



WEST COAST
AQUACULTURE

WEST COAST AQUACULTURE GROUP LTD

ACN 637 883 848

ANNUAL REPORT
FOR THE FINANCIAL PERIOD ENDED
30 APRIL 2020

West Coast Aquaculture Group Ltd
Corporate directory
30 April 2020

Directors	Ching Hoe Neo - Chief Executive Officer Teik Hon Chin - Chief Operations Officer Yaw Foi Chan - Chief Financial Officer Stuart Laurence Niven - Non-Executive Director Lee Ping Chong - Non-Executive Director Tony Kwun Kin Fan - Non-Executive Director (resigned 6 January 2020)
Company secretary	Elizabeth Bee Hiang Lee
Registered office	Level 7, 257 Collins Street Melbourne, Victoria Australia 3000
Principal place of business	Lot 709, Taman Nilam, Belanga Pecah Kuah 07000 Langkawi, Malaysia
Auditor	HLB Mann Judd (Victoria Partnership) Level 9, 575 Bourke Street, Melbourne VIC 3000
Solicitors	Agile Legal Consulting Level 7, 257 Collins Street Melbourne, Victoria Australia 3000
Website	https://www.wcoastfish.com/
Share registry	Automic Group Deutsche Bank, Tower Level 5/126 Phillip St, Sydney NSW 2000

West Coast Aquaculture Group Ltd
Directors' report
30 April 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of West Coast Aquaculture Group Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 30 April 2020.

Directors

The following persons were directors of West Coast Aquaculture Group Ltd during the whole of the financial period and up to the date of this report, unless otherwise stated:

Ching Hoe Neo (Mark) (appointed on 24 December 2019)
Teik Hon Chin (appointed on 24 December 2019)
Yaw Foi Chan (appointed on 24 December 2019)
Stuart Laurence Niven (appointed on 5 December 2019)
Lee Ping Chong (appointed on 5 December 2019)
Tony Kwun Kin Fan - Non-Executive Director (resigned 6 January 2020)

Principal activities

During the financial period the principal continuing activities of the consolidated entity consisted of:

- Grow up – purchase fingerlings or juvenile fish, and farm them to marketable size in Langkawi, Malaysia.
- Sales and distribution – sell the fish to wholesale and retail customers once they reach commercial size.
- Completed the acquisition of West Coast Aquaculture (M) Sdn Bhd (WCA) which settled in December 2019 in order to execute listing on the SSX.

Dividends

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

Review of operations

On 13 December 2019, the company acquired 100% of the ordinary shares of WCA for a consideration of 9,999,995 shares at \$1.50 each ("the Acquisition"). WCA is principally engaged in aquaculture business.

WCA holds a license granted by Kedah State Government Fishery Department (Jabatan Perikanan Negeri Kedah) to conduct marine farming operations off Langgun Island in Langkawi, Malaysia. WCA's unique marine farming location allows for customer's marine vessels to dock at WCA's marine fish farms to directly purchase and collect live and fresh fish. WCA is not subject to any significant environmental laws and regulations in Malaysia and Australia.

The food industry is ever growing due to increase in population and changes in life-style demanding better quality food. Demand for quality fish would also increase as it is a main source of protein acceptable by a wide section of society. Hence, management will continue to match our skills with market demands and environmental conditions to optimise production and efficiency.

In relation to the Share Movements during the financial period, please refer to note 18 of the financial statements.

Financial results

Our group revenue achieved \$2,219,406 with Earnings Before Interest and Tax (EBIT) of \$118,370 and Net Profit After Tax (NPAT) of \$53,720. Export Sales constitute 43.9% and Domestic Sales (Malaysia) 56.1%. Export sales are mainly to Hong Kong based clients.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial period, other than those disclosed in the review of operations.

Matters subsequent to the end of the financial period

On 30 July 2020, ASIC (Australian Securities and Investments Commission) approved the company's Replacement Prospectus. The Prospectus is for the company's Initial Public Offering (IPO) of 10,000,000 to 14,000,000 shares valued at \$0.50 per share to raise a total amount between AU\$5,000,000 and AU\$7,000,000 respectively, before costs. This fund raising exercise aims to expand production capacity to meet growing consumer demand and improve on efficiency to farm high quality fish and also to acquire hatchery/nursery facilities.

West Coast Aquaculture Group Ltd
Directors' report
30 April 2020

During the period ended 30 April 2020, the COVID-19 was declared a pandemic by the World Health Organisation (WHO). The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Since its outbreak, governments worldwide have set up measures to contain the pandemic. Many countries have required entities to limit or suspend business operations, and have also implemented travel restrictions and quarantine measures. Monetary and fiscal stimulus packages have also been introduced in some countries. As the COVID-19 outbreak continues to evolve, the estimated financial impact cannot be reasonably determined at this juncture.

The company is taking steps to proactively manage the business and take the necessary actions to ensure that the Company's long-term business prospects remain stable.

While the COVID-19 situation has created economic uncertainty, the directors consider that the company will be able to continue as a going concern as it has, at 30 April 2020 net assets of \$2,306,977 and cash & cash equivalents of \$386,416.

The state of disaster in Victoria was declared on 16 August 2020 until 13 September 2020 and the state of disaster still in place. The consolidated entity's operations in Victoria are of a scale and nature that they have not been significantly impacted.

No other matter or circumstance has arisen since 30 April 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name: Ching Hoe Neo (Mark)
Title: Chief Executive Officer and Executive Director (appointed 24 December 2019)
Experience and expertise: Co-Founder of West Coast Aquaculture Group and was appointed to the Board of Directors of West Coast Aquaculture (M) Sdn Bhd on 3 February 2018. Upon the completion of his secondary education, Mark started working at a printing company as Production Supervisor, and was involved with attending to high-tech printing machines, monitoring printing quality and manpower arrangement for different production line to ensure production is on schedule. In 1995, he ventured into the human resources industry and founded Right Pristine ManPro Sdn Bhd ("Right Pristine ManPro") and AP Venture Provision Sdn Bhd ("AP Venture Provision"). With over 25 years of experience in the business sector, Mark plays a key leadership role in the company guiding its strategic vision, its operational expansion and customer relations.
Special responsibilities: Nil

Name: Yaw Foi Chan
Title: Chief Financial Officer and Executive Director (appointed 24 December 2019)
Experience and expertise: Yaw Foi is a qualified Management Accountant with the Chartered Institute of Management Accountant (CIMA) and has over 20 years' experience in accounting and finance. His role includes setting up West Coast Group departments and establishing costing standards, setting up and monitoring inventory control systems, budget preparation and variance analysis, setting products selling price, maintaining financial books, liaising with external auditors and tax advisors, deal with banks on facilities and trade instruments, evaluate capital expenditures and monitoring returns, as well as guide and advise management on decisions to achieve set targets.
Special responsibilities: Member of the Audit and Risk Committee

West Coast Aquaculture Group Ltd

Directors' report

30 April 2020

Name: Teik Hon Chin
Title: Chief Operations Officer and Executive Director (appointed 24 December 2019)
Experience and expertise: Co-Founder of West Coast Group with 12 years' experience in fish farming operations and was appointed to the Board of Directors of West Coast Aquaculture (M) Sdn Bhd on 30 May 2016. Chin's role extends to the marine environment and fish performance from fingerlings to harvest. He has been responsible for West Coast' Group's production increases and improved fish production. Chin is well recognized for farming innovation in Langkawi and his extensive knowledge of aquaculture is the foundation on which WCA's success is built on.

