for 38,026,015 shares, and applications for shortfall from existing shareholders for 29,096,841 shares, raising $671,228. The shortfall was subscribed through the underwriter Canaccord Genuity (Australia) Limited raising a total of $1.819m.

Performance Options
Following completion of the Reporting Period, NZCS issued performance options to its executive management team.

NZCS is focussed on growing shareholder value and believes the alignment of management / board returns with shareholders returns is a valuable way of achieving that growth.

The Company plans to seek shareholder approval for the issue of performance incentives for its directors at the upcoming 2020 Annual General Meeting.

AGM

The Company anticipates that it will hold its next Annual General Meeting ('AGM') on 18 November 2020.

In accordance with ASX Listing Rule 3.13.1, the closing date for the receipt of nominations from persons wishing to be considered for election as a director of the Company is 30 September 2020.

Any nominations must be received in writing no later than 5.00pm (WST) on 30 September 2020 at the Company's registered office.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year are as set out in the Review of Operations.

IMPACT OF COVID-19 GLOBAL PANDEMIC

As a primary food producer, under COVID-19 restrictions, NZCS was deemed an 'Essential Service' by the New Zealand Government, with operations continuing during the lockdown period. Although NZCS's supply chain and ability to fulfil customer orders remained unaffected, it should be noted that global uncertainty and market conditions impacted upon demand for NZCS's products during the reporting period.

In response to COVID-19, NZCS implemented a strategic response plan to ensure continuity in product delivery and sales, including drying, pre-processing and packing sufficient stock to maintain staff safety, whilst allowing for ease of dispatch to customers during the temporary COVID-19 disruptions.

The situation is rapidly developing and is dependent on measures imposed by the New Zealand Government and by other countries, such as maintaining social distancing requirements, quarantine procedures, travel restrictions and any economic stimulus that may be provided, and accordingly it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

DIRECTORS' REPORT

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The material events subsequent to the financial year, are;

1. the appointment of Andrew Peti as CEO of the Company; and
2. entered a strategic one year Supply Agreement with German Company, Dr. Behr;

both of which are detailed above.

Other than as noted above, no matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company has no plans to alter its business model.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian or New Zealand Laws.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Winton Willesee – Non-Executive Chairman	
Experience and Expertise	Mr Willesee is an experienced corporate professional with a broad range of skills and experience strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance. Mr Willesee has considerable experience with ASX listed and other companies over a broad range of industries, having held directorships, chairmanships, and company secretarial positions with a number of ASX-listed companies over many years. He is a Fellow of the Financial Services Institute of Australasia, the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators, Graduate of the Australian Institute of Company Directors, and a Member of CPA Australia.
Other Current Directorships	Nanollose Limited (ASX: NC6), MMJ Group Holdings Limited (ASX: MMJ), Neurotech International Limited (ASX: NTI) and Esense-Lab Limited (ASX: ESE)
Former Directorships in last 3 years	Ding Sheng Xin Finance Co Limited and Kopore Metals Limited
Special Responsibilities	Chairman of the Board
Interests in Shares and Options	1,210,000 ordinary shares 100,384 options exercisable at $0.0275 expiring 25 July 2022

Aldo Miccio – Executive Director	
Experience and Expertise	Prior to co-founding New Zealand Coastal Seafoods, Aldo was the mayor of Nelson, New Zealand, and prior to that served as a Councillor of Nelson, beginning in 2007. In 2010, Mr Miccio successfully sold Bissi Ltd, an apparel company he had started in 1998. He is also former Managing Director of KELA and current Vice President of the Italian Chamber of Commerce in New Zealand.
Other Current Directorships	None
Former Directorships in last 3 years	None
Special Responsibilities	Executive Director
Interests in Shares and Options	52,841,935 ordinary shares 13,566,000 options exercisable at $0.06 expiring 5 February 2023

Erlyn Dale – Non-Executive Director	
Experience and Expertise	Miss Dale is an experienced corporate professional with a broad range of corporate governance and capital markets experience, having been involved with several public company listings, merger and acquisition transactions and capital raisings for ASX-listed companies across a diverse range of industries. Miss Dale began her career in corporate recovery and restructuring at Ferrier Hodgson and is now the Managing Director of corporate services firm, Azalea Consulting, which provides outsourced company secretarial, accounting and administration services to a portfolio of ASX-listed companies. Miss Dale holds a Bachelor of Commerce (Accounting and Finance) and a Graduate Diploma in Applied Corporate Governance. She is a member of the Governance Institute of Australia/Chartered Secretary.
Other Current Directorships	None
Former Directorships in last 3 years	Non-Executive Director of Kopore Metals Limited
Special Responsibilities	Company Secretary
Interests in Shares and Options	8,000,000 options exercisable at $0.06 expiring 5 February 2023

Jourdan Thompson – Non-Executive Director	
Experience and Expertise	Mr Thompson is currently the Chief Financial Executive of Keytone Dairy Corporation Limited (ASX: KTD) and is an experienced FMCG executive. In addition, Jourdan has over 15 years' industry experience in investment banking, finance and restructuring both in Australia and Europe. Jourdan has spent the last 10 years in investment banking, working most recently for Greenhill & Co. as a director.
Other Current Directorships	None
Former Directorships in last 3 years	None
Special Responsibilities	None
Interests in Shares and Options	8,000,000 options exercisable at $0.06 expiring 5 February 2023

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Group and the Group and has been audited in accordance with the requirements by section 308(3C) of the *Corporations Act 2001* and the Corporations Regulations 2001.

For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group and the Consolidated Entity, directly or indirectly, including any Director (whether Executive or otherwise) of the Group.

Key Management Personnel disclosed in the Report

Names and positions held of Parent Entity Directors and Key Management Personnel in office at any time during the financial year are:

Directors: Winton Willesee, Aldo Miccio, Erlyn Dale, Jourdan Thompson, Harry Hill

Management: Peter Win, Andrew Peti, Robert Wells, Alexander Zu Ming Li

Remuneration Governance

The full Board filling the role of the Nomination and Remuneration Committee is responsible for the following:

(a) remuneration policies and practices;

(b) remuneration of the Executive Officer and Executive Directors;

(c) composition of the Board; and

(d) performance Management of the Board and of the Executive Officer.

Executive Remuneration Policy and Framework

The full Board reviews and make recommendations regarding the following:

(a) strategies in relation to Executive remuneration policies;

(b) compensation arrangements for the Chairman, Non-Executive Directors, CEO, and other Senior Executives as appropriate;

(c) performance related incentive policies;

(d) the Group's recruitment, retention and termination policies;

(e) the composition of the Board having regard to the skills/experience desired and skills/experience represented;

(f) the appointment of Board members;

(g) the evaluation of the performance of the CEO;

(h) consideration of potential candidates to act as Directors; and

(i) succession planning for Board members.

Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of Key Management Personnel for the economic entity is as follows:

The remuneration structure for Key Management Personnel is based on a number of factors, including the particular experience of the individual concerned. The contracts for service between the Group and Key Management Personnel are on a continuing basis, the terms of which are not expected to materially change in the immediate future. There is no scheme to provide retirement benefits, other than statutory superannuation.

On appointment to the Board, all Executive and Non-Executive Directors enter into an agreement with the Group.

The Group's executive Key Management Personnel and details of their remuneration and contractual employment arrangements are set out below.

