ASX:AS1 Appendix 4E – Preliminary Final Report
Under ASX listing Rule 4.3A

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reporting Period: **Financial year ended 30 June 2019**

Previous Corresponding Period: Financial year ended 30 June 2018

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Revenues from ordinary activities	Up	193%	to	4,271,916
Profit from ordinary activities after tax attributable to members	Up	127%	to	305,377
Profit for the period attributable to members	Up	127%	to	305,377

Dividends:		**Amount per security**	**Franked amount per security**
Reporting Period	Final dividend	nil	nil
	Interim dividend	nil	nil
Previous Corresponding period	Final dividend	nil	nil
	Interim dividend	nil	nil
Record date for determining entitlements to the dividends		Not applicable	

Net Tangible Asset (NTA) Backing:	**30 June 2019**	**30 June 2018**
NTA per security	$0.043	$0.067
Net Assets per security (including Oyster Leases – classed as intangible assets under the accounting standards)	$0.093	$0.088

Earnings per Share (EPS):	**30 June 2019**	**30 June 2018**
Basic EPS	$0.002	($0.012)
Diluted EPS	$0.002	($0.011)

Notes:

This report is based on the audited Annual Report accompanying this Appendix 4E. This report and the accounts on which it is based use the same accounting policies.

There are no entities over which control was gained or lost during the period.

Angel Seafood Holdings Limited does not have any interests in associates or joint ventures, other than as disclosed in the Annual Report.

All documents comprise the information required by Listing Rule 4.3A.

ĀNGEL
SEAFOOD

ANGEL SEAFOOD HOLDINGS LIMITED

ACN 615 035 366

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Christine Manuel

REGISTERED OFFICE

48 Proper Bay Road
Port Lincoln SA 5606

SHARE REGISTRY

Computershare Investor Services – Australia
Level 5, 115 Grenfell Street
Adelaide SA 5000
Website: www.computershare.com

AUDITORS

William Buck Chartered Accountants
Level 6
211 Victoria Square
Adelaide SA 5000

STOCK EXCHANGE LISTING

Australian Securities Exchanges
(ASX Code: AS1)

Contents	Page

Chairman's Letter

Dear Shareholders,

It is with great pleasure that we present to you our financial results for the full year ended 30 June 2019 (FY19). FY19 was a very successful year for Angel Seafood, with the Company growing significantly over the period to become a much larger and stronger business. A substantial capital investment program was executed methodically that is now starting to provide benefits through economies of scale and operational efficiencies.

This time last year there were some challenges in the oyster industry, with the knock-on effect of POMS in Tasmania creating shortages in supply of spat. Over this time Angel continued to invest in the business and pursue spat supply. I am pleased to say that the industry is now through this challenging period, and Angel has benefited over the financial year from its investment program and having high quality oysters ready to sell.

Angel has grown across all metrics over the year. It has acquired an additional 15 hectares of high quality water to increase the Company's water holdings, it has grown its infrastructure to enable the production of 5.3 million oysters over the year, up from 1.9 million last year, and revenue and cash flows were up substantially.

Angel's brand and reputation as Australia's and the Southern Hemisphere's largest sustainable and organically certified pacific oyster producer has meant there has been continued strong demand for Angel's oysters. In addition, over the year Angel commissioned an AQIS accredited export facility which saw the first live oysters successfully exported to Hong Kong. This was a real milestone for Angel, as the export market represents a key part of Angel's long term growth strategy and a significant opportunity.

I would like to take this opportunity to thank CEO Zac Halman, and his dedicated team, for their hard work over the year, and congratulate them for delivering on the Company's goals. Importantly, they have built a solid foundation for further sustainable growth into FY20 and beyond.

I would also like to thank our shareholders for their ongoing support, and look forward to sharing the growth journey with them.

Tim Goldsmith
Chairman

CEO Overview

The financial year ended 30 June 2019 was period of significant progress for the Company, driven by a substantial investment program that built considerable scale into the business. We have also invested into our team, which is largely responsible for our growing success.

FY19 included a number of significant highlights for Angel:

- Record oyster production of 5.3 million oysters, driven by increased water holdings
- Revenue growth of 192% to $4.3 million, driven by higher production and strong oyster pricing
- Commissioned an AQIS accredited export facility and have begun repeat export sales.
- Increased quality water holdings and recommissioned with Angel IP, which increased holding capacity up to 20 million oysters and finishing capacity up to 9 million oysters
- Maiden reported Net Profit Before Tax (since listing) of $305,377
- Generated a positive operating cash flow for FY19[1]

Angel is operating in a very attractive market where demand for oysters continues to outstrip supply. Whilst the previous challenges with respect to spat supply have now subsided, we are still seeing close to record prices in the domestic market, we are very thankful for the long-term support of our customers as we continue to grow market share.

In addition to increasing our water holdings, we also invested heavily into our infrastructure so that we can handle and process the growth in oyster production. This has meant large upgrades to water lease infrastructure, investment in larger scale boats, the commissioning of the AQIS accredited export facility, as well as building our team with new expertise and capabilities. This investment program has created scale benefits in the business, which are now starting to flow through to improve margins.

A key milestone for Angel over FY19 was the entry into the export market in the fourth quarter. The export market is a key part of Angel's long-term strategy as we continue to grow our production levels, and this channel also offers attractive timing given peak global demand coincides with peak conditions for our oysters.

Although the price achieved for the first exports were not at a large premium to domestic sales, we are focused on building long term relationships with our customers and expanding these markets and volumes. We believe our sustainable and organic certified status will deliver higher prices over time, particularly in the Asian market.

From a financial viewpoint, FY19 was a year of records – record production, record revenue which was up 192%, as well as the achievement of positive operating cash flows[1]. The Company remains fully funded for its growth plans, both through access to debt and from operating cash flows.

I am very thankful for the team's efforts in delivering the successful outcomes of FY19. The team has executed our growth plan methodically, which positions Angel very strongly for sustainable long-term growth. With our water leases fully stocked with healthy oysters, funding in place to support our growth and scale benefits now being achieved, we look forward to FY20 with confidence.

I would like to thank the Board, the Angel team, stakeholders and shareholders for the past year of support, and look forward to sharing continued growth and success together.

Zac Halman
Founder and CEO

[1] Adjusted operating cash flow – reported operating cash flow adjusted for the Hank acquisition and net change in working capital balances

Directors' Report

The Directors of Angel Seafood Holdings Ltd (Company or Angel) present their report, together with the financial statements of the Company and its controlled entities (the Group) for the financial year ended 30 June 2019.

Directors

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

Tim Goldsmith	Non-executive Chairman
Michael Porter	Non-executive Director
Ashley Roff	Non-executive Director
Isaac Halman	Executive Director, Chief Executive Officer and Company Founder

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

Information Relating to Directors and Company Secretary

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

Name and qualification	Experience and responsibilities
Tim Goldsmith BA(Hons)	Independent Non-Executive Chairman appointed 21 February 2018. Member of Audit and Risk Committee. Tim was appointed Chairman effective from the date of initial ASX listing of the Company. Tim is currently CEO of Rincon Ltd, a lithium development company and is also Chairman of ASX listed Hazer Group since July 2017. Tim was appointed a Non-executive Director of Costa Group from 1 September 2018. He was Chairman of Kopore Metals Ltd from November 2017 to February 2018. Until 30 June 2017, Tim was a partner at PricewaterhouseCoopers. He was a partner for more than 20 years and dealt with many companies throughout the world. He was particularly focused on China and worked extensively in the mining sector.
Michael Porter BBS (Enterprise Development), Grad Cert (Change Management), GAICD	Non-executive Chairman appointed 2 December 2016 – 1 March 2017 Non-executive Director 1 March 2017 – 22 August 2017 and since 21 February 2018 Executive Chairman 22 August 2017 – 21 February 2018 Member of the Audit and Risk Committee Director of subsidiary companies Angel Seafood Infrastructure Pty Ltd and Angel Oysters Australia Pty Ltd Michael has extensive experience in the Agricultural sector where he was the CEO of SQP Co-operative for almost four years. He owns dry land farming interests in Victoria's Western District near Ballarat. He has particular interest in soil re-generation and making the best use of our limited resources, such as water. Other Board positions include being a Non-executive Director of ASX listed Murray River Organics Ltd from 3 April 2018. He is also a Board Member of the Wimmera Catchment Management Authority (a Victorian State Government appointment) and past Chairman of the Audit Advisory Committee for the City of Ballarat. Michael is also an Active Reservist where he holds the rank of Commander in the Royal Australian Naval Reserve.

Name and qualification	Experience and responsibilities
Ashley Roff LLM (Syd) (Hons2), FGIA	Independent Non-executive Director appointed 21 February 2018 Chairman of the Audit and Risk Committee Ashley is a senior and trusted legal, compliance and governance advisor at board and executive leadership levels with extensive commercial experience across industries as diverse as agriculture, consumer beverages, internet marketing and finance. In 2005 he was responsible, as General Counsel, for the public compliance listing of ABB Grain Ltd, and served as Company Secretary 2005-09. During this time, he headed ABB's Risk Management division and was recognised as Chartered Secretaries Australia 2007 Corporate Governance Professional of the Year (sub-ASX 100 Companies). After ABB was acquired by Viterra Ltd, a Canadian company, he was responsible 2009-2010 for liaising with ASX on Viterra's CHESS Depositary Interests (CDI) program. General Counsel and Company Secretary of Emerald Grain Pty Ltd 2011-15. Principal of Adelaide-based law firm Brightman Legal since 2016. No other public company directorships.
Isaac (Zac) Halman	Chief Executive Officer since 1 July 2018 (previous title Executive Operations Director 1 May 2017 – 30 June 2018) Director appointed 27 September 2016 Director of subsidiary companies Angel Seafood Infrastructure Pty Ltd and Angel Oysters Australia Pty Ltd Zac is the founder of the Company and has been successfully farming oysters for close to a decade in South Australia's Eyre Peninsula. He has successfully grown a team and business which is one of only three certified sustainable oyster producers in the world who have been certified by "Friends of the Sea" and is also one of only two certified organic oyster producers in Australia who have been certified by NASAA. Zac applies strict budgetary and quality controls and through his guidance and expertise has grown the oyster business, now owned by the Company, exponentially. Before oyster farming Zac has been active in the agriculture industry, specialising in broad acre and stock agricultural contracting. Mr Halman holds no other public company directorships.

Company Secretary

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

Principal activities

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

Company Overview

Angel is Australia's largest producer of fresh, clean, green, certified organic and sustainable oysters. The Company is Organically certified through internationally recognised National Association for Sustainable Agriculture, Australia (NASAA) and sustainably certified with the internationally recognised 'Friends of The Sea' organisation.

The Company runs a multi-bay strategy with nursery and oyster grow out operations in Cowell with a holding capacity of over 20 million oysters, and final conditioning in the internationally acclaimed Coffin Bay with a capacity to finish up to 10 million oysters per year. The Company also holds water leases in Haslam, currently being used for storage of excess stocks. This diversification in geographic operating locations provides disease risk mitigation and allows the Company to optimise oyster performance at each stage of the growth cycle.

The Company sells to domestic customers direct from Coffin Bay and process the oysters for export out of its purpose built and fully AQIS accredited export site in Port Lincoln.

Review of Operations

The financial year ended 30 June 2019 was a significant year for the growth of Angel Seafood. The Company grew substantially, both operationally and in terms of financial outcomes, which was driven by the Company's execution of its growth strategy.

Key operational achievements for Angel over FY19 included:

a. Acquired additional high-quality water which increased growing capacity to 20 million oysters per annum, with the ability to condition over 9 million oysters per annum
b. Port Lincoln Export Facility was commissioned, which saw exports to Hong Kong commencing in Q4; it was also extended to include a new Head Office for the Company
c. Investments that built scale in operations and efficiencies, including the completion of enhancements to the Coffin Bay processing facility, completion and commissioning of the Cowell processing facility, the purchase of a new big vessel ("Angel 6"), and a number of infrastructure refurbishments to leases
d. Accessed increased spat supply that has allowed leases to remain fully stocked
e. Improvements in nursery operations which contributed to reduced mortality rates in all stocks
f. Successful extension to the NAB Debt Facility by $1.2 million to $4 million, providing the Company with added flexibility to execute against its growth strategy
g. Strengthening the Angel team through key hires, including the appointment of Chief Financial Officer, Simba Matute, and Daniel Wicks, as Head of Operations, with a special focus on nursery operations.

Angel has utilised capital effectively and efficiently through a mixture of cash reserves and debt facilities to fund the Company's investment program and remains fully funded for its growth plans going forward.

Operating and financial review

Operating Results

The Group made a consolidated profit after tax of $305,377 for the year ended 30 June 2019 (FY19) (2018: Loss after tax of $1,142,629).

Revenue from oyster sales FY19 was $4,271,916 (2018: $1,458,916); a 193% increase on revenue for FY18. The increase in revenue is a result of the increase in sales volume from 1.9 million units in FY18 to 5.3 million units in FY19 following the capital expansion program during the year which included acquisition of new water leases in Coffin Bay and Cowell, construction of new infrastructure and purchase of new equipment to increase scale in the business. The company commenced exports in the last quarter of the year and realised revenue of $56,460 from export sales (2018: Nil).

