



**AUSTRALIAN SEAFOOD INDUSTRIES
PROPRIETARY LIMITED
ACN 095 165 165**

**Annual Financial Report
For the Year Ended
30 June 2019**

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AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED
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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Your directors present their report on the company for the financial year ended 30 June 2019.

Company Directors

The names of directors in office at any time during or since the end of the year are:

Dr Len Stephens	Chairman
Mr Nick Burrows	Deputy Chairman
Mr Ian Duthie	Director
Mr Carl Jaeschke	Director
Ms Jan Davis	Director
Prof. Robert Banks	Director

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

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Mr Graham Eric Marshall Bbus (Acctg & Law), FCPA, FAICD (Dip), MRMIA, CRMT. - Mr Marshall was appointed Company Secretary on 20 April 2016.

Principal Activities

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

Genetic research in relation to the Pacific Oyster.

Commercialisation of that genetic research.

Conduct of a breeding program for the supply of genetically improved seed to industry.

Ancillary provision of administrative services for the Pacific Oyster industry.

There has been no significant changes in the nature of the principal activities during the financial year.

Operating Results

The profit for the entity after providing for income tax amounted to \$194,887 [2018 Profit of \$71,988].

Dividends Paid or Recommended, Options

No dividends were paid or declared for payment nor is any recommendation made in respect of dividends as the company is precluded by its Constitution from doing so. No options exist.

Review of Operations

Research Activity

The viral disease known as Pacific Oyster Mortality Syndrome (POMS) was diagnosed for the first time in Tasmania in February 2016, and was subsequently detected in South Australia in February 2018. As a result of the high mortality and rate of spread of this disease, Tasmanian oyster production was severely impacted, resulting in economic loss that will affect the industry for years to come. Oyster production in NSW and SA has also been significantly reduced because quarantine restrictions prevent the movement of oyster spat between states.

Broodstock progeny that are partially resistant to POMS have been produced by the Company and it is widely recognised that these oysters offer the best solution to the industry for restocking following the outbreak of POMS. The Company continues to research contracts to improve Pacific Oysters and make them available to the industry. These research contracts include:

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1. An agreement with Fisheries R&D Corporation for provision of \$984,455 (Project 2015-239, *POMS Resistant Oyster Breeding for Sustainable Pacific Oyster Industry in Australia*). This research grant was the outcome of an application to the Australian Government Department of Agriculture and Water Resources for emergency funding to continue ASI operations in the face of the POMS outbreak. The agreement was entered into on 27 May 2016 and is scheduled to conclude on 30 June 2021.

2. An agreement with the Commonwealth Department of Industry, Innovation and Science for the Company to manage a new CRC-P called "*Future Oysters*" on behalf of the Australian Oyster Industry (CRC-P project 20609). The project extends over a three-year period ending in 2019/2020. The total value of the project is \$11.3 Million composed of cash amount of \$3.0 Million from the Commonwealth, \$2.01 million in cash from project participants and \$6.29 Million of "In-kind" contribution from participants (These amounts are GST exclusive).

As part of the CRC-P the company is responsible for the following projects:

(i) An agreement with the Fisheries Research and Development Corporation (FRDC) called *Future Oysters CRC-P Management and Extension (Project FRDC 2016-800)*. The total value of the project is \$239,820 and extends over a three-year period commencing in 2017-18 and concludes in 2019-20. An additional agreement was entered into during 2018-19 with FRDC (*FRDC 2017-233) Communication and Adoption* for \$100,000 which extends over a two-year period and concludes in 2019-20.

(ii) An agreement with FRDC called *Enhancing Pacific Oyster Breeding to Optimise National Benefits (Project FRDC 2016-801)*. The total value of the project is \$1,835,200 and extends over a three and a half year period commencing in 2016-17 and concludes in 2019-20. A contract variation (FRDC 2016-129) was entered into through the South Australian Research and Development Institute (SARDI) for them to supply ASI with 60 Pacific Oyster families over the 2018-19 season. The variation amount was \$137,577 (GST exclusive). The contract variation will conclude on 31 August 2019.

