

Ocean Grown Abalone Limited

Appendix 4E

Preliminary final report

Name of Entity	Ocean Grown Abalone Limited
ABN:	52 148 155 042
Current Reporting Period	30 June 2021
Previous Reporting Period	30 June 2020

The following information is provided to the ASX under listing rule 4.3A. The Appendix 4E should be read in conjunction with the annual report of Ocean Grown Abalone Limited for the year ended 30 June 2021.

Results for announcement to the market

Item 1

Operating Performance

				2021
				\$
Revenue from ordinary activities ¹	Up	18%	to	5,057,479
EBITDA	Up	78%	to	(1,108,902)
EBIT	Up	69%	to	(1,779,993)
Profit/(Loss) from ordinary activities before tax attributable to members	Up	69%	to	(1,775,605)
Profit/(Loss) from ordinary activities after tax attributable to members	Up	63%	to	(1,688,336)

¹ Includes R&D Tax Incentive of \$1,200,364 (2019: \$1,291,996)

Item 2

Dividends

It is not proposed to pay dividends.

There are no dividend or distribution reinvestment plans in operation and there has been no dividend or distribution payments during the financial year ended 30 June 2021.

Item 3 – Brief Explanation

Comment in respect to results announced to market

Refer to “Review of Operations and Financial Results” section in the accompanying Directors’ Report which forms part of the Appendix 4E Preliminary Final Report.

Item 4

Statement of comprehensive income

Please refer to the Annual Report lodged with this Appendix 4E.

Item 5

Statement of financial position

Please refer to the Annual Report lodged with this Appendix 4E.

Item 6

Statement of cash flows

Please refer to the Annual Report lodged with this Appendix 4E.

Item 7

Statement of changes in equity

Please refer to the Annual Report lodged with this Appendix 4E.

Item 8

Details of individual and total dividends or distributions and dividend or distribution payments

Not applicable.

Item 9

Details of any dividend or distribution plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

Not applicable.

Item 10

Net Tangible Assets	Financial Year ended 30 June			
	2021	2020	Movement	Movement
	\$	\$	\$	%
Net tangible assets per security for Group	0.068	0.076	(0.008)	(11)

Item 11

Control Gained or Lost Over Entities Having Material Effect

No acquisitions or disposals for the year ended 30 June 2021.

Item 12

Details of Associates and Joint Venture Entities

Controlled Entities and Joint Ventures	Ownership interest as at	
	30 June 2021	30 June 2020
	%	%
Parent Entity: Ocean Grown Abalone Limited		
Controlled entities:		
Ocean Grown Abalone Operations Pty Ltd	100	100
Two Oceans Abalone Pty Ltd	100	100
Wylie Bay Abalone Pty Ltd	66.67	66.67
Ocean Grown Abalone Wylie Bay Pty Ltd	100	100
All companies are incorporated in Australia		

Item 13

Other Significant Information

The matters disclosed in the Director's Commentary under the heading "Events arising since the end of the reporting period" and which have previously been disclosed to the market are matters of some significance. Other than this, at the date of this Appendix 4E there were no other matters of a significant nature.

Item 14

Accounting Standards for Foreign Entities

Not applicable.

Item 15

Commentary on the results for the Financial Year

Refer to Director's Commentary and Results for Announcement to the Market.

Item 16

Compliance Statement

This report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The accompanying annual financial report of Ocean Grown Abalone Limited for the year ended 30 June 2021 had been audited by BDO Audit (WA) Pty Ltd. Refer to the 30 June 2021 Annual report for the independent auditor's report provided to the members of Ocean Grown Abalone Limited. Refer to paragraph *Accounting for Biological Assets* for key audit matter.

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ANNUAL
**20
21**
REPORT

FOR THE YEAR ENDED 30 JUNE 2021



Ocean Grown
Abalone

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OGA Augusta Processing Facility

A N N U A L

20

21

R E P O R T



Ocean Grown
Abalone

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2021

HIGHLIGHTED

75.9

TONNES

Abalone Harvest

72

TONNES

Abalone Sales

\$ 3.2

MILLION

Abalone Sales Revenue

39%

INCREASE

FROM PRIOR YEAR

49%

INCREASE

FROM PRIOR YEAR

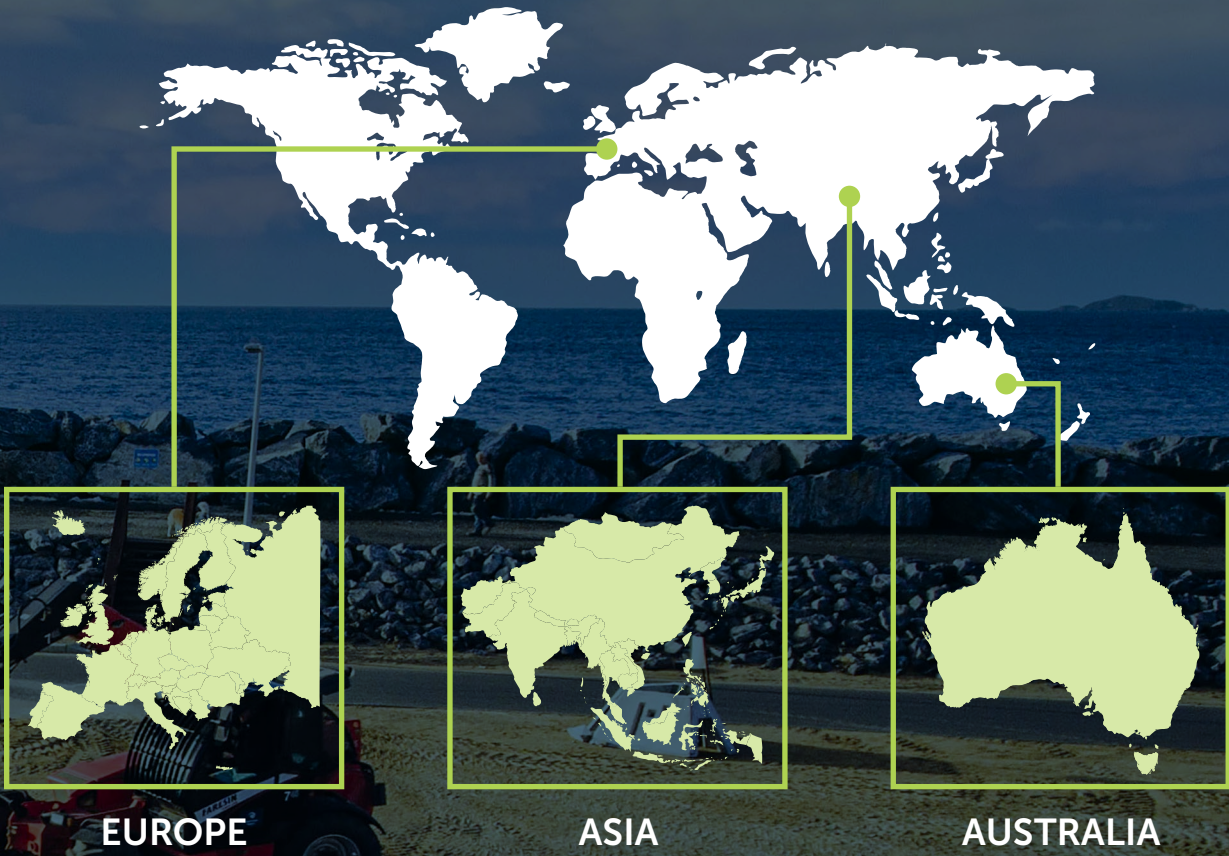
28%

INCREASE

FROM PRIOR YEAR

OGA MARKETS

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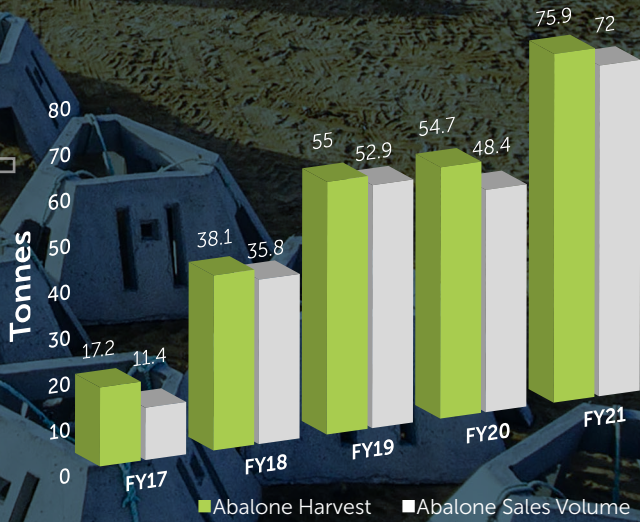


EUROPE

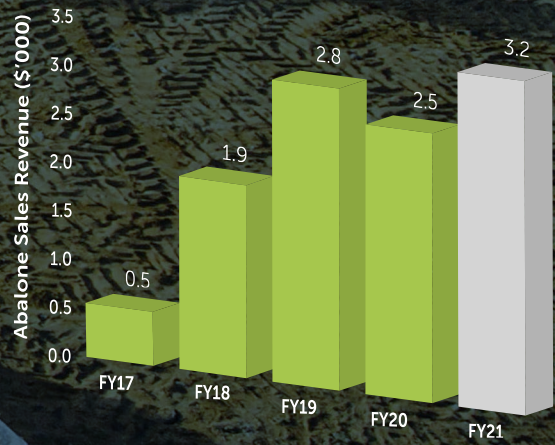
ASIA

AUSTRALIA

ABALONE HARVEST & SALES



ABALONE SALES REVENUE



CHAIRMAN & CEO REPORT



Peter Harold
Non-Executive Chairman

2020 was without a doubt one of the most tumultuous years many of us have ever experienced. The worldwide effect of the Covid pandemic sent many businesses, large and small into turmoil.

At Ocean Grown Abalone (OGA), our primary focus was on cost containment, as our key customers in the restaurant and food services of our traditional markets of Hong Kong and Singapore were impacted. We managed to curtail production as swiftly as demand was halted, which was no easy feat. There was an excess of supply of abalone world-wide and consequently, prices were severely impacted across the board for both the wild and farmed sectors. To preserve our cash balance the board and executive team took a 10% pay cut and we looked at all areas of the business where we could cut cost and run our business more efficiently. As demand slowly recovered, prices improved, however the overall impact on our sales was an 18% lower average price over the fiscal year, compared to the previous corresponding period. The good news is, that while it took 12 months, prices have started to recover to those we were receiving pre-Covid.

The irony for OGA, was that all of this occurred when we had really begun to hit our straps. The hard work by our team over the previous three years meant we were harvesting our pristine greenlip abalone at the highest rates in our history, just as demand dropped. Additionally, we had spent 12 months prior, working on a Scoping Study, to de-risk our supply chain, build our own hatchery and on land farming facility in Esperance with the ultimate aim to grow our revenue stream.

Despite the uncertainties, we recognised the demand for our unique product would rebound and we needed to improve both our margins and our revenue base going forward. To set ourselves for the future, we decided to bolster our executive team, we reinvented the way we sold and marketed our unique products and continued to pursue our growth initiative. As difficult as the situation seemed 12 months ago, this course of action is beginning to deliver some exciting successes.

Our newly assembled executive and management team includes four new members in a six-person team. Rob Jorden joined in March as CEO, followed in April by Brent Stockden as the new CFO. Brad Adams moved to pursue our growth agenda, remaining on the board as Executive Director Corporate Development.

Joel Durell joined as Ranch Manager in January, Kristy Hathaway as Sales and Marketing Coordinator in March and Neville Brooks remained as a safe pair of hands continually improving our purpose build processing facility at the Augusta Boat Harbour.

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From almost a standing start, the OGA team has recorded a record harvest for the 2020 / 2021 year of 75.9 tonnes, record sales of 72 tonnes and abalone sales revenue of \$3.2M.

Up until recently our sales and marketing strategies have focused primarily on developing bulk channels through strategic partners to high end customers. This strategy has opened up new markets to us in Taiwan and the UK whilst we continue to supply our traditional markets in Hong Kong, Singapore and the east coast of Australia.

In March our ranching activities were invited to undertake the process to receive the Marine Stewardship Council accreditation. This accreditation, once secured, will mean we will be able to market our greenlip abalone as a certified sustainable wild fishery, that we can supply on demand to our customers.

We also took the step in March to introduce our own seafood accredited training and development program for our divers. In the last four months, 50% of our current dive team have been trained and developed by us for work on our Ranch. This further underpins the positive moves in our work culture as we strive to work effectively and safely in the pursuit of our goals.

Our resolve to grow our business also saw us enter an agreement with Yumbah Aquaculture Limited to investigate

the construction and operation of an Esperance hatchery and on-land green lip abalone farm and commit to funding 50% of a Bankable Feasibility Study. We look forward to completing that study and presenting it to shareholders later this year.

Our newly formed executive and management teams are now focused on a number of key Strategic Choices over the next 12-24 months, to pursue further value for our shareholders.

It has been a busy year at Ocean Grown with some tough market conditions, which required swift and decisive decision making to ensure the business could survive and we could preserve value, until markets recovered which they have started to do. We also recognised a need to change the way we were operating the business which resulted in the restructuring of the executive team to align the operations and growth functions with the over-arching goal of creating value for our shareholders by having a profitable, sustainable and growing business.

We thank you, our shareholders, our team and all our stakeholders for their support and commitment to Ocean Grown as we strive to achieve our ultimate goal of being a sustainable and profitable producer of premium quality greenlip abalone in Western Australia.