Key Management Personnel Remuneration

The remuneration of the Group's Key Management Personnel is disclosed below:

2020	Salary ($)	Post Retirement benefits ($)	Other benefits ($)	Equity Based Payments ($)	Total ($)	Performance related
DIRECTORS						
Winton Willesee	59,000	-	-	-	**59,000**	-
Aldo Miccio	87,083	-	-	-	**87,083**	-
Erlyn Dale	48,326	-	-	-	**48,326**	-
Jourdan Thompson	45,699	-	-	-	**45,699**	-
Harry Hill *	1,833	-	-	-	**1,833**	-
MANAGEMENT						
Peter Win[1]	140,263	-	-	-	**140,263**	-
Andrew Peti [2]	103,233	4,129	8,934	-	**116,296**	-
Robert Wells [3]	78,637	3,145	-	-	**81,782**	-
Alexander Zu Ming Li [4]	62,870	-	-	-	**62,870**	-
TOTAL	**626,944**	**7,274**	**8,934**	-	**643,152**	**-**

* Resigned 25 July 2019

[1] Peter Win was appointed as CEO on 25 July 2019 before transitioning to GM Business Development of NZCS Operations Limited on 3 March 2020

[2] Andrew Peti was appointed COO of NZCS Operations Limited on 17 September 2019, interim CEO on 3 March 2020 and CEO on 13 July 2020

[3] Robert Wells was appointed CFO of NZCS Operations Limited on 29 October 2019

[4] Alexander Zu Ming Li is a director of NZCS Operations Limited

DIRECTORS' REPORT

Key Management Personnel Compensation

Contractual employment arrangements of the Group's Executive Key Management Personnel are as follows:

Peter Win (General Manager Business Development)

Term of agreement:	Ongoing with a notice period of two months
Details:	Base salary of NZD$140,000 per annum plus superannuation reviewable annually by the Nomination and Remuneration Committee

Andrew Peti (Chief Executive Officer)

Term of agreement:	Ongoing with a notice period of two months
Details:	Base salary of NZD$150,000 per annum plus superannuation and the provision of a company vehicle paid fortnightly. A one-off performance bonus of NZD$50,000 inclusive of tax payable upon achieving milestones before 30 June 2021. Contract is to be reviewed annually by the Nomination and Remuneration Committee. On the 29 July 2020 options were issued as part of an Incentive Option Plan as approved by shareholders on 13 June 2019.

Robert Wells (Chief Financial Officer)

Term of agreement:	Ongoing with a notice period of two months
Details:	Base salary of NZD$130,000 per annum plus superannuation reviewable annually by the Nomination and Remuneration Committee. On the 29 July 2020 options were issued as part of an Incentive Option Plan as approved by shareholders on 13 June 2019.

Alexander Zu Ming Li (Director of NZCS Operations Limited)

Term of agreement:	Ongoing with a notice period of one month
Details:	Base salary of NZD$5,000 per month plus GST if applicable for up to 120 hours per month of services along with a discretionary bonus based on performance of up to NZ$1,250 per month.

Equity Instruments Disclosure Relating to Key Management Personnel

Shares:

Number of shares held by Parent Entity Directors and other Key Management Personnel of the Group, including their personally related parties, are set out below.

Name	Balance at the start of the year	Acquired	Disposed	Other Ø	Balance at the end of the year
DIRECTORS					
Winton Willesee	-	302,500	-	907,500	1,210,000
Aldo Miccio	-	55,205	-	52,786,730	52,841,935
Erlyn Dale	-	-	-	-	-
Jourdan Thompson	-	-	-	-	-
Harry Hill *	-	-	-	-	-
MANAGEMENT					
Peter Win	-	-	-	52,786,730	52,786,730

Name	Balance at the start of the year	Acquired	Disposed	Other Ø	Balance at the end of the year
Andrew Peti [1]	-	-	-	-	-
Robert Wells [2]	-	-	-	-	-
Alexander Zu Ming Li	-	-	-	52,786,730	52,786,730
TOTAL	**-**	**357,705**	**-**	**159,267,690**	**159,625,395**

Ø Issued pursuant to the acquisition of NZCS Operations Limited on 26 July 2019

* Resigned NZS 25 July 2019
[1] Appointed NZCS 17 September 2019
[2] Appointed NZCS 29 October 2019

Options:

Number of options held by Parent Entity Directors and other Key Management Personnel of the Group, including their personally related parties, are set out below.

Name	Balance at the start of the year	Acquired	Disposed	Other Ø	Balance at the end of the year
DIRECTORS					
Winton Willesee	-	-	-	100,834	100,834
Aldo Miccio	-	-	-	13,566,000	13,566,000
Erlyn Dale	-	-	-	8,000,000	8,000,000
Jourdan Thompson	-	-	-	8,000,000	8,000,000
Harry Hill	-	-	-	-	-
MANAGEMENT					
Peter Win	-	-	-	13,566,000	13,566,000
Andrew Peti	-	-	-	-	-
Robert Wells	-	-	-	-	-
Alexander Zu Ming Li				13,566,000	13,566,000
TOTAL	**-**	**-**	**-**	**56,798,834**	**56,798,834**

Ø Issued pursuant to the acquisition of NZS Operations Limited on 26 July 2019

Voting and comments made at the Group's 2018 Annual General Meeting

The Group received a 96.4% "yes" votes on its remuneration report for the 2019 financial year (2018: 76.7% yes). The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

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 for the year ended 30 June 2020.

The aggregate amount recognised during the year relating to Directors, Key Management Personnel and their related parties were as follows:

Director	Transaction	Transactions value for the year ended 30 June		Balance outstanding as at 30 June	
		2020 ($)	2019 ($)	2020 ($)	2019 ($)
Winton Willesee & Erlyn Dale (Directors and Shareholders of Azalea Consulting Pty Ltd)	Corporate administration services	134,500	-	6,850	-
Winton Willesee & Erlyn Dale (Directors and Shareholders of Valle Corporate Pty Ltd)	Bookkeeping and accounting services	7,607	-	945	-
Total		**142,107**	**-**	**7,795**	**-**

This is the end of the Audited Remuneration Report.

DIRECTORS' MEETINGS

Attendances by each Director during the year were as follows:

Director	Number Eligible to Attend	Number Attended
Winton Willesee	14	14
Aldo Miccio	12	12
Erlyn Dale	14	14
Jourdan Thompson	12	12
Harry Hill	2	2

INDEMNIFICATION OF DIRECTORS AND OFFICERS

(a) Indemnification

The Group has agreed to indemnify the current Directors and Group Secretary of the Group against all liabilities to another person (other than the Group or a related body corporate) that may arise from their position as Directors and Group Secretary of the Group, except where the liability arises out of conduct involving a lack of good faith.

The Agreement stipulates that the Group will meet to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

(b) Insurance Premiums

During the year ended 30 June 2020, the Company paid insurance premiums in respect of Directors and Officers Liability Insurance for Directors and Officers of the Company. The liabilities insured are for damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Company to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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 Board and the Audit and Risk Committee have considered the non-audit services provided during the financial year by the Auditor and are satisfied that the provision of those non-audit services during the financial year by the Auditor is compatible with, and did not compromise, the Auditor's independence requirements of the *Corporations Act 2001* for the followings reasons:

(a) all non-audit services were subject to the Corporate Governance procedures adopted by the Group; and

(b) the non-audit services provided do not undermine the general principles relating to Auditor independence as set out in APES 110 Code of Ethics for Professional Accountants including Independence Standards, as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

During the financial year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	30 June 2020 ($)	30 June 2019 ($)
Other Services		
Crowe Perth – accounting services	8,300	-
Total remuneration for other services	**8,300**	**-**

INDEMNITY AND INSURANCE OF AUDITOR

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

SHARES

As at the date of this report there are 728,324,376 ordinary shares on issue.

OPTIONS

All options granted confer a right of one ordinary share for every option held. The Group has the following unlisted options on issue at 30 June 2020:

Grant Date	Type	Expiry Date	Exercise Price ($)	Balance at end of the year Number	Vested and exercisable Number
26/07/2019	Class A	05/02/2023	0.06	100,000,002	100,000,002
26/07/2019	Class B	25/07/2022	0.0275	30,000,000	30,000,000
30/06/2020	NZSOA	25/07/2022	0.0275	60,643,934	60,643,934
Total				**190,643,936**	**190,643,936**

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2020 has been received and can be found on page 21.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Signed on behalf of the Board of Directors.

Winton Willesee
Non-Executive Chairman
Perth, Western Australia
28th August 2020

CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of the Group, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administrating its corporate governance structures to promote integrity and responsible decision making.

