



Murray Cod Australia Ltd
And Controlled Entities
ABN: 74 143 928 625
Financial Report
For the Year Ended
30 June 2019

Life Tastes Better Our Way

MURRAY COD AUSTRALIA LIMITED AND CONTROLLED ENTITIES

ABN: 74143928625

Financial Report For The Year Ended 30 June 2019

CONTENTS	Page
Operating and Financial Review	1
Directors' Report	2
Remuneration Report	5
Auditor's Independence Declaration	10
Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Financial Statements	15
Directors' Declaration	61
Independent Auditor's Report	62
Additional Information for Listed Public Companies	67

MURRAY COD AUSTRALIA LIMITED ABN: 74143928625 AND CONTROLLED ENTITIES OPERATING AND FINANCIAL REVIEW

Principal Activities

The principal activities of the consolidated group during the financial year were:

- Breeding, growing and marketing of Murray Cod, a premium freshwater table fish;
- Construction and sale of aquaculture equipment;

All of our operations are conducted in Australia. At present they are all conducted within the Riverina region of NSW.

Significant Changes to Activities

There were no significant changes in the nature of the consolidated group's principal activities during the financial year.

Our Business Model and Objectives

Providing satisfactory returns to our shareholders is our primary objective. Our success in delivering this aim is determined by reference to total shareholder return (TSR) over time, and this is compared to the returns delivered by our competitors and the S&P/ASX 200 Index. We strive to continually improve the differential between returns on invested capital over the cost of that capital.

Operating Results

The Net Profit/(Loss) after tax for the year was \$(3,674,901): (2018 \$(268,191))

The most significant non-cash expense item affecting this result is the Share Based Payment Expense of \$2,636,282. Of this \$2,385,469 was recognised as a result of the company achieving performance hurdles listed in the prospectus dated 25th November 2016 and accordingly, equity based incentives which were issued at the time of the prospectus became vested. As the probability of those hurdles being achieved was not certain at the time of listing, only some of the expense was recognised in the year ended 30 June 2017 with the balance being recognised in this financial year.

Review of Operations

Aquaculture

The company operates a hatchery, a nursery, and grow out farms in an integrated business that produces Murray Cod, a premium white fleshed table fish. Our operational capacity increased significantly during the year through modifications made to the hatchery and through additional ponds being constructed and fitted out in the grow out farms.

Overall, the financial results of the company have been in line with expectations.

Financial Position

The net assets of the Group have increased by \$4,823,685 from \$11,798,371 in 2018 to \$16,622,056 in 2019. This increase has largely resulted from the following factors:

- Loss for the year of \$3,674,901
- Revaluations of water rights and licences of \$358,650; and
- Net proceeds from share issues raising and movement in Options Reserve and Performance Rights Reserve \$8,139,936.

The directors believe the company is in a strong and stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the company that occurred during the financial year.

Events after the Reporting Period

There have been no significant events occurred since 30 June 2019 other than:

Since the 30th June 2019 reporting date a loan outstanding to Ag Finance Specialists Pty Ltd (an entity related to KMP Ross Anderson) was repaid in full for \$582,790 on the 30th August 2019.

Future Developments, Prospects and Business Strategies

Current areas of strategic focus of the Group include the following:-

- Drive operational efficiencies in all business units through the investment in upgraded technology and management systems;
- Invest in productive capacity so as to meet the strong latent export and domestic demand for our product;
- Roll out of Aquana Brand and the Hot Smoked Product.

Business Risks

The following exposures to business risk may affect the Group's ability to achieve the above prospects:-

- Any biological product is subject to disease and other health risks. Whilst we currently have excellent bio security protocols and have had no major issues to deal with during the year, the possibility of unknown disease or environmental risks is always prevalent. Our staff constantly monitor the health of our stock on a daily basis. But we remind members that owning and growing biological assets involves significant risk.
- A very high proportion of our sales are based in Australia at present. If the Australian economy suffered a severe downturn then it is likely that our sales would be affected.
- If a downturn occurred in the Asian or global economies it may become more difficult for us to gain export orders.

Environmental Issues

The Group's operations are subject to significant environmental regulation under the law of the Commonwealth and State.

The Group is proud of its innovative operation which results in an extremely low impact on the environment.

- All water utilised in the fish ponds or aquaculture facilities is used as irrigation water on crops and pastures on the same site. This means nutrient enriched water is used in agricultural operations which operate in tandem with the aquaculture operations;
- From our hatchery we sell hundreds of thousands of native fish larvae to NSW, Victorian and South Australian governments for re-stocking of native waterways and dams. We are proud to be involved in boosting the native fish population on an annual basis.
- No water leaves our sites. This means no water from our aquaculture operations makes its way into any public channels or native waterways and as such our aquaculture operations have zero environmental impact on the native waterways of inland Australia.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625 AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Your Directors present their report on the consolidated entity (referred to herein as the Group) consisting of Murray Cod Australia Limited and its controlled entities for the financial year ended 30 June 2019. The information in the preceding Operating and Financial Review forms part of this Directors Report for the financial year ended 30 June 2019 and is to be read in conjunction with the following information:-

General Information

Directors

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

Ross James Anderson
Mathew John Ryan
George Roger Commins
Martin Andrew Priestley

Particulars of each Director's experience and qualifications are set out later in this report.

Dividends Paid or Recommended

No dividends have been paid or declared during the year ended 30 June 2019.

Indemnifying Officers

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

The Company has paid a premium in respect of a Directors' and Officers' insurance policy covering the liability of past, present or future Directors and Officers, including executive officers of the Company. The terms of the policy prohibit disclosure of the details of the amount of insurance cover and the premium paid. Accordingly the Company relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirement to disclose the nature of the liability insured against and the premium amount of the policy.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Pinnacle HPC Pty Ltd for non-audit services provided during the year ended 30 June 2019:

	\$
Taxation services	Nil.
Due diligence investigations	Nil.
	<u>Nil.</u>

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 10 of the Financial Report.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625 AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Options

The following options over shares were issued to employees under the Company's Employee Securities Incentive Plan during the financial year and to the date of this report:

— 2,000,000 Unlisted options, exercisable at \$0.125 each, expiring on 10th December 2021, issued on 28th November 2018.

At the date of this report, the unissued ordinary shares of Murray Cod Australia Limited under option are as follows:

Grant Date	Date of expiry	Exercise price	Number under option
16/01/2017	16/01/2021	\$ 0.075	350,000
16/01/2017	16/01/2022	\$ 0.075	89,333,333
18/08/2017	30/06/2021	\$ 0.100	300,000
18/08/2017	30/06/2023	\$ 0.150	300,000
18/08/2017	30/06/2025	\$ 0.200	400,000
28/11/2018	10/12/2021	\$ 0.125	2,000,000
			<u>92,683,333</u>

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2019, the following ordinary shares of Murray Cod Australia Limited were issued on the exercise of options granted. No further shares have been issued since year end. No amounts are unpaid on any of the shares.

	Grant Date	Exercise Price	Number of Shares Issued
Ex-Directors	16/01/2017	\$ 0.075	666,667
			<u>666,667</u>

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

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

The company is an entity to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* applies but the company has not elected to obtain the relief available under the instrument. Accordingly, amounts in the directors' report have been rounded to the nearest dollar.

Information relating to Directors and Company Secretary

Ross James Anderson	—	Chairman
Qualifications	—	Chartered Accountant, Bcom (with merit), CTA
Experience	—	27 years as Chartered Accountant, 19 years as AFSL Holder, 4 years as Director of MCA
Interest in Shares and Options	—	13,541,356 ordinary shares, 15,000,000 unlisted options and 15,000,000 performance rights
Directorships held in other listed entities during the three years prior to the current year	—	Nil
Mathew John Ryan	—	Managing Director
Qualifications	—	BRurSc
Experience	—	20 years in Agricultural Industry including 8 years in Aquaculture
Interest in Shares and Options	—	88,571,429 ordinary shares, 40,000,000 unlisted options
Directorships held in other listed entities during the three years prior to the current year	—	Nil
George Roger Commins	—	Director
Experience	—	Over 35 years in Agribusiness
Interest in Shares and Options	—	27,687,157 ordinary shares, 20,000,000 unlisted options
Directorships held in other listed entities during the three years prior to the current year	—	Nil
Martin Andrew Priestley	—	Director
Qualifications	—	Bsc(Hons)
Experience	—	Over 30 years experience in Corporate Finance, Farming, Compliance, Governance and Business Building
Interest in Shares and Options	—	4,000,000 ordinary shares, 4,000,000 unlisted options
Directorships held in other listed entities during the three years prior to the current year	—	Nil

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625 AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Company Secretary

The following persons held the position of company secretary at the end of the financial year:
Brett Tucker CA. and Wendy Dillon CA.