Peter Harold
NON-EXECUTIVE CHAIRMAN


Robert Jorden
CHIEF EXECUTIVE OFFICER



The OGA Executive & Management Team

OUR STRATEGIC CHOICES



SAFETY

"Our Way", defines working safely as our uncompromised standard of doing what we do. We will apply this way of working throughout our supply chain, including our internal operations, our strategic partners and customers.



SALES & MARKETING

Through the development of a strategic sales and marketing function, we will position our brand and product to premium customers both globally and in our local Western Australian region.

Our short-term strategy is focused on creation of a Masterbrand approach to endorse all product brands in the portfolio. This is designed to build equity in the overarching brand name, while establishing the right Strategic Partners to sell our bulk product globally.



SEAFOOD OPERATIONS

Our Seafood Operations will focus on continually improving our integrated supply chain, from the creation of our juvenile abalone through to the customer receipt of our product.



GROWTH

In order for our growth plans to be robust and add value for shareholders all potential growth opportunities will be assessed through a rigorous Growth Framework. The key pillars of our Growth Strategy for the next 12 months are:

- ✓ Completing the Esperance Joint Venture Bankable Feasibility Study and subject to favourable economics and attractive funding options move this project to development phase;
- ✓ Preparing a preliminary business case for our Augusta Ranch expansion; and
- ✓ Developing potential targets to add additional revenue and margin.

PRODUCT LINES

LIVE ABALONE

Our abalone is tastiest eaten fresh straight from the pristine ocean. OGA has a live abalone tank based at the Augusta boat harbour to supply live abalone more efficiently to local and international markets.



FROZEN WHOLE IN SHELL

Our wild, ranched greenlips are removed from the pristine ocean and are brine and snap frozen creating the premium, quality product we are known for. Our whole frozen in shell product comes in a bulk 10kg master carton or in a premium one piece (300g+) vacuum pack and a 4 to 8 piece 1kg pack in a 10kg master carton.



ABALONE MEAT

Wild, ocean grown greenlip abalone meat. They come as IQF (Individually Quick Frozen) meat or chilled meat.



RETAIL PACKS & GIFT PACKS

Our Two Oceans Abalone retail packs are available in a variety of types including sliced and tenderised IQF. While our unique gift packs include 1 x ready to eat, wild, ocean grown greenlip abalone cooked in consommé and polished abalone shell. Additional retail products include canned abalone and polished and natural shells.



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TW@CEANS

ABALONE

雙洋牌

AN Ocean Grown Abalone BRAND

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DIRECTOR'S REPORT

The Directors present the financial report for Ocean Grown Abalone Limited (the **Company** or **OGA**) and its subsidiaries (the Consolidated Group) for the year ended 30 June 2021.

DIRECTORS

The following persons were Directors of the Company during and up to the date of this report:

Peter Harold	Non-Executive Chairman
Bradley (Brad) Adams	Executive Director Corporate Development
Ignazio (Ian) Ricciardi	Non-Executive Director
Danielle Lee	Non-Executive Director

The qualifications and experience of the Directors and Company Secretary are as follows:

Mr. Peter Harold **Non-Executive Chairman - BAppSc(Chemistry) (Melb Uni), FAICD**

Peter is the Managing Director of Poseidon Nickel Limited (ASX:POS) and is a process engineer with over 30 years of corporate experience in the minerals industry, specialising in financing, marketing, project development and operating, business development and general corporate activities. Before joining Poseidon, Peter was the Managing Director of Panoramic Resources Limited (ASX:PAN) for 18.5 years. Prior to founding Panoramic Resources in March 2001, Peter held various senior management positions with Shell Australia, Australian Consolidated Minerals Limited, Normandy Mining Limited, MPI Mines Limited and the Gutnick network of companies. Peter resigned as Non-Executive Chairman of Horizon Gold Limited (ASX:HRN) in November 2019 and resigned as Non-Executive Director of Pacifico Minerals Limited (ASX:PMY) in April 2020. Peter is a past Chairman of Youth Focus, having served on the board for 9.5 years. Youth Focus is a not-for-profit charity working to prevent youth suicide and depression.

Special responsibilities:

- Chairman of the Board
- Member of the Remuneration and Nomination Committee
- Member of the Audit and Risk Committee

Other Public Company Directorships held in the past 3 years:

Company Name and Code	Position/s Held	Dates (month/year)
Poseidon Nickel Limited (ASX:POS)	Managing Director	Appointed: March 2020 Ceased: N/A
Panoramic Resources Limited (ASX:PAN)	Managing Director	Appointed: April 2001 Ceased: November 2019
Pacifico Minerals Limited (ASX:PMY) now Boab Metals Ltd (ASX:BML)	Non-Executive Director	Appointed: August 2013 Ceased: April 2020
Peak Resources Limited (ASX:PEK)	Non-Executive Chairman	Appointed: December 2015 Ceased: December 2017
Horizon Gold Limited (ASX:HRN)	Non-Executive Chairman	Appointed: August 2016 Ceased: November 2019

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Mr. Brad Adams
Executive Director Corporate Development - BSc(Biology), G.Dip(Aqua) MBA

Brad is a third-generation fisherman and has worked as a commercial abalone diver along Western Australia's south coast for 12 years. In the 1990's, Brad was involved in setting up one of Tasmania's first abalone farms – Tasmanian Tiger Abalone, which later became Cold Gold Abalone.

Brad has been actively involved in Abalone Aquaculture research and development in Western Australia since 2000. Brad was a director of the Western Australian Fishing Industry Council from 2009 to 2011 and Chairman from 2011 to 2013. He holds an MBA and Bachelor of Applied Science, Biology from Curtin University of Technology and a Graduate Diploma, Aquaculture from the University of Tasmania. Brad has been a Director of and served in an executive capacity for Ocean Grown Abalone Limited since July 2013.

Special responsibilities:

- Member of the Remuneration and Nomination Committee

Other Public Company Directorships held in the past 3 years:

Company Name and Code	Position/s Held	Dates (month/year)
N/A	N/A	N/A

Mr. Ian Ricciardi
Non-Executive Director

Ian has been involved in the Western Australian Fishing Industry since 1975. Ian has worked on and operated prawn trawlers in Shark Bay, Gulf of Carpentaria, and Kimberly Prawn Fisheries. Ian also has interests in the South West Trawl Fishery, through One Sea Pty Ltd – Rottnest Island Scallop. The Ricciardi family built and operated an export food processing facility in North Coogee and holds 50% interest in Fremantle City Coldstores. Ian has significant experience in WA Commercial Fishery related processes and was a founding investor and director of Great Southern Marine Hatcheries (GSMH), Two Oceans Abalone (TOA) and Ocean Grown Abalone Ltd (OGA). Ian is also an active member of WAFIC Resource Access Advisory Committee (RAAC) since 2019.

Special responsibilities:

- Member of the Audit and Risk Committee

Other Public Company Directorships held in the past 3 years:

Company Name and Code	Position/s Held	Dates (month/year)
N/A	N/A	N/A

Ms. Danielle Lee
Non-Executive Director – B.Ec, LLB, GDipFinInv

Danielle is an experienced corporate lawyer with more than 25 years of experience. She has a broad range of skills and legal experience in the areas of corporate advisory, governance and equity capital markets. She has advised Australian public and private companies in a range of industries on corporate transactions including capital raisings, ASX listings, business and share acquisitions, shareholder agreements and joint venture agreements.

Special responsibilities:

- Chair of the Remuneration and Nomination Committee
- Chair of the Audit and Risk Committee

Other Public Company Directorships held in the past 3 years:

Company Name and Code	Position/s Held	Dates (month/year)
Hazer Group Limited (ASX:HZR)	Director	Appointed: September 2015 Ceased: N/A
Openn Negotiation Limited (ASX:OPN)	Director	Appointed: March 2021

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DIRECTOR'S INTERESTS

The relevant interests of each director in the securities of the Company at the date of this report are as follows:

Director	Shares	Options	Performance Rights
Peter Harold	135,000	1,500,000 ¹	-
Danielle Lee	-	1,000,000 ¹	-
Brad Adams	6,277,667	-	4,000,000 ²
Ian Ricciardi	16,521,127	1,000,000 ³	-

NOTE:

¹ These Options are Series C Options and have an exercise price of 44 cents and an expiry date of 30 September 2021.

² Refer to KMP Performance Rights for B Adams in the Remuneration Report (Audited) for further detail.

³ These Options are Series D Options and have an exercise price of 14.2 cents and an expiry date of 27 November 2023.

COMPANY SECRETARY

Brent Stockden – BCom & CPA

Brent is a collaborative finance professional with more than 15 years' experience in a broad range of leadership, commercial services and corporate management roles. A former auditor of ASX listed entities, Brent has over a decade of experience in managing high growth environments, in both ASX listed and private companies, over a broad range of industries. Brent is a member of CPA Australia and has worked with the Company as Chief Financial Officer since April 2021 and Company Secretary from May 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Group during the course of the financial year, included the harvesting of abalone, maintenance of our artificial reef, deployment of juvenile abalone to promote future harvest production and optimisation of our processing and distribution practices from our sea ranching aquaculture operation in Flinders Bay, Augusta Western Australia. The Company has focused its attention on optimizing its core operating activities in Flinders Bay WA to promote biomass growth, identifying and pursuing continual improvements within our purpose built seafood processing facility, opening new bulk sales channels to high end customers and lifting internal capabilities to pursue the businesses growth objectives.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The Group's major activities for the year were:

- harvesting of abalone from the Flinders Bay ranch;
- maintenance of existing reefs, including deployment of juvenile abalone to sustain future harvest production;
- optimisation of the processing facility, processing systems and packaging;
- optimisation of existing operations to increase future yields;
- ranching technology development, for use in future developments and application at existing operating locations;
- development and diversification of international export and domestic high-end supply chains; and
- commencement of a bankable feasibility study for an on-land hatchery and grow-out facility in Esperance.

The sales revenue generated from production was \$3,287,058 for the year ended 30 June 2021 (2020: \$2,529,832).

Operating loss before tax for the year ended 30 June 2021 was \$1,775,605 (2020: Operating loss before tax of \$5,805,552). The net loss of the Group for the year, after provision for income tax, was \$1,683,948 (2020: Net loss after provision for income tax was \$4,565,020).

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Operations

A record total 75.9 tonnes whole in shell equivalent (WWE) (2020: 54.7 tonnes) of abalone was harvested for the period, representing a 39% increase on prior year and contributing towards a net biomass decline of 36.7 tonnes to 210.4 tonnes at the end of June 2021 (2020: 247.1 tonnes).

Deployment of juvenile abalone continued to build back towards the pre-COVID deployment rates through the second half of the year, with an annual total of approximately 662,820 abalones restocked on the Flinders Bay reefs (2020: 1,260,900). Deployment was deferred through H1 FY21 to allow for the anticipated growth in existing reef stocks, pending improved market conditions.

The Company responded to the COVID-19 challenges through a combination of initiatives including, 10% salary cuts for the board and senior executives and restructuring the executive team; changing our sales and marketing strategy; focusing more on domestic markets; collaborating with other export seafood industry participants, diversifying products produced; and expanding sales resource capacity. Sales reached a record high in FY21 of 72 tonnes of WWE abalone product during the year, which comprised individual quick frozen (IQF) meat product, live, retort pouch gift packs and whole frozen product.

The impact of the COVID pandemic on the abalone market, saw FY21 yield the lowest price per kilogram on record for OGA (a reduction of 18% on pre-COVID levels), further highlighting the significance of the sales record, achieved in a tumultuous international environment.

Corporate

H2 of FY21 saw OGA embark on an executive team restructure, designed to improve production capacity, drive a new sales and marketing strategy and facilitate the growth objectives of the business.

Rob Jorden was appointed to Chief Executive Officer, Brent Stockden joined as Chief Financial Officer, Company Secretary & Commercial Services Manager and Brad Adams moved into Executive Director Corporate Development.

Strategic Choices adopted by the OGA executive and management team into FY22, are focused on providing self-sustaining working capital for the business, including OGA's commitment to the Esperance Bankable Feasibility Study.

Government and commercial relief initiatives available to support businesses through the challenging COVID environment continued through FY21, with OGA meeting the relief pre-requisites for JobKeeper, Payroll Tax relief and Australian Taxation Office (ATO) small business relief in the form of Cash Flow Boost.

Due to a downturn in FY20 sales revenue, the Company met the required criteria to qualify for the Government's JobKeeper initiative, which provide a direct cash injection of \$369,900 (2020: \$204,000) for the financial year for OGA and its subsidiaries. The JobKeeper assistance also allowed the Company to keep the majority of its permanent and casual positions through FY20 and FY21.

OGA and its subsidiary companies also received a combined total of \$115,240 (2020: \$110,728) from the Australian Taxation Office via the 'Cash Flow Boost' initiative for the financial year.

From 9 April 2020, the board agreed to reduce their base employment benefits and directors' fees by 10% in light of the COVID-19 pandemic to assist in reducing costs, which also continued through FY21.

Whilst the global pandemic has had an adverse impact to the business, OGA has utilised FY21 to pivot, increase internal capabilities, adjust sales and marketing strategies, increase the focus on domestic markets and pursue continual process and procedural improvements which positions the business well for future growth objectives.

DIVIDEND PAID OR RECOMMENDED

During the financial year, the Company did not declare or pay any dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The COVID-19 pandemic has seen a change in market conditions for seafood products, impacting demand and prices, including OGA's products.

