

Murray Cod Australia Ltd

ACN: 143 928 625

For personal use only



AQUANA
Sustainable Murray Cod

Interim Financial Report For The Half-Year Ended
31 December 2020



MURRAY COD AUSTRALIA LIMITED – FINANCIAL REPORT

CORPORATE DIRECTORY

ABN 74 143 928 625

Directors

Ross Anderson
Mathew Ryan
George Roger Commins
Martin Priestley
David Crow

Company Secretaries

Wendy Dillon
Brett Tucker

Registered office

Level 1
153 Yambil Street
Griffith, NSW 2680
Australia
Telephone +61 2 69625470
Fax +61 2 69641546
Mail PO Box 492
Griffith, NSW 2680

Solicitors

HWL Ebsworth Lawyers
Level 20
240 St Georges Terrace
Perth, WA. 6000

Bankers

Westpac Bank
242 Banna Avenue
GRIFFITH NSW 2680

Auditors

PinnacleHPC Pty Ltd
135 Yambil Street
Griffith, NSW 2680

Website www.aquna.com

This interim financial report incorporating Appendix 4D is provided to the Australian Securities Exchange (ASX under ASX Listing Rule 4.2A.3).

The information contained in this report is to be read in conjunction with Murray Cod Australia Ltd's 2020 Annual Report and any announcements to the market by Murray Cod Australia Ltd during the half-year period ending 31 December 2020.

**ABN: 74 143 928 625. ASX: MCA. Appendix 4D.1.
Current Period 1 July 2020 to 31 December 2020.
Prior Corresponding 1 July 2019 to 31 December 2019.**

MURRAY COD AUSTRALIA LIMITED AND CONTROLLED ENTITIES

ABN: 74 143 928 625

Interim Financial Report For The Half-Year Ended 31 December 2020

CONTENTS

Appendix 4D	4
Directors' Report	5
Auditor's Independence Declaration	7
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Financial Statements	12
Director's Declaration	26
Independent Auditor's Review Report	27

For personal use only

MURRAY COD AUSTRALIA LIMITED
ABN: 74 143 928 625 AND CONTROLLED
ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

APPENDIX 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

KEY INFORMATION

	Half Year ended 31 December 2020	Half Year ended 31 December 2019	% Change
Revenue from Ordinary Activities	4,191,352	1,915,483	118.81%
Profit/(loss) after tax from ordinary activities attributable to members	542,015	(354,376)	252.95%
Net Profit/(loss) attributable to members	542,015	(354,376)	252.95%

Key Highlights

118.81% Revenue Growth

Average sale size of fish now at 1.37kg

DIVIDENDS PAID AND PROPOSED

Nil.

NET TANGIBLE ASSETS PER SHARE

31 Dec 2020 \$0.055

31 Dec 2019 \$0.064

CONTROL GAINED OR LOST OVER ENTITIES IN THE HALF-YEAR

Nil.

DIVIDEND DETAILS

Nil.

DIVIDEND REINVESTMENT PLANS

Nil.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Nil.

INDEPENDENT AUDIT REVIEW

There is no modified opinion, no emphasis of matter or other matter paragraph in the Audit review report.

**MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of Murray Cod Australia Limited and its controlled entities for the half- year ended 31 December 2020.

General Information

Directors

The following persons were directors of Murray Cod Australia Limited during or since the end of the financial year up to the date of this report:

Ross Anderson
Mathew Ryan
George Roger Commins
Martin Priestley
David Crow

Dividends Paid or Recommended

No dividends have been declared or paid during the half year ended 31 December 2020.

Principal Activities

The principal activity of the Company is Aquaculture.

Review and Results of Operations

Set out below is a review of significant activity for Murray Cod Australia Limited for the half year ended 31 December 2020:

- During the last six months the company has continued recruitment, training and development of staff. This has been a high priority of the company as we build our skill base so that we may sustainably continue with our expansion as planned. Our site at Whitton has commenced stocking and we expect eight ponds on that site to be stocked by end of April this year. Sales development is a major focus, particularly on a domestic front whilst covid-19 restrictions hamper our export efforts.

- The Company Research and Development has been a focus for our management team in a variety of areas including stocking rates, feeding methods, aeration systems, larvae weaning and growth systems.

Financial Review

The Company reported a profit for the half-year ended 31 December 2020 of \$542,015 (2019: loss \$354,376.)

Significant Events after Balance Date

No significant events have occurred since balance date.

