

ASX Announcement | 27 February 2025

Seafarms Group Limited (ASX: SFG)

SFG ASX Announcement No: 789

Appendix 4D

Half Year Report – 31 December 2024

Seafarms Group Limited (ASX: SFG) today announced its interim financial results for the six months ending 31 December 2024 (H1 FY25).

**Key points:**

- Seafarms Group continues to invest in the development of **Project Sea Dragon (PSD)** both **with the increased sales of export to develop markets in readiness for PSD production** and the investment of time, funds and energy into the project team, licences, approvals and a number of key **potential investors that continue to seek involvement** in the project subject to a resolution of the liquidation matter.
- The Group's half-year loss of **\$6.7 million** reflects the continued investment in Project Sea Dragon.
- Total production of **480 tonnes** compared to 697 tonnes in the prior corresponding period noting that it was consistent with a planned reduction in anticipation of poor market conditions that proved correct.
- The court-appointed liquidators of Project Sea Dragon Pty Ltd are seeking court approval to appoint themselves as administrators, with a hearing scheduled for 4 March 2025. **Seafarms Group Limited fully supports this positive development.**
- 75 tonnes of raw tiger prawns were exported during HY25, bringing total exports from the CY2024 tiger crop to 131 tonnes — **a significant increase from the 76 tonnes exported in CY2023**. This growth **reflects ongoing investment in developing the export market for Project Sea Dragon.**
- Half-year sales revenue included \$1.2 million from the sale of post-larvae to other producers, **highlighting the success of our breeding and domestication program**. This revenue reflects the industry's growing recognition of the lifecycle benefits of sourcing post-larvae from sustainable and reliable domesticated stock rather than relying on wild-caught broodstock with variable performance.
- **The sale of Farm 1 and Farm 2** became unconditional on 20 August 2024, with completion scheduled for 30 April 2025. Sale proceeds of \$7.56 million were received in August 2024, with **the remaining \$5.94 million expected on 30 April 2025.**

This announcement has been approved by the Board.

Ends.

For further information, please contact:

**Seafarms Group**

Mr. Harley Whitcombe

Company Secretary

P: +61 8 8923 7924

**Media / Investor Enquiries**

John Fergusson

P: +61 407 826 952

E: [info@seafarms.com.au](mailto:info@seafarms.com.au)

**About Seafarms Group**

Seafarms Group Limited (ASX: SFG) is a sustainable aquaculture company, producing the premium Crystal Bay® Prawns and developing the Project Sea Dragon prawn aquaculture project in northern Australia.

## 1. Company details

Name of entity:	Seafarms Group Limited
ABN:	50 009 317 846
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	44.5% to	11,269,858
Loss from ordinary activities attributable to the members of Seafarms Group Limited	up	11.1% to	(6,672,701)
Loss for the half-year attributable to the members of Seafarms Group Limited	up	11.1% to	(6,672,701)

### Dividends

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

### Comments

The loss for the Group amounted to \$6,672,701 (31 December 2023: \$6,003,711).

## 3. Dividends

### Current period

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

### Previous period

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

## 4. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.17</u>	<u>0.31</u>

# Seafarms Group Limited

ABN 50 009 317 846

For personal use only Half-year Report - 31 December 2024

Directors	<p>Ian Norman Trahar, B.Ec, MBA <i>Non-executive Chairman (Director since 13 November 2001)</i></p> <p>Harley Ronald Whitcombe, B.Bus, CPA <i>Executive Director (since 20 May 2022)</i></p> <p>Rodney John Dyer B.E, (Mech) <i>Non-executive Director (since 25 March 2024); Executive Director (20 May 2022 - 25 March 2024)</i></p>	
Company secretary	Harley Ronald Whitcombe, B.Bus, CPA	
Registered office	Unit 5, 3 Swan Crescent Winnellie Darwin, NT 0820 Telephone No: (08) 9216 5280	
Share register	Computershare Investor Services Pty Limited GPO Box D182 Perth, WA 6000 Telephone No: (08) 9323 2000 Facsimile No: (08) 9323 2033	
Auditor	Pitcher Partners Level 38, 345 Queen Street Brisbane QLD 4000	
Bankers	Commonwealth Bank of Australia Level 21, 180 Ann Street Brisbane QLD 4000	Australia and New Zealand Banking Group Limited 77 St Georges Terrace Perth WA 6000
Stock exchange listing	Seafarms Group Limited shares are listed on the Australian Securities Exchange (ASX code: SFG)	
Website	<a href="http://www.seafarms.com.au">www.seafarms.com.au</a>	