3. An agreement with FRDC for the commercial production trial with high POMS tolerant Triploid Pacific oysters in approved NSW Estuaries. The total value of the project is \$70,000 and extends over a two-year period commencing in 2018-19 and concludes in 2019-20.

These research projects are an important components of the Company's business and are critical to advance the breeding program. All of the projects are collaborative with oyster growers, oyster hatcheries and research organisations.

Over the past five years we have been very successful in producing oysters that are highly resistant to POMS as adults and in doing so achieving the company KPI's which were developed in 2015. During 2018-19 the Board reviewed its five year Strategic Plan 2019-2024. Over the next five years we aim to develop oysters that are highly resistant to POMS at 2-3 months of age, which is when commercial oysters are placed into estuaries and are first exposed to POMS. This will assist industry to return to profitability and sustainability. We will also increase the emphasis on selection for other commercially important traits. Also over the next five years, the company will endeavor to identify and implement new sustainable and scalable sources of income to improve financial stability and achieve a reserve operational fund. This will be done by working with the industry to build technical collaborations, improve and diversify services, introduce new technology, such as genomics, and by building staff capacity to enhance its research capability.

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Financial Position

The Company's main source of ongoing revenue is a levy on all Pacific Oyster spat. On the basis of the public good that will be derived from the production of POMS resistant oysters, ACCC made a Determination (Number A91444), which allows "ASI to make and give effect to arrangements, with Oysters Tasmanian (OT), South Australian Oyster Growers Association (SAOGA), South Australian Oyster Research Council (SAORC) and Pacific Oyster hatcheries for the collection of a levy from oyster growers" with effect for 10 years beginning on 13 October 2014.

In 2000-01 ASI's shareholders, OT, SAOGA and SAORC provided start up contributions totalling \$495,860. These contributions have been recognised as Stakeholder Advances which underpin the costs incurred in developing the selective breeding program. The company has written assurances from the shareholders that these advances are not repayable until cash flows allow.

In 2014-15 ASI and all commercial Hatcheries agreed to change the methodology for collecting the ASI levy (now known as "ASI Service Fee"). Previously an independent person collected sales data from the hatcheries and ASI invoiced the oyster growers for the Service Fee. Under the new arrangements the Hatcheries include the ASI Service Fee as part of their sales invoice to the growers. This change is seen to be more efficient for all concerned.

There have been no significant changes in the state of the company's affairs, other than POMS mentioned earlier, that have arisen which significantly affected or may significantly affect the operations of the company.

After Balance Date Events

There have been no matters or circumstances, other than POMS mentioned earlier, that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future Developments, Prospects and Business Strategies

The detection of POMS in Tasmania has given ASI's breeding program increased focus, support and impetus to assist growers through the recovery program. Resistance to POMS and survivability in general have become the dominant breeding objectives, with selection for other traits of economic significance continuing to the degree possible.

This activity will continue to be the main focus for the Company for the coming five years with the development of ASI's five-year Strategic Plan 2019-2024. The main objectives set out in the plan are:

1. Improve and clearly define our customer relations whereby commercial hatcheries are our primary customer and the growers are the ultimate beneficiary of the breeding program outcomes.
2. Continue to improve breeding of Pacific Oysters which contributes to profitability and sustainability of the Pacific Oyster industry.
3. Demonstrate and communicate the commercial benefits achieved by the breeding program.
4. Expand our business on a state-wide, national and international basis through partnering with industry and developing key strategic alliances.
5. Make investments with partners to initiate genomic selection within the breeding program, and
6. Build diverse income streams and securing funding opportunities to reduce the reliance on the breeding service fee.

Environmental Issues

The company's operations are not directly subject to any environmental regulation under the law of the Commonwealth and State.