Special responsibilities: Nil

Name: Lee Ping Chong
Title: Non-Executive Director (appointed 5 December 2019)
Experience and expertise: Ping is a solicitor and Partner of Baldock Stacy & Niven Parramatta, Solicitors and Notaries. She was educated in Malaysia, at the Institute of Chartered Secretaries and Administrators (ICSA) in the United Kingdom and in Australia. Prior to working in law, Ping worked in the banking industry in Australia. Ping practices in both the property and business areas helping companies and individuals in small, medium and large businesses in Australia and Asia. Ping was appointed as a notary public by the Supreme Court of NSW, Australia in 2007.

Special responsibilities: Member of the Nomination and Remuneration Committee, and Member of the Audit and Risk Committee

Name: Stuart Laurence Niven
Title: Non-Executive Director (appointed 5 December 2019)
Experience and expertise: Stuart is a solicitor and a Partner of Baldock Stacy & Niven Parramatta, Solicitors and Notaries. He was educated at the King's School Parramatta, Australia and the University of Sydney, Australia. Stuart's law practice is largely in the commercial and business area helping companies and individuals in small, medium and large businesses throughout Australia. Stuart was appointed as a notary public by the Supreme Court of NSW, Australia in 2007.

Special responsibilities: Chairman of both the Nomination and Remuneration Committee and the Audit and Risk Committee

Company secretary

Elizabeth Bee Hiang Lee holds a Bachelor of Business majoring in Finance and Business Law from Edith Cowan University, a Graduate Diploma in Corporate Governance from Governance Institute of Australia, a Graduate Diploma in Corporate Governance for ASX Listed Entities from Kaplan Financial Institute and is a Fellow member of the Governance Institute of Australia. She has held the role of Company Secretary since 5 December 2019. Elizabeth has over 20 years of experience in the areas of corporate governance and company secretarial functions. She was previously the Company Secretary of Phosphate Resources Ltd, MacMahon Holdings Ltd, Corporate Compliance Partners and Lend Lease Primelife Ltd.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the period ended 30 April 2020, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Ching Hoe Neo	1	1	-	-	-	-
Yaw Foi Chan	1	1	-	-	1	1
Teik Hon Chin	1	1	-	-	-	-
Lee Ping Chong	1	1	1	1	1	1
Stuart Laurence Niven	1	1	1	1	1	1
Tony Kwun Kin Fan	-	-	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

West Coast Aquaculture Group Ltd
Directors' report
30 April 2020

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The board of directors of West Coast Aquaculture Group Ltd are not entitled to receive any remuneration until the company is successfully listed on the Sydney Stock Exchange. However Yaw Foi Chan and Teik Hon Chin both received remuneration in their capacity as employees of the company's subsidiary.

Chan Huan Tai and Khor Chin Dee have also been included as a members of other key management personnel in their capacities as a directors of the company's subsidiary. Khor Chin Dee did not receive any remuneration during the period.

Use of remuneration consultants

During the financial period ended 30 April 2020, the company did not make use of remuneration consultants.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	EPF /Super-annuation	Long service leave	Equity-settled	
5 Dec 2019 to 30 April 2020	\$	\$	\$	\$	\$	\$	\$
<i>Executive Directors:</i>							
Teik Hon Chin	14,200	2,088	-	1,954	-	-	18,242
Yaw Foi Chan	16,707	1,392	-	724	-	-	18,823
<i>Other Key Management Personnel:</i>							
Chan Huan Tai	10,024	-	-	1,203	-	-	11,227
	<u>40,931</u>	<u>3,480</u>	<u>-</u>	<u>3,881</u>	<u>-</u>	<u>-</u>	<u>48,292</u>

West Coast Aquaculture Group Ltd
Directors' report
30 April 2020

The board of directors of West Coast Aquaculture Group Ltd are not entitled to receive any remuneration until the company is successfully listed on the Sydney Stock Exchange. However Yaw Foi Chan and Teik Hon Chin both received remuneration in their capacity as employees of the company's subsidiary.

Chan Huan Tai and Khor Chin Dee have also been included as a members of other key management personnel in thier capacities as a directors of the company's subsidiary. Khor Chin Dee did not receive any remuneration during the period.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed	At risk - STI	At risk - LTI
	remuneration 5 Dec 2019 to 30 April 2020	5 Dec 2019 to 30 April 2020	5 Dec 2019 to 30 April 2020
<i>Executive Directors:</i>			
Teik Hon Chin	89%	11%	-
Yaw Foi Chan	93%	7%	-
<i>Other Key Management Personnel:</i>			
Chan Huan Tai	100%	-	-

Service agreements

The service agreements with all board members come into effect when the company successfully completes its listing on the Sydney Stock Exchange.

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Ching Hoe Neo (Mark)
Title: Chief Executive Officer and Executive Director
Term of agreement: His annual remuneration package comprises a base salary of \$60,000 per annum. Mark's employment contract may be terminated by either West Coast Aquaculture Group or Mark himself by providing 6 months' notice in writing before the proposed date of termination, or in West Coast' Aquaculture Group's case, payment in lieu of notice at its discretion. West Coast Aquaculture Group may also terminate the employment of Mark summarily in certain circumstances (without notice) if he engages in serious misconduct, including, but not limited to, any acts of dishonestly, fraud, wilful disobedience, failure to comply with a lawful and reasonable direction or bankruptcy.

Name: Teik Hon Chin
Title: Chief Operations Officer and Executive Director
Term of agreement: His annual remuneration package comprises a base salary of \$20,000 per annum.

Name: Yaw Foi Chan
Title: Chief Financial Officer and Executive Director
Term of agreement: His annual remuneration package comprises a base salary of \$20,000 per annum.

Name: Lee Ping Chong
Title: Non-Executive Director
Term of agreement: Under the Constitution and corporate governance rules, the Remuneration Committee decides the total amount paid to each Director as remuneration for their services as a director to West Coast Aquaculture. Group. Annual non-executive Directors' fees currently agreed to be paid by West Coast Aquaculture Group are \$20,000 per annum.

West Coast Aquaculture Group Ltd
Directors' report
30 April 2020

Name: Stuart Laurence Niven
Title: Non-Executive Director
Term of agreement: Under the Constitution and corporate governance rules, the Remuneration Committee decides the total amount paid to each Director as remuneration for their services as a director to West Coast Aquaculture Group . Annual non-executive Directors' fees currently agreed to be paid by West Coast Aquaculture Group are \$20,000 per annum.