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Seafarms Group Limited (referred to hereafter as the 'Company' or 'Parent Entity' or 'SFG') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

### Directors

The following persons were directors of Seafarms Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Ian Trahar  
Rodney Dyer  
Harley Whitcombe

### Review of operations

#### *Operating results*

Seafarms Group Limited (the Company) continues to pursue the development of Project Sea Dragon (PSD) and in securing project funding. However, the ongoing dispute with Canstruct remains a significant distraction.

The Group's net loss after tax of \$6,672,701 (31 December 2023: \$6,003,711) for the first six months of the financial year 2025 reflects the ongoing investment in Project Sea Dragon.

#### *Project Sea Dragon*

On 1 November 2024, the Company lost its appeal against the judgment of Justice Derrington to set aside the Deed of Company Arrangement (DOCA) and place Project Sea Dragon Pty Ltd into liquidation. Robert Hutson and David Johnstone were appointed as liquidators. As of 1 November 2024, the former Administrators held the sum of \$3,800,000 (provided to them by the Company) comprising the balance of loan money to continue the operations during administration and the deed fund to settle the DOCA. Upon delivery of the judgment the Company sought from the administrator the return of those funds under the terms of the DOCA. The liquidators have also sought to claim those funds despite the clear words of the DOCA to the contrary. The liquidator claims that those funds are an asset of Project Sea Dragon Pty Ltd.

SFG has made an application to the Supreme Court to recover those funds which is set down for hearing on 5 March 2025. The Administrator has withheld \$700,000 of the funds provided to them as security for their fees and outlays with the remaining \$3,100,000 placed with the Supreme Court until its ownership is determined.

Concurrently the liquidators have decided, following their own investigations, to remove Project Sea Dragon Pty Ltd (in liquidation) from liquidation and to place it back into voluntary administration with a view to PSD making a new proposal for a Deed of Company Arrangement. The liquidators have applied to the Supreme Court to become PSD's administrators in order to effect the presentation of the SFG DOCA to creditors. If the liquidators are successful in that application and the DOCA is subsequently effectuated, then at the end of that process Project Sea Dragon Pty Ltd will return to the control of newly appointed directors and as a wholly owned subsidiary of the Company. The Company is fully supportive of this positive step.

The Company continues to develop its potential PSD export markets by increasing export tonnages of tiger prawns from Cardwell while continuing to engage with prospective investors.

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### Queensland Operations

Total production of banana prawns for the half-year was 299 tonnes, down from 697 tonnes in the previous corresponding period. This decline is attributed to:

- A considered decision to produce no frozen raw banana prawns due to the high volume of cheap wild product in the market; and
- A planned reduction in fresh production in response to a forecast decrease in consumer demand for premium products due to cost-of-living concerns.

Total prawn sales for the half-year were 480 tonnes compared to the 933 tonnes sold in the comparable period of the previous year, with the decrease a result of the deliberately reduced production.

Total exports from the calendar year 2024 tiger prawn crop were 131 tonnes which is a significant increase from the 76 tonnes exported during the calendar year 2023 tiger prawn crop. This improvement reflects ongoing investment in the export market development for Project Sea Dragon.

The Company continues to increase its revenue from the sale of post-larvae animals from the hatchery to other producers on the back of the good in farm performance experienced by the other producers to date. This underscores the success of our breeding and domestication program and the growing recognition of the performance benefits of sourcing post-larvae from sustainably bred and healthy domesticated stock rather than operating a hatchery using wild-caught broodstock with variable health and performance.