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Information on Directors in Office at 30 June 2018 or at the date of this Report

Dr Len Stephens

Qualifications

Experience

- Director and Chairman
- Dip Agr Sci, BVSc, MSc, PhD, GAICD
- Board member since 4 May 2015. Currently Director, Animal Health Australia Ltd. Former positions include Managing Director, Seafood CRC. Director, Rural Industries R&D Corporation, Director, Dairy Australia Ltd, Chief Executive Officer of Australian Wool Innovation Limited, General Manager, Livestock Innovation with Meat and Livestock Australia Ltd, Senior Executive with Agriculture Victoria, founding Director of the Victorian Institute of Animal Science.

Directorships held in listed entities

Remuneration

- Nil
- \$16,000 pa payable from 1 July 2018

Mr Nick Burrows

Qualifications

Experience

- Deputy Chairman
- B.Com, FAICD, FCA, FGIA, FTIA, F Fin
- Board member since 4 May 2015. Nick was CFO and Company Secretary for Tassal Group Ltd for 21 years up until 2009. He is a professional Director and runs an active advisory business based in Hobart dealing with corporate governance, finance and business restructuring. He is an experienced senior executive in the aquaculture industry and currently sits on the Board of Clean Seas Seafood Limited. Nick also is an independent director of Metro Tasmania, Taswater and PFG Group Pty Ltd & MIC Pty Ltd. Nick's experience embraces a broad spectrum encompassing all aspects of Board and corporate governance, company secretarial, corporate treasury, strategic management, risk management, M&A, business restructuring, and investment evaluation. He is a Fellow of the Australian Institute of Company Directors, the Institute of Chartered Accountants of Australia, the Governance Institute of Australia and of the Financial Services Institute of Australasia.

Directorships held in listed entities

Remuneration

- Clean Seas Seafood Limited
- \$8,000 pa payable from 1 July 2018

Mr Ian Duthie

Qualifications

Experience

- Director
- Diploma of Applied Science (University of Tasmania) 1994
- Board member since 23 June 2014; Tasmanian Oyster Research Council Board member since 2002 and Chairman since 2009; Member Oysters Australia R&D Committee; Principal of Sea Perfect Pty Ltd and Montagu Tas Oysters.

Directorships held in listed entities

Remuneration

- Nil
- \$8,000 pa payable from 1 July 2018

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FOR THE YEAR ENDED 30 JUNE 2019

Mr Carl Jaeschke

Qualifications

Experience

- Director (Appointed 20 April 2016)
- B Tech (Aquaculture)
- Board member since 20 April 2016. Board member of SAORC since 2008. Chair SAORC 2015. Farm Manager of Cowell Seafood Producers.

Directorships held in listed entities

Remuneration

- Nil
- \$8,000 pa payable from 1 July 2018

Ms Jan Davis

Qualifications

Experience

- Director
- B.Ec (Syd), M Env Plan (Macquarie), M Agribusiness (Melb)
- Board member since 1 October 2018
- Current executive role: Managing Director, Agribusiness Tasmania; CEO, Protected Cropping Australia
- Previous executive roles: CE, Local Government Professionals (Tas); CEO, Agribusiness Australia; CEO Tasmanian Farmers and Graziers; CEO Growcom (Qld Fruit and Vegetable Growers); CEO, Australian Mushroom Growers Association; CEO, Nursery Industry Association of Australia.
- Current non-executive roles: FermentTasmania Ltd, Royal Flying Doctor Service (Tas) Ltd, Landcare Australia Ltd
- Previous non-executive roles: Tasmanian Skills Institute, Tasmanian Institute of Agriculture, Plant Health Australia Ltd, Horticulture Australia Ltd, Rural Industries R&D Corporation, Australian Agricultural Colleges Corporation (chair)