Significant Changes in the State of Affairs

Other than the activities described in the Director's report above, there were no other significant changes in the state of affairs of the Company in the six months ended 31 December 2020.

**MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, we continue to adopt the going concern basis in preparing the accounts.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2020 has been received.

Indemnification and Insurance of Officers and Directors

The Company indemnifies its past and present Directors and Officers against liabilities arising out of their position with the company, except where the liability arises out of conduct involving a lack of good faith. The deed stipulates that the company will meet the full amount of any such liabilities, including costs and expenses.

Under the Company's directors' and officers' liability insurance policy, the Company cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirements to disclose the nature of the liability insured against and the premium amount of the policy.

ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191

The company is an entity to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* applies and, accordingly, amounts in the directors' report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the Directors.



Ross Anderson
Chairman

25 February 2021

Principals

John P Keenan CPA
Morris G Massarotto CPA
Graeme J Lyons CA
Geoffrey M Marin CPA
Allan J Andreatza CPA
Angela C Favell CPA
John P Farronato CA
Michael J Harris CA

MURRAY COD AUSTRALIA LIMITED AND CONTROLLED ENTITIES

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS
ACT 2001 TO THE DIRECTORS OF
MURRAY COD AUSTRALIA LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2020 there have been no contraventions of:

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



J.P. Keenan CPA

Registered Company Auditor 156228

135 Yambil Street Griffith NSW 2680

Dated this 25th day of February 2021

For personal use only

**MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

		Consolidated Group		
		Half-year Ended 31- Dec-20	Half-year Ended 31- Dec-19	
Note		\$	\$	
Continuing operations				
	Revenue	3	4,191,352	1,915,483
	Other Income	3	351,470	222,583
	Net gain from change in fair value of biological assets		2,819,700	2,161,246
	Employee benefits expense		(1,438,979)	(947,594)
	Cost of sales - equipment		(33,206)	(21,114)
	Cost of sales - fish		(2,633,574)	(1,809,007)
	Cost of sales - processing plant		(12,693)	-
	Cost of sales - cattle		-	(15,762)
	Administrative and other expenses		(501,230)	(521,140)
	Fish farm operating expenses		(1,339,012)	(995,826)
	Depreciation and amortisation expense		(588,547)	(373,758)
	Share based payment expense		(23,809)	(23,809)
	Net Profit/(Loss) before Income tax	4	791,472	(408,698)
	Tax expense	5	(249,457)	54,322
	Net Profit/(loss) from continuing operations		542,015	(354,376)
	Discontinued operations		-	-
	Net Profit/(Loss) for the year after tax		542,015	(354,376)
	Other comprehensive income		-	-
	Total other comprehensive income for the period		-	-
	Total Net Profit/(loss) and other comprehensive income for the period attributable to Members		542,015	(354,376)
Earnings per share				
From continuing and discontinued operations:				
	Basic earnings per share (cents)		0.096 cents	(0.08) cents
	Diluted earnings per share (cents)		0.081 cents	(0.06) cents
From continuing operations:				
	Basic earnings per share (cents)		0.096 cents	(0.08) cents
	Diluted earnings per share (cents)		0.081 cents	(0.06) cents
From discontinued operations:				
	Basic earnings per share (cents)		-	-
	Diluted earnings per share (cents)		-	-

The accompanying notes form part of these financial statements.

**MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	Consolidated Group	
		As at 31-Dec-20 \$	As at 30-Jun-20 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	3,582,103	6,081,964
Trade and other receivables	7	1,550,934	906,602
Inventories	8	15,092,345	12,483,171
Other assets	9	272,291	265,904
TOTAL CURRENT ASSETS		20,497,673	19,737,641
NON-CURRENT ASSETS			
Other financial assets		87	87
Property, plant and equipment	10	10,670,747	9,847,111
Deferred tax assets	14	301,333	566,345
Right of use assets	20	3,109,626	1,828,113
Intangible assets	11	4,667,707	4,627,080
TOTAL NON-CURRENT ASSETS		18,749,500	16,868,736
TOTAL ASSETS		39,247,173	36,606,377
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,000,812	695,540
Lease liability	20	197,380	145,949
Borrowings	13	412,326	325,658
Provisions	15	292,534	192,222
TOTAL CURRENT LIABILITIES		1,903,052	1,359,369
NON-CURRENT LIABILITIES			
Lease liability	20	2,992,564	1,752,150
Borrowings	13	1,159,683	1,001,574
Deferred tax liabilities	14	492,364	507,919
TOTAL NON-CURRENT LIABILITIES		4,644,611	3,261,643
TOTAL LIABILITIES		6,547,663	4,621,012
NET ASSETS		32,699,510	31,985,365
EQUITY			
Issued capital		37,518,594	37,410,131
Reserves		4,731,512	4,667,845
Retained earnings		(9,550,596)	(10,092,611)
TOTAL EQUITY		32,699,510	31,985,365