These contracts for the non-executive directors are not activated until the company is successfully listed on the SSX.

There are no formal service agreements in place with the directors of the company's Malaysian subsidiary.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the period ended 30 April 2020.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 April 2020.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the period ended 30 April 2020.

Additional information

The earnings of the consolidated entity since incorporation are summarised below:

	2020 \$
Sales revenue	2,219,406
Profit after income tax	53,720

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2020
Basic earnings per share (cents per share)	0.07
Diluted earnings per share (cents per share)	0.07

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held directly and/or indirectly during the financial period by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the period	Incorporation shares	Shares issued in relation to WCA acquisition	Share split	Balance at the end of the period
<i>Ordinary shares</i>					
Teik Hon Chin	-	1	999,999	9,000,000	10,000,000
Ching Hoe Neo	-	1	1,499,999	13,500,000	15,000,000
Khor Chin Dee	-	1	1,499,999	13,500,000	15,000,000
Chan Huan Tai	-	1	1,999,999	18,000,000	20,000,000
	-	4	5,999,996	54,000,000	60,000,000

West Coast Aquaculture Group Ltd
Directors' report
30 April 2020

Other transactions with key management personnel and their related parties

Refer to note 25 for details of other transactions with key management personnel and their related parties.

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of West Coast Aquaculture Group Ltd under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of West Coast Aquaculture Group Ltd issued on the exercise of options during the period ended 30 April 2020 and up to the date of this report.

Indemnity and insurance of officers

The company has not indemnified the directors and executives of the consolidated entity for costs incurred, in their capacity as a director or executive.

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

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.

Auditor

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial period by the auditor are outlined in note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

West Coast Aquaculture Group Ltd
Directors' report
30 April 2020

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

On behalf of the directors

A handwritten signature in black ink, appearing to be 'Ching Hoe Neo', written over a horizontal line.

Ching Hoe Neo
Chief Executive Officer

2 September 2020

Auditor's independence declaration

As lead auditor for the audit of the consolidated financial report of West Coast Aquaculture Group Ltd and its controlled entity for the period 5 December 2019 to 30 April 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to West Coast Aquaculture Group Ltd and the entity it controlled during the period.



HLB Mann Judd
Chartered Accountants



Jude Lau
Partner

Melbourne
2 September 2020

hlb.com.au

HLB Mann Judd (VIC Partnership) ABN 20 696 861 713

Level 9, 575 Bourke Street, Melbourne VIC 3000 | GPO Box 2850, Melbourne VIC 3001

T: +61 (0) 3 9606 3888 F: +61 (0) 3 9606 3800 E: mailbox@hlbvic.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (VIC Partnership) is a member of HLB International, the global advisory and accounting network

West Coast Aquaculture Group Ltd

Contents

30 April 2020

Statement of profit or loss and other comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Statement of cash flows	16
Notes to the financial statements	17
Directors' declaration	44
Independent auditor's report to the members of West Coast Aquaculture Group Ltd	45

General information

The financial statements cover West Coast Aquaculture Group Ltd as a consolidated entity consisting of West Coast Aquaculture Group Ltd and the entity it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is West Coast Aquaculture Group Ltd's functional and presentation currency.

West Coast Aquaculture Group Ltd is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 7, 257 Collins Street
Melbourne, Victoria Australia 3000

Principal place of business

Lot 709, Taman Nilam, Belanga Pecah Kuah
07000 Langkawi, Malaysia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 2 September 2020. The directors have the power to amend and reissue the financial statements.

West Coast Aquaculture Group Ltd
Statement of profit or loss and other comprehensive income
For the period ended 30 April 2020

	Note	Consolidated 5 Dec 2019 to 30 April 2020 \$
Revenue	5	2,219,406
Change in fair value of biological assets		388,676
Expenses		
Cost of sales		(2,168,192)
Regulatory affairs expenses		(30,420)
Consultation expenses		(84,936)
Administration expenses		(206,164)
Finance costs	6	(56,518)
Profit before income tax expense		61,852
Income tax expense	7	(8,132)
Profit after income tax expense for the period attributable to the owners of West Coast Aquaculture Group Ltd		53,720
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation		43,087
Other comprehensive income for the period, net of tax		43,087
Total comprehensive income for the period attributable to the owners of West Coast Aquaculture Group Ltd		<u>96,807</u>
		Cents
Basic earnings per share	32	0.07
Diluted earnings per share	32	0.07

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

West Coast Aquaculture Group Ltd
Statement of financial position
As at 30 April 2020

	Note	Consolidated 30 April 2020 \$
Assets		
Current assets		
Cash and cash equivalents	8	386,416
Trade and other receivables	9	163,888
Inventories	10	222,936
Biological assets	11	4,530,205
Financial assets	12	805,966
Other	13	236,530
Total current assets		<u>6,345,941</u>
Non-current assets		
Property, plant and equipment	14	1,818,467
Total non-current assets		<u>1,818,467</u>
Total assets		<u>8,164,408</u>
Liabilities		
Current liabilities		
Trade and other payables	15	2,830,558
Borrowings	16	1,629,352
Income tax		1,648
Total current liabilities		<u>4,461,558</u>
Non-current liabilities		
Borrowings	16	1,374,710
Deferred tax	17	21,163
Total non-current liabilities		<u>1,395,873</u>
Total liabilities		<u>5,857,431</u>
Net assets		<u><u>2,306,977</u></u>
Equity		
Issued capital	18	15,582,360
Reserves	19	(13,329,103)
Retained profits		53,720
Total equity		<u><u>2,306,977</u></u>

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

West Coast Aquaculture Group Ltd
Statement of changes in equity
For the period ended 30 April 2020

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 5 December 2019	-	-	-	-
Profit after income tax expense for the period	-	-	53,720	53,720
Other comprehensive income for the period, net of tax	-	43,087	-	43,087
Total comprehensive income for the period	-	43,087	53,720	96,807
Commonly controlled reserve recognised on acquisition of West Coast Aquaculture (M) Sdn Bhd (note 27)	-	(13,372,190)	-	(13,372,190)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 18)	15,582,360	-	-	15,582,360
Balance at 30 April 2020	<u>15,582,360</u>	<u>(13,329,103)</u>	<u>53,720</u>	<u>2,306,977</u>

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

West Coast Aquaculture Group Ltd
Statement of cash flows
For the period ended 30 April 2020