Directorships held in listed entities

Remuneration

- Nil
- \$6,000 pa payable from 1 October 2018

Prof. Robert Banks

Qualifications

Experience

- Director
- B. Agr. Sci (UTAS), PHD (UNE)
- Board member since 1 October 2018
- Currently Director, Animal Genetics and Breeding Unit, Director Tree Breeding Australia
- Former positions include Manager, Livestock Producer Innovation (Southern Australia) – Meat and Livestock Australia; R&D Manager, Meat and Livestock Australia; National LAMBPLAN Coordinator; Board member Future Farm Industries CRC

Directorships held in listed entities

Remuneration

- Nil
- \$6,000 pa payable from 1 October 2018

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Board Attendances

Director	Meetings Attended/ Held
Dr Len Stephens	4/4
Mr Nick Burrows	4/4
Mr Ian Duthie	4/4
Mr Carl Jaeschke	3/4
Ms Jan Davis	2/2
Mr Robert Banks	1/2

Remuneration Report

Details of the nature and amount of remuneration received by directors is included in the "Information on Directors in Office" above.

Indemnifying Officers or Auditor

During or since the end of the financial year the company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums.

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 a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

Non-audit Services

During the year Wise Lord Ferguson wound up its role as "Independent Data Collector" in respect of the hatcheries monthly advices on oyster seed sales for the purposes of the POMS Resistance Breeding Levy.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on the following page.

Signed in accordance with a resolution of the Board of Directors.



Dr Len Stephens



Mr Nick Burrows

Dated this 3rd September 2019

Auditor's Independence Declaration to the Directors of Australian Seafood Industries Pty Ltd

In relation to our audit of the financial report of the abovementioned for the financial year ended 30 June 2019, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



JOANNE DOYLE
Partner
Wise Lord & Ferguson

Dated: 12 November 2019.

AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
INCOME			
POMS Resistance Breeding Levy		859,263	600,832
Research Grants	2 (a)	575,657	932,261
Bank Interest		2,974	4,307
Total Income		<u>1,437,894</u>	<u>1,537,400</u>
EXPENSES			
Research Expenditures		(805,270)	(920,742)
Administration and Governance Expenses		(148,338)	(141,183)
Employment Costs		(289,398)	(403,487)
Total Expenses		<u>(1,243,006)</u>	<u>(1,465,412)</u>
Profit/(Loss) before Income Tax		<u>194,888</u>	<u>71,988</u>
Net Profit/(Loss)		<u>194,888</u>	<u>71,988</u>
Total Comprehensive Income		<u><u>194,888</u></u>	<u><u>71,988</u></u>

<p><i>The accompanying notes should be read in conjunction with this statement.</i></p>

AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	1,006,969	903,243
Trade and Other Receivables	6	347,658	37,039
TOTAL CURRENT ASSETS		<u>1,354,627</u>	<u>940,282</u>
NON-CURRENT ASSETS			
Plant & Equipment and Motor Vehicle	7	45,721	23,539
Company Formation Costs		990	990
TOTAL NON-CURRENT ASSETS		<u>46,711</u>	<u>24,529</u>
TOTAL ASSETS		<u>1,401,338</u>	<u>964,811</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	93,055	24,272
Employee Benefits Provision - Annual Leave		34,825	31,912
Employee Benefits Provision - Long Service Leave		30,976	27,438
TOTAL CURRENT LIABILITIES		<u>158,856</u>	<u>83,622</u>
NON-CURRENT LIABILITIES			
Trade and Other Payables - Stakeholder Advances	8	495,860	495,860
Deferred Income	11	775,272	608,867
TOTAL NON-CURRENT LIABILITIES		<u>1,271,132</u>	<u>1,104,727</u>
TOTAL LIABILITIES		<u>1,429,988</u>	<u>1,188,349</u>
NET ASSETS		<u>(28,650)</u>	<u>(223,538)</u>
EQUITY			
Capital		50,140	50,140
Retained Earnings / (Losses)		(78,788)	(273,678)
		<u>(28,648)</u>	<u>(223,538)</u>
TOTAL EQUITY		<u>(28,648)</u>	<u>(223,538)</u>