The Group's corporate governance structures, policies and procedures are described in its Corporate Governance Statement which is available at the Group's website at:

https://nzcs.co/investors/#gov

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of New Zealand Coastal Seafoods Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Perth

Sean McGurk
Partner

Signed at Perth, 28 August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020		CONSOLIDATED	
	Notes	30 June 2020 ($)	30 June 2019 ($)
CONTINUING OPERATIONS			
Revenue	4	1,513,665	1,367,844
Other income	5	13,900	3,466
Cost of sales		(1,358,285)	(912,630)
Corporate and administration expenses		(373,025)	(51,521)
Depreciation and amortisation expenses		(152,007)	(8,614)
Finance expenses		(49,252)	(2,130)
Employee benefits expense		(854,008)	(192,232)
Listing expense	2	(4,381,689)	-
Share based payments expense		(247,744)	-
Foreign exchange losses		(2,094)	-
Other operating expenses		(914,481)	(392,580)
(LOSS) BEFORE INCOME TAX		**(6,805,020)**	**(188,397)**
Income tax benefit	6	-	-
(LOSS) AFTER INCOME TAX		**(6,805,020)**	**(188,397)**
Other comprehensive income/(loss)		-	-
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		(53,912)	-
Total comprehensive (loss) for the period		**(6,858,932)**	**(188,397)**
Basic loss per share (cents per share)	26	**(1.37)**	**-**

The Consolidated Statement of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

		CONSOLIDATED	
	Notes	30 June 2020 ($)	30 June 2019 ($)
CURRENT ASSETS			
Cash and cash equivalents	9	1,841,712	1,056
Trade and other receivables	10	212,503	5,546
Inventories	11	473,734	55,909
TOTAL CURRENT ASSETS		**2,527,949**	**62,511**
NON-CURRENT ASSETS			
Term deposit	9	88,643	-
Property, plant and equipment	12	900,764	47,473
Intangible assets	13	125,119	-
Right of use asset	14	1,301,882	-
TOTAL NON-CURRENT ASSETS		**2,416,408**	**47,473**
TOTAL ASSETS		**4,944,357**	**109,984**
CURRENT LIABILITIES			
Trade and other payables	15	289,730	175,597
Borrowings	16	-	90,604
Lease liability	17	97,508	-
TOTAL CURRENT LIABILITIES		**387,238**	**266,201**
Lease liability	17	1,258,028	-
TOTAL NON-CURRENT LIABILITIES		**1,258,028**	**-**
TOTAL LIABILITIES		**1,645,266**	**266,201**
NET ASSETS/(LIABILITIES)		**3,299,091**	**(156,217)**
EQUITY			
Contributed Equity	18	9,942,240	-
Reserves	19	318,088	-
Accumulated Losses	20	(6,961,237)	(156,217)
TOTAL EQUITY		**3,299,091**	**(156,217)**

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

2020	Contributed Equity ($)	Accumulated Losses ($)	Share Based Payments Reserve ($)	Foreign Currency Translation Reserve ($)	Total ($)
Balance at 1 July 2019	**-**	(156,217)	-	-	**(156,217)**
(Loss) for the year	-	(6,805,020)	-	-	**(6,805,020)**
Exchange Difference	-	**-**	-	(53,912)	**(53,912)**
Total comprehensive (loss)	**-**	**(6,805,020)**	**-**	**(53,912)**	**(7,015,149)**
Transactions with equity holders in their capacity as equity holders					
Recognition of shares in New Zealand Coastal Seafoods Ltd (formerly XTV Networks Ltd) in accordance with the requirements of reverse acquisition accounting	3,829,733	-	**-**	-	**3,829,733**
Option reserve recorded as part of the reverse acquisition	-	-	372,000	-	**372,000**
Shares issued to Advisors	247,744	-	-	-	**247,744**
Shares Issued pursuant to Offer	5,000,000	-	-	-	**5,000,000**
Shares issued pursuant to Rights Issue	1,819,313	-	-	-	**1,819,313**
Shares issued to acquire Kiwi Dreams International Limited	160,000	-	-	-	**160,000**
Share issue costs	(1,114,550)	-	-	-	**(1,114,550)**
Balance at 30 June 2020	**9,942,240**	**(6,961,237)**	**372,000**	**(53,912)**	**3,299,091**

2019	Contributed Equity ($)	Accumulated Losses ($)	Share Based Payments Reserve ($)	Foreign Currency Translation Reserve ($)	Total ($)
Balance at 1 July 2018	**-**	32,180	-	-	**32,180**
(Loss) for the year	-	(188,397)	-	-	**(188,397)**
Balance at 30 June 2019	**-**	**(156,217)**	**-**	**-**	**(156,217)**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	CONSOLIDATED 30 June 2020 ($)	30 June 2019 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,409,851	1,370,081
Other receipts		2,531	968
Payments to suppliers and employees		(4,380,854)	(1,455,422)
Tax paid		(31,689)	(3,853)
Interest paid		(10,095)	(1,511)
Net GST		-	8,811
Interest received		11,369	-
NET CASH USED IN OPERATING ACTIVITIES	21	**(2,998,887)**	**(80,926)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(943,724)	(3,109)
Payments for security deposit		(88,643)	-
NET CASH USED IN INVESTING ACTIVITIES		**(1,032,367)**	**(3,109)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		6,819,313	-
Share issue costs		(742,550)	-
Proceeds from loan		-	58,525
Lease principal repayments		(95,110)	-
Repayment of borrowings		(119,423)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		**5,862,230**	**58,525**
Net increase/(decrease) in cash held		1,830,976	(25,510)
Cash and cash equivalents at beginning of financial year		1,056	26,566
Cash acquired on acquisition		9,680	-
Cash and cash equivalents at end of financial year	9	**1,841,712**	**1,056**

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The primary accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) General Information

New Zealand Coastal Seafoods Limited (Company) or (Entity) is a public Company limited by shares, incorporated in Australia with operations in New Zealand. The Consolidated Financial Report of the Company as at and for the year ended 30 June 2020 comprises the Company and its subsidiaries (together referred to as the 'Consolidated Entity' or 'Group').

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

(b) Basis of Preparation

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for profit entity for the purpose of preparing the Financial Statements.

(i) Compliance with IFRS

The Financial Statements of the Group also comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standard Board (IASB).

The Financial Statements were approved by the Board of Directors on 28th August 2019.

(ii) Historical cost convention

The financial report has been prepared on an accrual basis and is based on historical costs *modified* by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

All amounts are presented in Australian dollars, unless otherwise noted.

(iii) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The acquisition of NZCS Operations Ltd during the period has been accounted for using the principles of AASB 2 Share-based Payment for reverse acquisitions and as such the comparative figures reflect the previous financial position of NZCS Operations Ltd. Refer to Note 2 for further details.

(c) Going Concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2020, the Group incurred an operating cash outflow of $2,998,887 (2019: $80,926). The total comprehensive loss for year ended 30 June 2020 was $6,858,932 (2019: $188,397).

The World Health Organisation declared a global health emergency relating to the spread of COVID-19 on 31 January 2020. The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a material financial impact on the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian and New Zealand Governments as well as other countries in which the Group's products are traded, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The foregoing conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The Group's forecasts and projections for the next twelve months take into account the current status, operational changes and projected future trading performance which incorporates the successful execution of the growth strategy outlined in the Group's market announcements during the year.

The Group's forecasts and projections are based on a limited trading history and include material revenue items relating to new products and markets. In the directors' opinion the inclusion of these material revenue items is based on events that they reasonably expect to take place and actions that they reasonably expect to occur.

The forecasts and projections indicate that, in the directors' opinion, the Group will be able to operate as a going concern.

For the reasons outlined above, the timing and trading volumes and related operating cash flows may vary from those forecasted by management. Should the timing of operating cash flows be significantly different to those forecasted, the Group may need to seek alternative financing to enable it to settle its labilities as they fall due.

The Directors have historically been successful in obtaining financing through equity raises and are actively managing the expenditure of the Group to ensure that cash is maintained whilst executing the growth strategy and are confident that should the need arise, further funding can be raised through either debt or equity.

There are no assurances that the forecasted trading performance will be achieved or that additional funding will be obtained and that the Group will succeed in its future operations. If the Group cannot successfully implement its growth plan or raise additional capital, its liquidity, financial condition and business prospects will be materially and adversely affected such that the Group may not be able to continue as a going concern

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of assets carrying amount or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

(d) Impact of the adoption of new Accounting Standards

The Group has adopted AASB16 Leases as of 1 July 2019 and there were no retrospective adjustments to prior periods as there were no leases in existence as at that date.