### Sale of Farm 1 and Farm 2 (F1/F2)

The sale of both F1 and F2 became unconditional on 20 August 2024, with the completion of the sale scheduled for 30 April 2025. Sale proceeds of \$7.56 million were received in August 2024, with the balance of \$5.94 million expected on 30 April 2025.

### Material Business Risk

The Group has in place a risk register and management processes to identify risks and mitigation actions for those risks. There is management oversight to ensure risk mitigation actions are in place and being undertaken. With mitigation in place those risks are reduced to an acceptable level. The material business risks of the Group are as follows:

**Health & safety:** The Group faces specific risks from operating on construction sites and in an agricultural environment in Northern Australia. The Group has comprehensive processes and procedures for identifying and managing risks and processes for ensuring procedures are complied with.

**Status of Project Sea Dragon Pty Ltd (PSDPL):** PSDPL being in liquidation adds uncertainty to Project Sea Dragon. The Company continues to actively work to resolve this issue including working with the liquidator on returning PSDPL to Administration with the liquidator appointed as administrator and a new Deed of Company Arrangement (DOCA) that will see PSDPL returned to normal operations as a wholly owned subsidiary of the Company under the control of directors to be appointed at the time. The Company is also working on an alternative legal and corporate structure that would allow Project Sea Dragon to continue.

**Project financing:** The Group has stated that it will not commence the development of Project Sea Dragon unless full funding for the project has been secured. Securing this financing is uncertain.

**Animal health:** The Group has faced a number of animal health issues over many years particularly in relation to Black Tiger prawns on specific farms. Risk mitigation includes continuous health screening and bacterial monitoring through the production process, stocking of banana prawns on certain sites and stocking in lower risk periods of the year.

**Market risk:** The supply of prawns is competitive with a number of competing species, formats and origins. Higher than average supply can depress prices across the industry. To mitigate this risk the Group focuses on high value niche areas of fresh product and large tiger prawns which are largely sold through retail channels.

**Inflationary cost pressures:** The Group faces increasing unit costs in each of its key inputs of feed, electricity and labour costs. To mitigate these increases the Group continues to pursue efficiency gain and where possible pass on cost increases to its customers. Its ability to pass on input cost rises is a function of market conditions.

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**Matters subsequent to the end of the financial half-year**

In early February, extensive rainfall in the Herbert River catchment led to flooding in Ingham and surrounding areas, including the location of Farm 3. The main farm, including all ponds, was constructed above previous flood levels, resulting in only one lower-lying pond and a maintenance shed being inundated. Although the farm was isolated from road access for several days, the onsite farm manager ensured that essential services remained operational and that the prawns were fed until access was restored. Since then, the operations team has swiftly worked to return the farm to normal. The damage and the impact on prawn production is still being evaluated.

On 26 February the Company agreed a short-term increase in its Revolving Credit Facility with Avatar Finance Pty Ltd to \$8,500,000. The facility limit will revert back to \$7,000,000 on settlement of the sale of Farm 1 and 2.

**Auditor's independence declaration**

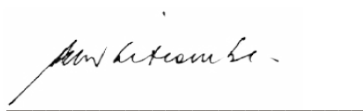
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

**Rounding of amounts**

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Harley Ronald Whitcombe  
Secretary

27 February 2025

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The Directors  
Seafarms Group Limited  
Level 10, 490 Upper Edward St  
SPRING HILL QLD 4004

### **Auditor's Independence Declaration**

In relation to the independent auditor's review for the half-year ended 31 December 2024, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Seafarms Group Limited and the entities it controlled during the period.

*Pitcher Partners*

PITCHER PARTNERS



**DANIEL COLWELL**  
Partner

Brisbane, Queensland  
27 February 2025

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### **General information**

The condensed financial statements cover Seafarms Group Limited as a Group consisting of Seafarms Group Limited (referred to hereafter as the 'Company' or 'Parent Entity' or 'SFG') and the entities it controlled (referred to hereafter as the 'Group') the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Seafarms Group Limited's functional and presentation currency.