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Share Capital		Reserves			TOTAL
		Ordinary	Deferred Ordinary Shares	Retained Earnings	Asset Revaluation Reserve	Option Reserve	
Consolidated Group							
Balance at 1 July 2019		22,325,588	-	(10,109,683)	569,250	3,211,901	16,622,056
Cumulative adjustment upon change in accounting policy - AAS 16		-	-	(44,620)	-	-	(44,620)
Balance at 1 July 2019 restated		22,325,588	-	(10,154,303)	569,250	3,211,901	16,577,436
Profit or (loss) and other comprehensive income							
Profit or (loss) for the year		-	-	(354,376)	-	-	(354,376)
Other comprehensive income for the year		-	-	-	-	-	-
Total profit or (loss) and other comprehensive income for the year		22,325,588	-	(10,508,679)	569,250	3,211,901	16,223,060
Other							
Shares issued during the year		15,000,000	-	-	-	-	15,000,000
Transaction costs on share issue		(411,345)	-	-	-	-	(411,345)
Transfer unrealised gain on asset to Asset Revaluation Reserve		-	-	-	10,150	-	10,150
Total other		14,588,655	-	-	10,150	-	14,598,805
Balance at 31 December 2019		36,914,243	-	(10,508,679)	579,400	3,211,901	30,821,865
Consolidated Group							
Balance at 1 July 2020		37,410,131	-	(10,092,611)	582,950	3,334,895	31,985,365
Cumulative adjustment upon change in accounting policy		-	-	-	-	-	-
Balance at 1 July 2019 restated		37,410,131	-	(10,092,611)	582,950	3,334,895	31,985,365
Profit or (loss) and other comprehensive income							
Profit or (loss) for the year		-	-	542,015	-	-	542,015
Other comprehensive income for the year		-	-	-	-	-	-
Total profit or (loss) and other comprehensive income for the year		37,410,131	-	(9,550,596)	582,950	3,334,895	32,527,380
Transactions with owners and other transfers							
Shares issued during the year		110,384	-	-	-	-	110,384
Transaction costs on share issue		(1,921)	-	-	-	-	(1,921)
Options exercised or lapsed		-	-	-	-	(34,133)	(34,133)
Transfer unrealised gain on asset to Asset Revaluation Reserve		-	-	-	97,800	-	97,800
Total other		108,463	-	-	97,800	(34,133)	172,130
Balance at 31 December 2020		37,518,594	-	(9,550,596)	680,750	3,300,762	32,689,510

The accompanying notes form part of these financial statements.

**MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

		Consolidated Group	
		Half-year Ended 31-	Half-year Ended 31-
		Dec-20	Dec-19
Note		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
	Receipts from customers and grants	3,517,210	1,655,855
	Payments to suppliers and employees	(4,992,904)	(4,119,599)
	Interest received	1,067	2,567
	Income tax paid	-	-
17	Net cash provided by (used in) operating activities	<u>(1,474,627)</u>	<u>(2,461,177)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
	Purchase of trademarks	(13,747)	(4,301)
	Purchase of property, plant and equipment	(1,473,956)	(546,146)
	Disposal of property, plant and equipment	231,291	
	Purchase of intangible assets		(12,000)
	Net cash provided by (used in) investing activities	<u>(1,256,412)</u>	<u>(562,447)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
	Proceeds from issues of shares	76,250	15,000,000
	Capital costs on issue of share capital	(1,922)	(411,345)
	Proceeds from borrowings	356,476	163,272
	Repayment of borrowings	(120,583)	(111,589)
	Repayment of lease principal	(87,926)	(67,424)
	Net cash provided by (used in) financing activities	<u>222,295</u>	<u>14,572,914</u>
	Net increase in cash held	<u>(2,508,744)</u>	<u>11,549,290</u>
	Cash and cash equivalents at beginning of financial year	6,071,596	2,984,319
	Effect of exchange rates on cash holdings in foreign currencies	-	-
6	Cash and cash equivalents at the end of the period	<u><u>3,562,852</u></u>	<u><u>14,533,609</u></u>

The accompanying notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

These consolidated financial statements and notes represent those of Murray Cod Australia Limited and Controlled Entities (the "consolidated group" or "group").