The consolidated results include Other Income of $2,351,453 (2018: $1,680,008); comprising a fair value adjustment on biological stock of $1,868,307 (2018: $852,025), representing the growth in oysters held by the Company; and a Research and Development (R&D) tax incentive of $475,698 (2018: Nil) in relation to qualifying research and development activities conducted by the company as it continues to innovate and lead the transformation of the oyster industry.

Total expenses for the year were $6,317,992 (2018: $4,446,702), and included the following:

- Cost of biological stock (oysters) sold during the period $888,998 (2018: $689,320). There was a reduction in the average cost per unit sold in the current year as more product from spat purchases is now maturing to saleable sizes. In FY18; most sales were from on grown purchases due to spat shortages in previous periods.
- Employee benefits comprising payroll costs and oncosts of $1,882,535 (2018: $1,375,402), and non-cash share-based payments of $880,968 (2018: $286,926) representing the amortisation of shares, performance rights and options awarded to employees.
- Depreciation and amortisation expense of $688,911 ($2018: 360,959) with the increase driven by the increase in the asset base following the capital expansion program.

- Other expenses of $1,795,451 (2018: $1,289,553) comprising other production costs such as repairs and maintenance, freight, consultancy costs as well as administration and corporate costs. The increase in other expenses is a result of the general growth in the business during the year.

Tax expense for the year was nil, with the company recognising a portion of previously unrecognised tax losses to offset a deferred tax expense and deferred tax liability (2018: $161,349)

There was no Other comprehensive income for the year (2018: Nil)

Full details in relation to the results of the Company are disclosed in the consolidated financial statements and accompanying notes.

Financial Position

The Group total assets increased by 54% to $18,885,243 as at 30 June 2019 (2018: $12,274,267), driven by the following key changes:

- Intangible assets, comprising mainly of oyster leases increased to $6,580,356 (2018: $2,749,222) following acquisitions of oyster leases in Cowell and Coffin Bay during FY19. This resulted in the Group's holding capacity in grow out areas increasing to over 20 million oysters and finishing capacity in Coffin Bay increasing to approximately 9 million oysters per annum.
- Property, plant and equipment increased to $7,038,786 (2018: $3,411,268) driven by construction of new infrastructure for new oyster leases and purchases of new assets to increase operating capacity of the growing business.
- Biological assets increased from $4,156,869 (2018: $1,462,453) during FY19, representing an increase in volume of stock on hand enabled the increase in holding capacity, as well as growth of the biological stock over the period.
- Cash decreased from $3,957,345 to a net overdraft balance of ($937,562) (refer below).

The above key movement in assets were funded by a combination of the Group's cash resources, bank finance, vendor financing (deferred payment terms) and leasing arrangements. The following were the key sources of funding for the group as at 30 June 2019 and for the year then ended:

- The Group's net cash position decreased during the period from $3,957,345 at the beginning of the year, to close with an overdraft balance of ($937,562). The Group has a working capital facility of $2 million with National Australia Bank (NAB).
- The group obtained a 3-year revolving loan facility of $2 million from NAB to fund its Business Expansion. As at 30 June 2019, $1,941,145 of the facility was drawn down.
- Vendor finance liabilities were $588,931 (2018: $626,730) representing deferred payments for the purchases of oyster leases and related infrastructure during FY19.
- Lease liabilities at 30 June 2019 were $1,800,743 (2018: $274,140) with the increase mainly due to acquisition of oyster leases under a lease arrangement with an option to purchase.

Net assets for the Group at 30 June 2019 were $12,304,984 (2018: $11,118,639) with the increase due to net profit for the period, and issues of shares on vesting of performance rights during the period.

The Group has a net current asset position at 30 June 2019 of $990,039. The Group's projections show that the group will generate sufficient cash to settle debts as they fall due.

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

Strategic and Future Objectives

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

a. Delivering the value from increased scale following expansion of the business
b. Implementation of oyster husbandry and farming techniques that optimise the oyster growth cycle and lower the mortality levels throughout the stock's lifecycle
c. Development and maintenance of key domestic and export sale markets
d. Sustainable growth, through increasing productivity and acquisition of additional leases
e. The attraction and maintenance of a vibrant, diverse and engaged workforce
f. Continuation of the introduction of industry-leading innovation and efficiencies, leveraging off the Company's know-how, scale and financial resources
g. Capital management and cash flow

The Company will continue to explore further opportunities that meet Angel's long-term growth and development goals, with the ultimate objective to leverage the Company's competences to maximise shareholders value through sustainable earnings growth.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Material Business Risks

The Group assesses and manages various business risks with the potential to have a material impact on the Group's operating and financial performance and its ability to successfully deliver corporate objectives. There are specific risks which relate directly to the Company and the industry in which it operates. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. Set out below are the business risks that the Group has identified as having the potential to have a material impact on the Group.

The matters listed below are not listed in order of importance and are not intended to be an exhaustive list of all the risks and uncertainties affecting the business.

Company specific Risks

Competition risk

The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake reasonable due diligence in its business decisions and operations, the Company has no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's business. An increase in the supply of oysters from either domestic or international competitors, or increased competition from alternative fish species and food sources could have an adverse effect of the Company's operations and business. The Group believes its produce is differentiated through its 'Organic' and 'Sustainable' certifications and is continuing to develop export markets to diversify its customer base.

Disease risk

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

<u>Title and Renewal Risk</u>
The water leases and licences held by the Company are issued through the South Australian state government body called Primary Industries and Regions South Australia (PIRSA). The licence and lease holder must abide by a number of PIRSA regulations and guidelines that are monitored and enforced through mandatory periodic PIRSA officer inspections; Angel is subject to these inspections.

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

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

<u>Liquidity and capital management</u>
Angel's continued ability to operate its business and execute its business plan over time will depend on its ability to generate free cash flow, to raise funds for operations and growth activities, and to service, repay or refinance debts as they fall due. The Company's operations are subject to a number of operational and environment risks (refer above) which may ultimately have an impact on the Group's cash flows and liquidity.

While the Group's cash flow forecast show that the Group will generate sufficient cash and there are a number of funding options available to the Group, there can be no guarantee that the Group will be able to raise additional funding, should it be required, on acceptable terms or at all.

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

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

<u>Climate Change</u>
Climate plays an important role in Angel's operations, with water temperatures and availability of food (algae) in the water having a fundamental impact on the lifecycle of oysters; sizes, growth rates and the ultimate quality of the product. Angel recognises climate change is likely to present a range of challenges to the aquaculture industry. Without proactive adaptation, oyster farming may become more vulnerable to disease and/or changes in environmental conditions.

The company employs sustainable farming practices in its operations and considers the long-term risks, issues and opportunities that can potentially be presented by climate change and responds accordingly. Some studies have linked ocean acidification and temperature rises to climate change. As yet any impact of these factors has not been revealed in any material fashion. However, these factors could impact the long-term future size and quality of product and/or the likelihood of disease or algae events.

Risk Management

Management and the Audit & Risk Management Committee have progressed the development of a Risk Management Framework, to be implemented in the 2019/20 Financial year following the endorsement of the Board of Directors within which:

- an over-arching risk management policy, which sets out its commitment to and the expected behaviours required of its employees and contractors. This is supported by a number of other more specific business policies that set out other key requirements of employees and contractors;
- a risk management process and risk assessment criteria that defines the key steps required to identify, analyse, treat, evaluate controls and monitor and report on the risks listed above and other risks on an ongoing basis;
- accountabilities and responsibilities for overseeing, managing and monitoring these risks and other identified risks are clearly defined;
- key priorities for management of risks are identified on a regular and ongoing basis; and
- material or potentially material incidents that arise are reviewed and appropriate action taken.

The management team, and the Board, through the Audit and Risk Committee, reviews the Company's risks and the effectiveness of the Company's management of those risks. The Board, with Executive Management's input, consider the nature and extent of the risks the organisation is prepared to take to meet the Company's objectives.

Other key management mechanisms for the Company include:
- Health, safety and environmental management systems across the organisation; and
- Appropriate insurance arrangements to provide efficient and effective levels of risk transfer.

Sustainability

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

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

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

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

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

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

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

Certified Organic

The business that Angel acquired achieved 'Certified Organic' status in 2012, the first oyster grower in Australia to achieve this accreditation. This is accredited by the National Association for Sustainable Agriculture, Australia (NASAA), Certificate No 5411 and was renewed by the Company in FY19, extending the certification to March 2020. Ongoing water monitoring, sea grass management and environmentally friendly infrastructure are just a few elements required to achieve and maintain organic status. The auditing process for obtaining and maintaining certified status is rigorous, and the Company believes this certification is something that its customers, especially in Asia, look for when deciding which farmer to partner with, and reinforces the market focus on seeking a quality, consistent product from a clean, green business.

Sustainability Certification

In 2014, the business that Angel acquired was awarded the highly respected "Friends of the Sea" certification, one of only three oyster companies in the world (the others are in Scotland and Croatia) to achieve this certification. This global program strives to make sustainability a reality in the fishing and aquaculture sectors. Reducing ecosystem impact, energy efficiency and social accountability underpin this program. These certifications are subject to regular audits, the most recent of which was conducted in early 2019 and saw the Company achieve renewal of this certification.

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

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

Traceability

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

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

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

Environmental regulation

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

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

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

Changes in the state of affairs

The Company acquired oyster leases to extend its operations in Cowell and Coffin Bay during the period, resulting in the core of the Company's multi-bay operations being in Cowell and Coffin Bay. Leases in Haslam are now being used to warehouse excess stock. The Company announced subsequent to 30 June 2019 that it would sell the Smoky Bay assets.

There were no other significant changes in the state of affairs of the Company, other than as referred to in this Report.

Subsequent events

The following events occurred subsequent to the reporting date have not been accounted for in the financial statements:

Acquisition of additional water in Coffin Bay and Smoky Bay assets disposal
On 25 July 2019, the Group entered into an agreement with Mr. Gregory Lawrence to acquire 1.5Ha of quality water in Coffin Bay for $600,000. The additional water will be used to increase finishing capacity to expand existing grow out areas. A deposit of $120,000 was paid in July on signing the agreement with the balance payable in two tranches; $180,000 payable on 18 December 2019 and $300,000 on 1 July 2020, with outstanding balances accruing interest at 6% per annum.

On the same day, the Group announced it had entered into agreements to sell its assets in Smoky Bay, consisting of 1.3Ha of water leases and on-land infrastructure and equipment, for a total of $450,000. The disposed assets had a carrying book value of $307,239.

Hire Purchase agreement
On 22 July 2019, the Group finalised settlement for its asset finance facility under a hire purchase agreement with the NAB for its newest and recently commissioned big vessel Angel VI and received $350,000. The Hire Purchase facility will be repaid in 60 equal monthly instalments of $6,480 commencing in August 2019.

Company Dividends

No dividends were paid or declared during the period.

Corporate governance

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

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

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

Directors' meetings

During the financial year, 15 meetings of Directors, including Committees of Directors, were held. Attendances by each Director during the year were as follows:

Directors	Directors' Meetings		Audit and Risk Committee	
	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended
Tim Goldsmith	15	15	5	5
Michael Porter	15	15	5	5
Ashley Roff	15	15	5	5
Isaac Halman	15	15	-	-

Directors' shareholdings

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

Name	Fully paid ordinary shares	Share Options	Performance Rights	Performance Shares
Tim Goldsmith	1,940,000	1,500,000	-	-
Michael Porter	6,050,000	2,750,000	-	-
Ashley Roff	50,000	-	-	-
Isaac Halman	24,770,210	1,500,000	-	1,000,000

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

Directors' and Senior Executives' Remuneration

Details of the Company's remuneration polices and the nature and amount of the remuneration of the Directors and senior management (including shares, options and rights granted during the financial year) are set out in the Remuneration Report and in Notes 14 and 15 to the financial statements.

Remuneration Report (Audited)

The Directors of the Company present this Remuneration Report for the Group for the year ended 30 June 2019. The information provided in this Report has been audited as required by section 308(3C) of the *Corporations Act 2001* (*Cth*) (Corporations Act) and forms part of the Directors' Report.

The Remuneration Report outlines the Company's key remuneration activities during the financial year ended 30 June 2019 and remuneration information pertaining to the Company's Directors and senior management personnel who are the key management personnel (KMP) of the Group for the purpose of the Corporations Act and Accounting Standards. These are the personnel who have authority and responsibility for planning, directing and controlling the activities of the Company.

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

	Period of Responsibility in FY19	Position
Non-Executives		
Tim Goldsmith	Full year	Independent Non-executive Chairman
Ashley Roff	Full year	Independent Non-executive Director
Michael Porter	Full year	Independent Non-executive Director
Executives		
Isaac Halman	Full year	Chief Executive Officer (CEO); Executive Director and Company Founder
Simba Matute	From 25 February 2019	Chief Financial Officer (CFO)

Remuneration Approach

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

Remuneration and Nomination Responsibilities

Composition

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

Functions

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

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

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

The Board considered performance and remuneration of the Non-executive Directors in detail in the latter part of 2017 as part of the due diligence process of preparation of the Prospectus leading to initial ASX listing of the Company on 21 February 2018 and ongoing reviews were undertaken during the year ended 30 June 2019. A performance review of the CEO for FY19 has been completed. Refer 'Key Terms of Employment Contracts' below for further details. The Board is currently reviewing NED remuneration for the financial year ending 30 June 2020 (FY20).