The financial effect of the adoption of AASB16 on the current period Statement of Profit and Loss and Other Comprehensive Income is as follows:

	CONSOLIDATED 30 June 2020 ($)
Increase in depreciation expense	(109,607)
Increase in finance costs	(39,157)
Reduction in operating (rental) expenses	94,360
Net increase (decrease) in profit	**(54,404)**

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(e) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

(f) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Financial Statements requires Management to make judgments, estimates and assumptions that affect the reported amounts in the Financial Statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the Financial Statements are outlined below:

(i) Share based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model, inputs used in valuing share-based payments, including options, are estimates.

(ii) Depreciation methods and useful life of Property, Plant and Equipment

The depreciation method used, and the useful life of the Group’s Property, Plant and Equipment inherently results in the amount of depreciation of such assets being an estimate. Refer to Note 1(r) for disclosure of the depreciation methods employed and the useful lives of the assets.

(iii) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impact that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(iv) Revenue with contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

(v) 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.

(vi) Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

(vii) Lease Term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(viii) Incremental Borrowing Rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(g) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of New Zealand Coastal Seafoods Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. New Zealand Coastal Seafoods Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(h) Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest In the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

(i) Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

(j) Foreign Currency translation

Functional and presentation currency

Items included in the Financial Statements of each of the Group entities are measured using the currency of the primary economic environment in which the Entity operates (‘the functional currency’). The Consolidated Financial Statements are presented in Australian dollars (A$), which is the Group’s functional and presentation currency.

The functional currency of the subsidiaries of the parent entity that are incorporated in New Zealand is the New Zealand Dollar (NZD$).

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of Foreign Operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rate at the reporting date.

The Statement of Profit or Loss and Other Comprehensive Income is translated at the average exchange rates for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of the foreign entity, the deferred cumulative amount recognised in equity relating to that foreign operation will be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(k) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Revenue from the sale of goods is recognised at the point in time when the customer accepts liability and obtains control of the goods, which is dependent on the specific contractual terms of sale with the customer.

(l) Other income

Interest Income

Interest income is recognised using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(m) Income Tax Expenses or Benefit

The income tax expense for the year comprises current and deferred tax. Income tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(o) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimate of the 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.

(p) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Customers with heightened credit risk are provided for specifically based on historical default rates and forward-looking information. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Other receivables are recognised at amortised cost, less any provision for impairment.

(q) Financial Assets

Classification

All the Group's financial assets are classified in the category of "Trade and other receivables". Management determines the classification of financial assets at initial recognition. The Group does not currently hold any other financial assets.

Measurement

Loans and receivables are non‑derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non‑current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. The fair value of trade receivables and payables is their nominal value less estimated credit adjustments.

(r) Property, Plant and Equipment

Items of property, plant and equipment are initially recorded at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write off the cost of the assets to their residual values over their estimated useful life.

The annual rates used for this purpose, which are consistent with those used in previous years, are as follows:

Improvements to premises	10%
Plant and equipment	10-40%
Furniture and fittings	50%

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. 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 carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

(s) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received prior to the end of the period, whether or not billed to the Group before reporting date. Trade accounts payable are normally settled within 60 days.

Financial liabilities are initially measured at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(t) Borrowings

Borrowings are recognised initially at the proceeds received net of issue costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of issue costs) and the redemption value is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective yield method.

(u) Employee Benefits

Short term Employee Benefit Obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognised termination benefits at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of those benefits; and

(b) when the Entity recognised costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(v) Share-based payments

Share-based payments which have been granted to employees comprise of shares, share rights and share options.

Shares

The value of shares granted and issued to key management personnel in a year is recognised as an employee benefit expense with a corresponding increase in equity (share capital). The value of shares granted and vested to key management personnel in one year, which will be issued in a future year are recognised as an employee benefit expense with a corresponding increase in equity (share capital reserve). Upon issuing of the shares, the value in the share capital reserve will be transferred to share capital.

The value of shares granted and in the process of vesting to key management personnel are recognised as an employee benefit expense with a corresponding increase in equity (share based payments reserve). Upon vesting and subsequent issue of the shares, the value in the share-based payments reserve will be transferred to share capital.

The basis for the value recognised for each share is the price at the time when the terms of the grant are agreed between the Group and the counter party.

Share rights

The value of share rights granted to key management personnel in a year is recognised as an employee benefit expense with a corresponding increase in equity (share based payments reserve).

In the year in which the share rights become vested, the value of share rights which have vested will be recognised in share capital reserve.

Upon issue of the related shares, the value in the share capital reserve is transferred to share capital.

The basis for the value recognised for each share right is the price at the time when the terms of the grant are agreed between the Group and the counter party.

Share options

The fair value of options granted to employees (including Key Management Personnel) is recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, 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.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the Entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised in each period takes into account the most recent estimate.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

(w) Share-based Payment Transactions for the acquisition of goods and services

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The Group measures the value of equity instruments granted at the fair value of the goods and services received, unless that fair value cannot be measured reliably.

If the fair value of the goods or services received cannot be reliably measured, the transaction is measured by the by reference to the fair value of the instruments granted.

(x) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(y) Earnings or Loss per share

Basic earnings or loss per share are calculated by dividing the net profit or loss attributable to members of the Parent Entity for the reporting period by the weighted average number of ordinary shares of the Group.

(z) Fair Value

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flow. There are currently no assets and liabilities which require fair valuing under the measurement hierarchy. Due to their short-term nature, the carrying amounts of the current receivables and current payables are assumed to approximate their fair value.

(aa) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(bb) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(cc) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

2. REVERSE ACQUISITION

On 25 July 2019, the Group acquired 100% of the issued capital of NZCS Operations Ltd. The acquisition has been accounted for using the principles for reverse acquisitions in AASB 3 Business Combinations because, as a result of the acquisition, the former shareholders of NZCS Operations Ltd (the legal subsidiary) obtained accounting control of New Zealand Coastal Seafoods Ltd (formerly XTV Networks Ltd) (the legal parent). However, the transaction did not meet the definition of a business combination under AASB 3 Business Combinations as the accounting acquiree, New Zealand Coastal Seafoods Ltd (formerly XTV Networks Ltd) was deemed not to be a business for accounting purposes. Instead, the acquisition has been accounted for as a share-based payment transaction using the principles in AASB 2 Share-based Payment.

Accordingly, the 30 June 2020 consolidated financial statements of New Zealand Coastal Seafoods Ltd (formerly XTV Networks Ltd) have been prepared as a continuation of the financial statements of NZCS Operations Limited. The comparative figures also present a continuation of NZCS Operations Ltd and will therefore not reconcile to the previous New Zealand Coastal Seafoods Ltd (formerly XTV Networks Ltd) financial statements for the year ended 30 June 2019.

NZCS Operations Ltd is deemed to make a share-based payment to acquire the existing shareholders' interest in the net assets of New Zealand Coastal Seafoods Pty Limited (formerly XTV Networks Ltd). The value of the NZCS Operations Ltd shares cannot be reliably determined as no active market exists at the time of acquisition. Therefore, the value of the NZCS Operations Ltd shares deemed to be issued, has been determined by reference to the fair value of the New Zealand Coastal Seafoods Limited (formerly XTV Networks Ltd) assets acquired.

As the shares of New Zealand Coastal Seafoods Limited (formerly XTV Networks Ltd) were not being traded at the time of the acquisition (the shares were suspended pending the outcome of the transaction) there was no active market for those shares. Accordingly, the fair value of the shares was determined as $0.025 per share, this being the price at which the New Zealand Coastal Seafoods Limited (formerly XTV Networks Ltd) shares had been issued pursuant to the Prospectus, which was the last transaction for the New Zealand Coastal Seafoods Limited (formerly XTV Networks Ltd) shares immediately prior to the acquisition.