Meetings of Directors

During the financial year, 5 meetings of directors (including committees of directors) were held.
Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ross James Anderson	4	4	1	1
Mathew John Ryan	4	4	1	1
George Roger Commins	4	4	1	1
Martin Andrew Priestley	4	4	1	1

MURRAY COD AUSTRALIA LIMITED ABN: 74143928625 AND CONTROLLED ENTITIES REMUNERATION REPORT

Remuneration policy

The remuneration policy of Murray Cod Australia Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The board of Murray Cod Australia Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high-quality KMP to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated group is as follows:

- The remuneration policy is to be developed and approved by the Board after professional advice is sought from independent external consultants.
- 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. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Board reviews KMP packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive, at a minimum, a superannuation guarantee contribution required by the government, which is currently 9.5% of the individual's average weekly ordinary time earnings (AWOTE). Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Any options issued under the Employee Share Option Plan but not exercised prior to the date of termination will lapse.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is measured using the Black-Scholes methodology.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

In addition, the Board's remuneration policy prohibits directors and KMP from using Murray Cod Australia Limited shares as collateral in any financial transaction, including margin loan arrangements.

Engagement of Remuneration Consultants

During the financial year the Board requested Egan Associates (specialists in advising Corporates regarding governance and remuneration strategies) to provide market information on the level of Non-Executive Directors fees among organisations with comparable financial attributes to Murray Cod Australia Limited.

Performance-based Remuneration

The KPIs are set annually, with a certain level of consultation with KMP. The measures are 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 greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

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 board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Murray Cod Australia Limited bases the assessment on audited figures, however, where the KPI involves comparison of the Group or a division within the Group to the market, independent reports will be obtained from organisations such as Standard & Poors.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625 AND CONTROLLED ENTITIES
REMUNERATION REPORT**

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on KPI, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests.

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of revenue targets, return on equity ratios and continued employment with the Group. Incentive payments result where the Group returns operating production that meets the targets laid down in the options deed. The details of these options and performance rights hurdles can be found in the table of options and rights granted as shown below.

The performance related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders. There has been no alteration to the terms of the bonuses paid since grant date.

The satisfaction of the performance conditions is based on a review of the audited financial statements of the Group and publicly available market indices, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with any other measures or factors external to the Group at this time.

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.

	Position Held as at 30 June 2019 and any change during the year		Contract details (duration & termination)
Group KMP			
Ross James Anderson	Chairman		No fixed term. 3 months notice
Mathew John Ryan	Managing Director		No fixed term. 3 months notice
George Roger Commins	Director		No fixed term. 3 months notice
Martin Andrew Priestley	Director		No fixed term. 3 months notice

	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 %
Group KMP			
Ross James Anderson	-	79%	21%
Mathew John Ryan	-	75%	25%
George Roger Commins	-	84%	16%
Martin Andrew Priestley	-	0%	100%

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

Changes in Directors and Executives Subsequent to Year-end

There have been no changes to Directors or Executives since the end of the financial year.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625 AND CONTROLLED ENTITIES
REMUNERATION REPORT**

Remuneration Expense Details for the Year Ended 30 June 2019

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the consolidated group. Such amounts have been calculated in accordance with Australian Accounting Standards:

Table of Benefits and Payments for the year ended 30 June 2019

	Short-term benefits				Post Employment Benefits	
	Salary, Fees and Leave \$	Profit Share and Bonuses \$	Non-monetary \$	Other \$	Superannuation \$	Other \$
2019						
Group KMP						
Ross James Anderson	60,000	-	-	-	5,700	-
Mathew John Ryan	150,000	-	-	-	14,250	-
George Roger Commins	30,000	-	-	-	2,850	-
Martin Andrew Priestley	30,000	-	-	-	-	-
Total KMP	270,000	-	-	-	22,800	-

	Long-term benefits		Equity-settled share-based payments		Cash-settled share-based payments	Termination benefits	Total
	Incentive Plans \$	LSL \$	Shares/Units \$	Options/Rights \$	\$	\$	\$
2019							
Group KMP							
Ross James Anderson	-	-	-	510,250	-	-	575,950
Mathew John Ryan	-	-	491,071	694,000	-	-	1,349,321
George Roger Commins	-	-	169,643	347,000	-	-	549,493
Martin Andrew Priestley	-	-	-	248,599	-	-	278,599
Total KMP	-	-	660,714	1,799,849	-	-	2,753,363

	Short-term benefits				Post Employment Benefits	
	Salary, Fees and Leave \$	Profit Share and Bonuses \$	Non-monetary \$	Other \$	Superannuation \$	Other \$
2018						
Group KMP						
Ross James Anderson	60,000	-	-	-	5,700	-
Mathew John Ryan	150,000	-	-	-	14,250	-
George Roger Commins	30,000	-	-	-	2,850	-
Martin Andrew Priestley	30,000	-	-	-	-	-
Total KMP	270,000	-	-	-	22,800	-

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625 AND CONTROLLED ENTITIES
REMUNERATION REPORT**

	Long-term benefits		Equity-settled share-based payments		Cash-settled share-based payments	Termination benefits	Total
	Incentive Plans	LSL	Shares/Units	Options/Rights			
2018	\$	\$	\$	\$	\$	\$	\$
Group KMP							
Ross James Anderson	-	-	-	-	-	-	65,700
Mathew John Ryan	-	-	-	-	-	-	164,250
George Roger Commins	-	-	-	-	-	-	32,850
Martin Andrew Priestley	-	-	-	-	-	-	30,000
Total KMP	-	-	-	-	-	-	292,800

Securities Received that are not Performance Related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

All options were issued by Murray Cod Australia Limited and entitle the holder to one ordinary share in Murray Cod Australia Limited for each option exercised.

There have not been any alterations to the terms or conditions of any grants since grant date.

Options and Rights Granted as Remuneration

		Balance at Beginning of Year	Grant Details			Exercised	
		No.	Issue Date	No.	Value \$ (Note 1e)	No. (Note 2)	Value \$ (Note 3)
Group KMP							
Ross James Anderson	1a	15,000,000		-	-	-	-
Ross James Anderson	1b	15,000,000		-	-	-	-
Mathew John Ryan	1c	40,000,000		-	-	-	-
George Roger Commins	1d	20,000,000		-	-	-	-
Martin Andrew Priestley	1e	2,000,000	28/11/2018	2,000,000	213,899	-	-
		92,000,000		2,000,000	213,899	-	-

		Lapsed	Balance at End of Year	Vested			Unvested
		No.	No.	Exercisable No.	Unexercisable No.	Total at End of Year No.	Total at End of Year No.
Group KMP							
Ross James Anderson		-	15,000,000	15,000,000	-	15,000,000	-
Ross James Anderson		-	15,000,000	10,000,000	-	10,000,000	5,000,000
Mathew John Ryan		-	40,000,000	40,000,000	-	40,000,000	-
George Roger Commins		-	20,000,000	20,000,000	-	20,000,000	-
Martin Andrew Priestley		-	4,000,000	4,000,000	-	4,000,000	-
		-	94,000,000	89,000,000	-	89,000,000	-

Note 1a The options were granted as a performance incentive for the successful initial public offering and acquisition of the Aquaculture businesses as disclosed in prior year reports. The unlisted options issued have an exercise price of 7.5cents each and expire on 16 January 2022. The options vested on 20th February 2019 when the vesting condition of production and sale of 100 tonnes of Murray Cod was achieved.

Note 1b The performance rights were granted pursuant to the Bidgee Fresh Pty Ltd acquisition agreement as an incentive to develop the growth of the company over the following 5 years. They are broken into three tranches of 5 million rights each. Vesting conditions are as follows: 5 million are vested upon production and sale of 50 tonnes of Murray Cod within 3 years, 5 million rights vest upon production and sale of 100 tonnes within 4 years and the remaining 5 million rights vest upon production and sale of 150 tonnes of Murray Cod within 5 years from the date of issue. 10,000,000 performance rights were vested on the 20th February 2019 when the production and sale of 100 tonnes of Murray Cod was achieved.