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

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

Remuneration Policy

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

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

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

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

Following are details of the key terms and conditions of the Performance Shares, Performance Rights and Options comprising the Company's STI and LTI, as well as the key terms and conditions of the Company's Performance Rights and Options Plan.

<u>Performance Shares</u>

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

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

(i) 500,000 Performance Shares will convert into Shares upon completion of each, and all, of the following on or before 30 September 2018 (Milestone 1). (Milestone 1 was achieved, and 500,000 Performance Shares were converted to Shares on 20 September 2018):

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

B. the acquisition by the Company of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Performance Rights</u>

Terms and conditions attaching to the Performance Rights issued to Angel Oysters Pty Ltd as trustee for the Halman Family Trust as part consideration for the Company's acquisition of the Smoky Bay Business are as follows. The Milestone at (a) below was met as at 31 December 2018 and the Performance Rights vested in full and were converted to ordinary shares on 27 February 2019.

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

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

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

Options

OP2 Class Options issued to Directors at IPO

Terms and conditions of options issued to Mr Goldsmith and Mr Porter at IPO, as approved by shareholders at the 2017 Annual General Meeting on 24 October 2017, are as follows.

a. Entitlement: Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
b. Exercise Price: Subject to paragraph (i), the amount payable upon exercise of each Option will be $0.40 (Exercise Price).

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

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

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

<u>OPE Class Options</u>

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

a. Each Option entitles the holder to subscribe for one Share in the Company upon the payment of $0.0833 subsequent to satisfaction of the restriction on exercise set out in (e) below.
b. The Options will lapse at 5:00pm (AEST) on 28 February 2021 (Expiry Date).
c. The Options are non-transferable and will not be listed.
d. There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to Shareholders during the currency of the Option.

e. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re organised as required by the Directors, but in all other respects the terms of exercise will remain unchanged.
f. The Options shall be exercisable at any time during the period ending on or before the Expiry Date (Exercise Period) by the delivery to the registered office of the Company of a notice in writing (Notice) stating the intention of the Option holder to exercise all or a specified number of Options held by the Option holder accompanied by an Option Certificate or holding statement and a payment to the Company for the subscription moneys for the Shares to be issued on exercise of the Options the subject of the Notice. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by him.
g. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number, if the Company is listed, within 5 business days of exercise of the Options.
h. The Shares allotted shall rank, from the date of allotment, equally with the existing Shares of the Company in all respects.

<u>OP3 Class Options</u>

1,200,000 options were issued in the financial year ended 30 June 2019 to the incoming CFO, Mr Simba Matute. These options were issued as a retention incentive and vesting is subject to the CFO remaining employed at 25 February 2020, being 12 months after commencement of his employment. The options are exercisable at $0.28 per option, subject to vesting, and will lapse on 25 February 2022 if not exercised before that date. These options are governed by the terms and conditions of the Company's Performance Rights and Option Plan, details of which are provided below.

Option and Performance Rights Plan

Options and Performance Rights are issued pursuant to the Company's Option and Performance Rights Plan, a copy of which is available on the Company's website at www.angelseafood.com.au. Key terms of the Option and Performance Rights Plan follow:

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

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

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

b. Offer: The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (Offer).
c. Plan limit: The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

d. Issue price: Unless the Awards are quoted on the ASX, Awards issued under the Plan will be issued for no more than nominal cash consideration.

e. Vesting Conditions: An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (Vesting Conditions).

f. Vesting: The Board may in its absolute discretion (except in respect of a Change of Control (as defined in the Performance Rights and Option Plan) occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (Relevant Person)), resolve to waive any of the Vesting Conditions applying to Awards due to:

   (i) Special Circumstances arising in relation to a Relevant Person in respect of those Performance Rights, being:

      A. A Relevant Person ceasing to be an Eligible Participant due to:

         1. death or total or permanent disability of a Relevant Person; or

         2. retirement or redundancy of a Relevant Person;

      B. a Relevant Person suffering severe financial hardship;

      C. any other circumstance stated to constitute “special circumstances” in the terms of the relevant Offer made to and accepted by the Participant; or

      D. any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the Relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant; or

   (ii) a Change of Control occurring (as defined in the Performance Rights and Option Plan); or

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

g. Lapse of an Award: An Award will lapse upon the earlier to occur of:

   (i) an unauthorised dealing, or hedging of, the Award occurring;

   (ii) a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Condition and vest the Award;

   (iii) in respect of unvested Awards only, an Eligible Participant ceases to be a Relevant Person, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;

   (iv) in respect of vested Awards only, a relevant person ceases to be an Eligible Participant and the Award granted in respect of that person is not exercised within a one (1) month period (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;

   (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;

   (vi) the Company undergoes a change of control or a winding up resolution or order is made, and the Board does not exercise its discretion to vest the Award;

   (vii) the expiry date of the Award.

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

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

j. No Participation Rights: There are no participating rights or entitlements inherent in the Awards and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards.
k. Change in exercise price of number of underlying securities: Unless specified in the offer of the Awards and subject to compliance with the ASX Listing Rules, an Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.
l. Reorganisation: If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Award are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
m. Trust: The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested Awards, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Plan to affect the establishment of such a trust and the appointment of such a trustee.

Key Terms of Employment Contracts

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

Non-executive Directors

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

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

Directors are subject to the provisions of the Constitution relating to retirement by rotation and re-election of directors. A Director may terminate their directorship at any time by advising the Board in writing. The Non-executive Director Agreements are otherwise made on standard commercial terms and in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Ed).

Chief Executive Officer / Company Founder

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

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

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

a. Term: Mr Halman commenced his employment on 1 May 2017 and the Executive Employment Agreement continues until terminated in accordance with its terms.

b. Remuneration: Mr Halman receives a fixed salary and employer superannuation contributions at the statutory rate of 9.5%. For the year ended 30 June 2019 this salary was $180,000; this was increased by the Board to $230,000 effective 1 July 2019, following a performance review.
c. Incentive Programs: Mr Halman may participate in any incentive plan that the Company may introduce from time to time. The Company issued Mr Halman 500,000 Shares upon being admitted to the ASX Official List as a bonus and 1,500,000 Performance Shares as an incentive. The first tranche of 500,000 Performance Shares, relating to performance indicators to be achieved by 30 September 2018, vested on 20 September 2018. The remaining 1,000,000 Performance Shares are subject to long-term incentive performance hurdles as described in the Performance Shares terms and conditions. The performance hurdles also apply to the vesting of the CFO's performance rights. Mr Halman is also eligible for an annual short-term incentive (STI) cash bonus, subject to satisfaction of key performance indicators (KPIs) set by the Board. The maximum cash bonus payable in respect of performance during the financial year ended 30 June 2019 is 25% of fixed salary. This was assessed by the Board in July 2019 against previously set key performance indicators and approved for 50% payment of the maximum cash bonus, which will be made in the 2019/20 financial year.
d. Termination: The Company may terminate the Executive Employment Agreement for any reason by giving four weeks' notice. Further, the Company may immediately terminate the employment of Mr Halman in the case of serious misconduct.

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

Chief Financial Officer (CFO)

Mr Simba Matute was appointed CFO on 25 February 2019. The material terms and conditions of the Executive Employment Agreement for the CFO are summarised below:

a. Term: Mr Matute commenced his employment on 25 February 2019 and the Executive Employment Agreement continues until terminated in accordance with its terms.
b. Remuneration: Mr Matute receives a fixed salary of $220,000 and employer superannuation contributions at the statutory rate of 9.5%.
c. Incentive Programs: Mr Matute may participate in any incentive plan that the Company may introduce from time to time. The Company issued Mr Matute 1,200,000 options as a retention incentive; these options vest if Mr Matute remains employed after 12 months. Mr Matute is also eligible for an annual STI cash bonus, subject to satisfaction of KPIs set by the Board. The calculation of the STI will be based on Mr Matute meeting both individual and corporate KPIs, with his performance against both sets of KPIs being given equal weight. The maximum cash bonus STI payable in respect of performance is 25% of fixed salary paid or accrued in respect of the relevant financial year. The Board reviewed performance in August 2019 against previously set key performance indicators and approved for 75% payment of the maximum cash bonus (pro-rata for length of service), which will be made in the 2019/20 financial year. The Company also issued Mr Matute with 1,000,000 Performance Rights under the LTI plan, subject to the same vesting hurdles as for the CEO's LTI of tranche 2 of his Performance Shares.
d. Termination: The employment agreement may be terminated by either party by giving three months' notice. The Company may immediately terminate the employment of Mr Matute in the case of serious misconduct.

Relationship between Remuneration Policy and Group Performance

	2019	2018[(i)]	2017[(i)]	2016	2015
	$'000	$'000	$'000	$'000	$'000
Revenue	4,272	1,459	1,385	N/A	N/A
EBITDA (Statutory)	1,175	(890)	(1,118)	N/A	N/A
EBITDA (Proforma)	1,175	(890)	(1,118)	N/A	N/A
Net Profit/(Loss) after tax attributable to members of the parent entity	305	(1,143)	(1,668)	N/A	N/A
Share price at start of year[(i)]	$0.16	$0.20	N/A	N/A	N/A
Share price at end of year	$0.20	$0.16	N/A	N/A	N/A
Basic earnings (cents) per share	0.24	(1.18)	(4.70)	N/A	N/A
Diluted earnings (cents) per share	0.22	(1.13)	(4.61)	N/A	N/A
Interim and final dividend	N/A	N/A	N/A	N/A	N/A

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

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

Details of Key Management Personnel Remuneration

Remuneration for the financial year ended 30 June 2019

	FIXED REMUNERATION				VARIABLE REMUNERATION						
	Salaries and fees	Super-annuation	Leave(1)	Other	Short term incentive (cash)	Shares(2)	Performance shares and rights(2)	Options(2)	Total	Total performance related	Fixed remuneration
	$	$	$	$	$	$	$	$	$	$	%
Non-Executive Directors											
T Goldsmith	50,000	4,750	-	-	-	-	-	-	54,750	-	100%
A Roff	40,000	3,800	-	-	-	-	-	-	43,800	-	100%
M Porter	40,000	3,800	-	-	-	-	-	-	43,800	-	100%
Sub-total Non-Executive Directors	**130,000**	**12,350**	**-**	**-**	**-**	**-**	**-**	**-**	**142,350**	**-**	**100%**
Executives and other KMP											
I Halman(3)	180,000	18,430	19,542	-	36,500(3)	-	810,416	-	1,064,888	846,916	20%
S Matute(4)	72,173	6,833	5,532	30,000	14,438	-	17,418	37,134	183,528	68,990	62%
Sub-total Executives	**252,173**	**25,263**	**25,074**	**30,000**	**50,938**	**-**	**827,834**	**37,134**	**1,248,416**	**915,906**	**27%**
TOTAL	**382,173**	**37,613**	**25,074**	**30,000**	**50,938**	**-**	**827,834**	**37,134**	**1,390,766**	**915,906**	

1. Represents annual leave and long service leave entitlements, being the net movement in accrued benefits during the period.
2. Represents amounts expensed in the Company's profit and loss during the year for shares, performance shares and rights and share options granted to Directors and Executives. These amounts are recognised in the profit and loss over the vesting period of each grant in accordance with AASB 2 *Share Based Payments*
3. I Halman was granted a cash bonus (STI) of $14,000 with respect to performance for the year ended 30 June 2018 (not previously accrued), and a bonus of $22,500 with respect to performance for the year ended 30 June 2019.
4. S Matute commenced his employment as CFO on 25 February 2019. He was granted a sign-on bonus of $30,000 in accordance with his Executive Employment Agreement.