Listing expense is calculated as the difference between the fair value of consideration transferred less the identified fair value of the net assets of the legal parent, being New Zealand Coastal Seafoods Limited (formerly XTV Networks Ltd). Details of the transaction are as follows:

	FAIR VALUE $
Fair value of consideration transferred	**3,829,733**
Fair value of assets and liabilities held at acquisition date:	
Cash and cash equivalents	9,680
Prepayments	51,869
Trade payables	(564,225)
Borrowings	(49,280)
Identifiable assets and liabilities assumed	**(551,956)**
Listing expense	**4,381,689**

3. SEGMENT INFORMATION

The Directors have considered the requirements of AASB 8 – Operating segments. Operating segments are identified, and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker, which is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows.

One segment is identified, being the processing, distribution and export of premium seafood products in New Zealand.

The operation of the parent company New Zealand Coastal Seafoods Limited is considered to be part of the segment as its sole purpose is to provide financial, operational and strategic support to subsidiary entities.

4. REVENUE

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Sale of products	1,513,665	1,367,844
	1,513,665	**1,367,844**

5. OTHER INCOME

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Interest income	11,369	-
Other income	2,531	3,466
	13,900	**3,466**

6. INCOME TAX

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019($)
The reconciliation between tax expense and the prima facie tax on the Group's accounting loss before income tax is as follows:		
Accounting (loss) before income tax	(6,805,020)	(188,397)
Pre-acquisition losses	(132,975)	-
Accounting (loss) for the purposes of tax	**(6,937,995)**	**(188,397)**
Income tax benefit calculated at the Group's statutory income tax rate of 30% (2019: 28%)	2,081,399	57,251
Tax effect of non-deductible listing expenses	(1,436,648)	-
Tax effect of deductible amounts recognised in equity	91,064	-
Tax losses not brought to account	(735,815)	(57,251)
Income tax benefit	-	-

The total tax benefit of tax losses not brought to account is estimated at $735,815 (2019: $57,251). This includes the tax benefit of tax losses from foreign domiciled subsidiaries of $449,282.

The benefit for tax losses will only be obtained if:

(a) the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(b) the Group continues to comply with the conditions for deductibility imposed by Law; and

(c) no changes in tax legislation adversely affect the ability of the Group to realise these benefits.

7. FINANCIAL RISK MANAGEMENT

i. Overview

The financial risks arising from the Group's operations comprise market, liquidity and credit risk. These risks arise in the normal course of business, and the Group manages its exposure to them in accordance with the Group's portfolio risk management strategy.

The objective of the strategy is to support the delivery of the Group's financial targets while protecting its future financial security and flexibility by taking advantage of the natural diversification provided by the scale, diversity and flexibility of the Group's operations and activities.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring risk and the management of capital.

The Group's Risk Management Framework is supported by the Board. The whole Board is responsible for approving and reviewing the Group's Risk Management Strategy and Policy. Management is responsible for monitoring appropriate processes for identifying, monitoring and managing significant business risks faced by the Group and considering the effectiveness of its internal control system.

The Board has established an overall Risk Management Policy which sets out the Group's system of risk oversight, management of material business risks and internal control.

The Group holds the following financial instruments:

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Financial assets		
Cash and cash equivalents	1,841,712	1,056
Trade and other receivables	212,503	5,546
	2,054,215	**6,602**
Financial Liabilities		
Trade and other payables	289,730	175,597
Borrowings	-	90,604
	289,730	**266,201**

ii. Financial Risk Management Objectives

The overall financial Risk Management Strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

iii. Credit Risk

Credit risk is the risk of the financial loss to the Group if counterparty to a financial instrument fails to meet its contractual obligations and the risk arises principally from the Group's cash and cash equivalents, deposits with banks and financial institutions, and receivables.

Cash at bank is placed with reliable financial institutions. For banks and financial institutions, the Group banks only with financial institution with high quality standing or rating.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The carrying amount of the Group’s financial assets represents the maximum credit exposure. The Group’s maximum exposure to credit risk at the reporting date was:

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Trade receivables		
Existing customers with no defaults in the past, within terms	113,389	5,546
Counterparties without external credit rating, past due and impaired		
Gross Value	-	-
Doubtful Debt Provision	-	-
Net Value	**-**	**-**
	113,389	**5,546**
Cash at bank and on deposit		
Cash at bank and on hand	100,855	1,056
Cash on deposit at call	1,740,857	-
	1,841,712	**1,056**

iv. Liquidity Risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for Liquidity Risk Management rests with the Board of Directors. The Board has determined an appropriate Liquidity Risk Management Framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of the discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months ($)	6 – 12 months ($)	More than 12 months ($)	Total ($)	Carrying Amount ($)
Group - at 30 June 2020					
Trade payables	254,503			254,503	254,503
Borrowings	-	-	-	-	-
Total	**254,503**			**254,503**	**254,503**
Group - at 30 June 2019					
Trade payables	94,530	-	-	94,530	94,530
Borrowings	90,604	-	-	90,604	90,604
Total	**185,134**	**-**	**-**	**185,134**	**185,134**

v. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates may affect the Group's income or the value of its holdings of financial instruments. The objective of Market Risk Management is to manage and control market risk exposures within acceptable parameters, while optimising return.

vi. Foreign Exchange Risk

The Group is exposed to currency risk on financial assets or liabilities that are denominated in a currency other than the respective functional currencies of the Group's, the Australian Dollar (AUD) for Parent Entity and the New Zealand Dollar (NZD) for the subsidiaries of Consolidated Entity.

The Parent Entity which has a functional currency of Australian Dollars has no exposure to foreign exchange risk as there are no financial assets or liabilities denominated in a foreign currency (30 June 2019: nil). The subsidiaries of the of the Parent Entity, which have a functional currency of the New Zealand Dollar (NZD) have no exposure to foreign exchange risk as there are no financial assets or liabilities denominated in a foreign currency (30 June 2019: nil).

vii. Interest Rate Risk

The Group's exposure to interest rates primarily relates to the Group's cash and cash equivalents.

Whilst the Group has interest-bearing cash balances of $1,841,712, its income and operating cash flows are substantially independent of changes in market interest rates. The Group has no interest-bearing liabilities and as such does not actively manage exposure to interest rate risk.

Profile

At the reporting date, the interest rate profile of the Group's and the Entity's interest-bearing financial instruments are:

Variable Rate Instruments

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Cash and deposits	1,841,712	1,056
Borrowings	-	(90,604)
	1,841,712	**(89,548)**

At 30 June 2020, the Group had cash balances of $1,841,712 as follows:

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Cash at bank and on hand	24,779	-
Cash at bank and on hand *	76,076	1,056
Cash on deposit at call	1,740,857	-
	1,841,712	**1,056**

*AUD equivalent values of cash denominated in NZD.

30 June 2020

	Weighted Average Effective Interest Rate	Cash Available for use	Borrowings Payable on Demand	Total
Cash and cash equivalents	1%	1,841,712	-	1,841,712
Borrowings	-	-	-	-

30 June 2019

	Weighted Average Effective Interest Rate	Cash Available for use	Borrowings Payable on Demand	Total
Cash and cash equivalents	1%	1,056	-	1,056
Borrowings [1]	0%	-	90,604	90,604

Up to the end of the reporting period, the Group did not have any hedging policy with respect to interest rate risk as exposure to such risk was not deemed to be significant by the directors since these assets are of a short-term nature. Management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably probable at the end of the reporting period to be immaterial.

[1] These borrowings were a loan from New Zealand Coastal Seafoods Limited to NZCS Operations Limited prior to the acquisition transaction that was effected on 26 July 2019.

Cash Flow Sensitivity Analysis for Variable Rate Instruments

The Board's assessment of a reasonably possible change in interest rates relating to the Company's Cash and Cash equivalents and borrowings is disclosed in the table below

	Number of basis points
Cash and cash equivalents	25
Borrowings	100

Management considers the potential impact on profit or loss of a reasonably possible change in interest rates at the end of the reporting period to be immaterial based on the current amounts of cash and cash equivalents and applicable interest rates.

8. CAPITAL MANAGEMENT

When managing capital, the Board's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to Shareholders and benefits for other Stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The Board is constantly adjusting the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing Management may issue new shares, sell assets to reduce debt.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels whilst this position has not changed.