Note 1c 20,000,000 unlisted options were issued as partial consideration for the acquisition of Bidgee Fresh Pty Ltd to M & B Ryan Pty Ltd, an entity associated with Mr Ryan. A further 20,000,000 unlisted options were issued as partial consideration for the acquisition of the business known as Riverina Aquaculture to M & B Ryan Pty Ltd, and entity associated with Mr Ryan. The options vested on 20th February 2019 when the vesting condition of production and sale of 100 tonnes of Murray Cod was achieved.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625 AND CONTROLLED ENTITIES
REMUNERATION REPORT**

- Note 1d 20,000,000 unlisted options were issued as partial consideration for the acquisition of Bidgee Fresh Pty Ltd to Brigalow Enterprises Pty Ltd, an entity associated with Mr Commins. The options vested on 20th February 2019 when the vesting condition of production and sale of 100 Tonnes of Murray Cod was achieved.
- Note 1e 2,000,000 unlisted options were issued as incentive for future performance and have an exercise price of 7.5 cents each and expire on 16 January 2022, these options vested upon production and sale of 100 tonnes of Murray Cod on 20th February 2019. The options vested on 20th February 2019 when the vesting condition of production and sale of 100 Tonnes of Murray Cod was achieved.
- 2,000,000 unlisted options were issued as incentive for future performance and have an exercise price of 12.5 cents each and expire on 10th December 2021. These options had no vesting condition when issued.
- Note 2 All options exercised resulted in the issue of ordinary shares in Murray Cod Australia Limited on a 1:1 basis. All persons exercising options paid the applicable exercise price.
- Note 3 The fair value of options granted as remuneration as shown in the above table has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period, to the extent that conditions necessary for vesting are satisfied.

Description of Options/Rights Issued as Remuneration

Details of the options granted as remuneration to those KMP and executives listed in the previous table are as follows:

Grant date	Issuer	Entitlement on exercise	Dates Exercisable	Exercise Price \$	Value per option at grant date \$	Amt Paid / Payable by recipient \$
28/11/2018	Murray Cod Australia Ltd	2,000,000	Until 10/12/2021	0.125	0.1069495	-

Option values at grant date were determined using the Black-Scholes method.

Details relating to service and performance criteria required for vesting have been provided in the Cash Bonuses, Performance-related Bonuses and Share-based Payments table.

KMP Shareholdings

The number of ordinary shares in Murray Cod Australia Limited held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Charges during the Year	Balance at End of Year
Ross James Anderson	13,444,582			96,774	13,541,356
Mathew John Ryan	68,928,572			19,642,857	88,571,429
George Roger Commins	20,901,443			6,785,714	27,687,157
Martin Andrew Priestley	2,000,000			2,000,000	4,000,000
	105,274,597	-	-	28,525,345	133,799,942

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.

Loans to KMP

No loans have been made to any KMP during the course of the year and no loans are outstanding from any KMP.

Other transactions with KMP and/or their related parties

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Ross James Anderson

Dated: 30th September 2019

MURRAY COD AUSTRALIA LIMITED AND CONTROLLED ENTITIES

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

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


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

Dated this 30 day of September 2019

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

		Consolidated Group	
		2019	2018
	Note	\$	\$
Continuing operations			
Revenue	3	6,446,859	4,480,966
Other income	3	-	332,862
Employee benefits expense	4	(1,524,377)	(1,107,509)
Depreciation and amortisation expense	4	(480,994)	(313,033)
Cost of Sales - Equipment	4	(133,516)	(160,928)
Cost of Sales - Fish	4	(2,986,796)	(1,890,460)
Cost of Sales - Processing Plant	4	(3,472)	-
Administrative and other expenses	4	(969,114)	(553,315)
Fish Farm operating expenses	4	(1,639,505)	(1,177,735)
Share based payment expense	4,24	(2,636,282)	(17,260)
Net Profit(Loss) before income tax		<u>(3,927,197)</u>	<u>(406,412)</u>
Tax expense	5	252,296	138,221
Net Profit/(Loss) from continuing operations		<u>(3,674,901)</u>	<u>(268,191)</u>
Discontinued operations		-	-
Net Profit/(Loss) for the year after tax		<u><u>(3,674,901)</u></u>	<u><u>(268,191)</u></u>
Other comprehensive income:			
Total other comprehensive income for the year		-	-
Total Profit/(Loss) and other comprehensive income		<u><u>(3,674,901)</u></u>	<u><u>(268,191)</u></u>
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	8	(0.900)	(0.08)
Diluted earnings per share (cents)	8	(0.689)	(0.055)
From continuing operations:			
Basic earnings per share (cents)	8	(0.900)	(0.08)
Diluted earnings per share (cents)	8	(0.689)	(0.055)
From discontinued operations:			
Basic earnings/(loss) per share (cents)	8	-	-

The accompanying notes form part of these financial statements.

MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

		Consolidated Group	
		2019	2018
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	3,010,181	2,076,942
Trade and other receivables	10	366,132	472,795
Inventories	11	7,367,456	4,542,150
Other assets	16	312,518	33,624
TOTAL CURRENT ASSETS		11,056,287	7,125,511
NON-CURRENT ASSETS			
Other financial assets	12	59	-
Property, plant and equipment	14	6,398,669	5,308,608
Deferred tax assets	19	668,493	344,091
Intangible assets	15	1,274,100	897,050
TOTAL NON-CURRENT ASSETS		8,341,321	6,549,749
TOTAL ASSETS		19,397,608	13,675,260
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	1,071,303	1,307,939
Borrowings	18	236,472	67,012
Provisions	20	86,066	43,220
TOTAL CURRENT LIABILITIES		1,393,841	1,418,171
NON-CURRENT LIABILITIES			
Borrowings	18	1,094,444	243,556
Deferred tax liabilities	19	287,267	215,162
TOTAL NON-CURRENT LIABILITIES		1,381,711	458,718
TOTAL LIABILITIES		2,775,552	1,876,889
NET ASSETS		16,622,056	11,798,371
EQUITY			
Issued capital	21	22,325,588	16,101,173
Reserves	29	4,406,151	2,131,980
Retained earnings		(10,109,683)	(6,434,782)
TOTAL EQUITY		16,622,056	11,798,371

The accompanying notes form part of these financial statements.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019**

Note	Share Capital			Reserves								Non-controlling interests	Total
	Ordinary	Redeemable Preferred	Deferred Ordinary Shares	Retained Earnings	Capital Profits Reserve	Revaluation Surplus	Asset Revaluation Reserve	Foreign Currency Translation Reserve	General Reserve	Option Reserve	Performance Rights Reserve	Share Based Payment Reserve	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated Group													
Balance at 1 July 2017	12,835,830	-	660,714	(6,166,591)	-	-	-	-	-	1,529,120	375,000	-	9,234,073
Retrospective adjustment upon change in accounting policy (AASB 9 and inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 1 July 2017 (restated)	12,835,830	-	660,714	(6,166,591)	-	-	-	-	-	1,529,120	375,000	-	9,234,073
Comprehensive income													
Profit/(Loss) for the year	-	-	-	(268,191)	-	-	-	-	-	-	-	-	(268,191)
Total comprehensive income for the year	-	-	-	(268,191)	-	-	-	-	-	-	-	-	(268,191)
Transactions with owners, in their capacity as owners, and other transfers													
Shares issued during the year	2,750,000	-	-	-	-	-	-	-	-	-	-	-	2,750,000
Transaction Costs	(145,371)	-	-	-	-	-	-	-	-	-	-	-	(145,371)
Options issued during the Year	-	-	-	-	-	-	-	-	-	17,260	-	-	17,260
Total transactions with owners and other transfers	2,604,629	-	-	-	-	-	-	-	-	17,260	-	-	2,621,889
Other													
Transfers to Reserves	-	-	-	-	-	-	210,600	-	-	-	-	-	210,600
Total Other	-	-	-	-	-	-	210,600	-	-	-	-	-	210,600
Balance at 30 June 2018	15,440,459	-	660,714	(6,434,782)	-	-	210,600	-	-	1,546,380	375,000	-	11,798,371
Balance at 1 July 2018	15,440,459	-	660,714	(6,434,782)	-	-	210,600	-	-	1,546,380	375,000	-	11,798,371
Cumulative adjustment upon change in accounting policy (AASB 15)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 1 July 2018 (restated)	15,440,459	-	660,714	(6,434,782)	-	-	210,600	-	-	1,546,380	375,000	-	11,798,371
Comprehensive income													
Profit for the year (without AASB 15 implication)	-	-	-	(3,674,901)	-	-	-	-	-	-	-	-	(3,674,901)
Total comprehensive income for the year	-	-	-	(3,674,901)	-	-	-	-	-	-	-	-	(3,674,901)
Transactions with owners, in their capacity as owners, and other transfers													
Shares issued during the year	7,053,582	-	(660,714)	-	-	-	-	-	-	-	-	-	6,392,868
Transaction costs	(168,453)	-	-	-	-	-	-	-	-	-	-	-	(168,453)
Options and Performance Rights Vested during the year	-	-	-	-	-	-	-	-	1,474,755	250,000	-	-	1,724,755
Options exercised during the year	-	-	-	-	-	-	-	-	(23,133)	-	-	-	(23,133)
Options issued during the year	-	-	-	-	-	-	-	-	213,899	-	-	-	213,899
Total transactions with owners and other transfers	6,885,129	-	(660,714)	-	-	-	-	-	1,665,521	250,000	-	-	8,139,936
Other													
Transfer to Reserves	-	-	-	-	-	-	358,650	-	-	-	-	-	358,650
Total Other	-	-	-	-	-	-	358,650	-	-	-	-	-	358,650
Balance at 30 June 2019	22,325,588	-	-	(10,109,683)	-	-	569,250	-	-	3,211,901	625,000	-	16,622,056