The Company implemented a sales and marketing strategy which to date has enabled OGA to navigate a way through to their high-end customer, despite the ongoing challenges in coordinating logistics, at higher than historical costs.



EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

Significant matters that have arisen since the end of the financial year are as follows:

The full impact of the COVID-19 outbreak continues to evolve as at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2022.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2022 financial year.

Although the Group cannot fully estimate the length or gravity of the COVID-19 effect, from its initial assessment, it is expecting to be able to continue as a going concern.

Other than as disclosed above or in the financial statements, there are no other significant matters sufficiently advanced or at a level of certainty that would require disclosure, arisen since the end of the financial year, which significantly affects the operations of the Consolidated Group, the results of those operations or the state of affairs of the Consolidated Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Consolidated Group will continue to carry on its business plan by:

- continuing to manage its research and development activities in Augusta with the longer-term aim of achieving a commercially efficient and self-sustaining core abalone ranching operation;
- developing and further diversifying our International export supply chains;
- developing our own route to domestic high-end clientele;
- developing our "Ocean Pantry" retail and tourism presence concept in Augusta and Fremantle; and
- further expanding the current Augusta operations, continuing various trial and research programs at other sites around Australia, including Esperance (Wylie Bay ranch), and progressing towards the Esperance 600 tonnes per annum on land abalone hatchery and grow out facility investment decision, based on the results of the bankable feasibility study.

OPTIONS

At the date of this report, the unissued ordinary shares of Ocean Grown Abalone Limited under option are as follows:

Grant date	Class	Expiry date	Exercise price	Number of options
1 Aug 2017	B	30 Sep 2021	\$0.39	10,039,450
1 Aug 2017	C	30 Sep 2021	\$0.44	2,500,000
27 Nov 2020	D	27 Nov 2023	\$0.142	1,000,000
TOTAL				13,539,450

All of these options remained outstanding at balance date.

PERFORMANCE RIGHTS

At the date of this report, the unissued ordinary shares of Ocean Grown Abalone Limited under performance rights are as follows:

Class	Grant date	Value per share	Number of performance rights
C	1 Aug 2017	\$0.20	4,000,000
TOTAL			4,000,000

All of these performance rights remained outstanding at balance date.

DIRECTORS' MEETINGS

The number of Directors' Meetings (including meetings of Committees of Directors) held during the year, and the number of meetings attended by each Director is as follows:

Director's Name	Board Meetings		Audit and Risk Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Peter Harold	11	11	2	2	1	1
Danielle Lee	11	11	2	2	1	1
Brad Adams	11	11	-	2*	1	1
Ian Ricciardi	11	11	2	2	-	1*

Where:

- column A is the number of meetings the Director was entitled to attend; and
- column B is the number of meetings the Director attended.
- * Attended meetings by invitation.

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Ocean Grown Abalone Limited's key management personnel for the financial year ended 30 June 2021. The term 'key management personnel' ('KMP') refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Group, directly or indirectly, including any director (whether executive or otherwise) of the Consolidated Group.

KEY MANAGEMENT PERSONNEL

The directors and other key management personnel of the Consolidated Group during or since the end of the financial year were:

Non-Executive Directors	Position
Peter Harold	Chairman, Non-Executive Director
Ian Ricciardi	Non-Executive Director
Danielle Lee	Non-Executive Director

Executive officers	Position
Rob Jordan	Chief Executive Officer (Appointed 9 March 2021)
Brad Adams	Executive Director - Corporate Development (Appointed 9 March 2021 - previously Managing Director)
Brent Stockden	Chief Financial Officer, Company Secretary and Commercial Services Manager (Appointed 27 April 2021)
Romolo Santoro	Chief Financial Officer & Company Secretary (Resigned 27 Nov 2020)

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.



REMUNERATION POLICY AND PRINCIPLES

Executive Director Remuneration

Executive pay and reward consist of a base fee and short-term performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles.

Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.

The remuneration policy is designed to encourage superior performance and long-term commitment to OGA. At this stage of the Company's development there is no contractual performance based remuneration.

Non-Executive Director Remuneration

The Company's policy is to remunerate non-executive Directors at a fixed fee for time, commitment and responsibilities. Remuneration for Non-Executive Directors is not linked to individual performance. Given the Company is at its early stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options to Non-Executive Directors, subject to obtaining the relevant approvals. This Policy is subject to annual review. All of the Directors' option holdings are fully disclosed. From time to time the Company may grant options to non-executive Directors. The grant of options is designed to recognise and reward efforts as well as to provide Non-Executive Directors with additional incentive to continue those efforts for the benefit of the Company.

Non-Executive Directors are remunerated for their services from the maximum aggregate amount (currently \$300,000 per annum) approved by shareholders for this purpose. They receive a base fee which is currently set at \$50,000 including superannuation per annum per non-executive Director and \$60,000 including superannuation per annum for the non-executive Chairman. There are no termination payments to non-executive Directors on their retirement from office.

Executive Officer Remuneration, excluding Executive Directors

The remuneration structure for Executive Officers, excluding Executive Directors, is based on a number of factors, including length of service, the particular experience of the individual concerned, and the overall performance of the Company. The contracts for service between the Company and specified Directors and Executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement Executive Directors and Executives are paid employee benefit entitlements accrued to the date of retirement.

As an incentive, the Company has adopted an employee share option plan. The purpose of the plan is to give employees, excluding directors of the Company an opportunity, in the form of options, to subscribe for shares. The Directors consider the plan will enable the Company to retain and attract skilled and experienced employees and officers, and provide them with the motivation to make the Company more successful.

To ensure the executive reward framework is competitive and appropriate for the results delivered, the Board has appointed a Remuneration and Nomination Committee to assist the Board by making recommendations on remuneration packages for the Groups KMP's.

The Remuneration and Nomination Committee is responsible for ensuring the KMP's reward framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board seeks to ensure that KMP's reward is consistent with the following:

- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.
- Incentives paid in the form of options or rights are intended to align the interests of the directors and Company with those of the shareholders.
- The remuneration committee reviews KMP packages annually by reference to the Consolidated Group's performance, executive performance and comparable information from industry sectors.

The performance of KMPs is measured against criteria agreed with each executive and is focused on increasing shareholder value. All bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, options or performance rights and can recommend changes to the committee's recommendations. The policy is designed to reward executives for performance leading to long-term growth in shareholder wealth.

Performance-based Remuneration

KPIs are set annually, with measures specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold the greatest potential to increase shareholder value, covering financial and non-financial as well as short and long-term goals.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes.

Relationship between remuneration policy and Company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives.

Ocean Grown Abalone Limited is in the early development phase of its operations, and due consideration is made of developing long term shareholder value. The Board has regard to the following indices in respect of the current financial year to facilitate the long-term growth of the Consolidated Group:

Item	2021	2020	2019	2018	2017
Sales Revenue (\$)	3,287,058	2,529,832	3,059,756	2,053,748	744,713
Biomass (Tonnes)	210.4	247.1	234.6	161.8	121.9
Harvest (Tonnes)	75.9	54.7	55.0	38.1	17.2
Profit/(Loss) Before Tax (\$)	(1,775,605)	(5,805,552)	2,370,024	(3,046,512)	(1,549,568)
Basic earnings per share (Cents)	(0.84)	(2.40)	0.59	(2.10)	(1.85)
Increase/(decrease) in share price (%)	(17.9%)	(35.9%)	(14.3%)	(30.8%)	N/A

Performance Conditions Linked to Remuneration

The Consolidated Group seeks to emphasise reward incentives for results and continued commitment to the Consolidated Group through the provision of various reward schemes.

The performance-related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to reinforce the short and long-term goals of the Consolidated Group and provide a common interest between management and shareholders.

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Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the Consolidated Group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

2021	Short-term employee benefits				Post-employment benefits	Long-term employee benefits	Share Based payments	Performance Related	
	Salary & fees \$	Cash Bonus \$	Non-monetary \$	Other \$	Super-annuation \$	Long Service Leave \$	Options & rights	Total	%
Non-executive directors									
P Harold ¹	49,315	-	-	-	4,685	-	-	54,000	-
D Lee ⁴	44,604 ⁴	-	-	-	3,904	-	-	48,508	-
I Ricciardi ¹	98,099 ⁵	-	-	-	3,904	-	29,376 ³	131,379	22
Executive directors									
B Adams ¹	225,000	10,959 ²	-	-	22,416	-	-	258,375	4
Executive officers									
R Jordan	63,404	-	3,692	-	6,023	-	-	73,119	-
B Stockden	28,462	-	-	-	2,704	-	-	31,166	-
R Santoro ¹	155,749	7,156 ²	-	-	12,804	-	-	175,709	4
Total	664,633	18,115	3,692	-	56,440	-	29,376	772,256	6

¹ From 9 April 2020, all Directors and Executive Management at the time, agreed to reduce their base employment benefits and directors' fees by 10% to assist in mitigating the costs of the COVID-19 pandemic.

² On 3 November 2020, cash bonuses were paid for the achievement of short term incentives for the financial year ended 30 June 2020.

³ Options were granted as part of remuneration/achievement of short term incentives at an exercise price of \$0.142.

⁴ Danielle Lee is a NED and also provided a once off consulting service to OGA during the financial year.

⁵ Ian Ricciardi is a NED and from time to time also provided consulting services during the financial year.

2020	Short-term employee benefits				Post-employment benefits	Long-term employee benefits	Share Based payments	Performance Related	
	Salary & fees \$	Cash Bonus \$	Non-monetary \$	Other \$	Super-annuation \$	Long Service Leave \$	Options & rights	Total	%
Non-executive directors									
P Harold ²	53,546	-	-	-	5,087	-	-	58,633	-
D Lee ²	40,817	-	-	-	3,878	-	-	44,695	-
I Ricciardi ^{1,2}	100,319	-	-	-	8,055	-	-	108,374	-
Executive officers									
B Adams ²	245,192	-	-	-	20,776	-	-	265,968	-
R Santoro ²	197,931	-	-	-	18,803	-	-	216,734	-
Total	637,805	-	-	-	56,599	-	-	694,404	-

¹ Resigned as Executive Director and appointed as Non-Executive Director 1 November 2019

² From 9 April 2020, all Directors and Executive Management at the time, agreed to reduce their base employment benefits and directors fees by 10% to assist in mitigating the costs of the COVID-19 pandemic

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The following table provides employment details of persons who were, during the financial year, members of KMP of the Consolidated Group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

2021	Position Held as at 30 June 2021	Contract Details (Duration and Notice Period)	Annual Salary including Superannuation	Proportions of Elements of Remuneration Related to Performance (Other than Options Issued)		Proportions of Elements of Remuneration Not Related to Performance	
				Non-salary Cash-based Incentives %	Shares /Units %	Fixed Salary /Fees %	
Non-executive directors							
	P Harold ²	Chairman	No fixed term. No notice period.	\$54,000	-	-	100
	D Lee ²	Non-Executive Director	No fixed term. No notice period.	\$45,000	-	-	100
	I Ricciardi ²	Non-Executive Director	No fixed term. No notice period.	\$45,000	-	-	100
Executive officers							
	R Jordan ³	Chief Executive Officer	No fixed term. 6 months' notice.	\$246,375	-	-	100
	B Adams ²	Executive Director Corporate Development	No fixed term. 12 months' notice.	\$246,375	-	-	100
	B Stockden ⁴	Chief Financial Officer & Co. Sec	No fixed term. 6 months' notice.	\$219,000	-	-	100
	R Santoro ^{1,2}	Chief Financial Officer & Co. Sec	No fixed term. 6 months' notice.	\$205,920	-	-	100

¹ Resigned effective 27 November 2020

² From 9 April 2020, all Directors and Executive Management at the time, agreed to reduce their base employment benefits and directors fees by 10% to assist in mitigating the costs of the COVID-19 pandemic

³ Appointment effective 9 March 2021

⁴ Appointment effective 27 April 2021

The employment terms and conditions of all KMP are formalised in contracts of employment.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

The following table summarises the performance-related payments for 2021:

	Remuneration Type	No.	Grant Date	Fair Value \$	Percentage Vested/Paid during Year %	Percentage Forfeited during Year %	Percentage Remaining as Unvested %	Expiry Date for Vesting or Payment
P Harold	Options ¹	1,500,000	1/08/17	130,943	-	-	-	30/09/21
D Lee	Options ¹	1,000,000	1/08/17	87,296	-	-	-	30/09/21
B Adams	Performance Rights ²	4,000,000	1/08/17	800,000	-	-	100	14/11/22
I Ricciardi	Options ³	1,000,000	27/11/21	\$29,37	-	-	-	27/11/23
B Adams	Cash Bonus ⁴	-	3/11/20	\$10,959	-	-	-	-
R Santoro	Cash Bonus ⁴	-	3/11/20	\$7,156	-	-	-	-

¹ Options were granted as part of the engagement of non-executive directors at an exercise price of \$0.44.

² Performance rights were granted to Brad Adams. Class B Performance rights lapsed on 15 November 2019. Refer to KMP Performance Rights below.

³ Options were granted as part of remuneration/achievement of short term incentives at an exercise price of \$0.142.

⁴ Cash bonuses were paid for the achievement of short term incentives for the financial year ended 30 June 2020.