The financial statements were authorised for issue on the 26th February 2021 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

(a) Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Murray Cod Australia Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the following half-year.

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

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(c) New and Amended Standards Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period, but determined that their application to the financial statements is either not relevant or not material.

Note 2 : Changes in Accounting Policies

There has been no changes to accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 3 Revenue and Other Income

	Note	Consolidated Group	
		Half-year Ended 31- Dec-20 \$	Half-year Ended 31- Dec-19 \$
Revenue from continuing operations			
Sales revenue			
- Fish Sales		3,637,219	1,841,178
- Cattle Sales		-	32,175
- Equipment Sales		1,560	22,165
		<u>3,638,779</u>	<u>1,895,518</u>
Other revenue			
- Interest received		1,067	2,549
- Insurance proceeds		506,622	-
- Sundry income		44,884	17,416
		<u>552,573</u>	<u>19,965</u>
Total revenue		<u>4,191,352</u>	<u>1,915,483</u>
Other Income			
- Subsidies and rebates		351,470	-
- R & D Tax Incentive		-	222,583
Total other income		<u>351,470</u>	<u>222,583</u>
Total revenue and other income		<u>4,542,822</u>	<u>2,138,066</u>

**MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 4 Profit for the Year

	Note	Consolidated Group	
		Half-year Ended 31- Dec-20 \$	Half-year Ended 31- Dec-19 \$
Profit/(Loss) before income tax from continuing operations includes the following specific expenses:			
Expenses			
Interest Expense on Financial Liabilities			
- Related parties		-	3,698
- Unrelated parties		49,906	50,697
Total Finance Cost		<u>49,906</u>	<u>54,395</u>
Interest on Lease Liability		46,436	40,136
Depreciation and amortisation		490,289	292,748
Depreciation right of use asset		98,258	81,010
		<u>588,547</u>	<u>373,758</u>
Superannuation		102,735	76,502

Note part of employee benefits expenses, veterinary and depreciation are expenses incurred in Research and Development but are not listed separately as Research and Development.

Note 5 Tax Expense

	Note	Consolidated Group	
		Half-year Ended 31- Dec-20 \$	Half-year Ended 31- Dec-19 \$
a) The components of tax expense (income) comprise:			
Current Tax		-	-
Deferred Tax	14	249,457	(54,322)
Research & Development Refundable Tax Offset		-	-
		<u>249,457</u>	<u>(54,322)</u>
b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 26%		205,783	(112,392)
Add: Tax effect of			
- non-allowable items		94,925	143,576
- decrease in corporate tax rate		12,459	-
		<u>313,167</u>	<u>31,184</u>
Less: Tax effect of			
- deductible expenses capitalised on balance sheet or otherwise claimable		42,182	85,506
- income not assessable		12,256	-
- decrease in corporate tax rate		9,272	-
Income tax attributable to entity		<u>249,457</u>	<u>(54,322)</u>

**MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 6 Cash and Cash Equivalents

	Note	Consolidated Group	
		As at 31-Dec-20	As at 30-Jun-20
		\$	\$
Cash at bank and on hand		3,582,103	6,081,964
Short - term bank deposits		-	-
		3,582,103	6,081,964

The effective interest rate on short-term bank deposits was 1%.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

		Half-year Ended 31- Dec-20	Half-year Ended 31- Dec-19
Cash and cash equivalents		3,582,103	14,562,784
Credit Cards	13	(19,251)	(29,175)
Bank Overdraft		-	-
		3,562,852	14,533,609

A floating charge over cash and cash equivalents has been provided for certain debts.

Note 7 Trade and Other Receivables

	Note	Consolidated Group	
		As at 31-Dec-20	As at 30-Jun-20
		\$	\$
CURRENT			
Trade receivables		786,568	516,312
Provision for impairment		(8,309)	(15,420)
		778,259	500,892
Other receivables		772,675	389,207
Business Activity Statement Refunds Receivable		-	16,503
Amounts receivable from related parties		-	-
Total current trade and other receivables		1,550,934	906,602

For personal use only

**MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 8 Inventories

	Note	Consolidated Group	
		As at 31-Dec-20	As at 30-Jun-20
		\$	\$
CURRENT			
At cost:			
Fish Feed and Chemical Inventory		172,922	201,959
Livestock - Cattle		15,011	15,011
Processing plant inventory		47,259	47,740
Cage Building Stock and Parts		182,254	42,605
		417,446	307,315
At net realisable value:			
Biological Assets		14,674,899	12,175,856
Total Inventory		15,092,345	12,483,171

Biological Assets

The Biological Asset is Murray Cod, a premium freshwater table fish.