The accompanying notes should be read in conjunction with this statement.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Retained Earnings	Capital	Total
	\$	\$	\$
Balance at 30 June 2017	(345,665)	50,140	(295,525)
Profit attributable to members - current year	71,988	-	71,988
Balance at 30 June 2018	(273,678)	50,140	(223,538)
Profit attributable to members - current year	194,888		194,888
Balance at 30 June 2019	(78,790)	50,140	(28,650)

<p><i>The accompanying notes should be read in conjunction with this statement.</i></p>

AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers - Seed Royalties, Levies and Professional Services		548,644	660,116
Payments to Suppliers and Employees		(1,152,682)	(1,454,890)
Grants Received		742,064	558,562
Interest Received		2,974	4,307
Net Cash Provided by (used in) Operating Activities	9(a)	<u>141,000</u>	<u>(231,905)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property, Plant and Equipment		(37,274)	-
Net Cash Provided by (used in) Investing Activities		<u>(37,274)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Cash Provided by (used in) Financing Activities		<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash Held		103,726	(231,905)
Cash at Beginning of Financial Year		<u>903,243</u>	<u>1,135,148</u>
Cash at End of Financial Year	5	<u><u>1,006,969</u></u>	<u><u>903,243</u></u>

<p><i>The accompanying notes should be read in conjunction with this statement.</i></p>

AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Note 1

Statement of Significant Accounting Policies

These Financial Statements were authorised for issue by the Directors on 3rd September 2019

The financial report is a special purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Australian Seafood Industries Proprietary Limited. Australian Seafood Industries Proprietary Limited is a non listed private company, incorporated and domiciled in Australia.

The financial report of Australian Seafood Industries Proprietary Limited complies with the measurement and recognition requirements of Australian equivalents to International Financial Reporting Standards (AIFRS).

The financial report is prepared on a going concern basis as the company has confirmed that the stakeholder advances will not be payable until cash flows allow.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. The accounts are prepared on, a going concern basis even though the financial position shows a deficiency of assets over liabilities. This position is held by the directors due to the Stakeholder Advances being "founder loans" and are unsecured, interest free and are only repayable when cashflows so allow.

Accounting Policies

(a) Income Tax

The company is subject to Taxation. The company has accumulated tax losses. Tax losses and other deferred tax balances have not been taken up in the financial statements as their realisation is not virtually certain.

(b) Plant and Equipment

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

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Computer Equipment	20% - 100%
Laboratory Equipment	5% - 25%
Plant and Equipment	7.5% - 10%
Motor Vehicles	12.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

(d) Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(f) Revenue

Revenue from ASI Service Fee (Levy) is recognised upon the delivery of spat to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(g) Project Expenses

The cost for contracted project activity where such activity is for the delivery of a particular outcome or specified deliverable is recognised in full upon the delivery of the outcome or deliverable.

(h) Employee Benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to reporting date. The benefits expected to be settled within one year to employees for their entitlements have been measured at the amounts expected to be paid including on-costs and are disclosed as current liabilities. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made in respect of those benefits. In calculating the present value of future cash flows in respect of long service leave, liability in 2019 is recognised from when employees commenced permanent employment at their respective current rates of remuneration. In the 2019 year employees long service leave liability was recognised only after an employee had attained five years service. This change in policy does not cause a material difference to the 2019 financial statements.

(i) Borrowing Costs

Borrowing costs are recognised in income in the period in which they are incurred.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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(j) Government Grants

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

(k) Comparative Figures

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

(l) Financial Risk Management

The entity holds no securities and has no price risk in this area.

A credit risk exists in respect of trade and other receivables which arises from potential default of the counter party with a maximum exposure equivalent to the carrying amount of those instruments. Exposure at balance day is addressed in each applicable note. The entity does not hold any credit derivatives to offset its credit exposure. The entity trades only with recognised, creditworthy third parties, and, as such, collateral is not requested nor is it the entity's policy to securitise its trade and other receivables.