Remuneration for the financial year ended 30 June 2018

	FIXED REMUNERATION				**VARIABLE REMUNERATION**						
	Salaries and fees	**Super-annuation**	**Leave[1]**	**Other**	**Short term incentive (cash)**	**Shares[2]**	**Performance shares and rights[2]**	**Options[2]**	**Total**	**Total performance related**	**Fixed remuneration**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Non-Executive Directors											
T Goldsmith[3]	11,125	1,057	-	-	-	-	-	10,800	22,982	-	100%
A Roff[3]	8,900	846	-	-	-	-	-	-	9,746	-	100%
M Porter[4]	80,600	3,800	-	-	-	20,000	-	3,600	108,000	-	100%
J Rogalski[5]	30,000	-	-	-	-	-	-	-	30,000	-	100%
B Bosnich[6]	8,333	-	-	-	-	-	-	-	8,333	-	100%
Sub-total Non-Executive Directors	**138,958**	**5,703**	**-**	**-**	**-**	**20,000**	**-**	**14,400**	**179,061**	-	**100%**
Executives and other KMP											
I Halman[7]	150,769	13,300	582	-	-	100,000	152,526	-	417,177	252,526	39%
Sub-total Executives	**150,769**	**13,300**	**582**	**-**	**-**	**100,000**	**152,526**	**-**	**417,177**	**252,526**	**39%**
TOTAL	**289,727**	**19,003**	**582**	**-**	**-**	**120,000**	**152,526**	**14,400**	**596,238**	**252,526**	

1. Represents annual leave and long service leave entitlements, being the net movement in accrued benefits during the period.
2. Represents amounts expensed in the Company's profit and loss during the year for shares, performance shares and rights and share options granted to Directors and Executives. These amounts are recognised in the profit and loss over the vesting period of each grant in accordance with AASB 2 *Share Based Payments*
3. Tim Goldsmith and Ashley Roff were appointed on 21 February 2018.
4. Michael Porter was appointed as a Non-executive Director on 2 December 2016. From the date of appointment to 1 March 2017 he served as Non-executive Chairman and then fulfilled the role as Executive Chairman from 22 August 2017 to 21 February 2018 before reverting to a Non-Executive Director role on 21 February 2018. He provided consultancy services to the Group in addition to his role as a Director. Refer Note 14(d).
5. James Rogalski resigned from the Board effective 21 February 2018. He is a Director of Interacct Business Consulting Pty Ltd which provides accounting, taxation and advisory services to the Group. Refer Note 14(d).
6. Boris Bosnich was appointed on 1 March 2017 and resigned on 11 August 2017. He is a Director of B5 Partners Pty Ltd which provided consultancy services to the Company. Refer Note 14(d).
7. As described in section 15.7 of the Prospectus (available at www.angelseafood.com.au), upon admission to the ASX official List the Company issued Mr Halman 500,000 Shares as a bonus and 1,500,000 Performance Shares as an incentive. Following a review of 2018 performance, the Board approved a cash bonus of $14,000 and vesting of 500,000 Performance Shares. These were implemented in the first quarter of FY19.

Key Management Personnel: Share-based Compensation

Performance shares and rights issued

	Tranche	Grant date	Number granted	Fair value per performance share or right at grant date $	Number vested during the year	Year in which right may be vested	Vested %	Fair value of exercised performance share or rights during the year	Number lapsed during the year	Year lapsed performance rights were granted	Amount paid or payable for exercised performance rights	Terms and conditions for each grant			
												Exercise price $	Expiry date	First exercise date	Last exercise date
Performance shares															
I Halman	IPO	8/2/18	1,500,000	0.20	500,000	2019	33%	100,000	-	N/A	-	-	30/6/21	21/2/19	30/6/21
Performance rights															
I Halman	IPO	8/2/18	4,000,000	0.20	4,000,000	2019	100%	800,000	-	N/A	-	-	30/6/21	21/2/19	30/6/21
S Matute	PR1	7/5/19	1,000,000	0.17	-	2020	0%	-	-	N/A	-	-	30/6/22	30/6/20	30/6/22
Total			**5,500,000**												

Options issued

	Tranche	Grant date	Number granted	Fair value per option at grant date $	Number vested during the year	Year in which option may be vested	Vested %	Fair value of exercised options during the year	Number lapsed during the year	Year lapsed options were granted	Amount paid or payable for exercised options	Terms and conditions for each grant			
												Exercise price $	Expiry date	First exercise date	Last exercise date
I Halman	OPE	24/4/17	1,500,000	0.061	-	N/A	100%	-	-	N/A	N/A	0.0833	28/2/21	24/4/17	21/2/21
T Goldsmith	OP2	8/2/18	1,500,000	0.007	-	N/A	100%	-	-	N/A	N/A	0.40	21/2/22	21/2/18	21/2/22
M Porter	OPE	24/4/17	1,500,000	0.061	-	N/A	100%	-	-	N/A	N/A	0.0833	28/2/21	24/4/17	28/2/21
M Porter	OP2	8/2/18	500,000	0.007	-	N/A	100%	-	-	N/A	N/A	0.40	21/2/22	21/2/18	21/2/22
S Matute	OP3	7/5/19	1,200,000	0.083	-	2020	0%	-	-	N/A	N/A	0.28	25/2/22	25/2/20	25/2/22
Total			**6,200,000**												

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

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

OP2 Options issued to Non-executive Directors at IPO.

OP3 Options issued as retention incentive to CFO.

No options have been exercised during the year. Options in tranches OPE and OP2 are subject to escrow until 21 February 2020 and are not subject to performance hurdles, having vested immediately upon issue.

Performance rights held by Key Management Personnel

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

	Balance at 01/07/17	Granted	Performance rights exercised	Expired/ Lapsed	Balance at 01/07/18	Granted	Performance rights exercised	Expired/ Lapsed	Balance at 30/06/19
Angel Oysters Pty Ltd ATF Halman Family Trust [1]	-	4,000,000	-	-	-	-	4,000,000	-	-
Simba Matute	-	-	-	-	-	1,000,000	-	-	1,000,000
Total		4,000,000	-	-	-	1,000,000-	4,000,000	-	1,000,000

1. Angel Oysters Pty Ltd is controlled by Mr Isaac Halman

Performance shares held by Key Management Personnel

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

	Balance at 01/07/17	Granted	Performance rights converted	Expired/ Lapsed	Balance at 01/07/18	Granted	Performance shares converted	Expired/ Lapsed	Balance at 30/06/19
Isaac Halman	-	1,500,000	-	-	1,500,000	-	500,000	-	1,000,000
Total	-	1,500,000	-	-	1,500,000	-	500,000	-	1,000,000

The first tranche of 500,000 Performance Shares, relating to performance indicators to be achieved in the period from ASX listing on 21 February 2018 to 30 September 2018, vested on 20 September 2018 and was converted to ordinary shares.

Options held by Key Management Personnel

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

	Balance at 01/07/17	Share split 3 for 2 [1]	Granted	Options exercised	Expired/ Lapsed	Balance at 01/07/18	Granted	Options exercised	Expired/ Lapsed	Balance at 30/06/19
Tim Goldsmith	-		1,500,000	-	-	1,500,000	-	-	-	1,500,000
Michael Porter	1,000,000	500,000	1,250,000	-	-	2,750,000	-	-	-	2,750,000
Isaac Halman	1,000,000	500,000	-	-	-	1,500,000	-	-	-	1,500,000
Simba Matute	-	-	-	-	-	-	1,200,000	-	-	1,200,000
Total	2,000,000	1,000,000	2,750,000	-	-	5,750,000	1,200,000	-	-	6,950,000

1. On 31 October 2017 the Company reorganised its capital by way of a 3 for 2 share split.

Number of shares held by key management personnel

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

	Balance at 1 July 2018	Options Exercised	Net Change Other	Balance at 30 June 2019
Tim Goldsmith	1,740,000	-	200,000[(1)]	1,940,000
Ashley Roff	50,000	-	-	50,000
Michael Porter	5,253,198	-	796,802[(2)]	6,050,000
Isaac Halman	18,612,502	-	6,157,708[(3)]	24,770,210
	25,655,700	**-**	**7,154,510**	**32,810,210**

1. Mr Goldsmith acquired shares on the market
2. Mr Porter acquired shares on-market
3. Mr Halman acquired shares as a result of conversion of vested Performance Rights and Performance Shares

There were no other changes to KMP shareholdings in the period from 30 June 2019 to the date of this report.

Board Remuneration

Policy

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

Maximum Aggregate Amount

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

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

Remuneration

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

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

Directors do not receive any additional fees for serving on or chairing any Board committee.
In addition to the above Directors' fees, as detailed in the Prospectus, Mr Goldsmith and Mr Porter were allocated 1,500,000 and 500,000 options respectively upon listing of the Company on the ASX in the financial year ended 30 June 2018. Details of these options are included in the Remuneration Report.

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

Other equity-related key management personnel transactions

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

Loans from Key Management Personnel to the Company

No loans were made from the Company to any KMP and no loans were made from KMP to the Company in 2019 (2018: nil). Refer to Note 14 to the financial statements.

Other Transactions with Key Management Personnel

Details of transactions with related parties including KMPs are provided at Note 14 to the financial statements.

-- End of Remuneration Report --

Options, Performance Rights and Performance Shares

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

Options

During the financial year ended 30 June 2019, 1,200,000 options were issued (2018: 6,000,000). No shares were issued on the exercise of options during the financial year ended 30 June 2019 (2018: nil).

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Grant date	Expiry date	Exercise price ($)	Number of options
20 Apr 2017[1]	28 Feb 2021	0.0833	6,000,000[2]
8 Feb 2018	28 Feb 2022	0.2000	4,000,000[2]
8 Feb 2018	28 Feb 2022	0.4000	2,000,000[2]
7 May 2019	25 Feb 2022	0.2800	1,200,000
			13,200,000

1. 4,000,000 options were originally issued at an exercise price of $0.125; this was converted to 6,000,000 options at an exercise price of $0.0833 as a result of the Company's capital reorganisation on a 3 for 2 basis on 31 October 2017.
2. Subject to escrow for 24 months following the date of initial ASX listing on 21 February 2018.

Performance shares and rights

During the financial year ended 30 June 2019, 1,000,000 performance rights were issued (2018: 4,000,000 performance rights and 1,500,000 performance shares).

The following fully paid ordinary shares were issued during the year ended 30 June 2019 as a result of conversion of 500,000 performance shares and 4,000,000 vested performance rights.

Grant Date	Number of shares issued) [1]
8 February 2018	6,157,708

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

At the date of this report, the unissued performance shares and unissued ordinary shares of the Company under performance rights are as follows.

Classification	Grant date	Expiry date	Consideration payable ($)	Number of options
Performance shares	8 Feb 2018	30 Jun 2022	Nil	1,000,000[1]
Performance rights	7 May 2019	30 Jun 2022	Nil	1,000,000

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

Each outstanding performance share or performance rights will, upon satisfaction of vesting conditions, convert to one ordinary share of the company.

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

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

Proceedings on behalf of Company

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

Indemnification and Insurance of Officers or Auditor

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

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

Audit and Non-Audit Services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of audit and non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the non-audit services provided by the auditors during the year did not compromise the external auditor’s independence. All services provided by the external auditor or associates are reviewed and approved by the Audit and Risk Committee and/or the Board to ensure they do not adversely affect the integrity an objectivity of the auditor. The following fees were paid or payable to William Buck and its associates for audit and non-audit services provided during the year ended 30 June 2019:

	2019	**2018**
	$	**$**
Audit services		
Auditing/reviewing the financial statements for Company	45,341	28,270
Auditing/reviewing the financial statements for Halman Family Trust	-	13,500
Total audit fees	45,341	41,770
Non-audit Services		
- preparation of the independent accountant’s report	-	34,000
- Agreed Upon Procedures	900	-
Total fees paid to William Buck and associates	**46,241**	**75,770**

Auditor’s independence declaration

The auditor’s independence declaration is included on page 34 of the Annual Report.

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

On behalf of the Directors

Tim Goldsmith
Chairman

30 August 2019

William Buck

Auditor's Independence Declaration Under Section 307c Of The Corporations Act 2001 To The Directors Of Angel Seafood Holdings Ltd

I declare that, to the best of my knowledge and belief during the year ended 30 June 2019 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
ABN: 38 280 203 274

M.D. King
Partner

Dated this 30th day of August, 2019 in Adelaide, South Australia.

William Buck

Angel Seafood Holdings Ltd

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Angel Seafood Holdings Ltd (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

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

Basis for Opinion

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

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

Key Audit Matters

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

KEY AUDIT MATTER	
Biological assets existence and valuation **Refer also to notes 8(a), 20(c) and 20(q)**	**How our audit addressed it**
The Group's biological assets consist of oysters, which are measured at fair value less costs to sell. The process of estimating the fair value is complex involving a number of judgements and estimates regarding various inputs. Due to the nature of the asset, the valuation technique includes a model that uses a number of inputs from internal and external sources. This area is a key audit matter due to the complex nature involving a number of judgements and estimates.	Our audit procedures included: – Documenting the processes and assessing the internal controls relating to the valuation methodology applied to biological assets; – Attending a physical inspection of oyster leases and grading during the year to observe and document the process and related controls; – Reviewing the inputs used in the valuation model by comparing to actual performance subsequent to reporting date, comparing with historical performance of the Group and comparing to external data such as current oyster prices, where external data is available; – Reviewing the historical accuracy of the Group's assessment of the fair value of Oysters by comparing to actual outcomes; and

	– Assessing the adequacy of the related disclosures within the financial statements.

KEY AUDIT MATTER

Carrying value of property, plant and equipment and intangible assets **Refer also to notes 8(b) 8(c), 20(c), 20(k), 20(l) and 20(m)**	**How our audit addressed it**
As disclosed in Notes 8(b) and 8(c), at 30 June 2019 the Group's balance sheet includes property, plant and equipment of $7,038,786 and intangible assets of $6,580,356, which make up one cash generating unit (CGU). The oyster leases are indefinite life intangible assets. The assessment of the recoverable amount of the Group's property, plant and equipment and intangible assets requires the exercise of significant judgement in respect of factors such as discount rates, cash flow forecasts and economic assumptions such as inflation. The outcome of this assessment could vary significantly if different assumptions were applied and as a result the evaluation of the carrying value of property, plant and equipment and intangible assets is a key audit matter.	Our audit procedures included: – A detailed evaluation of the Group's budgeting procedures (upon which the forecasts are based) and testing the principles and integrity of the discounted future cash flow models. – Testing the accuracy of the calculation derived from each forecast model and we assessed key inputs in the calculations such as revenue growth, discount rates and working capital assumptions, by reference to the Board approved forecasts, data external to the Group and our own views. – Engaging our own valuation specialists when considering the appropriateness of the discount rates and the long term growth rates. We also considered the adequacy of the Group's disclosures in relation to the impairment testing.