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The following table summarises the performance-related payments for 2020:

	Remuneration Type	No.	Grant Date	Fair Value \$	Percentage Vested/Paid during Year %	Percentage Forfeited during Year %	Percentage Remaining as Unvested %	Expiry Date for Vesting or Payment
P Harold	Options ¹	1,500,000	1/08/17	130,943	-	-	-	30/09/21
D Lee	Options ¹	1,000,000	1/08/17	87,296	-	-	-	30/09/21
B Adams	Performance Rights ²	4,000,000	1/08/17	800,000	-	100	-	14/11/19
B Adams	Performance Rights ²	4,000,000	1/08/17	800,000	-	-	100	14/11/22

¹ Options were granted as part of the engagement of non-executive directors at an exercise price of \$0.44.

² Performance rights were granted to Brad Adams. Class B Performance rights lapsed on 15 November 2019. Refer to KMP Performance Rights below.

KMP Performance Rights

Brad Adams

The Company previously issued 4,000,000 Performance Rights to Brad Adams, the Managing Director during the 2018 financial year. The Performance Rights have been issued in 3 classes, including service and performance conditions as follows:

Number of Performance Rights	Service Condition	Performance Condition
Class C 4,000,000	Brad Adams to remain engaged as an employee for a continuous period until the performance condition is satisfied.	a. Within 5 years from the date the Company is admitted to the Official List of the ASX, and subject to the Board determining the success of a material part of the Port Lincoln Development Project, the Company (either on its own or together with an affiliate or joint venture partner) deploys and seeds a cumulative total of 5,000 ABITATS across one or more commercial project sites within South Australia. or b. Within 5 years from the date the Company is admitted to the Official List of ASX a Takeover Event ¹ occurs.

¹ Pursuant to Chapter 6 of the Corporations Act where at least 50% of the holders of ordinary shares accept the bid and such bid is free of conditions or a court grants an order approving a compromise or scheme where the ordinary shares are either cancelled or transferred to a third party.

For the purposes of the financial statements, where the assessed probability of the relevant performance conditions is 50% or greater, the Group recognised the resulting share-based payment expense over the relevant performance period. Support for a greater or less than 50% probability assessment of the respective performance conditions are set out below:

- i. Class C – based on the Company's assessment, the probability of achieving the applicable performance condition was considered to be less than 50%. As per AASB 2 Share-based Payment, no amount is recognised because of failure to satisfy vesting condition.

During the reporting period, no other KMP were issued Performance Rights.

KMP Shareholdings

KMP ordinary shares held

The number of ordinary shares held by each of the KMP's in Ocean Grown Abalone Limited at 30 June 2021 is as follows:

2021	Balance At Beginning of Year	Granted As Remuneration During the Year	Other Changes During the Year	Balance At End of Year
P Harold	135,000	-	-	135,000
D Lee	-	-	-	-
I Ricciardi	16,521,127	-	-	16,521,127
B Adams	6,826,055	-	(548,388) ¹	6,277,667
R Jordan	-	-	-	-
B Stockden	-	-	-	-
R Santoro ²	193,398	-	-	193,398
	23,675,580	-	(548,388)	23,127,192

¹ Disposal of shares on 5 March 2021

² Resigned effective 27 November 2020

KMP performance rights held

The number of performance rights held by each of the KMP's in Ocean Grown Abalone Limited at 30 June 2021 is as follows:

2021	Balance At Beginning of Year	Granted As Remuneration During the Year	Other Changes During the Year	Balance At End of Year
P Harold	-	-	-	-
D Lee	-	-	-	-
I Ricciardi	-	-	-	-
B Adams	4,000,000	-	-	4,000,000
R Jordan	-	-	-	-
B Stockden	-	-	-	-
R Santoro	-	-	-	-
	4,000,000	-	-	4,000,000

KMP Options Held

The number of options held by each of the KMP's in Ocean Grown Abalone Limited at 30 June 2021 is as follows:

2021	Balance At Beginning of Year	Granted As Remuneration During the Year	Other Changes During the Year	Balance At End of Year
P Harold	1,500,000	-	-	1,500,000
D Lee	1,000,000	-	-	1,000,000
B Adams	-	-	-	-
I Ricciardi	-	-	1,000,000 ¹	1,000,000
R Santoro	-	-	-	-
R Jordan	-	-	-	-
B Stockden	-	-	-	-
	2,500,000	-	1,000,000	3,500,000

¹ Class D options were granted as part of remuneration/achievement of short term incentives at an exercise price of \$0.142.



Ocean Grown Abalone

Other Equity-related KMP Transactions

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

Other Transactions with KMP and/or their Related Parties

There have been no other transactions with KMP and/or their Related parties that are not covered in other sections of this report for the year 30 June 2021.

Voting Rights

At the 2020 Annual General Meeting held on 27 November 2020 there were 0.73% of the votes against the adoption of the remuneration report.

External Remuneration Consultants

No external remuneration consultants were utilised during the year.

End of the audited remuneration report

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ENVIRONMENTAL REGULATIONS

The Company's operations are subject to environmental regulations under Western Australian law. The Consolidated Group has procedures in place to ensure regulations are adhered to. The Consolidated Group is not aware of any breaches in relation to environmental matters.

PROCEEDINGS ON BEHALF OF COMPANY

No legal proceedings have been brought against the Company to the date of this report.

CORPORATE GOVERNANCE

The Company's 2020 Corporate Governance Statement is contained in the 'Corporate Governance' section of the Company's website at <https://www.oceangrown.com.au/investors/corporate-governance/>.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

The Company has made agreements indemnifying all the Directors and Officers of the Consolidated Group against all losses or liabilities incurred by each Director or Officer in their capacity as Directors or Officers of the Consolidated Group to the extent permitted by the *Corporations Act 2001*. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Consolidated Group. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

AUDIT AND NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied the provision of audit and non-audit services during the year is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*. There were no non-audit services provided by the auditors during the year. All services provided by the external auditor or associates are reviewed and approved by the Audit and Risk Committee and/or the Board to ensure they do not adversely affect the integrity and objectivity of the auditor.

During the period BDO Corporate Tax (WA) Pty Ltd was paid \$25,647 for the provision of taxation services (2020: \$52,083). BDO Corporate Finance (WA) Pty Ltd was paid \$2,500 for an option valuation report (2020: nil). BDO Corporate Tax (WA) Pty Ltd and BDO Corporate Finance (WA) Pty Ltd are affiliate members of BDO Audit (WA) Pty Ltd. Refer to Note 21 for further details.

The board of directors has considered the position and is satisfied the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied the provision of non-audit services by the auditor, as set out in Note 21, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*

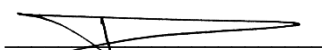
INDEMNIFYING OF AUDITORS

No indemnities have been given, or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an Auditor of the Company.

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 on page 26 of this report.

Signed in accordance with a resolution of the Directors.



Peter Harford
Non-Executive Chairman
30 August 2021



Ocean Grown
Abalone

AUDITOR'S INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF OCEAN GROWN ABALONE LIMITED

As lead auditor of Ocean Grown Abalone Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ocean Grown Abalone Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 30 August 2021

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	Consolidated Group	
		2021 \$	2020 \$
Revenue	3	3,287,058	2,529,832
Other income	4(a)	570,057	464,633
Net interest received (excluding interest expense on lease liability)		32,840	33,927
Research and development tax incentive	4(b)	1,200,364	1,291,996
Total income		5,090,319	4,320,388
Changes in inventory		(2,621,485)	(2,470,532)
Fair value adjustment of biological assets	8	711,143	(2,171,409)
Selling & distribution		(206,597)	(275,959)
Processing expenses		(137,669)	(226,372)
Employee benefits expense		(2,197,706)	(2,461,039)
Share-based payments	25	(29,376)	-
Diving, vessels & operations expense		(277,630)	(519,668)
Corporate & administration		(1,119,657)	(1,038,693)
Depreciation & amortisation expense		(671,091)	(761,429)
Interest expense on lease liability	11(c)	(28,452)	(32,862)
Other expenses		(287,404)	(167,977)
		(6,865,924)	(10,125,940)
(Loss) before income tax		(1,775,605)	(5,805,552)
Income tax benefit	5(a)	91,657	1,240,532
(Loss) after tax from continuing operations		(1,683,948)	(4,565,020)
Other comprehensive loss for the year, net of tax:			
- Items that may be reclassified to profit or loss		-	-
- Items that will not be reclassified to profit or loss		-	-
Total comprehensive (loss)/profit for the year		(1,683,948)	(4,565,020)
(Loss) attributable to:			
- Owners of the Company		(1,683,007)	(4,564,524)
- Non-controlling interests		(941)	(496)
		(1,683,948)	(4,565,020)
Total comprehensive (loss) attributable to:			
- Owners of the Company		(1,683,007)	(4,564,524)
- Non-controlling interests		(941)	(496)
		(1,683,948)	(4,565,020)
Basic and diluted (loss) per share attributable to the Owners of the Company			
Basic and diluted (loss) per share (cents)	22	(0.84)	(2.40)

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	Consolidated Group	
		2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	6	2,712,681	2,778,877
Trade and other receivables	7	1,324,219	1,448,976
Biological assets	8	2,700,000	2,400,000
Inventory	9	410,824	399,003
Other assets		168,890	175,200
TOTAL CURRENT ASSETS		7,316,614	7,202,056
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,127,231	4,697,852
Biological assets	8	3,573,395	4,585,402
Right-of-use assets	11(a)	448,507	533,247
Intangible assets		99,116	58,201
Other assets		96,306	78,228
Deferred tax assets	15	-	48,523
TOTAL NON-CURRENT ASSETS		8,344,555	10,001,453
TOTAL ASSETS		15,661,169	17,203,509
CURRENT LIABILITIES			
Trade and other payables	12	774,315	367,689
Interest bearing liabilities	13	8,196	34,112
Lease liabilities	11(b)	91,112	102,118
Provisions	14	167,147	165,035
Current tax liability	5	1,078	-
TOTAL CURRENT LIABILITIES		1,041,848	668,954
NON-CURRENT LIABILITIES			
Interest bearing liabilities	13	17,184	25,380
Lease liabilities	11(b)	479,973	571,085
Deferred tax liabilities	15	386,833	548,187
TOTAL NON-CURRENT LIABILITIES		883,990	1,144,652
TOTAL LIABILITIES		1,925,838	1,813,606
NET ASSETS		13,735,331	15,389,903
EQUITY			
Contributed equity	16	27,012,442	27,012,442
Share-based payment reserve	17	1,081,275	1,051,899
Accumulated losses	18	(14,348,363)	(12,665,356)
Equity attributable to owners of the Company		13,745,354	15,398,985
Non-controlling interests		(10,023)	(9,082)
TOTAL EQUITY		13,735,331	15,389,903

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

Consolidated Group	Issued Capital	Share-based Payments Reserve	Accumulated Losses	Total	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2019	23,408,139	1,902,703	(7,950,960)	17,359,882	(8,207)	17,351,675
Adjustment on adoption of AASB 16	-	-	(149,872)	(149,872)	(379)	(150,251)
Balance as at 1 July 2019, as restated	23,408,139	1,902,703	(8,100,832)	17,210,010	(8,586)	17,201,424
Loss after income tax benefit for the year	-	-	(4,564,524)	(4,564,524)	(496)	(4,565,020)
Other comprehensive loss for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(4,564,524)	(4,564,524)	(496)	(4,565,020)
Transactions with owners recorded directly in equity						
Shares issued	2,899,618	-	-	2,899,618	-	2,899,618
Capital raising costs	(146,119)	-	-	(146,119)	-	(146,119)
Transfer from share-based payments reserve	850,804	(850,804)	-	-	-	-
Total transactions with owners recorded directly in equity	3,604,303	(850,804)	-	2,753,499	-	2,753,499
Balance as at 30 June 2020	27,012,442	1,051,899	(12,665,356)	15,398,985	(9,082)	15,389,903
Balance as at 1 July 2020	27,012,442	1,051,899	(12,665,356)	15,398,985	(9,082)	15,389,903
Loss after income tax benefit for the year	-	-	(1,683,007)	(1,683,007)	(941)	(1,683,948)
Other comprehensive loss for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(1,683,007)	(1,683,007)	(941)	(1,683,948)
Transactions with owners recorded directly in equity						
Director options issued	-	29,376	-	29,376	-	29,376
Total transactions with owners recorded directly in equity	-	29,376	-	29,376	-	29,376
Balance as at 30 June 2021	27,012,442	1,081,275	(14,348,363)	13,745,354	(10,023)	13,735,331

The accompanying notes form part of these financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Consolidated Group	
		2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		3,084,698	2,795,269
Other income		658,180	382,633
Payments to suppliers and employees		(5,017,217)	(6,617,239)
Income taxes refunded		-	137,246
R&D tax incentive		1,424,096	1,578,886
Net cash provided by / (used in) operating activities	27	149,757	(1,723,205)
Cash flows from investing activities			
Purchases of plant, equipment and intangible assets		(29,693)	(622,657)
Proceeds from disposals of plant, equipment and intangible assets		10,000	16,903
Receipt of lease deposits		42,010	36,030
Intangibles		(66,979)	-
Interest received		34,376	43,087
Esperance JV development		(40,000)	-
Net cash (used in) investing activities		(50,286)	(526,637)
Cash flows from financing activities			
Proceeds from borrowings		500	8,000
Repayment of borrowings		(34,112)	(115,315)
Repayment of lease liability		(102,118)	(95,035)
Interest paid		(29,937)	(38,700)
Proceeds from issue of shares		-	2,899,618
Capital raising costs		-	(201,543)
Net cash (used in) / provided by financing activities		(165,667)	2,457,025
Net (decrease) / increase in cash and cash equivalents		(66,196)	207,183
Cash and cash equivalents at the beginning of the year		2,778,877	2,571,694
Cash and cash equivalents at the end of the year	6	2,712,681	2,778,877

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1. NATURE OF OPERATIONS OF OCEAN GROWN ABALONE LIMITED

Ocean Grown Abalone Limited (the Company) and its wholly-owned subsidiaries' (the Group) principal activities during the year included the harvesting of abalone, maintenance of our artificial reef, deployment of juvenile abalone to promote future harvest production and optimisation of our processing and distribution practices from our sea ranching operation in Flinders Bay, Augusta Western Australia.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

B. Basis of measurement

The financial report is prepared on the accruals basis and the historical cost basis, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The financial statements are presented in Australian dollars, and all values are rounded to the nearest dollar unless otherwise stated.