	Note	Consolidated Group	
		As at 31-Dec-20	As at 30-Jun-20
		\$	\$
Biological Assets			
Murray Cod Broodstock		835,695	835,695
Murray Cod Juveniles		316,000	-
Murray Cod Fingerlings		2,810,750	1,862,935
Murray Cod Pond Fish		10,712,454	9,477,226
		14,674,899	12,175,856
Carrying amount at the beginning of the period		12,175,856	7,188,515
Purchases		1,123,291	1,575,265
Growing Costs		948,290	1,469,388
Decreases due to harvest for sale		(2,392,238)	(2,571,797)
Gain from physical changes at fair value		2,819,700	4,514,485
Carrying amount at the end of the period		14,674,899	12,175,856

Note 9 Other Assets

	Note	Consolidated Group	
		As at 31-Dec-20	As at 30-Jun-20
		\$	\$
CURRENT			
Prepayments		272,291	265,904
		272,291	265,904

**MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 10 Property, Plant and Equipment

	Note	Consolidated Group	
		As at 31-Dec-20 \$	As at 30-Jun-20 \$
LAND AND BUILDINGS			
Freehold land at:			
- at cost		4,076,381	4,076,381
Total Land		4,076,381	4,076,381
Buildings			
- at valuation		250,000	250,000
- accumulated depreciation		(8,339)	(2,089)
Total buildings		241,661	247,911

The land and buildings held at Bilbul and Grong Grong were acquired at the time of the business acquisitions in 2017. At that time of acquisition, the land and buildings were valued by independent valuers. The land and buildings recently acquired at Euberta as part of the purchase of the 2nd hatchery from Murray Darling Fisheries Pty Ltd was acquired at market value at the date of purchase on 16 March 2020. The land and buildings are recorded at the deemed cost as this is the cost of the purchase at the time of acquisition. Directors have determined not to revalue land and buildings at the reporting date, as the deemed cost was market value at purchase. The Directors believe the value has not increased significantly since that date. Buildings acquired are purchased as part of the acquisition of Murray Darling Fisheries Pty Ltd and are recorded at market value at purchase.

PLANT AND EQUIPMENT

Plant and equipment			
At cost		7,875,775	6,657,444
Accumulated depreciation		(1,870,159)	(1,518,634)
		6,005,616	5,138,810
At valuation		396,350	396,350
Accumulated depreciation		(49,261)	(12,341)
		347,089	384,009
Total Plant and Equipment		6,352,705	5,522,819
Total Property, Plant and Equipment		10,670,747	9,847,111

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 11 Intangible Assets

Note	Consolidated Group		
	As at 31-Dec-20	As at 30-Jun-20	
	\$	\$	
Water Rights and Licences at Market Value	2,567,200	2,469,400	
Trademarks at Cost	46,260	32,513	
Intellectual property at cost	12,000	12,000	
Goodwill	2,042,247	2,113,167	
Total Intangible Assets	4,667,707	4,627,080	
	Goodwill	Water Rights & Licences	Trademarks & Intellectual Property
Year ended 30 June 2020			
Balance at the beginning of the year	-	1,255,700	18,400
Additions	2,113,167	1,200,000	26,113
Revaluation	-	13,700	-
Closing value at 30 June 2020	2,113,167	2,469,400	44,513
Half Year ended 31 December 2020			
Balance at the beginning of the year	2,113,167	2,469,400	44,513
Additions	-	-	13,747
Amortisation charge	(70,920)	-	-
Revaluation	-	97,800	-
Closing value at 31 December 2020	2,042,247	2,567,200	58,260

Water Licences held by the company are classified as intangible assets. The licences are issued by the NSW Government and by Murrumbidgee Irrigation Limited and provide the company with the right to receive allocations of water from Murrumbidgee river supplies and from underground aquifers. The volume of water allocated to the general security Murrumbidgee licences each year is dependent upon the volumes available within the Snowy Mountains storages each year and the allocations are announced progressively throughout the irrigation season each year by the government. Both the licences and the annual allocations of water are readily tradeable assets. There is a sophisticated and well regulated market network which provides daily prices of the permanent licences and the annual allocations. The company revalues the water licences each half year in accordance with the prevailing market prices at balance date. The value of annual allocations is not accounted for by the company as such allocations expire on 30 June each year.