Seafarms Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 5, 3 Swan Crescent  
Winnellie  
Darwin NT 0820

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2025.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other information are available at our Shareholder Centre on our website: [www.seafarms.com.au](http://www.seafarms.com.au).

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Seafarms Group Limited  
Condensed consolidated statement of profit or loss and other comprehensive income  
For the half-year ended 31 December 2024



	Note	Consolidated	
		31 December 2024 \$	31 December 2023 \$
<b>Revenue</b>	3	11,269,858	20,324,041
Other income		217,836	21,832
<b>Expenses</b>			
Finance costs		(417,570)	(174,491)
Change in biological assets		539,330	(4,661,010)
Change in finished good inventory		(3,177,170)	(1,758,190)
Feed and consumables		(3,104,093)	(4,770,593)
Energy costs		(1,397,631)	(1,699,508)
Employee benefits expense		(5,459,235)	(6,518,854)
Depreciation and amortisation expense		(713,599)	(1,293,460)
Construction costs		(140,362)	56,139
Impairment of receivable	4	(400,000)	-
Gain on deconsolidation of subsidiary	15	774,105	-
Other expenses		(4,664,170)	(5,529,617)
<b>Loss for the half-year attributable to the members of Seafarms Group Limited</b>		(6,672,701)	(6,003,711)
Other comprehensive income for the half-year		-	-
<b>Total comprehensive loss for the half-year attributable to the members of Seafarms Group Limited</b>		<u>(6,672,701)</u>	<u>(6,003,711)</u>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share		(0.14)	(0.12)
Diluted loss per share		(0.14)	(0.12)

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The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated	
		31 December 2024	30 June 2024
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,182,799	1,225,696
Trade and other receivables	4	5,244,697	5,845,577
Inventories	5	1,008,676	4,874,357
Biological assets	6	2,069,036	1,529,706
Other assets	7	844,985	1,470,248
		<u>12,350,193</u>	<u>14,945,584</u>
Assets of disposal groups classified as held for sale		5,118,002	5,118,002
Total current assets		<u>17,468,195</u>	<u>20,063,586</u>
<b>Non-current assets</b>			
Other non-current assets	7	133,920	331,999
Property, plant and equipment	8	9,678,033	11,053,873
Right-of-use assets	9	493,794	615,574
Total non-current assets		<u>10,305,747</u>	<u>12,001,446</u>
<b>Total assets</b>		<u>27,773,942</u>	<u>32,065,032</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	2,520,927	5,136,789
Borrowings	10	4,504,658	5,709,279
Lease liabilities	11	208,757	3,024,949
Other financial liabilities	15	2,812,774	-
Other liabilities	12	7,560,000	-
Employee benefits obligations		1,299,444	1,337,398
Provisions	13	-	600,000
Total current liabilities		<u>18,906,560</u>	<u>15,808,415</u>
<b>Non-current liabilities</b>			
Lease liabilities	11	442,039	1,174,052
Employee benefits obligations		185,216	216,310
Other financial liabilities	15	46,468	-
Provisions	13	63,177	63,072
Total non-current liabilities		<u>736,900</u>	<u>1,453,434</u>
<b>Total liabilities</b>		<u>19,643,460</u>	<u>17,261,849</u>
<b>Net assets</b>		<u>8,130,482</u>	<u>14,803,183</u>
<b>Equity</b>			
Issued capital		300,316,736	300,316,736
Reserves		14,832,725	14,832,725
Accumulated losses		(307,018,979)	(300,346,278)
<b>Total equity</b>		<u>8,130,482</u>	<u>14,803,183</u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

Seafarms Group Limited  
 Condensed consolidated statement of changes in equity  
 For the half-year ended 31 December 2024