C. Basis of preparation

i. General purpose financial report

The consolidated general purpose financial report of the Group has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Ocean Grown Abalone Limited is the Group's ultimate parent company and is a for-profit entity for the purpose of preparing the financial statements. The Company is a public company limited by shares, incorporated and domiciled in Australia.

The consolidated financial statements for the financial year ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 30th August 2021.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

D. Basis of Consolidation

The Group financial statements consolidate those of the parent company and its subsidiaries. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. A list of subsidiaries is provided in Note 31. All subsidiaries have a reporting date of 30 June.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.



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All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interest are attributed their share of profit or loss and each component of comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

E. Foreign currency translation

Foreign currency transactions during the period are converted to Australian currency using the exchange rates prevailing at the dates of the transactions. Amounts receivable and payable in foreign currency at balance date are also converted at the spot rate at each reporting date.

Realised exchange gains and losses during the period are included in the operating profit before income tax as they arise. Unrealised exchange gains and losses at balance date are included in the operating profit before income tax to the extent that their realisation is certain.

F. Revenue

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group’s customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

1. the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
2. the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. the Group’s performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligations that are not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

i. Sale of Abalone products

Revenue from sales of Abalone products is recognised at the point in time when control of the asset is transferred to the customer, i.e. point of delivery of goods to the customer.

ii. Sales of service (processing)

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

iii. Research and development tax incentives

Refund amounts received or receivable under the Federal Government's Research and Development Tax Incentives are recognised on an accrual basis.

iv. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

G. Financial instruments**Financial assets****Initial recognition and measurement**

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group's financial assets at amortised cost includes trade receivables.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding



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Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost.

The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

H. Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

I. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The Group is not consolidated for tax purposes.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

J. Good and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the balance sheet.

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 taxation authority, are presented as operating cash flows.

K. Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash on hand, deposits held at call with banks and other highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents are as described above.

L. Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the expected credit loss allowance are provided in note 2(g).

M. Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. This includes Job Keeper income received due to COVID-19 during the year which has been detailed in Note 4 Other Income this year.

N. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs include all expenses directly attributable to the manufacturing process. Costs are assigned on the basis of weighted average costs. In the case of abalone stock, upon harvest the stock is transferred from Biological Assets to Inventory at a revised cost value, being the carrying value previously determined for that stock in accordance with the AASB 141 (refer Note 2(p) below). Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expense.



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O. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate (being the interest rate implicit in the lease for the remainder of the lease term or, if that cannot be readily determined, the Group's incremental borrowing rate at the re-assessment date). An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised or there is a revision to the estimate of amounts payable under a residual value guarantee. In both cases an unchanged discount rate is used. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items such as IT-equipment and small items of office furniture.

P. Biological Assets

Biological assets comprise abalone stock located on Abitats.

Pursuant to AASB 141 Agriculture standard, abalone stock are valued at the end of each half and full-year reporting periods at their fair value less costs to sell. Where fair value cannot be reliably measured, biological assets are measured at cost less impairment losses.

For abalone stock below 90mm (~120g whole weight), these biological assets are measured at cost as the Company considers that the fair value for this stock cannot be reliably measured on the basis that its commercial sales are only for product above this size threshold.

Abalone stock above 90mm (~120g whole weight) are measured at fair value less cost to sell. The valuation takes into consideration estimated growth rates and mortality (refer Note 2(u) for a description of the methodology used for the estimation of growth rates and mortality rates). The market prices are derived from observable market prices (when available) and realised prices. The prices are reduced for estimated harvesting costs, processing costs, freight costs and other selling costs, to determine the net fair value.

The net increase / (decrease) in the fair value of abalone stock at period end is recognised as income / (expense) in the profit and loss.

Q. Property, plant and equipment

Property, plant and equipment is initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in a manner intended by the Group's management. These assets are subsequently measured at cost less depreciation and impairment losses.

Repairs and maintenance expenditure is charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which it is incurred.

Depreciation

The depreciable amount of fixed assets are depreciated on either a diminishing value (DV) method or on a straight-line (SL) basis over their useful lives to the Group commencing from the time the asset is held ready for use. The following depreciation rates were applied during the financial period:

- Plant and equipment 20% SL
- Leasehold improvements 20% SL
- Office equipment 10%-50% DV
- Buildings 4.5% SL

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

Derecognition

Additions of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Impairment

Carrying values of plant and equipment are reviewed at each balance date to determine whether there are any objective indicators of impairment that may indicate the carrying values may be impaired.

R. Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.



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S. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

T. Provisions

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

U. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Biological Assets

Biological assets are measured at fair value less cost to sell in accordance with AASB 141. Abalone stock below 90mm (~120g) are measured at the same rate per mm as the rate charged to the Company by the supplier. Management estimates this is a more accurate reflection of fair value as it takes into consideration growth rates from approximately 40mm to 90mm.

Abalone stock above 90mm (120g) is measured at fair value in accordance with AASB 141. Management estimates the fair value of biological assets, taking into account the most reliable evidence available at each reporting date in relation to the underlying assumptions, including mortality rates, growth rates, calculation of biomass, harvest costs, processing costs, selling costs and market prices.

Biomass is calculated using a size/weight algorithm derived from industry reports. In relation to the assumptions underlying mortality rates and growth rates, from which the stock estimates are extrapolated, including biomass, these are updated following each six monthly survival count and size class measurements. The bi-annual stock counts and measurements are taken over approximately 6% of the entire ranch, which has been determined to be a statistically relevant sample size.

The future realisation of these biological assets may be affected by any variance between actual results and the assumptions relied upon.

Net realisable value of inventories

The net realisable value of inventories assessment required a degree of estimation and judgement by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence. The quality of inventory is also taken into account in the assessment of net realisable value. The impact of COVID-19 has been considered in the ability to sell the inventory.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them (where applicable). Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (if applicable).

Useful life of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected useful life of the assets. Uncertainties in these estimates include assessing the impact of the Company's operating environment and technical and other forms of obsolescence.

Impact of Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain and staffing. As addressed in our specific notes, COVID-19 has had an impact on the Company's operations, namely the demand and prices for seafood products. The Consolidated Group cannot accurately estimate the impact of COVID-19 on its operation, financial condition or liquidity for the 2021 year and beyond. However, based on its operational performance in FY2021 and measures taken to mitigate the effects of COVID-19, the Group remains focused on remaining agile to promptly address the impacts of the pandemic.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

V. Going concern

The financial statements for the year ended 30 June 2021 have been prepared on the basis that the group is a going concern and therefore, contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

The Group has considered its ability to continue as a going concern, using Group metrics and information for at least the next 12 months from the approval of these financial statements, taking into consideration an estimation of the continued business impacts of COVID-19. This assessment assumes the Group will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business beyond this period.

The Group's going concern assumption is supported by the following: the Group has cash of \$2,712,681 as at 30 June 2021 (2020: \$2,778,877) and has positive operating cashflows of \$149,757 (2020: (\$1,723,205)) with undrawn debt facilities of \$2,500,000 (2020: 2,500,000) and a positive net working capital position of \$6,274,766 (2020: 6,533,102).



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NOTE 3. REVENUE

Revenue for the reporting period consisted of the following:

	Consolidated Group	
	2021	2020
	\$	\$
Sales	3,181,910	2,512,708
Juvenile Sales	39,920	-
Sale of abalone products	<u>3,221,830</u>	<u>2,512,708</u>
Processing revenue	<u>65,228</u>	<u>17,124</u>
	<u>3,287,058</u>	<u>2,529,832</u>
Primary geographical markets		
Asia	2,344,421	2,101,443
Australia	888,637	412,852
Europe	54,000	-
North America	<u>-</u>	<u>15,537</u>
	<u>3,287,058</u>	<u>2,529,832</u>
Major goods/service lines		
By-product	76,865	23,557
IQF meat	2,341,835	1,975,800
Juvenile abalone	39,920	-
Live abalone	82,409	161,908
Processing	65,228	17,124
Retail pack	129,290	225,707
Whole frozen abalone	<u>551,511</u>	<u>125,736</u>
	<u>3,287,058</u>	<u>2,529,832</u>
Timing of revenue recognition		
Goods or services transferred at a point in time	3,287,058	2,529,832
Goods or services transferred over time	-	-

Processing revenue relates to processing activities undertaken for third party customers.

Major customer information

60% of the Group's revenue was attributable to 1 major customer, contributing more than 10% of the Group's 2021 revenue (2020: 75% from 2 customers).

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NOTE 4. OTHER INCOME

(a) Other revenue for the reporting period consisted of the following:

	Consolidated Group	
	2021	2020
	\$	\$
Grant income- cash flow boost	115,240	110,728
Grant income- JobKeeper	369,900	204,000
Government grants	10,000	92,500
Foreign exchange (loss) on sales	(22,541)	(1,986)
Miscellaneous	97,458	59,391
	<u>570,057</u>	<u>464,633</u>

(b) Research and Development Tax Incentive

Accrued during the year (refer also Note 7)	<u>1,200,364</u>	<u>1,291,996</u>
	<u>1,200,364</u>	<u>1,291,996</u>

NOTE 5. INCOME TAX

(a) The components of tax expense comprise:

<i>Current income tax</i>		
Current income tax expense	1,078	-
Adjustments in respect of current income tax of previous years	20,096	(137,011)
<i>Deferred income tax</i>		
Relating to the origination and reversal of temporary differences	(110,020)	(930,147)
Adjustments for prior period & movements in deferred taxes not recognised	(2,811)	(173,374)
Total income tax (benefit)/expense from continuing operations	<u>(91,657)</u>	<u>(1,240,532)</u>

Deferred income tax (income)/expense included in income tax expense comprises:

(Increase)/decrease in deferred tax assets/(liabilities)	<u>(112,831)</u>	<u>(1,158,063)</u>
	<u>(112,831)</u>	<u>(1,158,063)</u>

(b) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or (credited) to equity.

Net deferred tax	<u>-</u>	<u>(55,424)</u>
	<u>-</u>	<u>(55,424)</u>

(c) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

(Loss)/Profit Before Income Tax	(1,775,605)	(5,805,552)
Prima facie tax payable on profit from ordinary activities before income tax at 26% (2020: 27.5%)	(461,629)	(1,596,526)



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Consolidated Group
2021 **2020**
\$ **\$**

NOTE 5. INCOME TAX (CONTINUED)

Add:

Tax effect of:

- Research & Development Expenditure: Non-deductible	508,048	636,090
- Other non-deductible permanent adjustments	2,057	1,612
- Adjustments for prior period & movements in deferred taxes not recognised	221,683	414,426
- Tax loss recognised	(36,263)	-
	233,896	(544,398)

Less:

Tax effect of:

- Adjustments for current tax of prior period	17,284	(310,385)
- Income not assessable for income tax purposes	(342,837)	(385,749)
Income tax (benefit)/expense	(91,657)	(1,240,532)

The applicable weighted average effective tax rates are as follows: 5% 21%

NOTE 6. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	2,712,681	2,778,877
	2,712,681	2,778,877

NOTE 7. TRADE AND OTHER RECEIVABLES

Trade debtors	163,216	776
Sundry & other debtors	1,095,112	1,379,179
GST receivable	65,891	69,021
	1,324,219	1,448,976

At the reporting date, none of the trade and other receivables were past due or impaired.

Sundry & other debtors for the 2021 financial year represents the research and development tax incentive for the year of \$1,068,264 and \$26,848 other debtors (2020: research and development tax incentive \$1,291,996 and \$87,183 other debtors).

NOTE 8. BIOLOGICAL ASSETS

CURRENT

Fair Value of Abalone on Abitats	2,700,000	2,400,000
	2,700,000	2,400,000

NON CURRENT

Fair Value of Abalone on Abitats	3,573,395	4,585,402
	3,573,395	4,585,402

Consolidated Group	
2021	2020
\$	\$

NOTE 8. BIOLOGICAL ASSETS (CONTINUED)

The carrying value of abalone on hand at year end was calculated as follows:

Opening balance	6,985,402	9,910,705
Increases due to purchases	852,626	1,441,093
Decreases due to harvest for processing to inventory	(2,275,776)	(2,194,987)
Fair value adjustment at year end recognised in profit and loss	711,143	(2,171,409)
Closing balance	6,273,395	6,985,402

The fair value adjustment that occurred in the financial year of \$711,143 was predominantly due to the combination of abalone growth and market prices and costs to complete remaining constant with FY20. Despite the net reduction in Biomass, these factors have translated into a positive contribution to the profit and loss of \$711,143.

The classification of the closing biological stock between current and non-current is based on the estimated harvest potential for the following 12 month period, which will be sourced from within the closing stock above 90mm.