Liquidity risk is managed by maintaining a balance between continuity of funding and flexibility in the timing of major disbursements where the entity is able to determine the timing of payments.

(m) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report 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 entity.

Key estimates — Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(n) Related Parties

There are Directors who act on Boards of organisations, or oyster farmers, and therefore ASI Service Fees (levy) payers, or who operate commercial oyster hatcheries that ASI has dealings with, or whom are employees of funding providers to ASI and all such dealings are negotiated and conducted on a commercial arm's length basis.

(o) New Accounting standards for Application in Future Periods

Australian Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by ASI for the annual reporting period ended 30 June 2019. ASI has not yet assessed the impact of these new or amended Accounting Standards or Interpretations.

Note 2	Revenue	2019 \$	2018 \$
	Operating activities		
	— Levies	859,263	600,832
	— research grants	575,657	932,261
	— interest received	2,974	4,307
	Total Revenue	<u>1,437,894</u>	<u>1,537,400</u>
(a)	Research Grants are in respect of:		
	Seafood Project 2012/760 Food Futures Flagship	-	6,800
	Seafood Project 2015-239 POMS Resistant Oyster Breeding for Sustainable Pacific Oyster Industry in Australia.	18,420	166,539
	Seafood Project FRDC 2016-800 - FRDC - Management and Extension	106,768	64,686
	Seafood Project FRDC 2016-801 - FRDC -Enhancing Pacific Oyster Breeding to Optimise National Benefits	422,996	694,236

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Seafood Project FRDC 2017-233 - Communication & Adoption 25,801

Seafood Project FRDC 2018-164 - Trials for POMS in NSW 1,672

575,657

932,261

Note 3 Director Compensation

(a)	Key Management Person	Position
	Dr Len Stephens	Chairman
	Mr Nick Burrows	Deputy Chairman
	Mr Ian Duthie	Director
	Mr Carl Jaeschke	Director
	Mr Robert Banks	Director
	Ms Jan Davis	Director
	Mr Graham Marshall	Secretary

	Short-term benefits	Other Benefits	Total	Performance Related	
(b)	2019	Fees	Super	\$	%
	Len Stephens	16,000	1,520	17,520	0.00%
	Mr Nick Burrows	8,000	760	8,760	0.00%
	Mr Ian Duthie	8,000	760	8,760	0.00%
	Mr Carl Jaeschke	8,000	760	8,760	0.00%
	Mr Robert Banks	6,000	570	6,570	0.00%
	Ms Jan Davis	6,000	570	6,570	0.00%
		52,000	4,940	56,940	
	2018	Fees	Super	\$	%
	Len Stephens	16,000	1,520	17,520	0.00%
	Mr Nick Burrows	8,000	760	8,760	0.00%
	Mr Ian Duthie	8,000	760	8,760	0.00%
	Mr Carl Jaeschke	8,000	760	8,760	0.00%
	Mr Graham Mair	5,771	548	6,319	0.00%
		45,771	4,348	50,119	

2019
\$

2018
\$

Note 4 Auditors' Remuneration

Remuneration of the auditor of the entity for:

- auditing or reviewing the financial report

- undertaking "Independent Data Collector" hatcheries spat sales returns

5,830

4,640

-

-

5,830

4,640

Note 5 Cash and Cash Equivalents

Cash at bank and on hand

1,006,969

903,243

1,006,969

903,243

The effective interest rate on short-term bank deposits was 0.5% (2018: 1.2%); these deposits are on call.