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	300,316,736	14,832,725	(281,034,216)	34,115,245
Loss for the half-year	-	-	(6,003,711)	(6,003,711)
Other comprehensive income for the half-year	-	-	-	-
Total comprehensive loss for the half-year	-	-	(6,003,711)	(6,003,711)
Balance at 31 December 2023	<u>300,316,736</u>	<u>14,832,725</u>	<u>(287,037,927)</u>	<u>28,111,534</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024	300,316,736	14,832,725	(300,346,278)	14,803,183
Loss for the half-year	-	-	(6,672,701)	(6,672,701)
Other comprehensive income for the half-year	-	-	-	-
Total comprehensive loss for the half-year	-	-	(6,672,701)	(6,672,701)
Balance at 31 December 2024	<u>300,316,736</u>	<u>14,832,725</u>	<u>(307,018,979)</u>	<u>8,130,482</u>

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The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Note	Consolidated	
	For 6 months to 31 December 2024 \$	For 6 months to 31 December 2023 \$
<b>Cash flows from operating activities</b>		
	11,807,236	18,105,593
	(14,622,487)	(18,753,582)
	153,029	-
	2,871	21,832
	(417,570)	(174,491)
	<u>(3,076,921)</u>	<u>(800,648)</u>
<b>Cash flows from investing activities</b>		
	(14,027)	(140,786)
	<u>(14,027)</u>	<u>(140,786)</u>
<b>Cash flows from financing activities</b>		
12	7,560,000	-
	(3,852,704)	-
	(1,307,328)	(672,324)
	2,648,083	-
	<u>5,048,051</u>	<u>(672,324)</u>
	1,957,103	(1,613,758)
	<u>1,225,696</u>	<u>8,453,527</u>
	<u><u>3,182,799</u></u>	<u><u>6,839,769</u></u>

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## Note 1. Basis of preparation of half-year report

### (a) Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### (b) Project Sea Dragon Pty Limited

On 1 November 2024 Project Sea Dragon Pty Limited (**PSDPL**) was placed into liquidation by order of the Federal Court. PSDPL and its subsidiaries were therefore no longer in the control of Seafarms Group Limited (**SFG**) at 31 December 2024 and accordingly those companies were not part of the consolidated group as at that date. The profit and loss of those companies were included in the consolidated result up the day they were placed into liquidation.

At 31 December 2024 PSDPL and its subsidiaries had net liabilities of \$774,105 that were not consolidated. This balance excludes payables to the Seafarms group and certain liabilities of PSDPL that were guaranteed by SFG and therefore remained liabilities of the Group. Those liabilities are shown as Other financial liabilities in the Condensed consolidated statement of financial position.

Details of the deconsolidation are shown in note 15.

### (c) Going concern

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

For the six-month period ended 31 December 2024, the Group incurred an operating cash outflow of \$3,076,921 (in addition to cash outflows for lease repayments of \$1,307,328) and a net loss for the period of \$6,672,701.

As at 31 December 2024, the Group had net current liabilities of \$1,438,365 and \$3,182,799 cash and cash equivalents.

On 30 April 2025 the sale of Farm 1 and Farm 2 is expected to settle. The sale is unconditional with total settlement proceeds of \$13,500,000, of which \$7,560,000 was advanced by the purchaser during the half year (refer note 12) and the remaining \$5,940,000 will be received on settlement.

Given the ongoing use of cash resources to develop and secure financing for Project Sea Dragon the Group continues to have an operating cash out flow. Accordingly, the ability of the Company and the Group to continue as a going concern is dependent on its ability to raise further finance, settle the sale of Farms 1 & 2, reduce discretionary cash expenditure and mitigate operating risks. In particular it depends on the Group's ability to undertake one or more of the following:

- (i) raise project finance (equity and/or debt) for Project Sea Dragon Pty Ltd;
- (ii) regain control of Project Sea Dragon Pty Ltd and transfer all the necessary agreements, licenses and approvals to Sea Dragon Shrimp Pty Ltd, a wholly owned subsidiary of the Company.
- (iii) continue improving the profitability and cashflow from the Queensland operations to generate cash to fund corporate activities;
- (iv) reduce discretionary cash outflow including expenditure on Project Sea Dragon and corporate activities;
- (v) generate cash through further asset sales, if required.