	Note	Consolidated 5 Dec 2019 to 30 April 2020 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)		2,451,958
Payments to suppliers and employees (inclusive of GST)		<u>(2,625,756)</u>
		(173,798)
Interest and other finance costs paid		(56,518)
Net payments to related parties		87,779
Payments in relation to prepaid IPO costs		<u>(196,530)</u>
Net cash used in operating activities	29	<u>(339,067)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	14	(23,435)
Net cash acquired from common control acquisition		<u>(108,607)</u>
Net cash used in investing activities		<u>(132,042)</u>
Cash flows from financing activities		
Proceeds from issue of shares	18	582,360
Repayment of borrowings		<u>(57,515)</u>
Net cash from financing activities		<u>524,845</u>
Net increase in cash and cash equivalents		53,736
Cash and cash equivalents at the beginning of the financial period		-
Effects of exchange rate changes on cash and cash equivalents		<u>7,015</u>
Cash and cash equivalents at the end of the financial period	8	<u><u>60,751</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Reporting period

The company was incorporated on 5 December 2019. The financial report covers the period from that date until 30 April 2020. For that reason the report does not include comparative information.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment, biological assets and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of West Coast Aquaculture Group Ltd ('company' or 'parent entity') as at 30 April 2020 and the results of its subsidiary for the period then ended. West Coast Aquaculture Group Ltd and its subsidiary together are referred to in these financial statements as the 'consolidated entity'.

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

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting, unless it is an acquisition involving entities or businesses under common control. For common control acquisitions the excess of the purchase price over the identifiable fair value of net assets acquired, is recognised in equity as a reserve.

Note 1. Significant accounting policies (continued)

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is West Coast Aquaculture Group Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 1. Significant accounting policies (continued)

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

The company's Malaysian subsidiary has been granted tax incentive under Section 127 of the Income Tax Act 1967 for exemption of tax on statutory income from fish rearing activities for a period of ten years from February 2013.

Current and non-current classification

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

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

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

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

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

Note 1. Significant accounting policies (continued)

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Inventories

Agricultural produce harvested from biological assets is measured at fair value less costs to sell at the point of harvest. Such measurement is the cost at the date when applying AASB 102 Inventories. Other stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 1. Significant accounting policies (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	50 years
Farm equipment	10 years
Ponds and quarters	10-20 years
Machinery	7 years
Motor vehicles	5-7 years
Fixture and Fittings	5 years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Biological assets

*Fishery livestock*s

Fishery livestock are measured at fair value less costs to sell, based on market prices of livestock of similar age, species, where necessary, to reflect the differences. Market prices are obtained from observable market prices (where available), contracted prices or estimated future prices. The costs to sell include the incremental selling costs, including fees and commission paid to dealers and estimated costs of transport to market. Changes in fair value of livestock are recognised in profit or loss.

In measuring the fair value of fishery livestock, various management estimates and judgements are required. Estimates and judgements in determining the fair value of fishery livestock relate to the market prices, average weight, tails of fishes and quality of the fishery livestock.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 1. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of West Coast Aquaculture Group Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 April 2020. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Common controlled acquisition

On 13 December 2019, the company acquired 100% of the ordinary shares of West Coast Aquaculture (M) Sdn Bhd "WCA" for a consideration of 9,999,995 shares valued at \$15,000,000.

In determining the accounting treatment to be applied to these acquisitions, the directors gave consideration to the fact that the company and the WCA were controlled by the same group of shareholders before and after the acquisition. Accordingly, it was determined that the acquisition met the definition of a transaction between entities under common control as outlined in AASB 3, whereby the variance between the purchase consideration and the net assets acquired is recognised in reserves on consolidation. A reserve of \$13,372,190 has been recognised in relation to this acquisition, refer to note 27

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Fair value of fishery livestock

Estimates are involved in determining the fair value of fishery livestock relating to market prices, average weight, tails of fishes and quality of the fishes. There is no effective market for fishery livestock, so market price is derived from observable market prices (when available), contracted prices or estimated future prices based on historical data. Weight of the fishes is determined based on the estimated number of fishes at the period end. The fishes grow at different rates and there can be a considerable spread in the quality and weight of the fishes that affects the price achieved.

Note 3. Impact of COVID 19 Pandemic

During the period ended 30 April 2020, the COVID-19 was declared a pandemic by the World Health Organisation (WHO). The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Since its outbreak, governments worldwide have set up measures to contain the pandemic. Many countries have required entities to limit or suspend business operations, and have also implemented travel restrictions and quarantine measures. Monetary and fiscal stimulus packages have also been introduced in some countries. As the COVID-19 outbreak continues to evolve, the estimated financial impact cannot be reasonably determined at this juncture. The impact which COVID 19 has had on the consolidated entity is set out below.

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 3. Impact of COVID 19 Pandemic (continued)

Export sales

Normally Hong Kong customers will order larger quantities of live fish a month before Chinese New Year (CNY), which fell at the end of January 2020 and thereafter no further orders are normally expected from them during February. This meant that there was not a significant impact on export revenue before March 2020. However due to the global COVID-19 pandemic travel, shipping & others restrictions, budgeted March 2020 sales totalling approximately \$289,739 (RM800,000) did not eventuate. Export sales have returned to normal levels from April 2020.

Malaysian sales

The Malaysian government started to impose restrictions from 18 March 2020. However the aquaculture industry was not subject to the restraints placed regarding the COVID-19 pandemic, thus operations continued as normal.

However due to the restrictions placed on restaurants, wet-markets, inter-state travel etc, local sales for the months of March 2020 to May 2020 were lower than budgeted. The estimated loss in budgeted sales over that three month period was approximately \$253,522 (RM700,000).

Operation expenses

As noted above, the Malaysian restrictions did not extend to the aquaculture industry. For this reason, the impact on operating expenses was not material.

Australian operations

The impact of COVID-19 on the consolidated entity's Australian operations has not been material due to their scale and nature of operations as a holding company.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment: aquaculture and fish breeding based in Malaysia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 5. Revenue

	Consolidated 5 Dec 2019 to 30 April 2020 \$
<i>Revenue from contracts with customers</i>	
Sales of goods	<u>2,211,481</u>
<i>Other revenue</i>	
Other revenue	<u>7,925</u>
Revenue	<u><u>2,219,406</u></u>

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 5. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 5 Dec 2019 to 30 April 2020 \$
<i>Major product lines</i>	
Fish	<u>2,211,481</u>
<i>Geographical regions</i>	
Malaysia	1,240,641
Hong Kong	<u>970,840</u>
	<u>2,211,481</u>
<i>Timing of revenue recognition</i>	
Goods transferred at a point in time	<u>2,211,481</u>

Major customers

During the period ended 30 April 2020, the consolidated entity generated 43.9% of its sales revenue from two major customers.