Abalone stock below 90mm (~120g) are valued at a per mm rate. Management estimates this is a more accurate reflection of fair value as it takes into consideration growth rates from approximately 40mm to 90mm.

Stock above 90mm is measured at fair market value less costs to sell. The fair value assessment also assumes a further 10% mortality rate between balance date and harvest date. As these valuation variables are unobservable, they are deemed Level 3 inputs.

Level 3 analysis: The finance and operational departments undertake the valuation of the abalone. The calculations are considered to be level 3 fair values. The data is taken from internal management reporting and work completed by the executives within the operations to determine material inputs of the model. The key inputs are agreed by the Board of Directors every six months. The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	30 June 2021	30 June 2020	Comments
Selling price	Based on estimated market price at year end	Based on estimated market price at year end	Obtained by analysing sales prices and market research during the months that have been impacted by COVID-19
Percentage increase/(decrease) from previous year selling price	0%	(23%)	Obtained by analysing sales prices and market research during the months that have been impacted by COVID-19
Weight of live abalone	Adjusted weight of live abalone for fair value measurement: 175,275 kg	Adjusted weight of live abalone for fair value measurement: 185,637 kg	Based on the results from the stocktake procedures
Costs to complete	\$10/Kg	\$10/Kg	Based on historical data over the last 12 months
Mortality	10% of >90mm animals	10% of >90mm animals	Based on historical research



NOTE 8. BIOLOGICAL ASSETS (CONTINUED)

The valuation of the biological assets requires the estimate of the closing number of abalone and biomass and hence the resultant fair value estimate for closing stock. As detailed in Note 2(u), the number of abalone and biomass is estimated using a model that factors in projected growth and mortality rates, which in turn are based on the results of survival counts and size class measurements taken during the Company's trial phase and subsequent six monthly stock counts (based upon a 6% sample). Actual growth and mortality rates will invariably differ to some extent across the ranch.

The following tables summarises the number of <90mm animals for current year and prior year and number of >90mm animals for current year and prior year:

No of Abalone	30 June 2021	30 June 2020
< 90mm	662,134	998,350
> 90mm	989,398	1,182,996
Total	1,651,532	2,181,346

Sensitivity analysis - Biological assets

The following tables summarise the potential impact of changes in the key variables on the biological asset valuation:

	-10%	10%
Selling price	(\$701,100)	\$701,100
Weight of live abalone	(\$525,825)	\$525,825

NOTE 9. INVENTORY

Harvested stock

	Consolidated Group	
	2021	2020
	\$	\$
	410,824	399,003
	410,824	399,003

Inventory is stated at the lower of cost (value at harvest time on valuation of biological assets) or net realisable value. The inventory balance includes an allocation of harvest and processing costs (deferred cost of production). These costs are capitalised and carried forward to harvested stock and subsequently cost of goods sold when the product is eventually sold.

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NOTE 10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2021	2020
	\$	\$
Plant & equipment, at cost	3,351,990	3,363,778
less : Accumulated depreciation	(2,523,130)	(2,113,352)
	<u>828,860</u>	<u>1,250,426</u>
Leasehold improvements, at cost	48,816	48,816
less : Accumulated depreciation	(39,582)	(29,819)
	<u>9,234</u>	<u>18,997</u>
Office equipment, at cost	88,887	80,172
less : Accumulated depreciation	(60,628)	(45,499)
	<u>28,259</u>	<u>34,673</u>
Land & Buildings, at cost	3,558,748	3,558,748
less : Accumulated depreciation	(297,870)	(164,992)
	<u>3,260,878</u>	<u>3,393,756</u>
Net carrying amount	<u>4,127,231</u>	<u>4,697,852</u>

A reconciliation of the movement in the carrying amounts of each class of property, plant and equipment between the beginning and end of the current financial years:

Plant & equipment

Carrying amount at beginning of year	1,250,426	1,263,964
Additions	15,462	471,420
Depreciation charges	(421,855)	(468,193)
Disposals	(15,173)	(16,765)
Carrying amount at the end of the year	<u>828,860</u>	<u>1,250,426</u>

Leasehold Improvements

Carrying amount at beginning of year	18,997	30,780
Additions	-	-
Depreciation charges	(9,763)	(10,252)
Disposals	-	(1,531)
Carrying amount at the end of the year	<u>9,234</u>	<u>18,997</u>

Office Equipment

Carrying amount at beginning of year	34,672	32,693
Additions	8,714	18,174
Depreciation charges	(15,127)	(16,089)
Disposals	-	(106)
Carrying amount at the end of the year	<u>28,259</u>	<u>34,672</u>

Land & Buildings

Carrying amount at beginning of year	3,393,757	3,425,685
Additions	-	133,063
Depreciation charges	(132,879)	(164,991)
Disposals	-	-
Carrying amount at the end of the year	<u>3,260,878</u>	<u>3,393,757</u>

Net carrying amount

<u>4,127,231</u>	<u>4,697,852</u>
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NOTE 11. RIGHT-OF-USE ASSETS

The right-of-use assets have arisen upon adoption of AASB 16 *Leases* on 1 July 2019. The Group's lease portfolio includes building and aquaculture leases. The building lease has an average term of 5 years and the aquaculture leases have an average term of 21 years.

(a) The carrying amount of right-of-use assets is detailed below:

	Leased Property \$	Aquaculture Lease \$	Total \$
Balance at 1 July 2019	455,163	162,824	617,987
Depreciation expense for the year ended	(74,943)	(9,797)	(84,740)
As at 30 June 2020	380,220	153,027	533,247
	Leased Property \$	Aquaculture Lease \$	Total \$
Balance at 1 July 2020	380,220	153,027	533,247
Depreciation expense for the year ended	(74,943)	(9,797)	(84,740)
As at 30 June 2021	305,277	143,230	448,507

(b) Lease liabilities

	Consolidated Group	
	2021 \$	2020 \$
Current lease liabilities	91,112	102,118
Non-Current lease liabilities	479,973	571,085
Total lease liabilities	571,085	673,203

(c) AASB 16 related amounts recognised in statement of profit or loss

Depreciation charge related to right-of-use assets	84,740	84,740
Interest expense on lease liabilities	28,452	32,862
Low-value asset expense	1,540	1,728
Variable lease payment expense	10,000	9,677

The group has some property leases which contain variable lease payments. These variable lease payments are recognised in the statement of profit or loss in the period which they occur.

(d) Total yearly cash outflows for leases 102,118 95,035

(e) Options to extend or terminate

The options to extend or terminate are contained in several leases of the Group. There were no extension options for the building lease. All of the extension or termination options are only exercisable by the Group. The extension options which management were reasonably certain to be exercised have been included in the calculation of the lease liability.

NOTE 12. TRADE AND OTHER PAYABLES

Trade payables	323,745	162,183
Accrued expenses	450,570	205,506
	<u>774,315</u>	<u>367,689</u>

Trade payables are not past due and are non-interest bearing. The carrying amount of trade and other payables are considered to be the same as their fair values due to their short term nature.

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NOTE 13. INTEREST BEARING LIABILITIES

CURRENT

Equipment Loans

	Consolidated Group	
	2021	2021
	\$	\$
Equipment Loans	8,196	34,112
	8,196	34,112

NON-CURRENT

Equipment Loans

Equipment Loans	17,184	25,380
	17,184	25,380

Equipment Loans

The equipment loan has been provided to Ocean Grown Abalone Operations Pty Ltd by National Australia Bank Limited, pursuant to a master asset finance agreement with a facility limit of \$1,500,000 (2020: \$1,500,000). The loan is secured over the financed asset via an equitable mortgage. Additional loan security is provided in the form of a charge over the assets of OGA Operations and the Company. The Company has also provided a guarantee and indemnity to the loan provider for the full facility limit.

The equipment loan at reporting date comprised:

- Balance of \$25,380. Original loan \$43,542, which commenced in May 2019, with 60 monthly repayments (final payment date of 24 June 2024) and an annual interest rate of 3.99%.

NOTE 14. PROVISIONS

CURRENT

Employee entitlements – annual leave
Employee entitlements – long service leave

Employee entitlements – annual leave	107,778	113,775
Employee entitlements – long service leave	59,369	51,260
	167,147	165,035

NOTE 15. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets

Accruals	27,792	26,925
Provisions	54,377	57,894
Losses	1,055,277	1,208,700
Expenses taken into equity	-	133,291
Other	211,083	191,185
Deferred tax assets to offset deferred tax liability	(1,348,529)	(1,569,472)
	-	48,523

Recognised deferred tax liabilities

Biological & Inventory Asset	1,581,013	1,922,834
Prepayments	42,221	48,164
Other	112,128	146,661
Deferred tax assets to offset deferred tax liability	(1,348,529)	(1,569,472)
	386,833	548,187



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NOTE 16. CONTRIBUTED EQUITY

	Consolidated Group	
	2021	2020
	No.	No.
(a) Issued and paid up capital		
No. fully paid ordinary shares	200,742,780	200,742,780
	\$	\$
Balance at beginning of year	27,012,442	23,408,139
Employee performance rights vested - class D ¹	-	50,804
Managing Director performance rights vested - class A ²	-	800,000
Rights issue (\$0.13 on 20 November 2019) ³	-	2,899,618
Share issue costs	-	(146,119)
Balance at end of the year	27,012,442	27,012,442
(b) Movement in ordinary shares		
Balance at the beginning of year	200,742,780	174,110,260
Employee performance rights vested - class D ¹	-	327,766
Managing Director performance rights vested - class A ²	-	4,000,000
Rights issue (\$0.13 on 20 November 2019) ³	-	22,304,754
Balance at end of the year	200,742,780	200,742,780

- On 2 August 2019, the Company issued 327,766 shares from performance rights to employees in accordance with the Company's Employee Incentive Plan.
- On 15 November 2019, the Company issued 4,000,000 shares to Managing Director Brad Adams through conversion Class A Performance Rights.
- On 20 November 2019, the Company issued 22,304,754 shares by a pro-rata non-renounceable rights offer on the basis of 1 new share for every 8 shares held at an issue price of 13 cents per new share.

(c) Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings, each ordinary share is entitled to one vote when a poll is called.

(d) Share options

On 1 August 2017, the existing 7,633,125 options, each with an exercise price of \$0.26 and expiry date of 28 December 2020, were cancelled and replaced with 8,807,452 new options, each with an exercise price of 30 cents and an expiry date of 28 December 2020. The increased number of options being in proportion to the 30/26 increase in the exercise price.

On 1 August 2017, 10,039,450 options, each exercisable at \$0.39 on or before 30 September 2021, were issued as part consideration for corporate advisory services provided in relation to IPO.

On 1 August 2017, 2,500,000 options, each exercisable at \$0.44 on or before 30 September 2021 were issued as part of the remuneration packages for Peter Harold (Non-Executive Chairman) and Danielle Lee (Non-Executive Director).

On 27 November 2020, 1,000,000 options, each exercisable at \$0.142 on or before 27 November 2023 (Class D) were issued as part remuneration for Ignazio Ricciardi (Non-Executive Director) services.

8,807,452 Class A options, each exercisable at \$0.30 on or before 28 December 2020, expired during the reporting period. All other options remained outstanding at balance date.

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	Consolidated Group	
	2021	2020
	\$	\$
NOTE 17. RESERVES		
Share-based payment reserve	<u>1,081,275</u>	<u>1,051,899</u>

The share-based payment reserve is used to record the value of equity benefits (options) provided to directors, executives and employees as part of their remuneration and consultants / advisers for their services. Refer to Note 25 for details of share based payments during the financial year.

Movement in reserves:

Share-based payments reserve

Balance at beginning of the year	1,051,899	1,902,703
Options issued to employees	29,376	-
Transfer to issued capital upon the vesting of Class A performance rights	-	(800,000)
Transfer to issued capital upon the vesting of Class D performance rights	-	(50,804)
Balance at the end of the year	<u>1,081,275</u>	<u>1,051,899</u>

Refer to Note 25 Share-based payments for further details on performance rights.

NOTE 18. ACCUMULATED LOSSES

Accumulated losses at beginning of year	(12,665,356)	(7,950,960)
Adjustment on adoption of AASB 16	-	(149,872)
Profit/(Loss) attributable to Owners of the Company	<u>(1,683,007)</u>	<u>(4,564,524)</u>
Accumulated losses at end of year	<u>(14,348,363)</u>	<u>(12,665,356)</u>

NOTE 19. SUBSEQUENT EVENTS

Significant matters that have arisen since the end of the financial year are:

COVID-19 continues to have an impact on the Company's operations as at the date of this report. In particular, its continuing impact on demand and prices for seafood products, including abalone, and presenting challenges in coordinating logistics for the delivery of product to customers.

The Consolidated Group cannot accurately estimate the impact of COVID-19 on its results of operation, financial condition or liquidity for the balance of the 2021 financial year. However, based on its operational performance in FY2021 and measures taken during 2020 to mitigate the effects of COVID-19, it expects to be able to continue as a going concern.

Other than as disclosed above or in the financial statements, no significant matters have arisen since the end of the financial year, which significantly affects the operations of the Consolidated Group, the results of those operations or the state of affairs of the Consolidated Group in future financial years.