Goodwill purchased by the acquisition of Murray Darling Fisheries Pty Ltd has been amortised on a straight line basis over a 20 year period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 12 Trade and Other Payables

	Note	Consolidated Group	
		As at 31-Dec-20	As at 30-Jun-20
		\$	\$
CURRENT			
Unsecured liabilities			
Trade payables		820,102	544,639
Sundry payables and accrued expenses		180,710	150,901
Amounts payable to related parties			
- key management personnel related entities		-	-
		<u>1,000,812</u>	<u>695,540</u>
Financial liabilities classified as trade and other payables			
Trade and other payables			
- Total current		1,000,812	695,540
- Total non-current		-	-
		<u>1,000,812</u>	<u>695,540</u>

Note 13 Borrowings

	Note	Consolidated Group	
		As at 31-Dec-20	As at 30-Jun-20
		\$	\$
CURRENT			
Secured liabilities			
Lease Liability - Equipment Finance		393,075	315,291
Credit Cards		19,251	10,367
Westpac Overdraft Account		-	-
		<u>412,326</u>	<u>325,658</u>
NON-CURRENT			
Secured liabilities			
Lease Liability - Equipment Finance		1,159,683	1,001,574
		<u>1,159,683</u>	<u>1,001,574</u>
Total Borrowings		<u>1,572,009</u>	<u>1,327,232</u>

**MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 14 Tax

	Note	Consolidated Group	
		Half-year Ended 31- Dec-20 \$	Half-year Ended 31- Dec-19 \$
CURRENT			
Income tax payable		-	-
NON-CURRENT			
Deferred tax liabilities			
Property, Plant and equipment - tax allowance			
Opening balance		507,919	287,267
Charged to income		12,150	26,698
Change in tax rates		(27,705)	-
Closing balance		492,364	313,965
Deferred tax assets			
Accrued expenses, provisions and carry forward losses			
Opening balance		566,345	668,493
Charged to income		(234,120)	81,020
Change in tax rates		(30,892)	-
Closing balance		301,333	749,513

Note 15 Provisions

	Note	Consolidated Group	
		As at 31-Dec-20 \$	As at 30-Jun-20 \$
CURRENT			
Employee Benefits			
Opening balance at 1 July		192,222	86,066
Additional provisions		100,312	106,156
Closing balance		292,534	192,222
Consolidated Group			
Analysis of Total Provisions			
Current			
Current		292,534	192,222
Non-current		-	-
		292,534	192,222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 16 Contingent Liabilities and Contingent Assets

There were no contingent assets or liabilities outstanding at 31 December 2020 (30/6/20: nil)

Note 17 Cash Flow Information

	Note	Consolidated Group	
		Half-year Ended 31- Dec-20 \$	Half-year Ended 31- Dec-19 \$
(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax			
Profit after income tax		542,015	(354,376)
Non-cash flows in profit			
Depreciation and Amortisation		605,547	373,758
Share Based Payment		23,809	23,810
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:			
(Increase)/decrease in trade and term receivables		(644,332)	(266,332)
(Increase)/decrease in other assets		(47,531)	8,289
(Increase)/decrease in inventories		(2,609,173)	(1,857,341)
Increase/(decrease) in trade payables and accruals		305,271	(354,568)
Increase/(decrease) in deferred taxes payable		(15,556)	26,698
(Increase)/decrease in deferred taxes receivable		265,012	(81,020)
Increase/(decrease) in provisions		100,311	19,905
Cash flows from operating activities		<u>(1,474,627)</u>	<u>(2,461,177)</u>

Note 18 Events after the Reporting Period

There have been no significant events occur since balance date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 19 Fair Value Measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Biological Assets
- Water rights and licences

The Group measures some items of freehold land and buildings at fair value on a recurring basis after initial recognition.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) *Fair value hierarchy*