The Group has no formal financing and gearing policy or criteria during the year having regard to the early status of its development and low level of activity. This position has not changed from the previous year.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following Consolidated Statement of Financial Position amounts:

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Cash at Bank and on hand	100,855	1,056
Cash deposits	1,740,857	-
	1,841,712	**1,056**

Refer to Note 7 Financial Risk Management for risk exposure analysis for Cash and cash equivalents.

At 30 June 2020, the Group has a security deposit of $88,643 (2019: nil) relating to the Company's lease with Christchurch International Airport (CIAL) which requires a Bank Guarantee. BNZ has issued this for CIAL, securing with the Term Deposit.

10. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Trade receivables	113,389	5,546
Provision for non-recovery	-	-
Net Trade receivables	**113,389**	**5,546**
Other debtors	37,045	-
GST Receivable	47,982	-
Prepayments	14,087	-
	212,503	**5,546**

11. INVENTORIES

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Raw Materials	214,651	32,043
Work in progress	11,285	2,433
Finished goods	247,798	21,033
	473,734	**55,509**

12. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Improvements to premises – at cost	682,561	19,482
Accumulated depreciation	(17,001)	(3,788)
	665,560	**15,694**
Plant and equipment – at cost	214,548	37,198
Accumulated depreciation	(21,184)	(9,711)
	193,364	**27,487**
Furniture and equipment	50,502	5,368
Accumulated depreciation	(8,662)	(1,076)
	41,840	**4,292**
	900,764	**47,473**

	Improvements to premises	Plant and equipment	Furniture and equipment	Total
Year ended 30 June 2020				
Balance at 1 July 2019, net of accumulated depreciation	**15,694**	**27,487**	**4,292**	**47,473**
Additions	692,132	196,022	45,890	934,044
Disposals/Write off	(14,320)	(10,986)	-	(25,306)
Depreciation expense	(18,435)	(16,259)	(7,706)	(42,400)
Foreign currency translation	(9,511)	(2,900)	(636)	(13,047)
Balance at 30 June 2020, net of accumulated depreciation	**665,560**	**193,364**	**41,840**	**900,764**

	Improvements to premises	Plant and equipment	Furniture and equipment	Total
Year ended 30 June 2019				
Balance at 1 July 2018, net of accumulated depreciation	**16,460**	**37,128**	**916**	**54,504**
Additions	950	10,010	3,834	14,794
Disposals/Write off	-	(13,211)	-	(13,211)
Depreciation expense	(1,716)	(6,440)	(458)	(8,614)
Balance at 30 June 2019, net of accumulated depreciation	**15,694**	**27,487**	**4,292**	**47,473**

13. INTANGIBLE ASSETS

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Goodwill on consolidation	125,119	-
Accumulated impairment	-	-
	125,119	**-**

The Group acquired Kiwi Dreams on 6 April 2020 and the acquisition price incorporates goodwill on consolidation.

	FAIR VALUE $
Fair value of consideration paid	**153,333**
Fair value of assets and liabilities held at acquisition date:	
Cash and cash equivalents	23,761
Trade and other receivables	141,315
Inventories	38,132
Trade payables	(174,994)
Identifiable assets and liabilities assumed	**28,214**
Goodwill on consolidation	**125,119**

14. RIGHT OF USE ASSETS

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Leased premises	1,358,254	-
Accumulated depreciation	(94,323)	
	1,263,931	
Motor vehicles	51,721	
Accumulated depreciation	(13,770)	-
	37,951	
	1,301,882	**-**

The Group signed a lease for a new factory commencing in September 2019 for a period of 6 years with a 6 year right of renewal. The lease had an initial rent-free period until January 2020. The Group also has two vehicle leases covering a period of 36 months. Refer Note 17 Lease Liabilities.

15. PAYABLES

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Trade payables	254,503	94,530
Accrued expenses	35,227	23,609
GST Payable	-	28,559
Loans from shareholders	-	28,899
	289,730	**175,597**

16. INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	30 June 2020($)	30 June 2019 ($)
Loan from New Zealand Coastal Seafoods Limited. Refer note 7.	-	90,604
	-	**90,604**

17. LEASE LIABILITIES

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019($)
Lease liabilities - current	97,508	-
Lease liabilities – non-current	1,258,028	-
	1,355,536	**-**

The Group signed a lease for a new factory commencing in September 2019 for a period of 6 years with a 6 year right of renewal. The lease had an initial rent-free period until January 2020. The Group also has two vehicle leases covering a period of 36 months. Refer Note 14 Right of Use Assets.

18. CONTRIBUTED EQUITY

	CONSOLIDATED			
	2020 (Shares)	2019 (Shares)	2020 ($)	2019 ($)
Ordinary Shares	727,725,336	-	9,942,240	-
Total Share Capital	**727,725,336**	**-**	**9,942,240**	**-**

(a) Movements of share capital during the period

Date	Details	No of shares	Issue price($)	$
Opening Balance as at 1 July 2019		-		-
26/07/2019	Existing New Zealand Coastal Seafoods Ltd (formerly XTV Networks Ltd) at date of acquisition	153,189,318	-	-
26/07/2019	Recognition of shares in New Zealand Coastal Seafoods Ltd (formerly XTV Networks Ltd) in accordance with the requirements of reverse acquisition accounting	166,694,937	-	3,829,733
26/07/2019	Shares issued pursuant to prospectus	200,000,000	0.025	5,000,000
26/07/2019	Shares issued to advisors	9,909,747	0.025	247,744
06/04/2020	Shares issued for the acquisition of Kiwi Dreams International Limited	16,000,000	0.025	160,000
30/06/2020	Shares issued pursuant to Rights Issue	181,931,334	0.01	1,819,313
06/04/2020	Cost of Share Issue			(1,114,550)
Balance as at 30 June 2020		**727,725,336**		**9,942,240**

Ordinary Shares

The holder of Ordinary Shares is entitled to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary Shares have no par value and the Group does not have a limited amount of authorised capital.

19. RESERVES

	CONSOLIDATED		
	Share Based Payments Reserve ($)	Foreign Currency Translation Reserve ($)	Total ($)
Balance at 30 June 2019	-	-	-
Option reserve recorded as part of the reverse acquisition	372,000	-	372,000
Foreign exchange movement	-	(53,912)	(53,912)
Balance at 30 June 2020	**372,000**	**(53,912)**	**318,088**

(a) Share-based payments Reserve

The share-based payments reserve represents the value of the 100,000,002 options in existence at the time of the reverse acquisition on 26 July 2019 and 30,000,000 Lead Manger options issued on 29 July 2019.

(b) Foreign Currency Reserve

The foreign currency reserve records foreign currency differences arising from the translation of Financial information of the Group's New Zealand subsidiaries which have a functional currency of the New Zealand Dollar.

20. ACCUMULATED PROFIT/(LOSS)

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Accumulated (loss) at the beginning of the year	(156,217)	32,180
Comprehensive (loss) attributable to shareholders	(6,805,020)	(188,397)
Accumulated (loss) at the end of the year	**(6,961,237)**	**(156,217)**

21. CASH FLOW INFORMATION

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax:		
Non-cash flows in profit from ordinary activities		
Net (Loss) after Income Tax	(6,805,020)	(188,397)
Non-cash listing expenses	4,077,477	-
Depreciation & amortisation	152,007	8,614
Changes in assets & liabilities		
(Increase)/Decrease in trade and other receivables	(206,957)	627
(Increase)/Decrease in inventories	(417,825)	(39,518)
Increase/(Decrease) in trade and other payables	142,954	136,917
Increase/(Decrease) arising from exchange rate movements	58,477	831
Cash flow used in Operating Activities	**(2,998,887)**	**(80,926)**

22. INTERESTS IN OTHER ENTITIES

Name of Entity	Place of business/country of incorporation	Ownership Interest held by the Group		Principal Activities
		2020	2019	
NZCS Operations Limited	New Zealand	100%	n/a	The processing, distribution and export of premium seafood products in New Zealand.
Kiwi Dreams International Limited	New Zealand	100%	-	Developer of innovative nutraceutical products and services

23. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On the 13 July 2020 Mr Andrew Peti was appointed as CEO of NZCS Operations Limited following his appointment as interim CEO on 3 March 2020 and previous role as Chief Operating Officer.