Note 6. Expenses

	Consolidated 5 Dec 2019 to 30 April 2020 \$
Profit before income tax includes the following specific expenses:	
<i>Finance costs</i>	
Revolving credit interest	33,060
Term loan interest	20,899
Other interest	<u>2,559</u>
Finance costs expensed	<u>56,518</u>

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 7. Income tax expense

	Consolidated 5 Dec 2019 to 30 April 2020 \$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>	
Profit before income tax expense	61,852
Tax at the statutory tax rate of 27.5%	17,009
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	
Non assessable income	(52,406)
Non deductible expenses	12,757
	(22,640)
Difference in overseas tax rates	(1,154)
Australian tax losses not recognised	31,926
Income tax expense	8,132
	Consolidated 5 Dec 2019 to 30 April 2020 \$
<i>Tax losses not recognised</i>	
Unused tax losses for which no deferred tax asset has been recognised	116,096
Potential tax benefit @ 27.5%	31,926

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The company's Malaysian subsidiary has been granted tax incentive under Section 127 of the Income Tax Act 1967 for exemption of tax on statutory income from fish rearing activities for a period of ten years from February 2013.

The consolidated entity also has estimated carried forward tax losses of RM1,652,252 (\$582,763) in Malaysia. These are subject to confirmation by the Inland Revenue Board.

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 8. Cash and cash equivalents

	Consolidated 30 April 2020 \$
<i>Current assets</i>	
Cash at bank	<u>386,416</u>

Reconciliation to cash and cash equivalents at the end of the financial period

The above figures are reconciled to cash and cash equivalents at the end of the financial period as shown in the statement of cash flows as follows:

Balances as above	386,416
Bank overdraft (note 16)	<u>(325,665)</u>
Balance as per statement of cash flows	<u>60,751</u>

Note 9. Trade and other receivables

	Consolidated 30 April 2020 \$
<i>Current assets</i>	
Trade receivables	118,375
Less: Allowance for expected credit losses	<u>(12,752)</u>
	105,623
Other receivables	6,877
Deposits	25,576
BAS receivable	<u>25,812</u>
	<u>163,888</u>

Allowance for expected credit losses

Movements in the allowance for expected credit losses are as follows:

	Consolidated 30 April 2020 \$
Opening balance	-
Additional provisions recognised	<u>12,752</u>
Closing balance	<u>12,752</u>

Note 10. Inventories

	Consolidated 30 April 2020 \$
<i>Current assets</i>	
Stock on hand (pellets) - at cost	<u>222,936</u>

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 11. Biological assets

	Consolidated
	30 April 2020
	\$
<i>Current assets</i>	
Biological asset - fisheries livestock at fair value	<u>4,530,205</u>

Reconciliations

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

Consolidated	\$	Total \$
Balance at 5 December 2019	-	-
Additions	1,191,506	1,191,506
Disposals	(1,606,834)	(1,606,834)
Acquired from common control acquisition	3,563,275	3,563,275
Revaluation	388,676	388,676
Exchange differences	48,873	48,873
Changes due to biological transformation / mortality and losses	<u>944,709</u>	<u>944,709</u>
Balance at 30 April 2020	<u>4,530,205</u>	<u>4,530,205</u>

Refer to note 22 for details on fair value measurement.

Note 12. Financial assets

	Consolidated
	30 April 2020
	\$
<i>Current assets</i>	
Term deposits with over three months to maturity	<u>805,966</u>

The weighted average effective interest rate fixed deposits as at end of financial year ranged from 0.25% to 3.85% per annum.

Fixed deposit of the Company has maturity period ranged from 98 days to 351 days. Fixed deposits amounting to AUD 805,966 are pledged to licensed banks for bank facilities granted to the subsidiary Company.

Note 13. Other

	Consolidated
	30 April 2020
	\$
<i>Current assets</i>	
Prepaid IPO costs	<u>236,530</u>

Upon successful completion of the company's listing on the Sydney Stock Exchange these payments will be capitalised as part of the equity.

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 14. Property, plant and equipment

	Consolidated
	30 April 2020
	\$
<i>Non-current assets</i>	
Buildings - at cost	264,530
Less: Accumulated depreciation	<u>(10,580)</u>
	<u>253,950</u>
Farm equipment - at cost	769,240
Less: Accumulated depreciation	<u>(246,122)</u>
	<u>523,118</u>
Fixtures and fittings - at cost	9,937
Less: Accumulated depreciation	<u>(3,755)</u>
	<u>6,182</u>
Motor vehicles - at cost	184,029
Less: Accumulated depreciation	<u>(118,939)</u>
	<u>65,090</u>
Fish ponds and workers quarters - at cost	1,185,266
Less: Accumulated depreciation	<u>(274,686)</u>
	<u>910,580</u>
Machinery - at cost	124,596
Less: Accumulated depreciation	<u>(65,049)</u>
	<u>59,547</u>
	<u><u>1,818,467</u></u>

Reconciliations

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

	Buildings	Farm	Fish Ponds	Machinery	Motor	Fixtures	
	\$	equipment	and	\$	vehicles	and	Total
Consolidated	\$	\$	quarters	\$	\$	fittings	\$
	\$	\$	\$	\$	\$	\$	\$
Balance at 5 December 2019	-	-	-	-	-	-	-
Additions	-	5,714	-	18,761	-	2,137	26,612
Common control acquisition	253,190	543,243	945,470	44,839	67,448	4,620	1,858,810
Exchange differences	3,024	7,073	12,305	145	874	14	23,435
Depreciation expense	<u>(2,264)</u>	<u>(32,912)</u>	<u>(47,195)</u>	<u>(4,198)</u>	<u>(3,232)</u>	<u>(589)</u>	<u>(90,390)</u>
Balance at 30 April 2020	<u>253,950</u>	<u>523,118</u>	<u>910,580</u>	<u>59,547</u>	<u>65,090</u>	<u>6,182</u>	<u>1,818,467</u>

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 15. Trade and other payables

	Consolidated 30 April 2020 \$
<i>Current liabilities</i>	
Trade payables	478,529
Payable to related parties	2,246,885
Other payables	<u>105,144</u>
	<u><u>2,830,558</u></u>

Refer to note 21 for further information on financial instruments.

Of this amount, RM5,880,000 (\$2,073,928) is to be paid back with profits made by the consolidated entity and RM490,369 (\$172,957) is trade in nature therefore payable within 30 to 90 days.

Note 16. Borrowings

	Consolidated 30 April 2020 \$
<i>Current liabilities</i>	
Bank overdraft	325,665
Term loans	336,778
Revolving credit	<u>966,909</u>
	<u><u>1,629,352</u></u>
<i>Non-current liabilities</i>	
Term loans	<u><u>1,374,710</u></u>

Refer to note 21 for further information on financial instruments.

Security provided

The consolidated entity's borrowings are secured by way of:

- Pledged of fixed deposits;
- Subsequent debenture over fixed and floating assets of WCA, both present and future;
- Supplement existing upfront fixed deposits and sinking fund and profit earned thereon to be retained as security;
- Jointly and severally guaranteed by the Company's directors and holding company's shareholders; and
- Against certain percentage of guarantee coverage by Government of Malaysia under the Working Capital Guarantee Scheme (WCGS).