**Note 1. Basis of preparation of half-year report (continued)**

There are uncertainties in achieving these and as a result, the directors have concluded that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern and its ability to realise its assets and discharge its liabilities in the ordinary course of business and at the amounts stated in the financial statements.

However, in light of the cash available at 31 December 2024, the settlement of Farms 1 & 2, the forecast cash flow, available borrowing capacity (note 10), potential funding and expense reduction alternatives the directors are of the opinion that the Company and the Group will continue to operate as a going concern and therefore the accounts have been prepared on a going concern basis.

The financial statements do not include any adjustment relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern.

**(d) Rounding of amounts**

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

**Note 2. Operating segments information**

The Group is organised into a single operating segment "Aquaculture" which is represented by the consolidated condensed financial statements and related notes of the Group.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>31 December 2024</b>	<b>31 December 2023</b>
	\$	\$
<i>Revenue from contracts with customers</i>		
Sales of fresh products	6,285,671	11,564,957
Sales of frozen products	3,830,347	8,415,518
Other sales revenue	1,153,840	262,700
	<u>11,269,858</u>	<u>20,243,175</u>
<i>Other revenue</i>		
Services Income	-	80,866
	<u>11,269,858</u>	<u>20,324,041</u>
Revenue	<u><u>11,269,858</u></u>	<u><u>20,324,041</u></u>

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**Note 4. Current assets - Trade and other receivables**

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Trade receivables	1,817,950	1,952,618
Other receivables	198,079	190,371
Loans to employees	20,424	33,664
DOCA receivable	3,100,000	3,500,000
	<u>3,318,503</u>	<u>3,724,035</u>
GST receivable	108,244	168,924
	<u>5,244,697</u>	<u>5,845,577</u>

The DOCA receivable of \$3,100,000 (30 June 2024: \$3,500,000) relating to the Deed of Company Arrangement (DOCA) which is presently held in court awaiting the outcome of SFG's application for it to be returned to it. When PSDPL was placed into liquidation on 1 November 2024, this amount was repayable by the Administrators to Seafarms Group Ltd (SFG) under the terms of the previous DOCA. The Liquidators assert that the fund is the property of PSDPL and are challenging our right to have the money returned. The determination of that dispute is presently set down for hearing on 5 March 2025.

If the liquidators' application to appoint themselves administrators is successful and a new DOCA is subsequently effectuated the sum of \$1,400,000 (out of the \$3,100,000) will be returned to SFG with the balance being used as the Deed Fund under the proposed DOCA supported by the present liquidators.

**Note 5. Current assets - inventories**

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Finished goods - at cost	54,031	3,231,201
Feed and consumables	954,645	1,643,156
	<u>1,008,676</u>	<u>4,874,357</u>

The inventory of finished goods is relatively low at 31 December 2024 compared to 30 June 2024 reflecting the export and sale of frozen black tiger prawns over the 6 months to 31 December 2024. The inventory is at its highest level at 30 June after the harvest and production of frozen tiger prawns in the 6-month period to 30 June 2024.

Feed and consumables have reduced in accordance with management's strategy and reduced levels of feed on farms as well as reduction of packaging inventory for products which are no longer being produced.

**Note 6. Current assets - Biological assets**

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Biological assets	<u>2,069,036</u>	<u>1,529,706</u>

## Note 6. Current assets - Biological assets (continued)

The value of biological assets/inventory is subject to change based on the timing of the Group's crop cycles (which varies from season to season), production planning decisions, and crop performance. Further explanatory commentary on the operating performance of the Group's aquaculture operations is included in the Directors Report which accompanies these condensed financial statements.

The Group measures biological assets at fair value.