KEY AUDIT MATTER

Liquidity and capital management **Refer also to note 11(b)**	**How our audit addressed it**
To support its basis of preparation of the financial statements, the Group has prepared a forecast of its cash flows, which includes a number of significant assumptions about sales and production such as mortality rates, finishing capacity and average sales price. The Group's operations are subject to a number of operational and environmental risks inherent to primary industries and the nature of biological stock which may ultimately have an impact on the Group's cash flows and liquidity. As a result, our assessment of liquidity and capital management as it relates to the basis of preparation of the financial statements is considered a key audit matter.	We assessed the main assumptions in the Group's cash flow forecast for at least 12 months from the date of signing the auditor's report, by performing the following procedures, amongst others: – Compared actual revenue and cost outcomes for the prior period and the current year to date to Group forecasts. – Ensuring that all committed capital purchases and debt facility reduction requirements are taken into consideration. We evaluated the Group's potential opportunities for cash conservation as well as options for raising additional funds. We also considered the appropriateness of the liquidity risk disclosures included within the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 31 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Angel Seafood Holdings Ltd, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

William Buck

William Buck
ABN: 38 280 203 274

M.D. King
Partner

Dated this 30th day of August, 2019 in Adelaide, South Australia.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

The financial statements are presented in Australian dollars which is the functional currency of the Group.

Angel Seafood Holding is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

48 Proper Bay Road
Port Lincoln SA 5606
Australia

A description of the nature of the consolidated entities operations and its principal activities is included in the directors report on pages 3 to 33, which is not a part of these financial statements.

Financial statements were authorised for issue by the Directors of the company on 30 August 2019. The Directors have the power to amend and reissue the financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue	3	4,271,916	1,458,916
Other income	4	2,351,453	1,683,808
Cost of biological stock		(888,998)	(689,320)
Employee benefits – payroll and oncosts	5	(1,882,535)	(1,375,402)
Employee benefits - share based payments	5	(880,968)	(286,926)
Depreciation and amortisation expense	5	(688,911)	(360,959)
Other expenses		(1,795,451)	(1,289,553)
IPO expenses		-	(391,642)
Finance costs		(181,129)	(52,900)
Profit/(Loss) before income tax	5	305,377	(1,303,978)
Income tax benefit/(expense)	6	-	161,349
Profit/(Loss) for the year		305,377	(1,142,629)
Other comprehensive income/(expense)		-	-
Total comprehensive income/(loss) for the year		305,377	(1,142,629)
Total comprehensive income attributable to:			
Members of the Angel Seafood Holdings Limited		305,377	(1,142,629)
Earnings per share (EPS)			
Basic EPS (cents)	17	0.24	(1.18)
Diluted EPS (cents)	17	0.23	(1.13)

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

Consolidated Statement of Financial Position

As at 30 June 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7(a)	530,237	3,957,345
Trade and other receivables	7(b)	525,817	249,801
Biological assets	8(a)	3,237,149	1,360,612
Other assets	8(d)	28,333	435,899
TOTAL CURRENT ASSETS		4,321,536	6,003,657
NON-CURRENT ASSETS			
Biological assets	8(a)	919,720	102,141
Property, plant and equipment	8(b)	7,038,786	3,411,268
Intangible assets	8(c)	6,580,356	2,749,222
Other assets	8(d)	24,845	7,979
TOTAL NON-CURRENT ASSETS		14,563,707	6,270,610
TOTAL ASSETS		18,885,243	12,274,267
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7(c)	569,344	169,030
Borrowings	7(d)	2,580,299	724,127
Employee benefits	8(e)	181,854	68,314
TOTAL CURRENT LIABILITIES		3,331,497	961,471
NON-CURRENT LIABILITIES			
Trade and other payables	7(c)	-	3,932
Borrowings	7(d)	3,218,319	176,743
Employee benefits	8(e)	30,443	13,482
TOTAL NON-CURRENT LIABILITIES		3,248,762	194,157
TOTAL LIABILITIES		6,580,259	1,155,628
NET ASSETS		12,304,984	11,118,639
EQUITY			
Share Capital	9(a)	14,923,061	14,007,061
Reserves	9(b)	686,694	721,726
Accumulated losses		(3,304,771)	(3,610,148)
Total equity attributable to equity holders of the Company		12,304,984	11,118,639
TOTAL EQUITY		12,304,984	11,118,639

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Share capital	Reserves	Accumulated losses	Total equity
	$	$	$	$
Balance at 1 July 2018	**14,007,061**	**721,726**	**(3,610,148)**	**11,118,639**
Comprehensive profit for the year	-	-	305,377	305,377
Transactions with owners in their capacity as owners				
Transfers from share based payments reserve on issue of shares	916,000	(916,000)	-	-
Share based payment expense recognised	-	880,968	-	880,968
	916,000	(35,032)	-	881,453
Balance at 30 June 2019	**14,923,061**	**686,694**	**(3,304,771)**	**12,304,984**
Balance as at 1 July 2017	**6,300,973**	**(432,000)**	**(1,667,519)**	**4,201,454**
Comprehensive loss for the year	-	-	(1,142,629)	(1,142,629)
Transactions with owners in their capacity as owners:				
Common control reserve transferred to accumulated losses	-	800,000	(800,000)	-
Shares issued during the year	8,870,000	-	-	8,870,000
Transaction costs	(1,163,912)	-	-	(1,163,912)
Share based payment reserve recognised	-	353,326	-	353,326
Receipt of option issue proceeds	-	400	-	400
	7,706,088	1,153,726	(800,000)	
Balance at 30 June 2018	**14,007,061**	**721,726**	**(3,610,148)**	**11,118,639**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,116,552	1,499,798
Payments to suppliers and employees		(4,401,535)	(3,504,842)
R&D Tax Incentive		231,358	-
Interest received		7,449	14,122
Finance costs		(165,754)	(56,703)
Net cash (used in) operating activities	**10**	**(211,929)**	**(2,047,625)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for oyster lease		(1,729,561)	(486,535)
Purchase of property, plant and equipment		(4,109,622)	(1,861,798)
Payment of deposit for Cowell Oyster lease		-	(300,000)
Payment for other intangible assets		-	(14,542)
Proceeds from disposal of property, plant and equipment		74,400	105,688
Net cash (used in) investing activities		**(5,764,783)**	**(2,557,187)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		-	8,000,400
Proceeds from convertible notes		-	500,000
Repayment of related party loans		-	(8,773)
Proceeds from borrowings		1,941,145	-
Repayment of borrowings		(642,172)	(481,753)
Proceeds from finance leases		-	23,100
Repayment of finance leases		(190,352)	(98,953)
Payments for capital raising costs		-	(727,513)
Payments for borrowing costs		(26,816)	-
Net cash provided by financing activities		**1,081,805**	**7,206,508**
Net (decrease)/increase in cash and cash equivalents		(4,894,907)	2,601,696
Cash and cash equivalents at the beginning of the period		3,957,345	1,355,649
Cash and cash equivalents at the end of the period	7(a)	**(937,562)**	**3,957,345**

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

NOTES TO THE FINANCIAL STATEMENTS

HOW THE NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

(a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction;

(b) analysis and sub-totals, including segment information; and

(c) information about estimates and judgements made in relation to particular items.

NOTE 1. INTRODUCTION

Angel Seafood Holdings Ltd and its controlled entities (the "Consolidated Group" or "Group") principle activity is the growing and sale of oysters.

The consolidated financial statements and notes represent those of Angel Seafood Holdings Ltd and its wholly controlled entities.

The financial statements were authorised for issue on 30 August 2019 by the Directors of the Company.

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Group is a 'for-profit entity' for financial reporting purposes under Australian Accounting Standards.

Compliance with IFRS

The Consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical cost convention

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

Accounting policies

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

Critical accounting estimates

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

Parent entity information

The condensed separate financial information of the parent entity, Angel Seafood Holdings Ltd, has been presented within this financial report in Note 18.

NOTE 2. SEGMENT INFORMATION

The Group has one operating segment, being the multi-bay operations in South Australia that include oyster nursery and grow out operations in Cowell, and conditioning and finishing in Coffin Bay.

All of the Group's activities are interrelated and financial information is reported to the Board (Chief Operating Decision Maker) encompassing the results of the Group on a consolidated basis, consistent with the presentation of the results in the statutory consolidated financial statements.

Geographical distribution of sales

	2019	2018
	$	$
Revenue from sales of oysters		
- Australia	4,215,456	1,458,916
- Asia	56,460	-
Total revenue	**4,271,916**	**1,458,916**

85% of the Group's sales in Australia were attributable to 2 major customers, each with more than 10% of the Group's revenue (2018: 78% from 1 customer) .

NOTE 3. REVENUE

	2019	2018
	$	$
Revenue from sales of oysters	4,271,916	1,458,916
Total revenue	**4,271,916**	**1,458,916**

NOTE 4. OTHER INCOME

	2019 $	2018 $
Fair Value adjustment – biological assets	1,868,307	852,025
R&D Tax Incentive	475,698	-
Interest income	7,448	14,122
Related party loan forgiven	-	780,188
Sundry income	-	37,473
Total other income	**2,351,453**	**1,683,808**

NOTE 5. EXPENSES

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

	2019 $	2018 $
Employee benefits:		
- Salaries and wages	1,339,794	1,082,570
- Directors fees	130,000	73,358
- Short term incentive payments	46,938	-
- Superannuation	139,630	112,853
- Leave entitlements	83,564	34,354
- Oncosts	142,609	72,267
Total payroll, benefits and oncosts	1,882,535	1,375,402
Share based payments	880,968	286,926
Total employee benefits and oncosts	2,763,503	1,662,328
Depreciation and amortisation:		
Depreciation	684,495	356,495
Amortisation	4,416	4,464
Total depreciation and amortisation	688,911	360,959
Other expenses include the following:		
Repairs and maintenance costs	219,576	156,591
Freight and cartage	220,947	79,796
Audit fees	46,241	75,770
Consultancy costs	328,596	217,395

NOTE 6. INCOME TAX

a) Income Tax expense

	2019	2018
	$	$
Current tax expense	-	-
Deferred tax expense	-	161,349
Total tax benefit	-	161,349

b) Numerical reconciliation of income tax to accounting profit/(loss):

	2019	2018
	$	$
Profit/(loss) from continuing operations before tax	305,377	(1,303,978)
Tax (expense)/benefit at Australian tax rate of 27.5%	(83,979)	358,594
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income		
- R&D Tax incentive	130,817	-
- Share based payments	(240,683)	(78,905
- Research and development expenses	(154,467)	-
- (Under)/over provision in prior periods	(218,290)	-
- Other allowances	117,955	77,672
- Unrecognised losses from prior periods brought to account	448,647	
- Tax losses not brought to account	-	(196,012)
Income tax benefit	-	161,349

c) Deferred tax balances

	2019	2018
	$	$
Deferred tax assets		
Finance lease liabilities	446,600	-
Employee benefit provisions	58,382	22,494
Accruals	5,775	18,211
Other deductible allowances	356,204	-
Tax losses	644,765	394,229
Total deferred tax assets	1,511,726	434,935
Deferred tax liabilities		
Biological assets	(858,043)	(344,259)
Property plant and equipment	(653,683)	(90,676)
Total deferred tax liabilities	(1,511,726)	(434,935)
Net deferred tax balance	-	-

Movement in net deferred tax balance

	2019	2018
	$	$
Opening balance	-	(161,349)
Movement credited to profit and loss	-	161,349
Closing balance	-	-

d) Tax losses and unrecognised temporary differences

Due to inherent uncertainty surrounding forward forecasts in the primary industry, and therefore the Group's ability to fully utilise tax losses in the future, a deferred tax asset on tax losses has only been recognised to the extent that it offsets deferred tax liabilities. The tax losses and temporary differences for which no deferred tax assets have been recognised are as follows:

	2019	2018
	$	$
Available tax losses for which no deferred tax asset is recognised	2,651,081	4,493,027
Potential tax benefit at 27.5%	729,047	1,235,582
Net deductible temporary differences for which no deferred tax asset has been recognised	-	290,676
Potential tax benefit at 27.5%	-	79,936

The taxation benefits of utilised tax losses and temporary differences not brought to account will only be obtained if:

- the entities forming the consolidated entity derive assessable income of a nature and an amount sufficient for tax losses and future deductions to be offset against;
- the entities continue to comply with the condition for utilisation of tax losses imposed by law; and
- no change in tax legislation affecting the availability and utilisation of losses.

Significant estimate and judgement - deferred tax assets

Judgements and estimates are required when determining the recognition and measurement of deferred tax asset. The Group has recognised a deferred tax asset in relation to unused tax losses and deductible temporary differences only to the extent that this offsets deferred tax liabilities due to the inherent uncertainty surrounding forecasting taxable income in primary industries, and therefore the Group's ability to fully utilise tax losses.