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Consolidated Group
2021 **2020**
\$ **\$**

NOTE 20. COMMITMENTS AND CONTINGENCIES

The Consolidated Group had the following supplier purchase commitments as at 30 June 2021

Within one year	1,218,274	1,381,319
After one year but not more than five years	1,344,000	1,470,557
More than five years	-	-
	2,562,274	2,851,876

The Consolidated Group had the following capital purchase commitments as at 30 June 2021

Within one year	34,643	-
After one year but not more than five years	-	-
More than five years	-	-
	34,643	-

Other than as disclosed in the financial statements, the Consolidated Group does not have any contingent liabilities at balance sheet date and none have arisen since balance sheet date to the date of signing the Directors' report.

NOTE 21. AUDITOR'S REMUNERATION

Auditors of the Group - BDO and related network firms

Audit and review of financial statements

Group	60,097	35,569
Total audit and review of financial statements	60,097	35,569

Other statutory assurance services

Non-audit services

Group Tax	28,147	52,083
Total non-audit services	28,147	52,083

Total services provided by BDO

	88,244	87,652
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Other auditors - Stantons International

Non-audit services

Group	1,200	36,366
Total audit and review of financial statements	1,200	36,366

Other statutory assurance services - RSM

Non-audit services

Consulting services	51,978	45,480
Total non-audit services	51,978	45,480

Other statutory assurance services

Non-audit services

Consulting services	-	1,590
Total non-audit services	-	1,590

Total services provided by other auditors (excluding BDO)

	53,178	83,436
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NOTE 22. PROFIT/(LOSS) PER SHARE

The calculation of basic and diluted profit/(loss) per share was based on the following:

	Consolidated Group	
	2021	2020
	\$	\$
Net (loss) for the year attributable to owners of the Company	(1,683,007)	(4,564,524)
	No.	No.
Weighted average number of ordinary shares used in calculating basic (loss) per share	200,742,780	190,490,332
Effect of dilution:		
Share options	-	-
Convertible loans	n/a	n/a
Adjusted weighted average number of ordinary shares used in calculating diluted (loss) per share	200,742,780	190,490,332
Basic and diluted (loss) per share (cents)	(0.84)	(2.40)

There is no impact from the 13,539,450 options outstanding at 30 June 2021 (2020: 21,346,902 options) on the profit per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future.

NOTE 23. KEY MANAGEMENT PERSONNEL DISCLOSURES

Names and positions held by Directors and other members of Key Management Personnel ("KMP") in office at any time during the financial year are set out below:

Name	Position Held
Peter Harold	Non-Executive Chairman
Bradley Adams	Executive Director Corporate Development (appointed 9 March 2021)
Ignazio Ricciardi	Non-Executive Director
Danielle Lee	Non-Executive Director
Romolo Santoro	Chief Financial Officer & Company Secretary (resigned 27 November 2020)
Rob Jordan	Chief Executive Officer (appointed 9 March 2021)
Brent Stockden	Chief Financial Officer & Company Secretary (appointed CFO: 27 April 2021 & appointed Company Secretary 3 May 2021)

The aggregate compensation made to Directors and other KMP of the Group during the financial year is set out below:

Short-term employee benefits	682,748	637,805
Post-employment benefits	56,440	56,599
Share-based payments	29,376	-
	768,564	694,404

From 9 April 2020, all Directors and Executive Management agreed to reduce their base employment benefits and directors fees by 10% to assist in mitigating the costs of the COVID-19 pandemic. Total cost saving for FY2021 was \$51,471 (FY2020: \$13,309).



NOTE 24. RELATED PARTY TRANSACTIONS

The ultimate parent entity is Ocean Grown Abalone Limited. Refer to Note 31 for a list of all controlled entities.

In each of the following related party transactions normal commercial terms and conditions applied. Terms and conditions were no more favourable than those available or which might reasonably be expected to be available for a similar transaction or service to unrelated parties on arms-length basis.

Wildflower Consulting Pty Ltd, a company controlled by Danielle Lee, was paid \$3,509 during the financial year (FY2020: 0) for the provision of commercial consulting services by Danielle Lee.

Ignazio Ricciardi & Silvana Ricciardi ATF IP & S Ricciardi Family Trust, a business entity controlled by Ian Ricciardi, was paid \$57,003 during the financial year (FY2020: 0) for the provision of commercial consulting services by Ian Ricciardi.

Bigstreet Pty Ltd, of whom Ignazio Ricciardi is a director and in which he holds a beneficial ownership interest, was paid \$2,570 during the financial year (FY2020: \$1,575) for the provision of cold storage and handling services.

Vincenzo Ricciardi, son of Ignazio Ricciardi, is an employee of the Company. He received total remuneration inclusive of superannuation during the financial year of \$135,900 (FY2020: \$131,400) as the Group Financial Controller.

Jodee Adams, the wife of Brad Adams, received total remuneration during the financial year of \$750 for the provision of delivery services (FY2020: \$27,055 for the provision of office administration services).

Max Adams, son of Brad Adams, is an employee of the Company. He received total remuneration inclusive of superannuation during the financial year of \$197 (FY2020: \$4,540) for the provision of services of general labour.

NOTE 25. SHARE-BASED PAYMENTS

The Company makes share-based payments, in the form of options, to directors, executives and employees as part of their remuneration and to consultants / advisers for their services.

Set out below is a summary of unlisted option movements during the financial year.

	2021		2020	
	Weighted average exercise price per Option	Number of options	Weighted average exercise price per Option	Number of options
Balance at the start of the period	\$0.36	21,346,902	\$0.36	21,346,902
Cancelled during the period	-	-	-	-
Granted during the period	\$0.142	1,000,000	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	\$0.30	(8,807,452)	-	-
Balance at the end of the period	\$0.38	13,539,450	\$0.36	21,346,902

1,000,000 unlisted options were issued during the period to a director, pursuant to the Company's Employee Incentive Plan, each exercisable at 14.2 cents on or before 27 November 2023. The fair value at grant date of the options of \$29,376, was estimated using the Black and Scholes option valuation method with the following inputs:

Input	
Grant date	27 Nov 2020
Exercise price	14.2 cents
Term of option	3 years
Share price at grant date	9.6 cents
Expected share price volatility	63%
Risk free interest rate	0.10%

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NOTE 25. SHARE-BASED PAYMENTS (CONTINUED)

Outstanding listed options at the end of the year, which were granted as share-based payments, are summarised as follows:

Series	Grant Date	Expiry Date	Exercise Price	Number of options
B	1 Aug 2017	30 Sep 2021	\$0.39	10,039,450
C	1 Aug 2017	30 Sep 2021	\$0.44	2,500,000
D ¹	27 Nov 2020	27 Nov 2023	\$0.142	1,000,000
Total				13,539,450

¹ FY2021 share based payment expense of \$29,376 is attributable to the Class D options granted during the period

Performance Rights

The following performance rights were issued previously:

Class	Grant Date	Number of Performance Rights	Value per Share	Fair Value	2021	2020
					Total expense	Total expense
C	1 Aug 2017	4,000,000	\$0.20	\$800,000	-	-
Total		4,000,000		\$800,000	-	-

The Company previously issued 4,000,000 Performance Rights to Brad Adams, the Managing Director, at the time. The Performance Rights are subject to separate service and performance conditions. The service conditions for class C are detailed below:

- Class C – Service Condition: remain engaged as an employee for a continuous period until the performance condition is satisfied; and Performance Condition: Prior to 14 November 2022, subject to the Board determining the success material part of the Port Lincoln Development Project, the Company (either on its own or together with an affiliate or joint venture partner) deploys and seeds a cumulative total of 5,000 Abitats across one or more commercial project sites within South Australia.

For the purposes of the financial statements, where the assessed probability of the relevant performance conditions is 50% or greater, the Group recognised the resulting share-based payment expense over the relevant performance period. Support for a greater or less than 50% probability assessment of the respective performance conditions, are set out below:

(iii) Class C – based on the Company's assessment, the probability of achieving the applicable performance condition was considered to be less than 50%. As per AASB 2 Share-based Payment, no amount is recognised because of failure to satisfy vesting condition and therefore the share-based payment expense was reversed in the 2019 financial year.

There was no movement in the number of performance rights on issue during the financial year.



NOTE 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Board monitors and manages the financial risk relating to the operations of the Group. Exposure to a variety of financial risks: credit risk, liquidity risk and market risk (interest rate and currency risk) arises in the normal course of the Consolidated Group's business. The risk management policies are designed to minimise potential adverse effects on the Consolidated Group's financial performance.

The Consolidated Group holds the following financial instruments as at the reporting date:

	Consolidated Group	
	2021	2020
	\$	\$
Financial assets		
Cash and cash equivalents	2,712,681	2,778,877
Trade & other receivables	1,324,219	1,448,976
Deposits	34,857	74,667
	<u>4,071,757</u>	<u>4,302,520</u>
Financial liabilities		
Trade and other payables	323,745	162,183
Lease liabilities	571,085	673,203
Loans and borrowings	25,380	59,492
	<u>920,210</u>	<u>894,878</u>

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Consolidated Group's income or the value of its holding of financial instruments. The Consolidated Group's objective is to manage and control market risk exposures within acceptable parameters, whilst optimising returns.

Currency Risk

The Consolidated Group is exposed to currency risk on overseas sales of abalone product and associated selling costs that are denominated in US dollars. The Consolidated Group does not have any overseas borrowings or US dollar cash holdings as at balance date. In order to protect against exchange rate movements, the consolidated group from time to time has entered into forward foreign exchange contracts with its banking provider. The Consolidated Group had a nil US dollar debtor balance (2020: USD502) and nil USD creditor balance at 30 June 2021 (2020: USD2,070).

The table below summarises the effect on the Consolidated Group's comprehensive loss (movement in average rate) and cash and cash equivalents (movement at balance date) if the AUD / USD exchange rates moved by +10%:

Percentage shift in AUD / USD exchange rate	10%	10%
Total effect on debtors of +ve movement	-	73
Total effect on debtors of -ve movement	-	(89)
	<u>-</u>	<u>(16)</u>
Total effect on creditors of +ve movement	-	(274)
Total effect on creditors of -ve movement	-	335
	<u>-</u>	<u>(69)</u>
Total effect on comprehensive (loss) of +ve movement	(200,209)	(205,754)
Total effect on comprehensive profit of -ve movement	<u>244,700</u>	<u>251,477</u>

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NOTE 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table sets out the interest rates applicable to financial instruments that are exposed to interest rate risk:

	Interest bearing	Non-interest bearing	Total	Weighted average interest rate
	2021	2021	2021	2021
	\$	\$	\$	%
Consolidated				
Financial assets				
Cash and cash equivalents	2,704,638	8,043	2,712,681	1.11
Trade & other receivables	-	1,324,219	1,324,219	-
Deposits	34,857	-	34,857	0.29
Total financial assets	2,739,495	1,332,262	4,071,757	
Financial liabilities				
Trade & other payables	7,010	316,735	323,745	0.18
Lease liabilities	571,085	-	571,085	4.50
Loans and borrowings	25,380	-	25,380	3.99
Total financial liabilities	603,475	316,735	920,210	

	Interest bearing	Non-interest bearing	Total	Weighted average interest rate
	2020	2020	2020	2020
	\$	\$	\$	%
Consolidated				
Financial assets				
Cash and cash equivalents	2,772,194	6,683	2,778,877	0.80
Trade & other receivables	-	1,448,976	1,448,976	-
Deposits	74,667	-	74,667	0.95
Total financial assets	2,846,861	1,455,659	4,302,520	

Consolidated				
Financial liabilities				
Trade & other payables	6,131	156,052	162,183	0.13
Lease liabilities	673,203	-	673,203	4.50
Loans and borrowings	59,492	-	59,492	4.74
Total financial liabilities	738,826	156,052	894,878	

The Consolidated Group receives interest on its cash management deposits based on daily balances and at balance date was exposed to a weighted average variable interest rate of 1.11% (2020: 0.80%). The Consolidated Group's US dollar account does not attract interest.

The Consolidated Group receives interest on its Deposits and at balance date was exposed to a weighted average fixed interest rate of 0.29% (2020: 0.95%)

Interest payable on trade and other payables relates to the Consolidated Group credit card balances at balance date.



NOTE 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk

Credit risk represents the risk of financial loss to the Consolidated Group if a customer or counterparty to the financial instrument fails to meet its contractual obligations and arises principally from the Consolidated Group's receivables from customers. This in turn is influenced by the characteristics of each customer and the Consolidated Group regularly assesses the creditworthiness of its customers.

The Consolidated Group regularly reviews its trade and other receivables balances for impairment. At the reporting date, there were no trade and other receivables were past due or impaired (2020: \$1,998).

The Consolidated Group's maximum exposure to credit risk at the reporting date was:

	Consolidated Group	
	2021 \$	2020 \$
Financial assets		
Cash and cash equivalents	2,712,681	2,778,877
Trade & other receivables	1,324,219	1,448,976
Deposits	34,857	74,667
Total financial assets	4,071,757	4,302,520

The Consolidated Group's maximum exposure to credit risk at the reporting date was:

Credit quality of financial assets	Equivalent S&P rating ¹	Internally rated No default	Total
	\$	\$	\$
At 30 June 2021			
Financial assets			
Cash and cash equivalents	2,712,681	-	2,712,681
Trade debtors & other receivables ²	-	1,324,219	1,324,219
Deposits	34,857	-	34,857
Total financial assets	2,747,538	1,324,219	4,071,757

Credit quality of financial assets	Equivalent S&P rating ¹	Internally rated No default	Total
	\$	\$	\$
At 30 June 2020			
Financial assets			
Cash and cash equivalents	2,778,877	-	2,778,877
Trade debtors & other receivables ²	-	1,448,976	1,448,976
Deposits	74,667	-	74,667
Total financial assets	2,853,544	1,448,976	4,302,520

¹ The equivalent S&P rating of the financial assets and deposits represents the rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself. NAB has a rating of A-1+ (short-term) and AA- (long-term). CBA has a credit rating of A-1+ (short-term) and AA- (long-term). Bendigo Bank has a rating of A-2 (short-term) and BBB+ (long-term).