In addition to the above, the World Health Organisation announced that the Coronavirus (COVID-19) had become a pandemic on 11 March 2020. The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has had no financial impact for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. At the date of this report, it is uncertain what the effect will be on the group and potentially it will have a post balance date impact.

Other than the above, no matters or circumstances have arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

24. REMUNERATION OF AUDITOR

During the year the following fees were paid or payable for services provided by the Auditor of the Entity and its related parties.

	CONSOLIDATED	
	30 June 2020 ($)	30 June 2019 ($)
Audit and Other Assurance Services		
Crowe Australasia (affiliate of Findex)	57,200	-
Total remuneration for Audit and Other Assurance Services	**57,200**	**-**
Other Service		
Non auditing service - Crowe Australasia (affiliate of Findex)	8,300	-
Total remuneration for Other Service	**8,300**	**-**

25. COMMITMENTS

The Group has a Lease Agreement in respect of premises in Christchurch, New Zealand. The Group has 2 motor vehicle non-cancellable operating leases. Refer to Note 17 for details of the lease liabilities.

26. LOSS PER SHARE

	30 June 2020 ($)	30 June 2019 ($)
Basic loss per share (cents per share)	(1.37)	-

(Loss) used in the calculation of Earnings (Loss) Per Share	**(6,805,020)**	**(188,397)**
Weighted average number of ordinary shares	496,005,562	-

Effect of dilutive securities: Share options are not considered dilutive as the conversion of options to ordinary shares will result in a decrease in the net loss per share.

27. CONTINGENT LIABILITIES

The Board is not aware of any circumstances or information, which leads them to believe there are any other material contingent liabilities outstanding at 30 June 2020.

28. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

At 30 June 2020 and 30 June 2019, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of non-current financial assets and non-current financial liabilities are not materially different from their carrying amounts.

29. RELATED PARTY DISCLOSURES

Parent Entity

The legal Parent Entity of the Group is New Zealand Coastal Seafoods Limited, which owns 100% of the issued ordinary shares of NZCS Operations Limited (directly) and Kiwi Dreams International Limited which is a subsidiary of NZCS Operations Limited. All subsidiaries are incorporated in New Zealand. Refer to Note 22.

Wholly-owned Group transactions

Loans made by New Zealand Coastal Seafoods Limited to wholly owned subsidiary companies are contributed to meet required expenditure and are payable on demand and are not interest bearing.

Key Management Personnel

	30 June 2020 ($)	30 June 2019 ($)
Short-term employee benefits	626,944	-
Post-employment benefits	7,274	-
Other benefits	8,934	-
	643,152	**-**

Detailed remuneration disclosures for Directors and Executives for the year to 30 June 2020 are provided in the Remuneration Report on pages 12 to 16.

Transactions with other 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 transaction occurred with related parties for the year ended 30 June 2020.

Director	Transaction	Transactions value for the year ended 30 June		Balance outstanding as at 30 June	
		2020 ($)	2019 ($)	2020 ($)	2019 ($)
Winton Willesee & Erlyn Dale (Directors and Shareholders of Azalea Consulting Pty Ltd)	Corporate administration services	134,500	-	6,850	-
Winton Willesee & Erlyn Dale (Directors and Shareholders of Valle Corporate Pty Ltd)	Bookkeeping and accounting services	7,607	-	945	-
Total		**142,107**	**-**	**7,795**	**-**

30. PARENT ENTITY INFORMATION

The following details information related to the Parent Entity, New Zealand Coastal Seafoods Limited, as at 30 June 2020. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	30 June 2020 ($)
Current assets	1,846,704
Non-current assets	7,163,589
Total Assets	**9,010,293**
Current liabilities	136,946
Non-current liabilities	-
Total Liabilities	**136,946**
Net Assets	**8,873,347**
Profit/(loss) for the year	(925,728)
Other comprehensive profit/(loss) for the year	-
Total Comprehensive profit/(loss) for the Year	**(925,728)**

DIRECTORS' DECLARATION

In the opinion of the Directors of New Zealand Coastal Seafoods Ltd (Group):

(a) the Financial Statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and Notes set out on pages 26 to 54, are 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 2020 and of their performance, for the financial period ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and other mandatory professional reporting requirements.

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1; and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Financial Officer for the financial period ended 30 June 2020.

Signed in accordance with a resolution of the Directors.

Winton Willesee
Non-Executive Chairman
Perth, Western Australia
28th August 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW ZEALAND COASTAL SEAFOODS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of New Zealand Coastal Seafoods Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 to the financial statements comprising a summary of significant accounting policies and the Directors' Declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Emphasis of Matter - Material Uncertainty Regarding Going Concern

We draw attention to Note 1 (c) in the financial report which indicates that Group incurred a net loss of $6,858,932 and an operating cash outflow of $2,998,887 during the year ended 30 June 2020. These conditions, along with other matters set forth in Note 1 (c), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, and whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Regarding Going Concern* Section, we have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matter	How we addressed the Key Audit Matter
Accounting for the reverse acquisition– Refer to Note 2	
To facilitate a listing on the ASX, New Zealand Coastal Seafoods Limited (NZCS) (renamed NZCS Operations Ltd) undertook a transaction with xTV Networks Limited (XTV) on 26 July 2019. The transaction resulted in XTV, as the listed entity being acquired via a reverse acquisition by NZCS. The continuing entity was renamed New Zealand Coastal Seafoods Limited. The accounting for the reverse acquisition of XTV is a key audit matter due to the accounting complexity of the transaction and the level of audit effort involved. Management judgement was required to determine that XTV did not meet the definition of a 'business' and could not be accounted for as a business combination. Since shares and options in XTV were transferred to NZCS shareholders in consideration for the XTV listing, management concluded that the transaction was more appropriately accounted for as a share-based payment listing expense. Additionally, management applied judgement to conclude that the basis of preparation of the financial statements, including comparative information, should be analogised to that of a 'reverse acquisition'. The financial statements were therefore prepared as if the business of NZCS continued post transaction.	To obtain an understanding of the transaction, we read the sale and purchase agreement between the entities involved and the ASX re-compliance prospectus. We assessed and challenged managements conclusions against the requirements of the relevant accounting standards, including interpretation guidance and authoritative support, these conclusions included: • the use of reverse acquisition accounting as the basis of preparation of the financial statements; • the determination that the transaction was a share-based payment listing expense; and • the treatment of the specific costs incurred as part of the reverse listing transaction as share-based payments. Comparative information disclosed in the financial statements is that of the continuing business of the accounting acquirer, NZCS, we: • agreed comparative information to previously audited schedules of NZCS; and • considered the principals applied in disclosing the changes in equity from the share-based payment transactions and the resulting net equity of the NZCS business. Based on the procedures performed above, there are no matters to report.

Key Audit Matter	How we addressed the Key Audit Matter
Adoption of AASB 16 Leases – Refer to Note 1(d) Note 13 and Note 16	
The Group adopted a new accounting standard AASB 16 'Leases' effective 1 January 2019. During the year, the Group entered into a material new lease, the lease liability of which needs to be discounted using an appropriate rate, the determination of which requires a high level of management judgement.	In assessing the appropriateness of managements estimate of the lease liability and related right-of-use asset recognised, we: • obtained an understanding and evaluated the Group's implementation process, including the review of the updated accounting policies and policy elections in accordance with AASB 16; • evaluated management's assumptions, specifically the assumptions used to determine the discount rate used to calculate the material lease obligation; and • tested the factual inputs and calculation of the right-of-use asset and lease liability calculated for the material lease contract. Based on the procedures performed above, there are no matters to report.

Information Other than the Financial Report and the Audit'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 2020 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Group 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

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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 the audit.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's 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

Opinion on the Remuneration Report
We have audited the remuneration report included in the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of New Zealand Coastal Seafoods Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

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

Crowe Perth

Crowe Perth

Sean McGurk
Partner

Signed at Perth, 28 August 2020

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 1 August 2020.