The accompanying notes form part of these financial statements.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019**

		Consolidated Group	
	Note	2019	2018
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,234,038	2,113,388
Interest received		12,604	28,354
Payments to suppliers and employees		(7,020,105)	(4,237,951)
Net cash generated by operating activities	23a	<u>(3,773,463)</u>	<u>(2,096,209)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of trademarks		(18,400)	-
Purchase of property, plant and equipment		(1,571,055)	(1,687,429)
Purchase of financial assets		(59)	-
Net cash (used in)/generated by investing activities		<u>(1,589,514)</u>	<u>(1,687,429)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		5,444,321	2,750,000
Proceeds from borrowings - other		1,160,983	167,785
Capital costs on issue of share capital		(168,452)	(145,369)
Repayment of borrowings - other		(164,679)	(39,076)
Net cash provided by (used in) financing activities		<u>6,272,173</u>	<u>2,733,340</u>
Net increase in cash held		909,196	(1,050,298)
Cash and cash equivalents at beginning of financial year		2,075,123	3,125,421
Effect of exchange rates on cash holdings in foreign currencies		-	-
Cash and cash equivalents at end of financial year	9	<u>2,984,319</u>	<u>2,075,123</u>

The accompanying notes form part of these financial statements.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

These consolidated financial statements and notes represent those of Murray Cod Australia Limited and Controlled Entities (the "consolidated group" or "group"). The separate financial statements of the parent entity, Murray Cod Australia Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on the 30th September 2019 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Murray Cod Australia Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 13.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

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 the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred at fair value;
- (ii) any non-controlling interest (determined under either fair value or proportionate interest method); and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASB Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

(b) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

(c) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(d) Inventories

All Inventories are measured at the lower of cost and net realisable value unless they are Biological Assets. Refer to Note 1(e) regarding the measurement and valuation of Biological Assets.

(e) Biological Assets

Biological Assets comprise Murray Cod live fish. Biological assets are measured at their fair value less costs to sell in accordance with AASB141 Agriculture, with any changes to fair value recognised immediately in the statement of profit or loss and other comprehensive income. Fair value of a biological asset is based on its present location and condition, if an active or other effective market exists for the biological asset or agricultural asset. If an active market does not exist then we use one of the following when available in determining fair value:

- the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the end of the reporting period; or
- market prices, in markets accessible to the entity, for similar assets with adjustments to reflect differences; or
- sector benchmarks.

(f) Property, Plant and Equipment

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

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated impairment losses and accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(l) for details of impairment).

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

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Buildings	3%
Plant and equipment	5-33.33%
Leased plant and equipment	5-33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(g) Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(h) Investment Property

Investment property, comprising freehold office complexes, is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is initially measured at cost and subsequently measured at fair value.

Fair value of investment properties is determined annually based on a valuation by an independent valuer who has recognised and appropriate professional qualifications and recent experience in the location and category of investment property being valued. Fair values are determined by the valuer using market information, including prices for similar properties in comparable locations.

Changes to fair values of investment properties are recognised in profit or loss in the period in which they occur.

(i) Leases (the group as lessee)

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

(j) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and generally measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as "held for sale" occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash-generating units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

(k) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and Subsequent Measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The *effective interest method* is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair values (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: Business Combinations applies, the Company made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit and loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Company's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (i.e. the Company has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Derivative financial instruments

The Company enters into various derivative financial instruments (i.e. foreign exchange forward contracts and interest rate swaps) to manage its exposure to interest rate and foreign exchange rate risks.

Derivative financial instruments are initially and subsequently measured at fair value. All gains and losses subsequent to the initial recognition are recognised in profit or loss.

The company currently does not hold any derivatives.

Hedge accounting

At the inception of a hedge relationship, the Company identifies the appropriate risks to be managed by documenting the relationship between the hedging instrument and the hedged item, along with risk management objectives and the strategy for undertaking various hedge transactions.

The Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk. That is, whether the hedging relationships meet all of the following hedge effective requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedged ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group uses to hedge the quantity of hedged item.

When the hedging relationship ceases to meet the hedging ratio requirement, the Group rebalances the hedge so that it meets the qualifying criteria again.

Discontinuation of hedge is not voluntary and is only permitted if:

- the risk management objective has changed;
- there is no longer an economic relationship between the hedged item and the hedging instrument; or
- the credit risk is dominating the hedge relationship.

Qualifying items

Each eligible hedged item must be reliably measurable and will only be designated as a hedge item if it is made with a party which is not part of the Group and is from one of the following categories:

- a recognised asset or liability (financial or non-financial);
- an unrecognised firm commitment (binding agreement with specified quantity, price and dates); or
- a highly probable forecast transaction.

Fair value hedges

At each reporting date, except when the hedging instrument hedges an equity instrument designated as at fair value through other comprehensive income, the carrying amount of the qualifying hedge instruments will be adjusted for the fair value change and the attributable change is recognised in profit and loss, at the same line as the hedged item.

When the hedged item is an equity instrument designated as at fair value through other comprehensive income, the hedging gain or loss remains in other comprehensive income to match the hedging instrument.

Cash flow hedges

The effective portion of the changes in fair value of the hedging instrument is not recognised directly in profit and loss, but to the extent the hedging relationship is effective, it is recognised in other comprehensive income and accumulated under the heading Cash Flow Hedging Reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion (balancing figure) is recognised immediately in profit or loss.

Hedge accounting on cash flow hedge instruments is discontinued prospectively when the hedge relationship no longer meets the qualifying criteria. Amounts recognised in the cash flow hedging reserve that are related to the discontinued hedging instrument will immediately be reclassified to profit or loss.

The company currently does not carry out any hedging.

Preference Shares

Preferred share capital is classified as equity if it is non-redeemable or redeemable only at the discretion of the parent company, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon declaration by the directors. Preferred share capital is classified as a liability if it is redeemable on a set date or at the option of the shareholders, or where the dividends are mandatory. Dividends thereon are recognised as interest expense in profit or loss.

The company currently does not have any Preference Shares.

Compound financial instruments

Compound instruments (convertible preference shares) issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the arrangements. An option that is convertible and that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments will be classified as equity.

The fair value of the liability component is estimated on date of issue. This is done by using the prevailing market interest rate of the same kind of instrument. This amount is recognised using the effective interest method as a liability at amortised cost until conversion or the end of life of the instrument.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

The equity portion is calculated by deducting the liability amount from the fair value of the instrument as a whole. The equity portion is not remeasured after initial recognition. Equity will remain as such until the option is exercised. When the option is exercised a corresponding amount will be transferred to share capital. If the option lapses without the option being exercised the balance in equity will be recognised in profit or loss.

Costs of the transaction of the issue of convertible instruments are proportionally allocated to the equity and liability. Transaction costs in regards to the liability are included in the carrying amount of the liability and are amortised over its life using the effective interest method. Transaction cost in equity is directly recognised in equity.

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach
- the simplified approach
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groupings of historical loss experience, etc.).

Purchased or originated credit-impaired approach

For a financial asset that is considered credit-impaired (not on acquisition or origination), the Group measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (e.g. default or past due event);
- a lender granting to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- high probability that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Group assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Group applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term;
- adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(l) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(m) Investments in Associates

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the company's share of net assets of the associate. In addition, the Company's share of the profit or loss and other comprehensive income is included in the financial statements.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Company's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's interest in the associate.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Company will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

The requirements of AASB 128: Investments in Associates and Joint Ventures and AASB 9: Financial Instruments are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136: Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

(n) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The company's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Company makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

(o) Intangible Assets Other than Goodwill

Trademarks and licences

Patents and trademarks are recognised at cost of acquisition.

Water rights and licences

Water rights and licences held by the company are classified as intangible assets. There is a sophisticated and well regulated market network which provides daily prices of the permanent licences and annual allocations. The company revalues the water licences each half year in accordance with the prevailing market prices at balance date. Refer to note 15.

Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably. Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

(p) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the Company is the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars, which is the Company's functional currency.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except exchange differences that arise from net investment hedges.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

The Company

The financial results and position of foreign operations whose functional currency is different from the entity's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at exchange rates on the date of transaction; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position and allocated to non-controlling interest where relevant. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

(q) Employee Benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position if there is an amount outstanding at balance date. The company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of:

- the date when the Group can no longer withdraw the offer for termination benefits; and
- when the Group recognises costs for restructuring pursuant to AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits.

In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amounts are recognised in the option reserve and statement of profit and loss respectively. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting period is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as they were a modification.