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 16. Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated
	30 April 2020
	\$
Total facilities	
Bank overdraft	343,891
Revolving credit	1,022,855
	<u>1,366,746</u>
Used at the reporting date	
Bank overdraft	325,665
Revolving credit	966,909
	<u>1,292,574</u>
Unused at the reporting date	
Bank overdraft	18,226
Revolving credit	55,946
	<u>74,172</u>

Note 17. Deferred tax

	Consolidated
	30 April 2020
	\$
<i>Non-current liabilities</i>	
Deferred tax liability comprises temporary differences attributable to:	
Amounts recognised in profit or loss:	
Property, plant and equipment	161,025
Tax losses	(139,862)
	<u>21,163</u>
Deferred tax liability	<u><u>21,163</u></u>
<i>Movements:</i>	
Opening balance	-
Acquired from common control acquisition	14,921
Charged to profit and loss	6,242
	<u>21,163</u>
Closing balance	<u><u>21,163</u></u>

Note 18. Issued capital

	Consolidated	Consolidated
	30 April 2020	30 April 2020
	Shares	\$
Ordinary shares - fully paid	<u>103,950,000</u>	<u>15,582,360</u>

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 18. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	5 December 2019	-		-
Incorporation shares	5 December 2019	5	\$1.00	5
Shares issued for commonly controlled acquisition	23 December 2019	9,999,995	\$1.50	15,000,000
Share split	6 January 2020	90,000,000	\$0.00	-
Private placement	7 February 2020	<u>3,950,000</u>	\$0.15	<u>582,355</u>
Balance	30 April 2020	<u>103,950,000</u>		<u>15,582,360</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period.

Note 19. Reserves

	Consolidated
	30 April 2020
	\$
Foreign currency reserve	43,087
Commonly controlled reserve	<u>(13,372,190)</u>
	<u>(13,329,103)</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Commonly controlled reserve

On 13 December 2019, the company acquired 100% of the ordinary shares of WCA for a consideration of 9,999,995 shares valued at \$15,000,000.

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 19. Reserves (continued)

In determining the accounting treatment to be applied to these acquisitions, the directors gave consideration to the fact that the company and the WCA were controlled by the same group of shareholders before and after the acquisition. Accordingly, it was determined that the acquisition met the definition of a transaction between entities under common control as outlined in AASB 3, whereby the variance between the purchase consideration and the net assets acquired is recognised in reserves on consolidation. A reserve of \$13,372,190 has been recognised in relation to this acquisition.

Movements in reserves

Movements in each class of reserve during the current financial period are set out below:

Consolidated	Foreign currency \$	Commonly controlled \$	Total \$
Balance at 5 December 2019	-	-	-
Foreign currency translation	43,087	-	43,087
Commonly controlled acquisition	-	(13,372,190)	(13,372,190)
Balance at 30 April 2020	<u>43,087</u>	<u>(13,372,190)</u>	<u>(13,329,103)</u>

Note 20. Dividends

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

Note 21. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets 30 April 2020 \$	Liabilities 30 April 2020 \$
Malaysian Ringgit	<u>1,330,443</u>	<u>5,790,619</u>

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 21. Financial instruments (continued)

Consolidated - 30 April 2020	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Malaysian Ringgit	10%	-	405,471	10%	-	(495,575)

Price risk

The consolidated entity is exposed to financial risk from changes in fish prices and sale volume of fishery livestock. As at 30 April 2020, the consolidated entity has approximately 800,000 tails of fishery livestock. Presently entering into ongoing contracts with customers is not industry practice nor is it viable for the consolidated entity.

The consolidated entity is also exposed to the damage and fatalities from climate changes, disease and other natural forces.

Interest rate risk

The consolidated entity is exposed the interest risk in relation to its variable borrowings.

As at the reporting date, the consolidated entity had the following variable rate borrowings and interest rate swap contracts outstanding:

Consolidated	30 April 2020	
	Weighted average interest rate %	Balance \$
Bank overdraft	8.20%	325,665
Bank loans	8.20%	334,701
Revolving credit	4.98%	275,291
Net exposure to cash flow interest rate risk		<u>935,657</u>

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

Consolidated - 30 April 2020	Basis points change	Basis points increase		Basis points change	Basis points decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Bank overdraft	100	(3,256)	(3,256)	100	3,256	3,256
Bank loans	100	(3,347)	(3,347)	100	3,347	3,347
Revolving credit	100	(2,753)	(2,753)	100	2,753	2,753
		<u>(9,356)</u>	<u>(9,356)</u>		<u>9,356</u>	<u>9,356</u>

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. During the period a total credit loss of \$12,752 has been recognised.

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 21. Financial instruments (continued)

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 30 April 2020 %	Carrying amount 30 April 2020 \$	Allowance for expected credit losses 30 April 2020 \$
Not overdue	0.99%	79,665	789
0 to 2 months overdue	16.68%	27,229	4,542
2 to 3 months overdue	34.09%	6,160	2,100
Over 3 months overdue	100.00%	5,321	5,321
		<u>118,375</u>	<u>12,752</u>

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated 30 April 2020 \$
Bank overdraft	18,226
Revolving credit	55,946
	<u>74,172</u>

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 21. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 April 2020	Weighted average interest rate %	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives					
<i>Non-interest bearing</i>					
Trade and other payables	-	2,830,558	-	-	2,830,558
<i>Interest-bearing - variable</i>					
Bank overdraft	8.20%	325,665	-	-	325,665
Bank loans	8.20%	59,300	210,288	65,113	334,701
Revolving credit	4.98%	275,291	-	-	275,291
<i>Interest-bearing - fixed rate</i>					
Bank loans	3.77%	277,477	930,195	169,115	1,376,787
Revolving credit	3.75%	691,618	-	-	691,618
Total non-derivatives		4,459,909	1,140,483	234,228	5,834,620

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 22. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) 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

Consolidated - 30 April 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Biological assets	-	4,530,205	-	4,530,205
Total assets	-	4,530,205	-	4,530,205

There were no transfers between levels during the financial period.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Fishery livestock are measured at fair value less costs to sell, based on market prices of livestock of similar age, species, where necessary, to reflect the differences. Market prices are obtained from observable market prices (where available), contracted prices or estimated future prices.

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 23. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 5 Dec 2019 to 30 April 2020 \$
Short-term employee benefits	44,411
Post-employment benefits	3,881
	<u>48,292</u>

The board of directors of West Coast Aquaculture Group Ltd are not entitled to receive any remuneration until the company is successfully listed on the Sydney Stock Exchange. However Yaw Foi Chan and Teik Hon Chin both received remuneration in their capacity as employees of the company's subsidiary.

Chan Huan Tai and Khor Chin Dee have also been included as a members of other key management personnel in thier capacities as a directors of the company's subsidiary. Khor Chin Dee did not receive any remuneration during the period.