1. Quotation

Listed securities in New Zealand Coastal Seafoods Limited are quoted on the Australian Securities Exchange under ASX code NZS (Fully Paid Ordinary Shares) and the Company's listed options are quoted under the ASX code NZSOA (Listed options).

2. Voting Rights

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

(a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and

(b) on a show of hands, every person present, who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Options on issue.

3. Distribution of Equity Securities:

i) Fully paid Ordinary Shares

Shares Range	Holders	Units	%
1 - 1,000	856	191,249	0.03
1,001 - 5,000	454	1,098,915	015
5,001 - 10,000	117	840,131	0.12
10,001 - 100,000	785	37,403,763	5.14
100,001 and above	599	688,191,278	94.57
Total	**2,811**	**727,725,336**	**100.00%**

On 1 August 2020, there were 1,524 holders of unmarketable parcels of less than 3,512,062 ordinary shares (based on the closing share price of $0.0280).

ii) Unlisted Options exercisable at $0.0275 on or before 25 July 2022

Shares Range	Holders	Units	%
1 - 1,000	57	14,780	0.02
1,001 - 5,000	29	91,880	0.15
5,001 - 10,000	34	266,473	0.44
10,001 - 100,000	120	3,834,486	6.32
100,001 and above	83	56,436,315	93.06
Total	**323**	**60,643,934**	**100.00%**

iii) Unlisted Options exercisable at $0.0275 on or before 25 July 2022 escrowed to 5 August 2021

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and above	1	30,000,000[1]	100.00
Total	**1**	**30,000,000**	**100.00%**

[1]Holders who hold more than 20% of securities are:
Melshare Nominees Pty Ltd – 30,000,000 options

iv) Unlisted Options exercisable at $0.06 on or before 5 February 2023 escrowed to 5 August 2021

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and above	9	100,000,002[1]	100.00
Total	**9**	**100,000,002**	**100.00%**

[1]Holders who hold more than 20% of securities are:
White Oak Ridge Capita LLC – 30,870,000 options

v) Unlisted Options exercisable at $0.02 on or before 30 June 2023

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and above	3	5,833,333[1]	100.00
Total	**3**	**5,833,333**	**100.00%**

[1]Holders who hold more than 20% of securities are:
Mr Andrew Peti – 3,333,333 options
Mr Robert Wells – 1,666,667 options

vi) Unlisted Options exercisable at $0.04on or before 30 June 2023

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and above	3	11,666, 667[1]	100.00
Total	**3**	**11,666,667**	**100.00%**

[1]Holders who hold more than 20% of securities are:
Mr Andrew Peti – 6,666,667 options
Mr Robert Wells – 3,333,333 options

4. Substantial Shareholders

The name of the substantial shareholder listed on the Company's register as at 1 August 2020:

Name: Alexander Trading Corporation Limited
Holder of: 52,786,730 fully paid ordinary shares, representing 9.96% as at 25 July 2019
Notice Received: 31 July 2019

Name: Cataldo Miccio
Holder of: 52,786,730 fully paid ordinary shares, representing 9.96% as at 25 July 2019
Notice Received: 31 July 2019

Name: Peter James Win
Holder of: 52,786,730 fully paid ordinary shares, representing 9.96% as at 25 July 2019
Notice Received: 31 July 2019

Name: Bergen Global Opportunity Fund, LP, together with Bergen Asset Management, LLC and Eugene Tablis
Holder of: 49,500,000 fully paid ordinary shares, representing 6.8% as at 15 July 2020
Notice Received: 15 July 2020

5. Restricted Securities

The following restricted securities are listed on the Company's register as at 1 August 2020:
Escrowed to 3 April 2021
16,000,000 Fully Paid Ordinary Shares

Escrowed to 5 August 2021
231,604,684 Fully Paid Ordinary Shares
30,000,000 Options ($0.0275, 25/7/22)
100,000,002 Options ($0.06, 05/02/23)

6. On market buy-back

There is currently no on market buy back in place.

7. Application of funds

The Company has applied its cash and assets readily convertible to cash in a way that is consistent with its business objectives detailed in its IPO prospectus.

8. Twenty Largest Shareholders:

The twenty largest shareholders of the Company's NZS Fully Paid Ordinary Shares as at 1 August 2020 are as follows:

	Name	No. of Shares	%
1	MR CATALDO MICCIO	52,841,935	7.26
2	MR PETER JAMES WIN	52,786,730	7.25
2	ALEXANDER TRADING CORPORATION LIMITED	52,786,730	7.25
3	BERGEN GLOBAL OPPORTUNITY FUND LP	49,500,000	6.80
4	SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	31,581,806	4.34
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	28,051,753	3.85
6	BOW LANE NOMINEES PTY LTD	24,900,000	3.42
7	COMSEC NOMINEES PTY LIMITED	16,189,787	2.22
8	MR GREGORY MILTS	13,500,000	1.86
9	MR ANTHONY DOWD	12,298,232	1.69
10	BOSTON FIRST CAPITAL PTY LTD	10,000,000	1.37
11	MR RICHARD FRYERS	8,409,747	1.16
12	MR CHANG YUAN CHEN	8,334,747	1.15
13	JACANA GLEN PTY LTD <LARKING SUPER FUND NO 2 A/C>	8,000,000	1.10
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,288,926	0.86
15	AUSTRATRONICS PTY LTD <THE HAJEK FAMILY A/C>	6,009,957	0.83
16	MS FIONA ELIZABETH SUSAN MACTIER	6,000,000	0.82
17	PROLL INVESTMENTS PTY LTD <PROLL FAMILY A/C>	5,666,667	0.78
18	SURF COAST CAPITAL PTY LTD <MINNIE P/F A/C>	5,500,000	0.76
19	AC YOUNG PTY LTD <AC YOUNG A/C>	5,000,000	0.69
20	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	4945450	0.68
	Total	**408,592,467**	**56.15%**

9. Twenty Largest Listed Option Holders – NZSOA ($0.0275,25/07/2022 as at 1 August 2020:

	Name	No. of Options	%
1	MR TONY ADAMS	6,000,000	9.89
2	MR MICHAEL HILTON HOLBROOK	3,895,000	6.42
3	SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	2,527,269	4.17
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,011,717	3.32
5	MR MATTHEW BUTTEL	2,000,000	3.30
5	H B K MANAGEMENT PTY LTD	2,000,000	3.30
6	MR ANDREW FULFORD	1,900,000	3.13
7	COMSEC NOMINEES PTY LIMITED	1,858,580	3.06
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,702,683	2.81
9	MS MARY LOU BISHOP <BISHOP SUPERANNUATION A/C>	1,666,667	2.75
10	AC YOUNG PTY LTD <AC YOUNG A/C>	1,577,500	2.60
11	MR GREGORY MILTS	1,500,000	2.47
12	RAINMAKER HOLDINGS (WA) PTY LTD <THE MACRI INVESTMENT A/C>	1,196,038	1.97
13	MR ADONIS DIAB	1,165,000	1.92
14	THANG PTY LTD	1,051,667	1.73
14	MR MATTHEW JOEL NORTON & MRS ROSELYNN FAY NORTON <NORTON FAMILY SUPER A/C>	1,051,667	1.73
14	MR MATTHEW JOEL NORTON & MRS ROSELYNN FAY NORTON <NORTON FAMILY SUPER A/C>	1,051,667	1.73
15	DONKEY TRADING PTY LTD	1,001,712	1.65
16	MISS RIA JOANNE NEFF	1,000,000	1.65
16	MR MICHAEL ANDREW DUNN & MR PETER JAMES DUNN <PRIME TIME S/F A/C>	1,000,000	1.65
17	MS MARY FRANCES WILDE	892,238	1.47
18	PROLL INVESTMENTS PTY LTD <PROLL FAMILY A/C>	888,889	1.47
19	MR ANDREW MUSGRAVE	687,001	1.13
20	MR BASIL YOUNG <BASIL YOUNG PRIVATE S/F A/C>	666,668	1.10
	Total	**40,291,963**	**66.44%**