(r) Provisions

Provisions are recognised when the Group 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(s) Provision for Warranties

Provision is made in respect of the Group's best estimate of the liability on all products and services under warranty at the end of the reporting period. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to the consolidated group's history of warranty claims.

(t) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

(u) Revenue and Other Income

Revenue recognition

The Group has applied AASB 15: Revenue from Contracts with Customers using the cumulative effective method. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 111: Construction Contracts. The details of accounting policies under AASB 118 and AASB 111 are disclosed separately since they are different from those under AASB 15, and the impact of changes is disclosed in Note 3.

In the comparative period

Revenue was measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration was deferred, it was treated as the provision of financing and was discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received was interest revenue.

Revenue from sale of goods was recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of goods and the cessation of all involvement in those goods.

Revenue from rendering of services was recognised in proportion to the stage of completion of the work performed at the reporting date.

Current Revenue generated by the Group is categorised into the following:

- *Revenue*
 - Fish sales, sales of Murray Cod
 - Equipment sales, sales of aquaculture equipment to grow Murray Cod
 - Net value of changes in fair value of biological assets.

Sales of Fish and Aquaculture Equipment

The Group grows and sells Murray Cod and Aquaculture equipment. Revenue is recognised when control of the products has transferred to the customer. For such transactions, this is when the products are delivered to the customers. Revenue from these sales is based on the price agreed at the time of sale. Revenue is then only recognised to the extent that there is a high probability that a significant reversal of revenue will not occur.

A receivable is recognised when the goods are delivered. The Group's right to consideration is deemed unconditional at this time, as only the passage of time is required before payment of that consideration is due. There is no significant financing component because sales are made within a credit term of 7 to 30 days.

Customers have a right to return aquaculture equipment if unsatisfactory. This type of equipment being extremely specific to the industry is only ever likely to be returned by a customer if a part of the equipment is faulty. The company policy is to replace the faulty part not refund the sales income. A refund liability is not recognised as it is highly unlikely to occur.

Murray Cod fish sales cannot be returned due to the nature of the product. If a customer is unhappy with the quality of the product this is notified to the company immediately and the sale and receivable in this regards is not recognised.

Interest income is recognised using the effective interest method.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

(v) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(w) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(y) Government Grants

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

(z) Comparative Figures

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(aa) Rounding of Amounts

The company has not applied the relief available to it under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Accordingly, amounts in the financial statements have been rounded to the nearest \$1.

(ab) New and amended accounting policies adopted by the Group

Initial application of AASB 9: Financial Instruments

The Group has adopted AASB 9: Financial Instruments with an initial application date of 1 July 2018. As a result, the Group has changed its financial instruments accounting policies as follows.

Considering the initial application of AASB 9 during the financial period, no financial statement line items have been affected for the current and prior periods.

AASB 9 requires retrospective application with some exemptions and exceptions (i.e. when applying the effective interest method, impairment measurement requirements, and hedge accounting requirements in terms of the standard).

There were no financial assets/liabilities which the Group had previously designated as fair value through profit or loss under AASB 139 that were subject to reclassification/elected reclassification upon the application of AASB 9: Financial Instruments: Recognition and Measurement. There were no financial assets/liabilities which the Group has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

The Group applied AASB 9: Financial Instruments (as revised in July 2014) and the related consequential amendments to other Standards. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting.

The date of initial application was 1 July 2018. The Group has applied AASB 9 to instruments that have not been derecognised as at 1 July 2018 and has not applied AASB 9 to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 July 2018 have been restated where appropriate.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the entity's business model and the cash flow characteristics of the financial assets:

- debt investments that are held within a business model whose goal is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;
- debt investments that are held within a business model whose goal is both to collect contractual cash flows and to sell it, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income; and
- all other debt investments and equity investments are measured at fair value through profit or loss.

Despite the issues mentioned, the Group may make the following irrevocable elections at initial recognition of a financial asset:

- The Group may choose to present in other comprehensive income subsequent changes in the fair value of an equity investment that is not held for trading and is not a contingent consideration in a business combination.
- The Group may choose to present a debt investment that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if this choice significantly reduces an accounting mismatch.

When an equity investment at fair value through other comprehensive income has a gain or loss previously recognised in other comprehensive income, it is not reclassified to profit or loss. However, when a debt investment at fair value through other comprehensive income is derecognised, the gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to impairment.

There were no existing financial assets as at 1 July 2018 that required a determination regarding the effect of the initial application of AASB 9.

Impairment

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per AASB 139. To reflect changes in credit risk, this expected credit loss model requires the Group to account for expected credit loss since initial recognition.

AASB 9 also determines that a loss allowance for expected credit loss be recognised on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and financial guarantee contracts as the impairment provision would apply to them.

If the credit risk on a financial instrument did not show significant change since initial recognition, an expected credit loss amount equal to 12-month expected credit loss is used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

A simple approach is followed in relation to trade receivables, as the loss allowance is measured at lifetime expected credit loss.

The Group reviewed and assessed the existing financial assets on 1 July 2018. The assessment was made to test the impairment of these financial assets using reasonable and supportable information that is available to determine the credit risk of the respective items at the date they were initially recognised, and to compare that to the credit risk as at 1 July 2017 and 1 July 2018. The assessment was performed without undue cost or effort, in accordance with AASB 9.

Financial assets to which the impairment provisions apply	Note	Attributes of credit risk	Loss allowance recognised on	
			1 July 2017	1 July 2018
			\$	\$
Trade and other receivables	10	The Group uses the simplified approach and recognises lifetime expected credit loss.	0%	0%

The reconciliation between the provision for impairment in accordance with AASB 139 and AASB 137 for the above-mentioned financial assets are disclosed in their respective notes.

The consequential amendments to AASB 7: Financial Instruments: Disclosures have also resulted in more extensive disclosures about the Group's exposure to credit risk in the consolidated financial statements.

Classification and measurement of financial liabilities

AASB 9 determines that the measurement of financial liabilities and the classification relate to changes in the fair value designated as at fair value through profit or loss attributable to changes in the credit risk.

AASB 9 further states that the movement in the fair value of financial liabilities that is attributable to changes in the credit risk of that liability needs to be shown in other comprehensive income. Unless the effect of the recognition constitutes accounting mismatch in profit or loss. Changes in fair value in relation to the financial liability's credit risk are transferred to retained earnings when the financial liability is derecognised and not reclassified through profit or loss. AASB 139 requires the fair value amount of the change of the financial liability designated as at fair value through profit or loss to be presented in profit or loss.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

General hedge accounting

In terms of AASB 9, the general hedge accounting requirements remain. Having said this AASB 9 introduces more flexibility to the types of transactions that fall under the hedge accounting. The same applies to risk components of non-financial items qualifying for hedge accounting. A new concept introduces an 'economic relationship' which reshapes the concept of effectiveness, and retrospective assessment is no longer required.

The Group has applied the hedge accounting requirements prospectively from 1 July 2018. This is in accordance with AASB 9's transition provisions. The Group currently has no hedging relationships in place as at 1 July 2018. As a result, no rebalancing has taken place. The Group has not introduced any hedging relationships under the new provisions of AASB 9.

AASB 9 also introduces more extensive requirements of management's activities in relation to hedges.

In addition, AASB 9 requires hedging gains and losses to be basis adjusted to the initial carrying amount of non-financial hedged items. At the date of initial application there were no hedges.

The application of the AASB 9 hedge accounting requirements has had no impact on the results and financial position of the Group for the current year.

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application (1 July 2018).

Financial assets		Financial instrument category			Carrying amount AASB 9 recognition of additional loss	
Current and non-current	AASB 139 original	AASB 9 new	AASB 139 original \$	allowance \$	AASB 9 new \$	
Trade and other receivables	Loans and receivables (amortised cost)	Financial assets at amortised cost	472,795	-	472,795	
Cash and cash equivalents	Loans and receivables (amortised cost)	Financial assets at amortised cost	2,076,942	-	2,076,942	
Financial liabilities						
Current and non-current						
Trade and other payables	Amortised cost	Financial liabilities at amortised cost	1,307,939	-	1,307,939	
	Items	Carrying amount under AASB 139 30 June 2018 \$	Reclass- ification \$	Remeasure- ments \$	Carrying amount under AASB 9 1 July 2018 \$	Retained earnings adjustment 1 July 2018 \$
Financial assets						
Fair value through other comprehensive income						
Included from: (debt instruments)						
Reclassified from: (equity instruments)						
Available for sale (AASB 139)	i.	-	-	-	-	-
Allocated to (equity and debt instruments):						
Available for sale (AASB 139) to fair value through profit and loss (AASB 9): required reclassification to fair value through other comprehensive income (equity)	ii.	-	-	-	-	-
Total		-	-	-	-	-
Amortised costs						
Reclassified from:						
Held to maturity (AASB 139)	iii.	-	-	-	-	-
Loans to receivables	iv.	-	-	-	-	-
Allocated to:						
Reclassification per classification criteria: financial assets at amortised cost (AASB 9)		-	-	-	-	-
Total		-	-	-	-	-

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Total financial asset balances						
reclassifications and remeasurements at 1						
July 2018	-	-	-	-	-	-
Financial liabilities						
Amortised costs						
Reclassified from:						
Amortised cost (AASB 139)	v.	-	-	-	-	-
Allocated to:						
Amortised cost (AASB 9)		-	-	-	-	-
Total		-	-	-	-	-
Total financial liabilities balances						
reclassifications and remeasurements at 1						
July 2018	-	-	-	-	-	-
Reclassification assessment						

Items i. to v. have been reclassified as a result of the initial adoption of the new Standard AASB 9: *Financial Instruments*.