The utilisation/recognition of tax losses in future periods will be recognised as a tax benefit in those future periods.

NOTE 7: FINANCIAL ASSETS AND LIABILITIES

a) Cash and cash equivalents

	2019	2018
	$	$
Cash at bank	530,237	651,513
Short-term bank deposits	-	3,305,832
	530,237	3,957,345

The effective interest rate on short-term bank deposits for 2018 was 2.15%. These deposits had an average maturity of 30 days.

i) Reconciliation to cash flow statements

	2019	2018
	$	$
Cash and cash equivalents as stated above	530,237	3,957,345
Bank overdraft (working capital facility)	(1,467,799)	-
Cash and cash equivalents per cash flow statement	(937,562)	3,957,345

b) Trade and other receivables

	2019	2018
	$	$
Current		
Trade receivables	252,379	97,471
GST receivable	25,511	143,531
R&D Tax Incentive	244,339	-
Loan – Halman Family Trust (Oyster Lease)	-	5,667
Other receivables	3,588	3,132
	525,817	249,801

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An allowance for credit loss is included for any receivable where the entire balance is not considered collectible. No allowance for credit loss is required as of 30 June 2019 (2018: Nil).

Additional Information in relation to financial risks concerning or with a potential impact on financial assets and liabilities is disclosed in Note 11 – Financial Risk Management.

c) Trade and other payables

	2019 $	2018 $
Current		
Trade creditors and accruals	336,292	95,163
Other payables	233,052	73,927
	569,344	169,030
Non-current		
Related party payables – Halman Family Trust	-	3,932
	-	3,932

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

d) Borrowings

	2019 $	2018 $
Current		
Secured liabilities		
Bank overdraft (Working Capital Facility)	1,467,799	-
Bank loan facility	441,145	-
Vendor finance liabilities	337,031	626,730
Lease liabilities	82,424	97,397
Unsecured liabilities		
Vendor finance liabilities	251,900	-
	2,580,299	727,127
Non-current		
Secured liabilities		
Bank loan facility	1,500,000	-
Lease liabilities	1,718,319	176,743
	3,218,319	176,743

i. Bank Facilities

The Group has two revolving credit facilities with National Australia Bank (NAB); a Working Capital Facility (bank overdraft) of $2 million, and Business Expansion loan facility for $2 million. Both facilities are secured by a first claim over the Oyster Leases. Interest is incurred on the drawn down portion of these facilities at a floating interest rate. As at 30 June 2019 the interest rate on these facilities was 4.87% (2018: 5.52%).

<u>Working Capital Facility – $2 million</u>

This is a working capital facility renewable every year at the anniversary date, subject to an annual review. The next renewal date is 28/02/2020.

<u>Business Expansion Loan Facility – $2 million</u>

The loan facility limit (or balance, to the extent the facility has been drawn) will reduce to:

- $1.5m on or before 30 November 2019,
- $1.0m on or before 30 November 2020,
- $0 on or before 30 November 2021.

At 30 June 2019 the balance for this facility was $1,941,145 of which $441,145 has been classified as current, and $1,500,000 as non-current.

ii. Lease liabilities

The contractual cash flow for lease arrangements are disclosed in the table below:

	2019	2018
	$	$
Finance lease commitments are payable as follows:		
Within 1 year	218,712	110,825
Later than 1 year but no later than 5 years	1,927,730	188,186
Later than 5 years	-	-
Minimum lease payments	2,146,442	299,011
Future interest charges	(345,699)	(24,871)
Recognised lease liability	1,800,743	274,140
Made up of:		
Current	82,424	97,397
Non-current	1,718,319	176,743
Total lease liability	1,800,743	274,140

Lease liabilities are secured by the respective leased assets and incur interest at fixed rates between 5% and 9%.

iii. Vendor Finance Loans

The Group acquires water leases and other operating assets on deferred payments arrangements (Vendor financing). Such arrangements are individually negotiated with each vendor and where security is required, are secured by the respective assets acquired in that transaction. Vendor finance liabilities as at 30 June 2019 had repayments as follows:

- $251,900 no later than 31 July 2019;
- $225,000 no later than 30 August 2019; and
- $112,500 no later than 31 January 2020.

NOTE 8. NON FINANCIAL ASSETS AND LIABILITIES

a) Biological assets

	2019 $	2018 $
Live Oysters		
Oyster stock – Spat	3,847,989	30,610
Oyster stock – On-grown	308,880	1,432,143
Total biological stock	4,156,869	1,462,753
Balance sheet classification:		
Current	3,237,149	1,360,612
Non-current	919,720	102,141
Total biological stock	4,156,869	1,462,753

The closing balance includes a fair value adjustment of $3,120,158 (2018: $1,251,851)

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

Reconciliation of biological assets

	2019 $	2018 $
Stock value at the beginning of the year	1,462,753	1,019,333
Purchases/additions	1,714,807	287,594
Cost of sales (sales and mortality)	(888,998)	(696,199)
Net movement in fair value adjustment	1,868,307	852,025
Total biological stock	4,156,869	1,462,753

Significant estimates and judgements – Valuation of biological stock

Management value oysters held for sale at their fair value less costs to sell in accordance with AASB141 Agriculture. Estimated fair values are based on estimated selling prices observed in the industry and other relevant factors that ultimately impact fair value. Where there are no observable prices, management may determine a fair price based on certain deductions made on the closest comparable prices. These estimates may vary from net proceeds ultimately achieved.

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

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

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

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level than an input that is significant to the measurements can be categorised into as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included at level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

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

i. *Market approach* uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

ii. *Income approach* converts estimated future cash flows or income and expenses into a single discounted present value.

iii. *Cost approach* reflects the current replacement cost of an asset at its current service capacity.

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

The Group's valuation of Biological Assets is considered to be Level 2 in the fair value hierarchy. A gain of $1,868,307 (2018: $852,025) has been recognised in the profit and loss as to measure the biological assets at fair value.

There were no transfers between levels of the fair value hierarchy during the year.

b) Property plant and equipment

	Land and buildings	Oyster lease infrastructure	Plant and equipment	Assets under construction	Total
	$	$	$	$	$
2019					
At 1 July 2018					
Cost	1,067,028	797,140	1,638,195	489,609	3,991,972
Accumulated depreciation	(2,188)	(203,667)	(374,849)	-	(580,704)
Net book amount	1,064,840	593,473	1,263,346	489,609	3,411,268
Financial year ended 30 June 2019					
Opening net book amount	1,064,840	593,473	1,263,346	489,609	3,411,268
Additions	1,415,908	2,225,315	704,310	-	4,345,533
Disposals	-	-	(33,520)	-	(33,520)
Transfers	-	489,609	-	(489,609)	-
Depreciation	(29,356)	(462,893)	(192,246)	-	(684,495)
Closing net book amount	2,451,392	2,845,504	1,741,890	-	7,038,786
At 30 June 2019					
Cost	2,482,936	3,512,064	2,281,538	-	8,276,538
Accumulated depreciation	(31,544)	(666,560)	(539,648)	-	(1,237,752)
Net book amount	2,451,392	2,845,504	1,741,890	-	7,038,786
2018					
At 1 July 2017					
Cost	603,259	465,508	1,319,038	-	2,387,805
Accumulated depreciation	(911)	(78,876)	(144,422)	-	(224,209)
Net book amount	602,348	386,632	1,174,616	-	2,163,596
Financial year ended 30 June 2018					
Opening net book amount	602,348	386,632	1,174,616	-	2,163,596
Additions	547,566	342,895	506,858	489,609	1,886,928
Disposals	(83,797)	(7,508)	(191,456)	-	(282,761)
Depreciation	(1,277)	(128,546)	(226,672)	-	(356,495)
Net book amount at end of year	1,064,840	593,473	1,263,346	489,609	3,411,268
At 30 June 2018					
Cost	1,067,028	797,140	1,638,195	489,609	3,991,972
Accumulated depreciation	(2,188)	(203,667)	(374,849)	-	(580,704)
Net book amount	1,064,840	593,473	1,263,346	489,609	3,411,268

Leased assets and assets pledged as security

Property plant and equipment includes equipment of $202,256 (2018: $273,739) that is held through a finance lease arrangement. The leased equipment is also encumbered as security for the corresponding lease liabilities of $176,742 (2018: $273,870)

Subsequent to year end, the company secured asset finance through a Hire Purchase agreement for one of its new vessels. This vessel with book value of $380,749 is now pledged as security for the liability of $350,000.

Significant estimates and judgments - recoverability of property, plant and equipment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment (impairment indicators). If impairment indicators are noted, management performs an impairment assessment by comparing recoverable value (higher of value in use and fair value less cost to sale) of assets to their carrying values, at the individual asset level or for the respective cash generating unit (CGU). Where the carrying value of an asset or CGU exceeds its recoverable value, an impairment loss is recognised to reduce the carrying value to the recoverable value. There were no impairment indicators noted for property plant and equipment.

Subsequent to year end the Group disposed of some surplus assets which included property plant and equipment. Refer to Note 13.

c) Intangible Assets

	Oyster leases	Other intangible assets	Total
	$	$	$
2019			
At 1 July 2018			
Cost	2,734,149	22,323	2,756,472
Accumulated amortisation	-	(7,250)	(7,250)
Net book amount	2,734,149	15,073	2,749,222
Financial year ended 30 June 2019			
Net book amount at the beginning of the year	2,734,149	15,073	2,749,222
Additions	3,898,050	-	3,898,050
Disposals	(62,500)	-	(62,500)
Amortisation	-	(4,416)	(4,416)
Net book amount at end of year	6,569,699	10,657	6,580,356
At 30 June 2019			
Cost	6,569,699	22,323	6,592,022
Accumulated amortisation	-	(11,666)	(11,666)
Net book amount	6,569,699	10,657	6,580,356
2018			
At 1 July 2017			
Cost	1,752,300	13,932	1,766,232
Accumulated depreciation		(2,786)	(2,786)
Net book amount	1,752,300	11,146	1,763,446
Financial year ended 30 June 2018			
Net book amount at the beginning of the year	1,752,300	11,146	1,763,446
Additions	981,849	8,391	990,240
Amortisation	-	(4,464)	(4,464)
Net book amount at end of year	2,734,149	15,073	2,749,222
At 30 June 2018			
Cost	2,734,149	22,323	2,756,472
Accumulated amortisation		(7,250)	(7,250)
Net book amount	2,734,149	15,073	2,749,222

Leased assets and assets pledged as security

Oyster leases include leases of $1,803,025 (2018: Nil) that are held through a finance lease arrangement. These leases are encumbered as security for the corresponding lease liability of $1,624,000 (2018: Nil)

Significant estimates and judgements - *Impairment testing of intangible assets with indefinite lives*

For intangible assets with a finite life, at the end of each reporting period, management assess whether there are any indications that an asset may be impaired (i.e. its carrying amount may be higher than its recoverable amount).

For intangible assets with an indefinite life, for impairment testing purposes, the Group identifies its cash generating unit (CGU) which is the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets of the Group.

Oyster leases are considered to be intangible assets with indefinite useful lives on the basis of reasonable expectation that they can be renewed at the end of each lease period for the foreseeable future. Consequently, Oyster leases are not amortised but are tested for impairment each reporting period in accordance with AASB 136 *Impairment of Assets.* Management have determined that there is one CGU.

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

Key assumptions

	2019	**2018**
	%	**%**
Average growth rate over forecast period	11.0	3.0
Terminal value growth rate	2.5	2.5
Post tax discount rate	12.6	13.2

Management believes that any reasonable possible change in the key assumptions would not cause the carrying amount of the CGU to exceed the recoverable amount. At each reporting date the directors review intangible assets for impairment. No impairment was assessed as necessary in 2019 (2018: Nil).