Note 6 Trade and Other Receivables

CURRENT

Trade receivables

347,658

55,828

Provision for impairment of receivables

-

(18,789)

347,658

37,039

AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED

ACN 095 165 165

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 7 Plant & Equipment & Motor Vehicles

Plant and Equipment:		
At cost	-	8,464
Accumulated depreciation	-	(7,392)
	-	<u>1,072</u>
Motor Vehicles:		
At cost	77,273	40,000
Accumulated depreciation	(31,552)	(17,533)
	<u>45,721</u>	<u>22,467</u>
	<u>45,721</u>	<u>23,539</u>

Note 8 Trade and Other Payables

CURRENT		
Accrued expenses	5,800	5,000
Trade payables	87,255	19,272
	<u>93,055</u>	<u>24,272</u>
NON-CURRENT		
Unsecured liabilities - Stakeholder Advances	495,860	495,860
	<u>495,860</u>	<u>495,860</u>

The Stakeholder Advances are "founder loans" and are unsecured, interest free and are only repayable when cashflows so allow.

2019	2018
\$	\$

Note 9 Cash Flow Information
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

Profit/(Loss) after income tax	194,888	71,988
Non-cash flows in profit		
Depreciation	15,091	9,584
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(310,619)	59,285
Increase/(decrease) in employee benefits provisions	6,450	15,456
Increase/(decrease) in trade payables and accruals	68,783	(14,518)
Increase/(decrease) in deferred income	166,405	(373,700)
Cash flow from operations	<u>140,999</u>	<u>(231,905)</u>

Note 10 Events After the Balance Sheet Date

Since the end of the financial year no matters or circumstances have arisen which significantly affect or may significantly effect the operations of the company, the results of those operations, or the state of affairs of the company in the subsequent financial year.

Note 11 Deferred Income

Deferred income is a liability on the balance sheet related to a revenue producing activity for which income has not yet been recognised. ASI has received several grants as per Directors Declaration for Research Activity and will record deferred income as income over the period when the related costs are incurred. The company recognises the majority of deferred income as non-current as the timing of the recognition of the income is uncertain. Deferred income that has been recorded as current is anticipated to be recognised in 2019-20.

Note 12 Economic Dependency

The continued viability of the company is dependent upon the ACCC approved POMS Resistance Breeding Levy and ongoing Shareholder support, including not requiring the advances made to be repaid until such time as there is surplus profits and cash available.

AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED

ACN 095 165 165

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Note 13

Company Details

The registered office of the company is:
Australian Seafood Industries Proprietary Limited
Tech 3, Tasmanian Technopark
Innovation Drive
Dowsing Point, Glenorchy
Tasmania 7010

AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED

ACN 095 165 165

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

DIRECTORS' DECLARATION

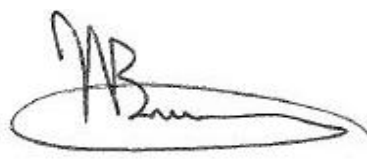
The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 17 are in accordance with the Corporations Act 2001 and:
 - (a) Comply with the recognition and measurement requirements of Accounting Standards and the Corporations Regulations 2001; 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 company;
2. The General Manager and Secretary have each declared that:
 - (a) The financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) The financial statements and notes for the financial year comply with the recognition and measurement requirements of Accounting Standards; and
 - (c) The financial statements and notes for the financial year give a true and fair view.
3. 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.

This declaration is made in accordance with a resolution of the Board of Directors.



Dr Len Stephens



Mr Nick Burrows

Dated this 3rd day of September 2019

INDEPENDENT AUDITOR'S REPORT

The members of Australian Seafood Industries Pty Ltd

Opinion

We have audited the financial report of Australian Seafood Industries Pty Ltd. (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Australian Seafood Industries Pty Ltd., is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to Note 8 that identifies Stakeholder Advances as only repayable when cash flows allow. This supports the company trading as a going concern despite being in deficiency of assets.

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

Liability limited by a scheme approved under Professional Standards Legislation.

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our

opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



JOANNE DOYLE

PARTNER

WISE LORD & FERGUSON

Date: 12 November 2019