Initial application of AASB 15: Revenue from Contracts with Customers

The Group has adopted AASB 15: Revenue from Contracts with Customers with an initial application date of 1 July 2018. As a result, the Group has changed its accounting policy revenue recognition as follows.

The Group has applied AASB 15 using the cumulative effect method; that is, by recognising the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of equity at 1 July 2018. Therefore, the comparative information has not been restated and continues to be reported under AASB 118: Revenue and AASB 111: Construction Contracts. The application of AASB 15 did not result in any significant changes or quantitative impact of those changes to comparatives.

The application of these changes in accounting policies had no impact on the consolidated cash flows of the Group.

(ac) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates and Judgements

(i) Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(ii) Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

(iii) Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory

(iv) 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.

(v) Estimation of useful lives of assets

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

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

(vi) Impairment or revaluation of Water Rights and licences

The consolidated entity assesses the impairment or revaluation of Water rights and licences at each reporting date. Water rights and licences held by the company are classified as intangible assets. There is a sophisticated and well regulated market network which provides daily prices of the permanent licences and annual allocations. The company revalues the water licences each half year in accordance with the prevailing market prices at balance date. Minimal directors estimates and judgements are required due to the sophisticated and well regulated market network providing regular observable and reliable market values of water rights and licences.

(vii) Valuation of Biological Assets

Directors make significant judgements and estimates in regards to valuing Biological Assets. Refer to Note 1 (e) and Note 28 for further detail on Biological Assets valuations.

(viii) Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. All other expenditure is expensed.

(ad) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the entity but applicable in future reporting periods is set out below:

— AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

The Group has chosen not to early-adopt AASB 16. However, the Group has conducted a preliminary assessment of the impact of this new Standard, as follows.

A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheet by lessees, as the new Standard does not differentiate between operating and finance leases.

An asset and a financial liability are recognised in accordance with this new Standard. There are, however, two exceptions allowed. These are short-term and low-value leases.

Basis of Preparation

The accounting for the Group's operating leases will be primarily affected by this new Standard.

AASB 16 will be applied by the Group from its mandatory adoption date of 1 July 2019. The comparative amounts for the year prior to first adoption will not be restated as the Group has chosen to apply AASB 16 retrospectively with cumulative effect. While the right-of-use assets for property leases will be measured on transition as if the new rules had always been applied, all other right-of-use assets will be measured at the amount of the lease liability on adoption (after adjustments for any prepaid or accrued lease expenses).

The Group's non-cancellable operating lease commitments amount to \$2,686,149 as at the reporting date. Of this \$2,686,149, \$0 of short-term leases and \$0 of low-value leases will be recognised as expense in profit or loss on a straight-line basis.

The Group has performed a preliminary impact assessment and has estimated that on 1 July 2019, the Group expects to recognise the right-of-use assets of \$2,029,669 and lease liabilities of approximately \$2,078,018 (after adjusting for prepayments and accrued lease payments recognised as at 1 July 2019).

Following the adoption of this new Standard, the Group's net profit after tax is expected to decrease by approximately \$25,423 in 2020.

The repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities, thus increasing operating cash flows and decreasing financing cash flows by approximately \$141,530.

Given that the Group's activities as a lessor will not be materially impacted by this new standard, the Group does not expect any significant impact on its financial statement from a lessor perspective. Nonetheless, starting next year, additional disclosures will be required.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 2 Parent Information

	2019	2018
	\$	\$
The following information has been extracted from the books and records of the financial information of the parent entity set out below and has been prepared in accordance with Australian Accounting Standards.		
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	11,382,688	7,386,567
Non-current Assets	7,535,332	5,719,260
TOTAL ASSETS	<u>18,918,020</u>	<u>13,105,827</u>
LIABILITIES		
Current Liabilities	811,204	866,010
Non-current Liabilities	1,251,193	321,185
TOTAL LIABILITIES	<u>2,062,397</u>	<u>1,187,195</u>
EQUITY		
Issued Capital	23,655,598	17,431,183
Retained earnings	(11,206,126)	(7,644,531)
Capital profits reserve	-	-
Financial assets reserve	-	-
Revaluation surplus	-	-
Asset revaluation reserve	569,250	210,600
Option reserve	3,211,901	1,546,380
Performance rights reserve	625,000	375,000
TOTAL EQUITY	<u>16,855,623</u>	<u>11,918,632</u>
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Net Profit/(Loss) for the year after tax	<u>(3,561,595)</u>	<u>(425,875)</u>
Total Profit/Loss and other comprehensive income	<u>(3,561,595)</u>	<u>(425,875)</u>

Guarantees

During the reporting period, Murray Cod Australia Limited did not enter into a deed of cross guarantee with its subsidiary Bidgee Fresh Pty Ltd.

Contingent liabilities

At 30 June 2019 Murray Cod Australia was not responsible for any Associates Contingent Liabilities as there was nil.

Contractual commitments

At 30 June 2019 Murray Cod Australia was not responsible for any contractual commitments for any associates as there was nil.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 3 Revenue and Other Income

The Group has recognised the following amounts relating to revenue in the statement of profit or loss.

	Note	Consolidated Group 2019 \$	2018 \$
Revenue from continued operations			
Sales Revenue			
— Fish sales		3,085,203	1,890,461
— Net gain from change in fair value of biological assets	11	2,963,800	2,177,898
— Equipment sales		195,786	372,522
		<u>6,244,789</u>	<u>4,440,881</u>
The group has disaggregated revenue into product sales. There is no other means of disaggregating revenue. All products are sold at a point in time not over time. The application of AASB 15: Revenue from contracts with customers has not had any major impact on the Revenue disclosures as the company has only two Revenue sources and all revenue is generated at a point in time. The sales currently from overseas is minimal not warranting revenue to be disaggregated by geographical markets.			
Other revenue			
— Interest received		10,369	27,225
— Sundry income		191,701	12,860
		<u>202,070</u>	<u>40,085</u>
Total revenue		<u>6,446,859</u>	<u>4,480,966</u>
Other income			
— Research and development tax incentive		-	332,862
Total other income		<u>-</u>	<u>332,862</u>
Total Revenue and other income		<u>6,446,859</u>	<u>4,813,828</u>

There is no performance obligations that are unsatisfied (partially unsatisfied) at the reporting date.

Note 4 Profit for the Year

	Note	Consolidated Group 2019 \$	2018 \$
Profit before income tax from continuing operations includes the following specific expenses:			
(a) Expenses			
Cost of sales			
— Cost of sales - fish		2,986,796	1,890,460
— Cost of sales - aquaculture equipment		133,516	160,928
— Cost of sales - processing plant		3,472	-
		<u>3,123,784</u>	<u>2,051,388</u>
Rental expense on operating leases			
— minimum lease payments		205,635	99,447
— contingent rents		-	-
— sublease payments		-	-
Interest expenses on financial liabilities			
— related parties		30,000	30,000
— unrelated parties		93,376	10,755
Total finance cost		<u>123,376</u>	<u>40,755</u>
Depreciation		480,994	313,033
Superannuation		123,217	88,485
Share Based Payment		2,636,282	17,260

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

MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 5 Tax Expense

	Note	Consolidated Group 2019 \$	2018 \$
The components of tax (expense) income comprise:			
(a) Current tax			
Deferred tax	19	(252,296)	(137,446)
Recoupment of prior year tax losses			
Under provision in respect of prior years			(775)
		(252,296)	(138,221)
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2018: 27.5%)			
— consolidated group		(1,079,979)	(111,763)
Add:			
Tax effect of:			
non-deductible depreciation and			
— amortisation		-	-
— non-allowable items		916,914	145,460
— write-downs to recoverable amounts		-	-
— adjusted carry forward tax loss		-	359
		(163,065)	34,056
Less:			
Tax effect of:			
— deductible expenses capitalised on balance sheet or not claimed in prior year		89,231	79,966
— foreign currency exchange profit not subject to income tax		-	-
taxation depreciation exceeding accounting			
— depreciation		-	-
— non-assessable income		-	91,536
Recoupment of prior year tax losses not previously brought to account		-	-
Income tax attributable to entity		(252,296)	(137,446)
The weighted average effective tax rates are as follows:		6.4%	34.0%
The decrease in the weighted average effective consolidated tax rate for 2019 is a result of a reduction in non-assessable income and an increase in non-allowable items compared to 2018.			