Biological assets of \$2,069,036 (30 June 2024: \$1,529,706) are valued utilising unobservable inputs including survival rates, average growth rates, feed costs, feed conversion ratio, power costs, the harvest weight of prawns, mortality rates, processing costs and the sale price of harvested prawns to customers. These are considered Level 3 inputs in the fair value measurement hierarchy set out in AASB13, *Fair Value Measurement*.

### Valuation processes

The Group's finance team performs the valuations of the Group's biological assets for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit and risk committee (ARC). Discussions of valuation processes and results are held between the CFO and the ARC at least once every six months, in line with the Group's half-yearly reporting requirements.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Survival rate, harvest average body weight and average production cost per kilogram is determined based on actual rates achieved over the last 6-12 months.
- Prawn market prices are based on active liquid market prices achieved over the last 3 months.
- Discount rate is determined using a capital asset pricing model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.

## Note 7. Other assets

	31 December 2024	30 June 2024
	\$	\$
<i>Other current assets</i>		
Prepayments	762,811	1,199,514
Deposits	82,174	270,734
Total other current assets	<u>844,985</u>	<u>1,470,248</u>

The large reduction in prepayments relate to the amortisation of the Group's annual insurance premiums over the applicable period.

	31 December 2024	30 June 2024
	\$	\$
<i>Other non-current assets</i>		
Term deposits	<u>133,920</u>	<u>331,999</u>

### Cash not available for use

\$133,920 (2024: \$331,999) is held as security for bank facilities and office lease guarantees.

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## Note 8. Non-current assets - property, plant and equipment

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Freehold Land \$	Freehold Buildings \$	Ponds \$	Plant and Equipment \$	Leasehold improvements \$	Total \$
Opening WDV at 1 July 2024	1,110,000	4,323,567	1,735,299	3,885,007	-	11,053,873
Additions	-	-	-	14,027	-	14,027
PSDPL Deconsolidation adjustments (note 15)	-	(783,495)	-	(10,060)	-	(793,555)
Depreciation expense	-	(192,411)	(86,082)	(317,819)	-	(596,312)
Balance at 31 December 2024	<u>1,110,000</u>	<u>3,347,661</u>	<u>1,649,217</u>	<u>3,571,155</u>	<u>-</u>	<u>9,678,033</u>

## Note 9. Non-current assets - right-of-use assets

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Leasehold Land \$	Leased Buildings \$	Leased Plant and Equipment \$	Total \$
Opening WDV at 1 July 2024	-	243,263	372,311	615,574
PSDPL Deconsolidation adjustment (note 15)	-	(3,920)	(573)	(4,493)
Depreciation expense	-	(65,693)	(51,594)	(117,287)
Balance at 31 December 2024	<u>-</u>	<u>173,650</u>	<u>320,144</u>	<u>493,794</u>

## Note 10. Current liabilities - borrowings

	Consolidated	
	31 December 2024 \$	30 June 2024 \$
Loan - Avatar Finance Pty Ltd	4,398,083	4,750,000
Insurance Premium Funding	106,575	959,279
	<u>4,504,658</u>	<u>5,709,279</u>

The Group entered into a Revolving Credit Agreement with Avatar Finance Pty Ltd on 18 April 2024 and subsequently amended on 20 August 2024 and 3 December 2024. Under the terms of that agreement as amended the total amount available under the facility is \$7,000,000, the interest rate is BBSY plus 4% and the facility is repayable by 30 September 2025.

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**Note 11. Lease Liabilities**

<i>Current liabilities</i>	Note	\$
Opening balance as at 1 July 2024		3,024,949
Reallocation from non-current lease liabilities		685,545
Repayment of leases		(1,307,328)
Lease liability increase		18,365
Deconsolidation impact of PSDPL entities	15	<u>(2,212,774)</u>
Closing balance as at 31 December 2024		<u><u>208,757</u></u>

<i>Non-current liabilities</i>	Note	\$
Opening balance as at 1 July 2024		1,174,052
Reallocation to current lease liabilities		(685,545)
Deconsolidation impact of PSDPL entities	15	<u>(46,468)</u>
Closing balance as at 31 December 2024		<u><u>442,039</u></u>

**Note 12. Current liabilities - other liabilities**

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Loan - Mainstream	<u>7,560,000</u>	<u>-</u>

The loan from Mainstream is part of the agreements for the sale of Farm 1 and Farm 2 and is repayable on 30 April 2025 concurrently with the settlement of that sale.