² Includes trade receivables of \$163,216 (FY2020: \$766). Other receivables include net amounts owing from Government institutions of \$1,068,264 (FY2020: \$1,291,996).

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NOTE 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**Liquidity Risk**

Liquidity risk arises from the financial liabilities of the Consolidated Group and its ability to meet their obligations to repay their financial liabilities as and when they fall due. The Consolidated Group manages liquidity risk by maintaining adequate reserves and monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

Maturity of financial liabilities

The table below reflects an undiscounted contractual maturity analysis for financial liabilities:

Contractual maturities of financial liabilities	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$	\$
At 30 June 2021						
<i>Non Derivatives</i>						
Trade and other payables	323,745	-	-	-	323,745	323,745
Lease liabilities	114,882	47,036	141,106	461,854	764,878	571,085
Loans and borrowings	9,777	9,777	7,281	-	26,835	25,380
Total expected outflows	448,404	56,813	148,387	461,854	1,115,458	920,210

Contractual maturities of financial liabilities	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$	\$
At 30 June 2020						
<i>Non Derivatives</i>						
Trade and other payables	162,183	-	-	-	162,183	162,183
Lease liabilities	130,571	114,882	141,106	508,890	895,449	673,203
Loans and borrowings	35,580	9,777	17,873	-	62,230	59,492
Total expected outflows	328,334	124,659	158,979	508,890	1,120,862	894,878

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Fair Value Measurement of financial instruments

Note 2(h) summarises the Consolidated Group's approach to fair value assessment of its assets and liabilities. The carrying amount of the Consolidated Group's financial instruments are assumed to approximate their fair value due to either the short term nature or their terms and conditions.

Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group has a net gearing ratio of 0.18% at 30 June 2021 (30 June 2020: 0.39%). The Group has no external requirements imposed upon it in relation to capital structure.



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NOTE 27. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Consolidated Group
2021 **2020**
\$ **\$**

Reconciliation of net Cash provided by Operating Activities to Operating (Loss) after Income Tax

(Loss) after income tax for the year	(1,683,948)	(4,565,020)
Depreciation and amortisation	671,091	761,429
Fair value (FV) adjustment – biological assets	(711,143)	2,171,409
Net interest (received) including interest expense on lease liability	(4,388)	(1,065)
Loss on sale of assets	9,940	1,500
Director options issued	29,376	-
Amounts recognised directly in equity - net deferred tax	-	55,424
Change in assets and liabilities		
Decrease in biological assets and inventory (excluding FV adjustment)	1,411,329	773,493
(Increase) / Decrease in trade and other receivables	(98,975)	297,123
Decrease in R&D tax refund receivable	223,732	286,890
(Increase) / Decrease in deferred tax assets	(7,920)	12,042
(Decrease) in deferred tax liabilities	(104,911)	(1,170,105)
Increase / (Decrease) in trade and other payables	412,384	(369,614)
Increase / (Decrease) in income tax payable	1,078	(647)
Increase in provisions	2,112	23,936
	<u>149,757</u>	<u>(1,723,205)</u>
Net cash provided by / (used in) operating activities	<u>149,757</u>	<u>(1,723,205)</u>

NOTE 28. OPERATING SEGMENT

For management purposes, the Consolidated Group is organised into one main operating segment, which involves its abalone ranching operations, inclusive of its seeding, ranching and processing activities. All of the Consolidated Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Consolidated Group as one segment. The financial results from this segment are equivalent to the financial statements of the Consolidated Group as a whole. The Consolidated Group operates only in Australia.

NOTE 29. DIVIDENDS

No dividend was paid or declared by the Company in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2021 (2020: Nil). The balance of the franking account as at 30 June 2021 is Nil (2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 30. PARENT ENTITY INFORMATION

	Consolidated Group	
	2021 \$	2020 \$
Total assets	15,095,122	16,879,286
Total liabilities	(1,451,064)	(1,561,727)
Net assets	13,644,058	15,317,559
Issued capital	27,012,442	27,012,442
Share based payment reserve	1,081,275	1,051,899
Adjustment on adoption AASB 16	-	(149,114)
Accumulated losses	(14,449,659)	(12,597,668)
Total shareholders' equity	13,644,058	15,317,559
(Loss) of the parent entity	(1,702,877)	(4,666,383)
Total comprehensive (loss) of the parent entity	(1,702,877)	(4,666,383)

(a) Guarantees entered into by the parent entity

Refer to Note 13 for information on the guarantee and other security provided by the Company in relation to the debts of its subsidiaries.

(b) Contingent liabilities of the parent entity

The Company did not have any other contingent liabilities not recognised as liabilities at balance date.

(c) Contractual commitments for capital expenditure

The Company did not have any other commitments in relation to capital expenditure contracted but not recognised as liabilities at balance date.

NOTE 31. CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2(d).

Name	Country of Incorporation	Percentage Owned	
		2021	2020
Ocean Grown Abalone Operations Pty Ltd	Australia	100%	100%
Two Oceans Abalone Pty Ltd	Australia	100%	100%
Wylie Bay Abalone Pty Ltd	Australia	66.67%	66.67%
Ocean Grown Abalone Wylie Bay Pty Ltd	Australia	100%	100%



Ocean Grown
Abalone

DIRECTOR'S DECLARATION FOR THE YEAR ENDED 30 JUNE 2021

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 27 to 61 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Australian Accounting Standards as described in Note 2, the *Corporations Act 2001* and with International Financial Reporting Standards; and
 - b. giving a true and fair view of the consolidated Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date.
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.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'Peter Harold', written over a horizontal line.

Peter Harold
Non-Executive Chairman
30 August 2021

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the members of Ocean Grown Abalone Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ocean Grown Abalone Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, 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:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



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.

Accounting for Biological Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group’s biological assets, as disclosed in Note 8 to the financial report, was a key audit matter as the calculation of the fair value of abalone requires significant estimates and judgements by management.</p> <p>The Australian Accounting Standards require biological assets to be measured at fair value less costs to sell or, in the absence of a fair value, at cost less impairment.</p> <p>The Group have valued the biological assets at fair value less costs to sell. The valuation requires management’s judgement in relation to estimating the future selling prices, quantity of abalone, abalone size, mortality and costs to complete.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • considering the appropriateness of the valuation methodology against the relevant Australian Accounting Standards; • testing the mathematical accuracy of the fair value model used by management; • performing a reconciliation of the number of abalone by obtaining the opening balance and comparing the known movements (juveniles planted, harvests and mortalities for the year) to supporting documentation on a sample basis in order to assess the reasonableness of the number of abalone at year end; • counting a sample of abalone on hand at the year-end as part of our year end site visit and comparing this to the Group’s count for reasonableness; • performing a sensitivity analysis of the key inputs including the future selling price, impacts of the COVID-19 pandemic, abalone quantity and abalone size as these are the key assumptions against which the model is most sensitive to; and • evaluating the adequacy of the related disclosure in Note 8 to the financial report.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 24 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Ocean Grown Abalone Limited, for the year ended 30 June 2021, 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.

BDO Audit (WA) Pty Ltd

BDO


Dean Just

Director

Perth, 30 August 2021

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ADDITIONAL SECURITIES EXCHANGE INFORMATION FOR THE YEAR ENDED 30 JUNE 2021

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 19 August 2021.

1. Quotation

Listed securities in Ocean Grown Abalone Limited are quoted on the Australian Securities Exchange under ASX code OGA (Fully Paid Ordinary Shares).

2. Voting Rights

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

- a. at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- b. on a show of hands, every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Options or Performance Rights on issue.

3. Distribution of Shareholders

i. Fully Paid Ordinary Shares

Shares Range	Holders	Units	%
1 – 1,000	18	5,991	0.00
1,001 – 5,000	138	490,998	0.24
5,001 – 10,000	291	2,360,842	1.18
10,001 – 100,000	523	19,209,390	9.57
100,001 and above	182	178,675,559	89.01
Total	1,152	200,742,780	100.00%

ii. Unlisted Class B Options exercisable at \$0.39 on or before 30 September 2021

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	4	10,039,450 ¹	100.00
Total	4	10,039,450	100.00%

¹Holders who hold more than 20% of securities are:

- Tejiman Holdings Pty Ltd <The Tejiman A/C> - 4,394,725 options
- Jaek Holdings Pty Ltd <Hannaford Family A/C> - 4,394,725 options



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iii. Unlisted Class C Options exercisable at \$0.44 on or before 30 September 2021

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	2	2,500,000 ¹	100.00
Total	2	2,500,000	100.00%

¹Holders who hold more than 20% of securities are:

- Springway Investments Pty Ltd <Allnut Ventures A/C> - 1,500,000 options
- Danielle Marguerite Lee - 1,000,000 options

iv. Unlisted Class D Options exercisable at \$0.142 on or before 27 November 2023

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	1	1,000,000 ¹	100.00
Total	1	1,000,000	100.00%

¹Holders who hold more than 20% of securities are:

- Ian Ricciardi - 1,000,000 options

v. Class C Performance Rights

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	1	4,000,000 ¹	100.00
Total	1	4,000,000	100.00%

¹Holders who hold more than 20% of securities are:

- Bradley Adams - 4,000,000 performance rights

4. Substantial Shareholders

As at 19 August 2021, the Company's register showed the following substantial shareholders:

Name	No. of Shares	%
Mr Ignazio Peter Ricciardi & Mrs Silvana Ricciardi <IP & S Ricciardi Family A/C>	15,257,577	7.60
Calogero Paul Ricciardi <C P Ricciardi Family A/C>	13,008,003	6.52
UBS Nominees Pty Ltd	11,420,504	5.69
NE & HJ Soulos Pty Ltd <NE&HJ Soulos Super Fund A/C>	10,273,422	5.12

5. Restricted Securities

There are currently no restricted securities.

ADDITIONAL SECURITIES EXCHANGE INFORMATION

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6. On market buy-back

There is currently no on market buy back in place.

7. Application of funds

The Company has applied its cash and assets readily convertible to cash in a way that is consistent with its business objectives detailed in its IPO prospectus.

8. Twenty Largest Shareholders

The twenty largest shareholders of the Company's quoted securities as at 19 August 2021 are as follows:

	Name	No. of Shares	%
1	Mr Ignazio Peter Ricciardi & Mrs Silvana Ricciardi <IP & S Ricciardi Family A/C>	15,257,577	7.60
2	Calogero Paul Ricciardi <C P Ricciardi Family A/C>	13,088,003	6.52
3	UBS Nominees Pty Ltd	11,420,504	5.69
4	NE & HJ Soulos Pty Ltd <NE&HJ Soulos Super Fund A/C>	10,273,422	5.12
5	Frewin Corporation Pty Ltd	9,543,528	4.75
6	Tomba Nominees Pty Ltd <V&N Tomba Family A/C>	7,671,330	3.82
7	Mr Michael Kelsey Cross	6,300,000	3.14
8	BNP Paribas Noms Pty Ltd <Drp>	5,946,936	2.96
9	Abracadabra Fishing Company Pty Ltd <Adams Family A/C>	4,902,667	2.44
10	Whale Watch Holdings Limited	4,200,000	2.09
11	HSBC Custody Nominees (Australia) Limited	3,824,477	1.91
12	Sylvia Ricciardi	3,656,250	1.82
13	Blair House Pty Ltd <Robert Stork SF A/C>	3,654,289	1.82
14	Montrose Investments (WA) Pty Ltd <Fraunschiel Family Account>	3,000,000	1.49
14	Teakdale Investments Pty Ltd	3,000,000	1.49
15	Mrs Sylvia Ricciardi	2,812,500	1.40
16	Pyxis Holdings Pty Ltd <The Mapletree A/C>	2,650,000	1.32
17	Tejiman Holdings Pty Ltd <The Tejiman A/C>	2,500,000	1.25
18	Makaba Pty Ltd <The Rickerby Spouse A/C>	2,370,000	1.18
19	Citicorp Nominees Pty Limited	2,227,028	1.11
20	Reay Corporation Pty Ltd	2,187,500	1.09
	Total	120,486,011	60.02



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CORPORATE DIRECTORY

DIRECTORS

Peter Harold – Non-Executive Chairman
Bradley (Brad) Adams – Managing Director
Ignazio (Ian) Ricciardi – Non-Executive Director
Danielle Lee – Non-Executive Director

Company Secretary

Brent Stockden

REGISTERED OFFICE

Level 3, 3 Cantonment Street
Fremantle WA 6160
Telephone: +61 8 6181 8888
Facsimile: +61 8 6181 8899
Email: investors@oceangrown.com.au
Website Address: www.oceangrown.com.au

PRINCIPAL PLACE OF BUSINESS

Augusta Boat Harbour
Leeuwin Road
Augusta WA 6290

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

AUSTRALIAN SECURITIES EXCHANGE

ASX Code Ordinary Shares: OGA

SHARE REGISTRY

Automatic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000
Enquiries (within Australia): 1300 288 664
Enquiries (outside Australia): +61 2 9698 5414
Facsimile: +61 8 9321 2337
Website: www.automic.com.au

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