Subsequent to year end the Group disposed of some surplus assets which included oyster leases. Refer to Note 13.

d) Other assets

	2019	2018
	$	$
Current		
Prepayments	28,333	129,748
Deposit – Cowell asset acquisition	-	306,151
	28,333	435,899
Non-current		
Borrowing costs	23,845	7,979
Deposits	1,000	-
	24,845	7,979

e) Employee benefits provisions

	2019	2018
	$	$
Current		
Annual leave provision	134,916	68,314
Short term incentive	46,938	-
	181,854	68,314
Non-current		
Long service leave provision	30,443	13,482
	30,443	13,482

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

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

NOTE 9. EQUITY

a) Share capital

	2019 SHARES	2018 SHARES	2019 $	2018 $
Issued and fully paid ordinary shares	131,849,640	125,577,900	16,809,853	15,893,853
Share issue costs			(1,886,792)	(1,886,792)
			14,923,061	14,007,061

i. Movements in share capital (excluding share issue costs)

	NUMBER OF SHARES	AVERAGE ISSUE PRICE $	TOTAL $
Year ended 30 June 2019			
Opening balance	125,577,900		15,893,853
Issue of new shares:			
- Equity settled remuneration	6,271,740	0.15	916,000
Closing balance	**131,849,640**		**16,809,853**
Year ended 30 June 2018			
Opening balance	53,701,933		7,023,853
Ordinary shares issued during the period prior to the reorganisation	100,000	0.20	20,000
Shares issued on reorganisation (3 for 2)	26,900,967	-	-
Balance following reorganisation	80,702,900		7,043,853
Ordinary shares issued at IPO	40,000,000	0.20	8,000,000
Ordinary shares issued to founder under Employee Incentive Scheme	500,000	0.20	100,000
Ordinary shares issued to lead manager upon IPO	1,250,000		250,000
Ordinary shares issued on conversion of convertible note	3,125,000		500,000
Balance at period end	**125,577,900**		**15,893,853**

ii. Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

iii. Options

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

iv. Capital management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

v. Transaction costs

The Company raised capital during the year ended 30 June 2018. Transaction costs directly associated with the capital raising were recorded directly in equity as a reduction to issued capital. Total transactions costs for that period were $1,163,912, including an amount of $186,400 being the fair value of options and $250,000 being share based payments issued to parties as consideration for capital raising services.

vi. Capital reorganisation

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

b) Reserves

	2019	2018
	$	$
Share based payments reserve	686,694	721,726
	686,694	**721,726**

i. Movements in reserves

	Share based payment reserve	Common Control Reserve	Total
	$	$	$
Year ended 30 June 2019			
Opening balance	721,726	-	721,726
Share based payments expense	880,968	-	880,968
Transfer to share capital on issue of shares	(916,000)	-	(916,000)
Closing balance	**686,694**	**-**	**686,694**
Year ended 30 June 2018			
Opening balance	368,000	(800,000)	(432,000)
Share based payments expense	353,726	-	353,726
Transfer to accumulated losses	-	800,000	800,000
Closing balance	**721,726**	**-**	**721,726**

ii. Share based payments reserve

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

The specific details of each tranche of options, performance rights and performance shares on issue are detailed in Note 15.

iii. Common Control Reserve

The Common Control Reserve originated from the acquisition of the business of the Halman Family Trust. The business acquisition was determined to be under common control and the common control reserve represented the excess of consideration over the net assets acquired. The balance of the Common Control Reserve was subsequently recycled to Accumulated Losses following the Debt for Equity Swap transaction in prior year.

NOTE 10. CASH FLOW INFORMATION

a) Reconciliation of net profit/(loss) for the year to net cash flow from operating activities:

	2019 $	2018 $
Profit/(loss) for the year	305,377	(1,142,629)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	4,416	4,464
- depreciation	684,495	356,495
- finance costs	109,877	1,468
- loss on sale of fixed assets	21,619	88,454
- loans forgiven	-	(780,188)
- share based payments	880,968	286,926
- (gain) on revaluation of biological assets	(1,868,307)	(852,025)
Changes in assets and liabilities:		
- (increase) in trade and other receivables	(276,016)	(98,744)
- (increase) in capitalised borrowing costs	(27,333)	(5,271)
- (increase) in rental bonds	-	(2,692)
- (increase)/decrease in biological assets	(573,909)	408,605
- (increase) in current tax receivables	-	713
- (increase) in deferred tax assets	-	26,876
- increase in trade and other payables	396,382	(186,207)
- increase in deferred tax liability	-	(188,225)
- increase in employee benefits	130,502	34,355
Cashflows from operations	(211,929)	(2,047,625)

Non-cash financing and investing activities

The following investing and financing activities did not have a direct impact on the current year cash flows:

	2019 $	2018 $
Capital raising costs paid in shares	-	186,400
Purchases of assets under vendor finance arrangements	589,400	-
Purchases of assets under finance lease arrangements	1,632,000	-
	2,221,400	186,400

FINANCIAL RISK

This section of the notes discusses the group's exposure to various risks and shows how these could affect the group's financial position and performance.

NOTE 11. FINANCIAL RISK MANAGEMENT

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

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	2019	2018
	$	$
Financial assets at amortised cost		
Cash and cash equivalents	530,237	3,957,345
Trade and other receivables	525,817	249,801
	1,056,054	4,207,146
Financial liabilities at amortised cost		
Trade and other payables	569,344	172,962
Borrowings	5,798,618	900,870
	6,367,962	1,073,832

a) Financial Risk Management Policies

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

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

b) Specific financial risk exposures and management

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

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

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

i. Trade receivables
ii. Cash at bank
iii. Trade and other payables
iv. Borrowings, comprising bank facilities, finance leases and vendor finance

Risk exposure and mitigation strategies for specific risks faced are described below:

I. Liquidity risk

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

i. preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;

ii. monitoring undrawn credit facilities;

iii. obtaining funding from a variety of sources;

iv. maintaining a reputable credit profile;

v. managing credit risk related to financial assets;

vi. only investing surplus cash with major financial institutions; and

vii. comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Group's ability to continue operating its business and execute its business plan over time will depend on its ability to generate free cash flow, to raise funds for operations and growth activities, and to service, repay or refinance debts as they fall due. The Group's operations are subject to a number of operational and environment risks inherent to primary industries and the nature of biological stock which may ultimately have an impact on the Group's cash flows and liquidity. The Group considers that it has both internal and external options to manage Group liquidity should need arise, including raising additional funding through debt and/or equity.

a) Financing arrangements

At 30 June 2019, the company has access to the following undrawn revolving credit facilities:

	2019	2018
	$	$
Bank overdraft (working capital facility)	532,201	800,000
Bank loan facility	58,855	-
	591,056	800,000

The working capital facility has a limit of $2,000,000 (2018: $800,000), of which $1,467,799 was drawn down at 30 June 2019 (2018: Nil). Funds may be drawn and repaid at any time without notice. The facility is renewed annually subject to a review by the bank.

The bank loan has a limit of $2,000,000 which will reduce to $1,500,000 on 30 November 2019, $1,000,000 on 30 November 2020 and expires 30 November 2021. Funds may be drawn and repaid at any time without notice.

b) Maturity of financial liabilities

The table below reflects an undiscounted contractual maturity analysis for financial liabilities (excluding bank revolving facilities that have not fixed cash flow profiles).

	Less than 6 months	Between 6-12 months	Between 1-2 years	Between 2-5 years	Total contractual cash flow	Carrying amount
	$	$	$	$		$
30 June 2019						
Non-derivatives						
Trade creditors and other	569,344	-	-	-	569,344	569,344
Borrowings						
Vendor finance	479,713	112,968	-	-	592,681	588,931
Lease liabilities	119,357	99,355	209,208	1,718,522	2,146,442	1,800,743
Total non-derivatives	**1,168,414**	**212,323**	**209,208**	**1,718,522**	**3,308,467**	**2,959,018**

	Less than 6 months	Between 6-12 months	Between 1-2 years	Between 2-5 years	Total contractual cash flow	Carrying amount
	$	$	$	$		$
30 June 2018						
Non-derivatives						
Trade creditors and other	169,030	-	-	-	169,030	169,030
Amounts due to related parties	-	-	3,932	-	3,932	3,932
Borrowings						
Vendor finance	26,730	600,000	-	-	626,730	626,730
Lease liabilities	48,698	48,699	89,877	86,866	274,140	274,140
Total non-derivatives	**244,467**	**648,699**	**93,809**	**86,866**	**1,073,841**	**1,073,832**

The group does not have any Financial Guarantees to external parties.

II. Credit risk

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

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

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

Credit Risk Exposures

The Group’s main exposure to credit risk is in relation to receivables and deposits placed with financial institutions or suppliers. Trade receivables consist of a small number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that may be past due.

Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

As at 30 June 2019, there were no receivables that were past due (2018: Nil) and there were no expenses recognised during the financial year then ended for the write-off of receivables or provision for doubtful debts (2018: Nil).

All the Groups bank balances are held with National Australia Bank (NAB) which has a Standard & Poors (S&P) credit rating of ‘AA-‘.

III. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the Group to interest rate risk are limited to cash and cash equivalents.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2019, 54% of the Group debt is subject to a floating rate (2018: 0%).

The Group also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

The net effective variable interest rate borrowings (i.e. unhedged debt) expose the Group to interest rate risk, which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

	2019	2018
	$	$
Non-derivative Floating rate liabilities		
Bank facilities	3,408,944	-
	3,408,944	-

(ii) Group sensitivity to interest rates

Based on the floating rate financial liabilities and assets held by the group at 30 June 2019, the following table shows the sensitivity of the Group's results to potential changes in the interest rate.

	2019	2018
	$	$
Increase/(decrease) in profit after tax		
Interest rate 1% higher	(17,108)	-
Interest rate 1% lower	17,108	-
Impact on equity (other than accumulated losses)		
Interest rate 1% higher	-	-
Interest rate 1% lower	-	-

UNRECOGNISED ITEMS

This section of the financial statements provides information about items that are not recognised in the financial statements as they do not yet satisfy recognition criteria.

NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER GUARANTEES

a) Capital Expenditure Commitments

Significant capital expenditure contracted for at the end of the period but not recognised as assets and liabilities is as follows:

	2019	2018
	$	$
Plant and equipment purchases	-	126,817
Cowell assets acquisition	-	2,700,000
	-	2,826,817

b) Operating leases

Non-cancellable operating leases contracted for but not recognised in the financial statements

	2019	2018
	$	$
Minimum lease payments:		
Within 1 year	109,257	124,293
Later than 1 year but no later than 5 years	232,743	90,606
	342,000	214,899

c) Contingencies and guarantees

The Group does not have any contingent liabilities and has not provided any guarantees.

NOTE 13. EVENTS OCCURRING AFTER THE REPORTING DATE

The following events occurred subsequent to the reporting date have not been accounted for in the financial statements:

Acquisition of additional water in Coffin Bay and Smoky Bay assets disposal

On 25 July 2019, the Group entered into an agreement with Mr Gregory Lawrence to acquire 1.5Ha of quality water in Coffin Bay for $600,000. The additional water will be used to increase finishing capacity to expand existing grow out areas. A deposit of $120,000 was paid in July on signing the agreement with the balance payable in two tranches; $180,000 payable on 18 December 2019 and $300,000 on 1 July 2020, with outstanding balances accruing interest at 6% per annum.

On the same day, the Group announced it had entered in to agreements to sell its assets in Smoky Bay, consisting of 1.3Ha of water leases and on-land infrastructure and equipment, for a total of $450,000. The disposed assets had a carrying book value of $307,239.

Hire Purchase agreement

On 22 July 2019, the Group finalised settlement for its asset finance facility under a hire purchase agreement with the NAB for its newest and recently commissioned big vessel Angel VI and received $350,000. The Hire Purchase facility will be repaid in 60 equal monthly instalments of $6,480 commencing in August 2019.

OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

NOTE 14. RELATED PARTY DISCLOSURES

a) Ultimate parent

Angel Seafood Holdings Limited is the ultimate holding company of the group.

b) Subsidiaries

Interests in subsidiaries are set out in Note 19.

c) Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel (KMP). Detailed remuneration disclosures are provided in the Remuneration Report.

Remuneration paid to KMP of the Group for the year is as follows:

	2019	2018
	$	$
Short term employee benefits	486,335	251,394
Post-employment benefits	37,613	19,002
Other long term benefits	1,850	582
Share based payments	864,968	286,926
	1,390,766	557,904

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

Post-employment benefits
These are company contributions to superannuation funds of the respective KMP.

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

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

Further information in relation to KMP remuneration can be found in the Remuneration Report.

d) Transactions with other related parties:

Transactions with related parties, other than KMP in their capacity as KMP, are set out below:

	2019	2018
	$	$
Purchases of goods and services		
Interract Business Consulting Pty Ltd [(1)]	-	109,981
B5 Partners Pty Ltd [(2)]	-	5,000
Michael Porter [(3)]	2,500	60,600
Salaries and wages		
K Halman [(4)]	106,360	93,754
C Goldsmith [(5)]	3,545	-
Interest expense		
Halman Family Trust [(6)]	-	11,553
	112,405	280,888

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

(2) Boris Bosnich is a Director of B5 Partners Pty Ltd. Payments made to B5 Partners Pty Ltd were in respect of consulting services provided by him. Boris Bosnich resigned as a director on 11 August 2017.

(3) Michael Porter provided consulting services to the Group in addition to his role as a Non-Executive Director.

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

(5) Claire Goldsmith is a close family member to Tim Goldsmith, Non-Executive Chairman, and was temporarily employed by the business under a commercial employment relationship.

(6) Isaac Halman is a beneficiary of the Halman Family Trust.

e) Outstanding balances arising from transaction with related parties

	2019	2018
	$	$
Trade and other payables	-	11,000
Other assets	-	5,667

NOTE 15. SHARE BASED PAYMENTS

a) Types of share based payment plans

The Group has a Performance Rights and Option Plan in existence which forms an important part of a comprehensive remuneration strategy for the Company's Directors and employees, and align their interests with those of shareholders by linking rewards to the long term success of the Company and its financial performance.

Measurement

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

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

Other 'non-employee' share based payments arrangements

The Group may also issue equity instruments as settlement for goods and services provided by external parties. In these case, the equity instruments are measured with reference to the value of the goods and/or services provided.

b) Summary and movement of options on issue

The table below summarises the number, weighted average exercise prices and movements in Options on issue during the financial year:

	2019		2018	
	Weighted average exercise price ($)	Number of options	Weighted average exercise price ($)	Number of options
Balance at the beginning of the year	0.1746	12,000,000	0.0833	6,000,000
Granted during the year	0.2800	1,200,000	0.2667	6,000,000
Balance at the end of the year	0.1842	13,200,000	0.1746	12,000,000
Vested and exercisable at end of the year	0.1746	12,000,000	0.1746	12,000,000

Each option is convertible into one ordinary share. There are no voting or dividend rights attached to the options. Voting and dividend rights will attach to the ordinary share when the options have been exercised.