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

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

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

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		31 December 2020			
		Level 1	Level 2	Level 3	Total
Recurring fair value measurements	Note	\$	\$	\$	\$
Inventory					
Inventory at fair value through profit or loss					
—	Biological Assets - current	-	-	14,674,899	14,674,899
Total inventory recognised at fair value on a recurring basis		-	-	14,674,899	14,674,899
Non-financial assets					
Water Rights and licences		2,567,200	-	-	2,567,200
Total non-financial assets recognised at fair value on a recurring basis		2,567,200	-	-	2,567,200
Non-recurring fair value measurements					
Land and Buildings		-	4,318,042	-	4,318,042
Total non-financial assets recognised at fair value on a non-recurring basis		-	4,318,042	-	4,318,042
Total non-financial assets recognised at fair value		2,567,200	4,318,042	-	6,885,242

- (i) On the 17th of January 2017 settlement occurred for the purchase of Farm 1444d Bilbul and 563 Pinehope Road Grong Grong. The Farming properties have not been revalued as at 31 December 2020 as the Directors believe their market value at 31 December 2020 would be the same as the purchase price paid.

- (ii) All Land and Buildings were acquired at the time of the business acquisitions from Silverwater and Riverina Aquaculture. At the time of acquisition the Land and Buildings were valued by an independent valuer. The Land and Buildings are recorded at the deemed cost as this is the cost of purchase at time of acquisition. Directors have determined not to revalue Land and Buildings at the reporting date as the deemed cost was the market value at purchase. The acquisition date is less than 3 years prior to the reporting date and the directors believe the value has not increased since that date.

- (iii) The Land and Buildings recently acquired at Euberta as part of the purchase of the 2nd Hatchery from Murray Darling Fisheries Pty Ltd was acquired at market value at the date of purchase on 16 March 2020. The Land and Buildings are recorded at the deemed cost as this is the cost of purchase at the time of acquisition. Directors have determined not to revalue Land and Buildings at the reporting date as the deemed cost was market value at purchase. The Directors believe the value has not increased significantly since that date. Buildings acquired are purchased as part of the acquisition of Murray Darling Fisheries Pty Ltd and are recorded at market value at purchase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

30 June 2020							
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$		
Recurring fair value measurements							
Inventory							
Inventory at fair value through profit or loss							
—			Biological Assets - current	-	-	12,175,856	12,175,856
Total inventory recognised at fair value on a recurring basis		-	-	12,175,856	12,175,856		
Non-financial assets							
Water Rights and licences							
		2,469,400	-	-	2,469,400		
Total non-financial assets recognised at fair value on a recurring basis		2,469,400	-	-	2,469,400		
Non-recurring fair value measurements							
Land and Buildings							
		-	4,324,292	-	4,324,292		
Total non-financial assets recognised at fair value on a non-recurring basis		-	4,324,292	-	4,324,292		
Total non-financial assets recognised at fair value		2,469,400	4,324,292	-	6,793,692		

(b) Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair Value (\$) at 31 Dec 2020	Valuation Technique(s)	Inputs Used
Non-financial assets		Market approach using recent observable market data for similar properties: income approach using discounted cash flow methodology	Price per hectare; market borrowing rate
Land and Buildings	4,318,042		

- (i) The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

(c) Valuation techniques and unobservable inputs used to measure Level 3 fair values

Valuation processes

The biological assets of the company are considered Level 3 and are valued internally by the company as there is no observable market for them. The value is based on the estimated exit price per kilogram and the value changes for the average weight of each fish as it progresses through the growth and transformation cycle. The average weight of the fish is sample measured periodically, and the value is determined by applying the average weight to the estimated price based on staged weight values (100 gram stages). The life cycle of the fish is approximately 2 years to minimum initial harvest size. The value per fish is based on the weight estimate, multiplied by the expected market price at the relevant point of transformation. Significant changes in any of the significant unobservable inputs in isolation would result in significant changes in fair value measurement.

The net increment/decrement in the fair value of Murray Cod Fish is recognised as income/(expense) in the reporting period. There has been no change in the fair value per unit of Murray Cod from the 30 June 2020 to 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 20: Leases

The Group's lease portfolio includes land and buildings. These leases have an average term of 12 years.

Options to Extend or Terminate: The option to extend or terminate are contained in the clauses of several property leases in the Group. These clauses provide the Group with opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Group.