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 6 Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2019.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2019	2018
	\$	\$
Short-term employee benefits	270,000	270,000
Post-employment benefits	22,800	22,800
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	2,460,563	-
Total KMP compensation	<u>2,753,363</u>	<u>292,800</u>

Short-term employee benefits

- these amounts include fees and benefits paid to the non-executive chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits

- these amounts are the current year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

- these amounts represent long service leave benefits accruing during the year, long-term disability benefits, and deferred bonus payments.

Share-based payments

- these amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Remuneration Report.

Note 7 Auditor's Remuneration

	Consolidated Group 2019	2018
	\$	\$
Remuneration of the auditor for:		
— auditing or reviewing the financial statements	37,000	40,000
— taxation services	-	-
— due diligence services	-	-
— other taxation services	-	-
	<u>37,000</u>	<u>40,000</u>

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 8 Earnings per Share

	Consolidated Group 2019 \$	2018 \$
(a) Reconciliation of earnings to profit or loss		
Profit/(Loss)	(3,674,901)	(268,191)
Profit attributable to non-controlling equity interest	-	-
Redeemable and convertible preference share dividends	-	-
Earnings used to calculate basic EPS	(3,674,901)	(268,191)
Dividends on convertible preference shares	-	-
Earnings used in the calculation of dilutive EPS	(3,674,901)	(268,191)
(b) Reconciliation of earnings to profit or loss from continuing operations		
Profit/(Loss) from continuing operations	(3,674,901)	(268,191)
Profit attributable to non-controlling equity interest in respect of continuing operations	-	-
Redeemable and convertible preference share dividends	-	-
Earnings used to calculate basic EPS from continuing operations	(3,674,901)	(268,191)
Dividends on convertible preference shares	-	-
Earnings used in the calculation of dilutive EPS from continuing operations	(3,674,901)	(268,191)
(c) Reconciliation of earnings to profit or loss from discontinued operations		
Profit from discontinued operations	-	-
Profit attributable to non-controlling equity interest	-	-
Earnings used to calculated basic EPS from discontinued operations	-	-
(d) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	No. 408,018,495	No. 354,916,572
Weighted average number of dilutive options outstanding	92,447,717	91,350,000
Weighted average number of dilutive performance rights outstanding	15,000,000	15,000,000
Weighted average number of dilutive deferred consideration shares outstanding	18,029,354	26,428,571
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	533,495,566	487,695,143
(e) Diluted EPS are not reflected for discontinued operations as the result is anti-dilutive in nature.	-	-
(f) Anti-dilutive options on issue not used in dilutive EPS calculation	-	-

Note 9 Cash and Cash Equivalents

	Note	Consolidated Group 2019 \$	2018 \$
Cash at bank and on hand		2,860,181	2,076,942
Short-term bank deposits		150,000	-
	27	3,010,181	2,076,942

The effective interest rate on short-term bank deposits was 1.5% (2018: 2%); these deposits have an average maturity of 30 days.

Reconciliation of cash

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

Cash and cash equivalents	18	3,010,181	2,076,942
Credit Cards		(25,862)	(1,819)
		2,984,319	2,075,123

A floating charge over cash and cash equivalents has been provided for certain debts. Refer to Note 18 for further details.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 10 Trade and Other Receivables

	Note	Consolidated 2019 \$	Group 2018 \$
CURRENT			
Trade receivables		352,570	456,768
Provision for impairment		-	-
Business Activity Statement Refund Receivable		13,543	13,716
		366,113	470,484
Other receivables		19	2,311
Total current trade and other receivables		366,132	472,795

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9: *Financial Instruments*.

(a) Lifetime Expected Credit Loss: Credit Impaired

		Opening balance under AASB 139	Adjustment for AASB 9	Net measure- ment of loss allowance	Amounts written off	Closing balance 30 June 2018 \$
	Note	1 July 2017 \$	\$	\$	\$	\$
i. Current trade receivables		-	-	-	-	-
		-	-	-	-	-

		Opening balance under AASB 139	Adjustment for AASB 9	Net measure- ment of loss allowance	Amounts written off	Closing balance 30 June 2019 \$
	Note	1 July 2018 \$	\$	\$	\$	\$
i. Current trade receivables		-	-	-	-	-
		-	-	-	-	-

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2019 is determined as follows; the expected credit losses also incorporate forward-looking information.

	Current \$	>30 days past due \$	>60 days past due \$	>90 days past due \$	Total \$
2019					
Expected loss rate	-	-	-	-	-
Gross carrying amount	77,502	30,160	8,593	236,315	352,570
Loss allowing provision	-	-	-	-	-
2018					
Expected loss rate	-	-	-	-	-
Gross carrying amount	69,702	276,933	6,505	103,628	456,768
Loss allowing provision	-	-	-	-	-

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

A review of Debtors >90 days was conducted including consideration of Debtor payments incurred since balance date. As a substantial amount of these >90 debtors are contract grower arrangements with companies that are both customers and suppliers, Murray Cod Australia Ltd has a right to pay the purchase incurred from the Debtor owed to the company. At the time of incurring the Debtor it is also certain that the purchase will be incurred with that customer. Because of these factors there is no allowance for loss on debtors.

(b) Collateral Held as Security

There is no collateral held as security over any Trade Receivables or Loans to Subsidiaries.

		Consolidated Group 2019	2018
	Note	\$	\$
(c) Financial Assets Measured at Amortised Cost			
Trade and other Receivables			
— Total current		366,132	472,795
— Total non-current		-	-
		<u>366,132</u>	<u>472,795</u>
Total financial assets measured at amortised cost	27	<u>366,132</u>	<u>472,795</u>

(d) Collateral Pledged

A floating charge over trade receivables has been provided for certain debts. Refer to Note 18 for further details.

Note 11 Inventories

	Note	Consolidated Group 2019	2018
		\$	\$
CURRENT			
At cost:			
Fish Feed and Chemical Inventory		72,123	77,259
Livestock - Cattle		15,763	15,763
Cage Building Stock and Parts		63,770	171,290
Processing Plant Inventory		27,284	-
		<u>178,940</u>	<u>264,312</u>
At net realisable value:			
Biological Assets			
Murray Cod Broodstock		134,625	115,695
Murray Cod Fingerlings		645,547	782,817
Murray Cod Pond Fish		6,408,344	3,379,326
Total Biological Assets		<u>7,188,516</u>	<u>4,277,838</u>
Total Inventory		<u>7,367,456</u>	<u>4,542,150</u>
Biological Assets			
Carrying amount at the beginning of the period		4,277,838	1,874,720
Purchases		573,886	786,259
Growing Costs		1,108,693	672,050
Decreases due to harvest for sale		(1,735,701)	(1,233,089)
Gain from physical changes at fair value		2,963,800	2,177,898
Carrying amount at the end of the period		<u>7,188,516</u>	<u>4,277,838</u>

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 12 Other Financial Assets

	Note	Consolidated Group 2019 \$	2018 \$
NON-CURRENT			
Financial assets at cost		59	-
Other investments		-	-
Total non-current assets		59	-
Unlisted investments, at cost			
— shares in controlled entities		-	-
— shares in other related parties		-	-
— shares in other corporations		59	-
— shares in associates		-	-
— interests in joint ventures		-	-
— units in other related parties		-	-
		59	-

Note 13 Interests in Subsidiaries

(a) Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal place of business	Ownership interest held by the Group		Proportion of non-controlling interests	
		2019 (%)	2018 (%)	2019 (%)	2018 (%)
Bidgee Fresh Pty Ltd	Level 1, 153 Yambil Street GRIFFITH NSW 2680	100%	100%	0%	0%

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

(b) Significant Restrictions

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

(c) Acquisition of Controlled Entities

On 16th January 2017, the parent entity acquired a 100% interest in and control of Bidgee Fresh Pty Ltd. The details of this transaction has been disclosed in detail in prior years Financial Reports.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 14 Property, Plant and Equipment

	Consolidated Group 2019	2018
	\$	\$
LAND AND BUILDINGS		
Land and Buildings		
— at cost	1,654,332	1,654,332
Total land	<u>1,654,332</u>	<u>1,654,332</u>

All Land and Buildings were acquired at the time of the business acquisitions in 2017. At the time of acquisitions the Land and Buildings were valued by independent valuers. The Land and Buildings are recorded at the deemed cost as this is the cost of purchase at the time of acquisition. Directors have determined not to revalue Land and Buildings at the reporting date as the deemed cost was market value at purchase. The Directors believe the value has not increased significantly since that date.