**Note 13. Provisions**

<b>Current liabilities</b>	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Make good provision - PSD	<u>-</u>	<u>600,000</u>

The make-good provision at 30 June 2024 of \$600,000 represents an estimate of the cost of rehabilitating Project Sea Dragon project sites.

This provision is now reflected in Other financial liabilities - current as disclosed in note 15.

<b>Non-current liabilities</b>	Consolidated	
	31 December 2024	30 June 2024
Lease make good - premises	<u>63,177</u>	<u>63,072</u>

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#### Note 14. Contingent liabilities

Canstruct has been awarded its costs of the Federal Court proceedings relating to Project Sea Dragon Pty Ltd. The quantum of those costs will be the subject of a courts assessment. They are presently unknown and cannot be reliably estimated.

#### Note 15. Project Sea Dragon Pty Ltd - Deconsolidation impact

The table below reflects the impact of the deconsolidation of Project Sea Dragon Pty Ltd (and its subsidiaries) PSDPL on the group accounts for the half-year ended 31 December 2024 as mentioned in note 1(b).

##### Assets and Liabilities Deconsolidated

	\$
Trade and other receivables	189,800
Property, plant and equipment	793,555
Right of use assets	4,493
Trade and other payables	(1,761,953)
Lease liabilities - current	(2,212,774)
Lease liabilities - non-current	(46,468)
Provision for make good	<u>(600,000)</u>
Net Liabilities deconsolidated	<u><u>(3,633,347)</u></u>

##### Impact of deconsolidation on the Net Assets of the Group

	\$
Net Liabilities deconsolidated	3,633,347
Less Liabilities guaranteed by SFG - current*	(2,812,774)
Less Liabilities guaranteed by SFG - non-current*	<u>(46,468)</u>
Increase in Net Assets	<u><u>774,105</u></u>

\* Shown as other liabilities in the Statement of Financial Position

#### Note 16. Events after the reporting period

In early February, extensive rainfall in the Herbert River catchment led to flooding in Ingham and surrounding areas, including the location of Farm 3. The main farm, including all ponds, was constructed above previous flood levels, resulting in only one lower-lying pond and a maintenance shed being inundated. Although the farm was isolated from road access for several days, the onsite farm manager ensured that essential services remained operational and that the prawns were fed until access was restored. Since then, the operations team has swiftly worked to return the farm to normal. The damage and the impact on prawn production is still being evaluated.

On 26 February the Company agreed a short-term increase in its Revolving Credit Facility with Avatar Finance Pty Ltd to \$8,500,000. The facility limit will revert back to \$7,000,000 on settlement of the sale of Farm 1 and 2.

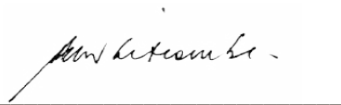
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In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Board



Harley Ronald Whitcombe  
Secretary

27 February 2025

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**Independent Auditor's Review Report to the Members of Seafarms Group Limited****Conclusion**

We have reviewed the half-year financial report of Seafarms Group Limited (the 'Company') and its controlled entities (the 'Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2024, the condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Seafarms Group Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1(c) in the financial report, which indicates that the Group incurred an operating cash outflow of \$3,076,921 (in addition to cash outflows for lease repayments of \$1,307,328) and a net loss of \$6,672,701 for the half-year ended 31 December 2024. As at 31 December 2024, the Group had net current liabilities of \$1,438,365, which includes cash and cash equivalents of \$3,182,799. As stated in Note 1(c), these events and conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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## Responsibility of the Directors for the Financial Report

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

## Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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



PITCHER PARTNERS

  
**DANIEL COLWELL**  
Partner

Brisbane, Queensland  
27 February 2025