AASB 16 related amounts recognised in the balance sheet

	Note	Consolidated Group	
		As at 31-Dec-20 \$	As at 30-Jun-20 \$
Right of Use Assets: Leased Land and Buildings			
Opening Balance		3,598,452	2,218,682
Depreciation expense for the half-year ended		(488,826)	(390,569)
Net Carrying Amount		<u>3,109,626</u>	<u>1,828,113</u>
Current		-	-
Non-Current		<u>3,109,626</u>	<u>1,828,113</u>
Total		<u>3,109,626</u>	<u>1,828,113</u>
Lease Liabilities: Leased Land and Buildings			
Current		197,380	145,949
Non-Current		<u>2,992,564</u>	<u>1,752,150</u>
TOTAL		<u>3,189,944</u>	<u>1,898,099</u>
		Half-year Ended 31-Dec-20	Half-year Ended 31-Dec-19
AASB 16 related amounts recognised in the statement of profit or loss			
Depreciation Charge related to right-of-use assets		98,258	81,010
Interest expense of lease liabilities		46,436	40,136

The company has 3 property leases:

- Farm 1444c Burley Griffin Way Bilbul (known as "Molloys"), lease is currently for Land, including a residence, and 52 ML's of High Security Water and 41 ML's of General security water. The lease is a 5 year lease with an option to renew in 5 years and then again in 10 years. The Lease commenced August 2017. Lease payments are indexed annually in accordance with the CPI.
- Farm "Carawatha" Irrigation Way Widgelli (known as "McFarlanes"). Lease is currently for land. The lease is a 15 year lease. Lease payments are indexed annually in accordance with the CPI.
- The property being Shed 1/15A Lenehan Road Griffith has been leased to operate the Processing Plant. The lease commenced 1 October 2018 and is for a 3 year term with an option to renew for a further 3 years.
- The property being the Whitton site has been leased to build and operate 35 ponds with access to Murrumbidgee Irrigation water supply. The lease commenced 1st October 2020 and is for a 10 year term with an option to renew for a further two periods of 5 years.

**MURRAY COD AUSTRALIA LIMITED ABN: 74 143 928 625
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Murray Cod Australia Limited, the directors of the company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 31 December 2020 and of the performance for the six months ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director



**Ross Anderson
Chairman**

Dated this 25th day of February 2021

For personal use only

Principals

John P Keenan CPA
Morris G Massarotto CPA
Graeme J Lyons CA
Geoffrey M Marin CPA
Allan J Andrezza CPA
Angela C Favell CPA
John P Farronato CA
Michael J Harris CA

MURRAY COD AUSTRALIA LIMITED AND CONTROLLED ENTITIES

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
MURRAY COD AUSTRALIA LIMITED**

Report on the Half-Year Consolidated Financial Report

I have reviewed the accompanying half-year financial report of Murray Cod Australia Limited, which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

My responsibility is to express a conclusion on the half-year financial report based on my review. I conducted my review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, I have become aware of any matter that makes me believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Murray Cod Australia Limited, ASRE 2410 requires that I comply with the ethical requirements relevant to the audit of the annual financial report.

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

Griffith

135 Yambil Street, Griffith NSW 2680
Phone: 02 6960 1200 Fax: 02 6960 1299
PO Box 1467, Griffith NSW 2680
Email: info@pinnaclehpc.com.au

Leeton

Unit 1, 2 Kurrajong Avenue, Leeton NSW 2705
Phone: 02 6953 4515 Fax: 02 6960 1299
PO Box 1467, Griffith NSW 2680
Web: www.pinnaclehpc.com.au

For personal use only

Principals

John P Keenan CPA
Morris G Massarotto CPA
Graeme J Lyons CA
Geoffrey M Marin CPA
Allan J Andrezza CPA
Angela C Favell CPA
John P Farronato CA
Michael J Harris CA

Independence

In conducting my review, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors' of Murray Cod Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on my review, which is not an audit, I have not become aware of any matter that makes me believe that the half-year report of Murray Cod Australia Limited is not in accordance with the *Corporations Act 2001* including:

giving a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and complying with the Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.



J.P. Keenan CPA
Registered Company Auditor 156228
135 Yambil Street Griffith NSW 2680

Dated this 25th day of February 2021

Griffith

135 Yambil Street, Griffith NSW 2680
Phone: 02 6960 1200 Fax: 02 6960 1299
PO Box 1467, Griffith NSW 2680
Email: info@pinnaclehpc.com.au

Leeton

Unit 1, 2 Kurrajong Avenue, Leeton NSW 2705
Phone: 02 6953 4515 Fax: 02 6960 1299
PO Box 1467, Griffith NSW 2680
Web: www.pinnaclehpc.com.au

For personal use only

For personal use only