Note 24. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by HLB Mann Judd, the auditor of the company, and its network firms:

	Consolidated 5 Dec 2019 to 30 April 2020 \$
<i>Audit services - HLB Mann Judd</i>	
Audit or review of the financial statements	<u>19,500</u>
<i>Other services - HLB Mann Judd</i>	
Preparation of independent accountant's report - IPO	<u>29,882</u>
	<u>49,382</u>
<i>Audit services - network firms</i>	
Audit or review of the financial statements	<u>9,778</u>

Note 25. Related party transactions

Parent entity

West Coast Aquaculture Group Ltd is the parent entity.

Subsidiaries

Interests in the company's subsidiary are set out in note 27.

Key management personnel

Disclosures relating to key management personnel are set out in note 23.

Identification of related parties

The below people have been identified as related parties during the period:-

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 25. Related party transactions (continued)

Board members of the Company:

- Ching Hoe Neo - Chief Executive Officer and board member of West Coast Aquaculture (M) Sdn Bhd
- Teik Hon Chin - Chief Operations Officer and board member of West Coast Aquaculture (M) Sdn Bhd
- Yaw Foi Chan - Chief Financial Officer
- Stuart Laurence Niven - Non-Executive Director
- Tony Kwun Kin Fan - Non-Executive Director (resigned 6 January 2020)

Board members of West Coast Aquaculture (M) Sdn Bhd

- Chan Huan Tai
- Khor Chin Dee

Other related parties

- Neo Joe Yee - wife of Chan Huan Tai and sister of Ching Hoe Neo
- Chin Koon Chia - major shareholder with a 38.48% stake in the company

The below entities and have been identified as related parties during the period:-

- North Island Fish Nursery S/B - 90% owned by Ching Koon Chia and 10% owned by Chan Huan Tai.
- Tropika Island Fish Farm S/B - 33% owned by Chan Huan Tai , 20% owned by Khor Chin Dee, 22% owned by Chin Teik Hon and 25% owed by Ching Hoe Neo during the year. These interests have been disposed of at 30 April 2020.
- Maxprotech Resources S/B - Ching Hoe Neo is director and owner of 85% of the company.
- CD Khor Trading - 100% owned by Khor Chin Dee.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 5 Dec 2019 to 30 April 2020 \$
Sale of goods and services:	
Sale of goods to CD Khor Trading	49,020
Payment for goods and services:	
Purchase of goods from North Island Fish Nursery S/B	1,025,251
Purchases of services from Maxprotech Resources S/B	14,031
Payment for other expenses:	
Wages and salaries paid to Neo Joe Yee	5,663

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 25. Related party transactions (continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated
	30 April 2020
	\$
Current payables:	
Other payables to Chin Koon Chia	747,743
Other payables to Ching Hoe Neo	484,975
Other payables to Neo Joe Yee	373,871
Other payables to Teik Hon Chin	186,936
Other payable to Khor Chin Dee	280,403
Trade payables to North Island Fish Farm Sdn Bhd	172,957

The other payables totalling RM 5,880,000 (\$2,073,928) are to be paid back with profits made by the consolidated entity and RM490,369 (\$172,957) is trade in nature therefore payable within 30 to 90 days.

Other related party transactions

Loan Agreement with North Island Fish Nursery SDN BHD (940166-P) (“NIFN”) and Tropika Island Fish Farm SDN. BHD. (849654-D) (“TIFF”)

WCA entered into identical loan agreements with NIFN and TIFF (“Lendee”) save for the loan amount in November 2019 to formalise arrangements related to pre-existing related party balances as at 31 October and for new advances made from 1 November 2019 up to 30 April 2020. Pursuant to these agreements, the Company had provided NIFN with a loan of RM4,616,116 and TIFF with a loan of RM195,289, both on a no interest rate basis, repayable in full by 30 April 2020. The condition for these loans were that NIFN and TIFF provided West Coast Group with the first available pick of juvenile fish and fingerlings, allowing the Company to source the highest grade/quality fingerlings and juvenile fish from both NIFN and TIFF.

Both loans were settled as at 30 April 2020.

Loan Agreement with Chia Chin Koon (“CCK”) and Ching Hoe Neo (“CHN”) Joe Yee Neo (“JYN”)

WCA entered into identical loan agreements with CCK, CHN and JYN (“Lender”) save for the loan amount in November 2019 to formalise arrangements related to pre-existing related party balances as at 31 October and for new advances made from 1 October 2019 up to 30 December 2019.

CCK, CHN and JYN had loaned WCA a sum of RM1,986,083.90, RM3,079,989 and RM1,332,129 respectively on a no interest basis. The loans were to be repaid no later than 30 December 2019.

All loans have been fully settled as at 30 December 2019.

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 26. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 5 Dec 2019 to 30 April 2020 \$
Loss after income tax	<u>(116,096)</u>
Total comprehensive income	<u>(116,096)</u>

Statement of financial position

	Parent 30 April 2020 \$
Total current assets	<u>466,264</u>
Total assets	<u>15,466,264</u>
Total current liabilities	<u>-</u>
Total liabilities	<u>-</u>
Equity	
Issued capital	15,582,360
Accumulated losses	<u>(116,096)</u>
Total equity	<u><u>15,466,264</u></u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 April 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 April 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 April 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 27. Interest in subsidiary

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 30 April 2020 %
West Coast Aquaculture (M) Sdn Bhd	Malaysia	100.00%

On 13 December 2019, the company acquired 100% of the ordinary shares of WCA for a consideration of 9,999,995 shares valued at \$15,000,000.

In determining the accounting treatment to be applied to these acquisitions, the directors gave consideration to the fact that the company and the WCA were controlled by the same group of shareholders before and after the acquisition. Accordingly, it was determined that the acquisition met the definition of a transaction between entities under common control as outlined in AASB 3, whereby the variance between the purchase consideration and the net assets acquired is recognised in reserves on consolidation. A reserve of \$13,372,190 has been recognised in relation to this acquisition.

	Acquisition date value
Summary of assets and liabilities acquired	
Cash and cash equivalents	155,727
Trade and other receivables	1,710,664
Inventories	257,711
Biological assets	3,563,275
Financial assets	789,453
Property, plant and equipment	1,858,810
Trade and other payables	(3,692,033)
Borrowings (including overdraft)	(3,000,246)
Provision for income tax	(630)
Deferred tax liability	(14,921)
Net assets acquired	<u>1,627,810</u>
	Commonly controlled reserve
Net asset acquired	(1,627,810)
Value of consideration shares	<u>15,000,000</u>
	<u>13,372,190</u>

Note 28. Events after the reporting period

On 30 July 2020, ASIC (Australian Securities and Investments Commission) approved the company's Replacement Prospectus. The Prospectus is for the company's Initial Public Offering (IPO) of 10,000,000 to 14,000,000 shares valued at \$0.50 per share to raise a total amount between AU\$5,000,000 and AU\$7,000,000 respectively, before costs. This fund raising exercise aims to expand production capacity to meet growing consumer demand and improve on efficiency to farm high quality fish and also to acquire hatchery/nursery facilities.