Options granted during the year will vest upon completion of the service condition. Refer to Remuneration Report.

Share options outstanding at the end of the financial year have the following expiry dates and exercise prices:

			2019	2018
Grant date	**Expiry date**	**Exercise price ($)**	**Number**	**Number**
20 Apr 2017	28 Feb 2021	0.0833	6,000,000	6,000,000
8 Feb 2018	28 Feb 2022	0.2000	4,000,000	4,000,000
8 Feb 2018	28 Feb 2022	0.4000	2,000,000	2,000,000
7 May 2019	25 Feb 2022	0.2800	1,200,000	-
			13,200,000	12,000,000
Weighted average remaining contractual life of options outstanding at the end of the year			1.8 years	2.7 years

Fair value of options granted

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Expiry date	Share price at grant date($)	Exercise price ($)	Expected volatility[1]	Dividend yield	Risk free interest rate	Fair value at grant date
7 May 2019	25 Feb 2022	0.17	0.28	71%	-	1.08%	0.0827

[1] Expected volatility is based on the historical market share prices for the Group and selected peer companies over a 12 month period prior to the grant date.

c) Summary and movement of performance shares and rights

	2019 Number	2018 Number
Balance at the beginning of the year	5,500,000	-
Granted during the year	1,000,000	5,500,000
Exercised and converted to shares	(4,500,000)	-
Balance at the end of the year	2,000,000	5,500,000
Vested and exercisable at end of the year	-	-

1,000,000 performance rights were issued in accordance with the Performance Rights and Option Plan on 7 May 2019, with a fair value of $0.20 per unit and the same vesting conditions as existing performance shares.

Vesting of the 2,000,000 performance rights and shares outstanding at 30 June 2019 is subject to the following performance hurdles all being achieved in a single financial year up to and including the financial year ending 30 June 2022 as determined by the audited financial statements:

- annual sales revenue of at least $8 million (excluding fair value adjustments),
- a positive cash flow for the financial year; and
- a net profit before tax of greater than or equal to $0.0266 earnings per share.

d) Expenses arising from share based payments transactions

Total expenses arising from share based payments transactions recognised during the financial year were as follows:

	2019 $	2018 $
Recognised in profit and loss		
Employee Share Scheme		
- Share options	37,134	14,400
- Performance shares and rights	827,834	152,526
- Ordinary shares granted	16,000	120,000
Total employee benefits	880,968	286,926
Other equity settled transactions	-	66,400
	880,968	353,326

NOTE 16. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by the auditors of the Group, its related practices.

	2019 $	2018 $
Audit services		
Auditing/reviewing the financial statements for Company	45,341	28,270
Auditing/reviewing the financial statements for Halman Family Trust	-	13,500
Total audit fees	45,341	41,770
Non-audit Services		
- preparation of the independent accountant's report	-	34,000
- Agreed Upon Procedures	900	
Total fees paid to William Buck and associates	**46,241**	**75,770**

NOTE 17. EARNINGS PER SHARE

	2019 Cents	2018 Cents
Earnings/(loss) per share		
Basis earnings/(loss) per share	0.24	(1.18)
Diluted earnings/(loss) per share	0.23	(1.13)

a) Reconciliation of earnings used in calculating basic and diluted earnings per share

	2019 $	2018 $
Basic earnings/(loss)		
Profit/(loss) attributable to ordinary shareholders of the Group used in calculating basic earnings/(loss) per share	305,377	(1,142,629)
Diluted earnings/(loss)		
Profit/(loss) attributable to ordinary shareholders of the Group used in calculating diluted earnings/(loss) per share	305,377	(1,142,629)

b) Weighted average number of shares used as denominator to calculate basic and diluted earnings per share

	2019 $	2018 $
Assets		
Weighted average number of ordinary shares used in calculating basic earnings per share	127,935,682	96,640,160
Weighted average number of dilutive options outstanding	3,436,923	2,932,638
Weighted average number of dilutive performance shares outstanding	-	1,658,904
Weighted average number of ordinary shares used in calculating diluted earnings per share	131,372,605	101,531,702

NOTE 18. PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements of the parent entity, Angel Seafood Holdings Limited, prepared on the same basis as the consolidated financial statements, show the following aggregate amounts.

	2019	2018
	$	$
Assets		
Current assets	252	3,897,054
Non-current assets	13,470,034	9,811,675
Total assets	13,470,287	13,708,729
Liabilities		
Current liabilities	27,077	7,655
Non-current liabilities	-	3,932
Total liabilities	27,077	11,587
Net assets	**13,443,210**	**13,697,142**
Equity		
Share capital	14,923,061	14,007,061
Reserves	686,294	721,726
Accumulated losses	(2,166,145)	(1,031,645)
Total equity	13,443,210	**13,697,142**
Loss after income tax for the year	(1,134,901)	(74,235)
Other comprehensive income	-	
Total comprehensive income for the year	(1,134,901)	**(74,235)**

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2019.

Contractual commitments

The parent entity did not have any contractual commitments as at 30 June 2019.

Guarantees

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

NOTE 19. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the policy for consolidation set out in Note 20.

		Percentage of equity interest held by the group	
	Principal place of business	**2019**	**2018**
Angel Oysters Australia Pty Ltd	Port Lincoln, SA, Australia	100%	100%
Angel Seafood Infrastructure Pty Ltd	Port Lincoln, SA, Australia	100%	100%

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

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles for consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Angel Seafood Holdings Ltd) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 19.

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

Business combinations

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

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

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

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

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

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

b. Income Tax

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

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

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

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

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

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

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

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

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

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

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

c. Fair Value of Assets and Liabilities

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

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

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

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

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

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

d. Leases

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

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

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

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

e. Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from the sale of goods and a corresponding receivable is recognised at the point of delivery of goods to the customer as this corresponds to the transfer of control and ownership. At this point, the Group's right to consideration is deemed unconditional, as only the passage of time is required before payment of that consideration is due. There is no significant financing component in revenue because sales (which include those with volume discounts) are made within a credit term of 15 to 45 days.

Interest revenue is recognised using the effective interest method.

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

f. Trade and other receivables

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

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for credit loss.

g. Trade and other payables

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

h. Finance Costs

Finance costs include all interest-related expenses, other than those arising from financial assets at fair value through profit or loss. Fees and charges incurred in the syndication of borrowing facilities are capitalised and amortised over the expected life of the respective facility. The amortisation expense is included in finance costs.

i. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

j. Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

k. Property, plant and equipment

Each class of property, plant and equipment is carried at cost, where applicable, any accumulated depreciation and impairment losses.

Property

Property includes freehold land, buildings and other property improvements on the land. Freehold land is carried at cost less any impairment write down. Land is not depreciated as it is considered to have an indefinite useful life. Buildings and other property improvements are measured on the cost basis and therefore carried at cost less accumulated depreciation, and any accumulated impairment. In the event the carrying amount of freehold land and buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Plant and Equipment

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

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

k. Property, plant and equipment (continued)

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

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

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	**Depreciation rate**
Plant and Equipment	5%-50%
Computer Software	25%
Buildings and property improvements	2.5%-5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

l. Intangible Assets

Oyster Leases

Oyster leases are measured on the cost basis and therefore carried at cost less any accumulated impairment. In the event the carrying amount of an oyster lease is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. Oyster leases have indefinite useful lives and an impairment assessment is performed annually and whenever there is indication that the assets may be impaired.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

l. Intangible Assets (continued)

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

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

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than oyster leases, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

m. Impairment of assets

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

If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives are tested for impairment at each reporting period.

n. Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

n. Financial Instruments (continued)

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at amortised cost; or fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 : Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income; or fair value through profit or loss. Measurement is on the basis of the contractual cash flow characteristics of the financial asset and the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

n. Financial Instruments (continued)

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

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

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults. Impairment of trade receivables is determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected losses.

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

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

o. Functional and presentation currency

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

p. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdraft are shown within borrowings, in current liabilities, in the statement of financial position.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

q. Biological Assets

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

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

These assumptions are updated regularly, and the fair value increments or decrements are recorded in the statement of profit or loss and other comprehensive income.

r. Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

Other long-term employee benefits are measured at present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12-months after the end of the reporting period, in which case the obligations are presented as current provisions.

s. Provisions

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

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

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

t. Share-based payments

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

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

u. Segment reporting

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

v. Comparative figures

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

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

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

w. New Accounting Standards and Interpretations

New standards adopted by the Group

The Group has applied the following standards for the first time in the year ended 30 June 2019:

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from contracts with customers*

The adoption of these standards did not result in any material changes to the Group's results or its financial position in both the current year and the comparative period.

New standards and interpretations not yet adopted by the group

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

– **AASB 16 *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).**

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117 *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

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

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

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. AASB 16 also allows the use of practical expedients for recognition of contracts previously classified as operating leases.

The Group has evaluated that the impact of the new standards and determined that the impact on the statement of financial position at 30 June 2019 will be an increase in lease related assets of $291,659, and a corresponding increase in lease liabilities of the same amount on recognition of leases previously classified as operating leases. The impact on the consolidated statement of profit and loss is not material.

Directors' Declaration

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

1. the financial statements and notes for the year ended 30 June 2019 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Consolidated Group;

2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

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

Tim Goldsmith
Chairman

Dated this 30th day of August 2019

Additional Information for Listed Companies

The following information is current as at 27 August 2019:

1. **Shareholding**

131,849,64 fully paid ordinary shares were on issue. 87,995,284 ordinary fully paid shares were quoted on ASX Limited. 43,854,356 fully paid ordinary shares are restricted and will remain unquoted until 21 February 2020.

There were 567 holders of fully paid ordinary shares and 35 holders of unquoted ordinary shares restricted until 21 February 2020.

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

a. **Distribution of Shareholders**

Category (size of holding)	Number of Holders of Ordinary Shares
1 - 1,000	11
1,001 - 5,000	83
5,001 – 10,000	110
10,001 – 100,000	245
100,001 – and over	118
Total	**567**

b. The number of shareholders holding less than marketable parcels is 15.

c. Substantial shareholders disclosed to the Company as at 27 August 2019 are:

Shareholder	Number of Ordinary Shares
Angel Oysters Pty Ltd ATF the Halman Family Trust	23,770,208
Bonafide Wealth Management AG *	21,090,560
Thorney Opportunities Limited	12,318,665

**The disclosed holding by Bonafide Wealth Management AG comprises 9,147,143 shares held by IFM Independent Fund Management AG as Trustee for the Bonafide Global Fish Fund and 11,943,417 shares held by Deep Blue Ventures Holdings SPC DBVF III & IV Segregated Portfolios.

d. **Voting Rights**

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

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

20 Largest Shareholders – Ordinary Shares

Name	Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
ANGEL OYSTERS PTY LTD <HALMAN FAMILY A/C>	23,770,208	18.03
J P MORGAN NOMINEES AUSTRALIA LIMITED	22,319,560	16.93
UBS NOMINEES PTY LTD	12,312,970	9.34
MR MICHAEL RICHARD PORTER + MRS PATRICIA MARY PORTER	5,525,000	4.19
MR KIRIL DENNIS BOITCHEFF + MS SUZANNE JANET BOITCHEFF <SEAVIEW SUPER FUND A/C>	5,037,750	3.82
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,719,196	2.82
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	2,680.623	2.03
NATIONAL NOMINEES LIMITED	2,350,000	1.78
MR BRETT ANTONY WISEMAN + MS LEAH JAYNE WISEMAN <WISEMAN SUPER FUND A/C>	2,200,000	1.67
MR ANDREW JOSEPH COATES + MRS MELINDA JANE COATES <AJ & MJ COATES S/F A/C>	2,000,000	1.52
AJR MANAGEMENT SERVICES PTY LTD <AJR MANAGEMENT SERVICES A/C>	1,944,600	1.47
MRS MELINDA JANE COATES	1,500,000	1.14
MOLLYGOLD SUPERANNUATION PTY LTD <MOLLYGOLD SUPER FUND A/C>	1,500,000	1.14
MAUNSELL GLOBAL CORPORATION	1,345,000	1.02
MR BRETT WILLIAM FISHER PATON + MRS VICKI ANNE PATON <BRETT PATON FAMILY SUPER A/C>	1,241,685	0.94
MR CYRIL KOLEFF	1,037,500	0.79
MR ISAAC LEE HALMAN	1,000,002	0.76
MR ANDREW COATES	1,000,000	0.76
EVERBLU CAPITAL PTY LTD	1,000,000	0.76
JONESY'S SUPER PTY LTD <ONESY'S S/F A/C>	1,000,000	0.76
Total	**94,484,094**	**71.67**

2. The Company Secretary is Ms Christine Manuel.

3. **Registered Office and Principal Place of Business**
   48 Proper Bay Road
   Port Lincoln SA 5606
   Ph: 0456 401 272

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

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