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 28. Events after the reporting period (continued)

During the period ended 30 April 2020, the COVID-19 was declared a pandemic by the World Health Organisation (WHO). The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Since its outbreak, governments worldwide have set up measures to contain the pandemic. Many countries have required entities to limit or suspend business operations, and have also implemented travel restrictions and quarantine measures. Monetary and fiscal stimulus packages have also been introduced in some countries. As the COVID-19 outbreak continues to evolve, the estimated financial impact cannot be reasonably determined at this juncture.

The company is taking steps to proactively manage the business and take the necessary actions to ensure that the Company's long-term business prospects remain stable.

While the COVID-19 situation has created economic uncertainty, the directors consider that the company will be able to continue as a going concern as it has, at 30 April 2020 net assets of \$2,306,977 and cash & cash equivalents of \$386,416.

The state of disaster in Victoria was declared on 16 August 2020 until 13 September 2020 and the state of disaster still in place. The consolidated entity's operations in Victoria are of a scale and nature that they have not been significantly impacted.

No other matter or circumstance has arisen since 30 April 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 29. Reconciliation of profit after income tax to net cash used in operating activities

	Consolidated 5 Dec 2019 to 30 April 2020 \$
Profit after income tax expense for the period	53,720
Adjustments for:	
Depreciation and amortisation	90,390
Fair value gain on biological assets	(388,767)
Accrued interest	(7,925)
Payments in relation to prepaid IPO costs	(196,530)
Change in operating assets and liabilities:	
Decrease in trade and other receivables	232,552
Decrease in inventories	34,775
Increase in other operating assets	(578,163)
Increase in trade and other payables	412,749
Increase in provision for income tax	1,018
Increase in deferred tax liabilities	7,114
Net cash used in operating activities	<u>(339,067)</u>

West Coast Aquaculture Group Ltd
Notes to the financial statements
30 April 2020

Note 30. Non-cash investing and financing activities

	Consolidated 5 Dec 2019 to 30 April 2020 \$
Shares issued in relation to acquisition of WCA	<u>15,000,000</u>

On 13 December 2019, the company acquired 100% of the ordinary shares of West Coast Aquaculture (M) Sdn Bhd "WCA" for a consideration of 9,999,995 shares valued at \$15,000,000.

Note 31. Changes in liabilities arising from financing activities

Consolidated	Borrowings (ex overdraft) \$	Total \$
Balance at 5 December 2019	-	-
Net cash used in financing activities	(57,515)	(57,515)
Common control acquisition	<u>2,735,912</u>	<u>2,735,912</u>
Balance at 30 April 2020	<u>2,678,397</u>	<u>2,678,397</u>

Note 32. Earnings per share

	Consolidated 5 Dec 2019 to 30 April 2020 \$
Profit after income tax attributable to the owners of West Coast Aquaculture Group Ltd	<u>53,720</u>
	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>80,863,851</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>80,863,851</u>
	Cents
Basic earnings per share	0.07
Diluted earnings per share	0.07

West Coast Aquaculture Group Ltd
Directors' declaration
30 April 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 April 2020 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company 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 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Ching Hoe Neo
Chief Executive Officer

2 September 2020

Independent Auditor's Report to the Members of West Coast Aquaculture Group Ltd

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of West Coast Aquaculture Group Ltd ("the Company") and its controlled entity ("the Group"), which comprises the consolidated statement of financial position as at 30 April 2020, 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 period from 5 December 2019 to 30 April 2020 ("the period"), 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 the Group is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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	How our audit addressed the key audit matter
Valuation of Biological Assets <i>Refer to note 1 – Biological assets and note 11 Biological assets</i>	
The Group has biological assets valued at \$4,530,205 as at 30 April 2020. These	We assessed management's evaluation of the adopted accounting treatment and performed the following procedures amongst others:

hlb.com.au

HLB Mann Judd (VIC Partnership) ABN 20 696 861 713

Level 9, 575 Bourke Street, Melbourne VIC 3000 | GPO Box 2850, Melbourne VIC 3001

T: +61 (0) 3 9606 3888 F: +61 (0) 3 9606 3800 E: mailbox@hlbvic.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

biological assets are measured at fair value less costs to sale.

In order to determine the carrying value, the directors exercised significant judgements in determining the fair value of fishery livestock taking into consideration the market prices, average weight, tails of fishes, quality of the fishery livestock and the costs to sell

Due to the significant judgment involved in determining fair value less costs of sell, the valuation of biological assets was assessed to be a key audit matter.

- Understood and assessed the process used by management to obtain the key inputs (such as observable market prices of fish, incremental selling costs – dealers’ commission paid, transport costs, quantity of fish on hand, grading of fish stock by weight) used by management to determine fair value;
- Assessed the appropriateness of the valuation methodology for compliance with AASB 141 *Agriculture* and AASB 13 *Fair Value Measurement*;
- Assessed key assumptions of the valuation methodology and inputs used with reference to historical selling prices, discount factor applied to the selling prices of fishes weighing less than 700 grams and more than 4 kilograms;
- Tested the controls operating over the grading and weighing procedures, which are used to calculate the quantity of fishes on hand; and
- Assessed the appropriateness of the adopted disclosures in the financial statements against the requirements of Australian Accounting Standards.

Accounting for the Common Control Transaction

Refer to note 27 – Interests in subsidiary

During the period ended 30 April 2020, the Company acquired West Coast Aquaculture (M) Sdn Bhd (“WCA”) as part of its planned listing on the Sydney Stock Exchange (“SSX”).

The directors considered the requirements of AASB 3 *Business Combinations* (“AASB 3”) to assess if the transaction met the definition of a business combination as per the requirements of the standard. The directors concluded that the transaction did not meet the definition of a business combination but instead represented a transaction between entities under common control as outlined in AASB 3.

Due to the significant judgement required to determine if the transaction met the definition of a common control transaction, the acquisition of WCA was assessed to be a key audit matter.

We assessed management’s evaluation of the adopted accounting treatment and performed the following procedures amongst others:

- Reviewed the terms and conditions of the Share exchange agreement (“the agreement”) and details of the controlling entities before and after the transaction to ensure that the treatment applicable to a transaction between entities under common control was met;
- Tested the value of the identifiable assets acquired and liabilities assumed at acquisition date, ensuring that no fair value uplift was recognised in determining the value of the common control reserve; and
- Reviewed the adopted disclosures made in the financial statements against the requirements of Australian Accounting Standards.

Information Other than the Financial Report and Auditor’s Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the period, 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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 9 of the directors' report for the period ended 30 April 2020.

In our opinion, the Remuneration Report of the Group for the period 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.



HLB Mann Judd
Chartered Accountants



Jude Lau
Partner

Melbourne
2 September 2020