PLANT AND EQUIPMENT

Plant and equipment:		
At cost	5,653,755	4,088,230
Accumulated depreciation	(909,418)	(433,954)
Accumulated impairment losses	-	-
	<u>4,744,337</u>	<u>3,654,276</u>
Total property, plant and equipment	<u>6,398,669</u>	<u>5,308,608</u>

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Freehold Land \$	Buildings \$	Leasehold Improvements \$	Plant and Equipment \$	Leased Plant and Equipment \$	Total \$
Consolidated Group:						
Balance at 1 July 2017	1,654,332			2,279,587		3,933,919
Additions				1,687,429		1,687,429
Disposals						-
Acquisitions through business combinations						-
Revaluation and impairment increments / (decrements)						-
Depreciation expense				(313,033)		(313,033)
Capitalised borrowing costs expensed and capital costs write off				(297)		(297)
Capitalised borrowing cost				590		590
Balance at 30 June 2018	<u>1,654,332</u>	-	-	<u>3,654,276</u>	-	<u>5,308,608</u>
Additions				1,559,236		1,559,236
Disposals						-
Acquisitions through business combinations						-
Revaluation increments / (decrements)						-
Depreciation expense				(475,464)		(475,464)
Capitalised borrowing costs expensed and capital costs write off				(8,119)		(8,119)
Capitalised borrowing cost				14,408		14,408
Reclassification of property held-for-sale						-
Write-off of assets destroyed during flood						-
Balance at 30 June 2019	<u>1,654,332</u>	-	-	<u>4,744,337</u>	-	<u>6,398,669</u>

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	Consolidated Group 2019	2018
	\$	\$
(b) Capitalised Finance Costs		
Borrowing costs incurred	16,333	1,925
Borrowing costs written off to profit and loss	(2,887)	(297)
Borrowing costs capitalised	<u>13,446</u>	<u>1,628</u>

Note 15 Intangible Assets

	Consolidated Group 2019	2018
	\$	\$
Goodwill		
Cost	-	-
Accumulated impairment losses	-	-
Net carrying amount	<u>-</u>	<u>-</u>
Trademarks and licences		
Cost	18,400	-
Accumulated amortisation and impairment losses	-	-
Net carrying amount	<u>18,400</u>	<u>-</u>
Water Rights and Licences at Market Value	<u>1,255,700</u>	<u>897,050</u>
Total intangible assets	<u><u>1,274,100</u></u>	<u><u>897,050</u></u>

Consolidated Group:

	Goodwill \$	Trademarks & Licences \$	Water Rights & Licences \$
Year ended 30 June 2018			
Balance at the beginning of the year	-	-	686,450
Additions			
Disposals			
Amortisation charge			
Revaluation			210,600
	<u>-</u>	<u>-</u>	<u>897,050</u>
Year ended 30 June 2019			
Balance at the beginning of the year	-	-	897,050
Additions		18,400	
Internal development			
Acquisitions through business combinations			
Disposals			
Amortisation charge			
Revaluations			358,650
Closing value at 30 June 2019	<u>-</u>	<u>18,400</u>	<u>1,255,700</u>

Water licences held by the company are classified as intangible assets. The licences are issued by the NSW Government and by Murrumbidgee Irrigation Limited and provide the company with the right to receive allocations of water from Murrumbidgee river supplies and from underground aquifers. The volume of water allocated to the general security Murrumbidgee licences each year is dependent upon the volumes available within the Snowy Mountains storages each year. The allocations are announced progressively throughout the irrigation season each year by the government. Both the licences and the annual allocations of water are readily tradeable assets. There is a sophisticated and well regulated market network which provides daily prices of the permanent licences and the annual allocations. The company revalues the water licences each half year in accordance with the prevailing market prices at balance date.

MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 16 Other Assets

	Consolidated Group 2019 \$	2018 \$
CURRENT		
Prepayments	312,518	33,624
NON-CURRENT		
Prepayments	-	-
	<u>312,518</u>	<u>33,624</u>

Note 17 Trade and Other Payables

	Note	Consolidated Group 2019 \$	2018 \$
CURRENT			
Unsecured liabilities			
Trade payables		411,801	649,556
Sundry payables and accrued expenses		80,410	109,291
Amounts payable to related parties	26		
— wholly-owned subsidiaries		-	-
— other related parties		-	-
— key management personnel related entities		579,092	549,092
		<u>1,071,303</u>	<u>1,307,939</u>

	Note	Consolidated Group 2019 \$	2018 \$
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		1,071,303	1,307,939
— Total non-current		-	-
Financial liabilities as trade and other payables	27	<u>1,071,303</u>	<u>1,307,939</u>

Note 18 Borrowings

	Note	Consolidated Group 2019 \$	2018 \$
CURRENT			
Unsecured liabilities at amortised cost:			
Bank overdrafts		-	-
Secured liabilities at amortised cost:			
Lease liability	22	210,610	65,193
Bank overdrafts	18 b, c	-	-
Credit Card Facilities		25,862	1,819
		<u>236,472</u>	<u>67,012</u>
Total current borrowings		<u>236,472</u>	<u>67,012</u>
NON-CURRENT			
Secured liabilities at amortised cost:			
Bank overdrafts	18 b, c	-	-
Lease liability	22	1,094,444	243,556
Total non-current borrowings		<u>1,094,444</u>	<u>243,556</u>
Total borrowings	27	<u>1,330,916</u>	<u>310,568</u>

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	Consolidated Group 2019 \$	2018 \$
(a) Total current and non-current secured liabilities:		
Bank overdraft	-	-
Lease Liability	1,305,054	308,749
Credit Card Facilities	25,862	1,819
	<u>1,330,916</u>	<u>310,568</u>
(b) The terms and conditions of outstanding loans are as follows:		
The company has a Westpac Business One Loan - Overdraft facility, the limit is \$2,500,000, and was undrawn at 30 June 2019. Interest rate is variable but has been approximately 4.5%. The facility is reviewable annually.		
The company has a Westpac Business Card Facility. The facility limit is \$120,000. The card facility is payable monthly.		
(c) Collateral provided		
The Westpac Overdraft and Credit Card Facilities are secured by Westpac holding the following:		
i) Mortgage over property located at Farm 1444D Bilbul Road, BILBUL NSW 2680		
II) Mortgage over property located at "Silverwater" 563 Pinehope Road, GRONG GRONG NSW 2652		
III) General security agreement over all existing and future assets and undertakings		
iv) Mortgage over Water Licence WAL 4091, Murrumbidgee Regulated River Water Source General Security - 130 ML's		
v) Mortgage over Water Licence WAL 33173, Mid Murrumbidgee Ground Water - 283 ML's		
vi) Mortgage over Murrumbidgee Irrigation Limited - 201 Delivery and General Security entitlements for property located at Farm 1444D, Bilbul Road, BILBUL NSW 2680		

Lease liabilities are secured by the underlying leased assets.

Financial assets that have been pledged as part of the total collateral for the benefit of bank debt are as follows:

	Note	Consolidated Group 2019 \$	2018 \$
Cash and cash equivalents	9	3,010,181	2,076,942
Trade receivables	10	352,570	456,768
Total financial assets pledged		<u>3,362,751</u>	<u>2,533,710</u>

The collateral over cash and cash equivalents and debtors represents a floating charge.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 19 Tax

	Consolidated Group					
	2019		2018			
	\$		\$			
CURRENT						
Income tax payable			-	-		
			-	-		
			-	-		
NON-CURRENT						
Consolidated Group						
Deferred tax liabilities						
Property, plant and equipment						
- tax allowance	173,320	56,285		(14,443)		215,162
Land and buildings revaluation						
Tangible assets revaluation						-
Fair value gain: available for sale assets						-
Gain on cash flow hedges						-
Cash flow hedge gain transferred from equity to profit or loss						-
Future income tax benefits attributable to tax losses						-
Other						-
Balance at 30 June 2018	173,320	56,285	-	(14,443)	-	215,162
Property, Plant and Equipment						
- tax allowance	215,162	72,105				287,267
Land and buildings revaluation						-
Tangible assets revaluation	-					-
Fair value gain on financial assets at fair value through other comprehensive income (previously available for sale assets)	-					-
Gain on cash flow hedges	-					-
Cash flow hedge gain transferred from equity to profit or loss	-					-
Future income tax benefits attributable to tax losses	-					-
Other	-					-
Balance at 30 June 2019	215,162	72,105	-	-	-	287,267
Deferred tax assets						
Provisions and accruals						-
Transaction costs on equity issue						-
Property, plant and equipment						
- impairment						-
Other	164,030	193,731		(13,670)		344,091
Balance at 30 June 2018	164,030	193,731	-	(13,670)	-	344,091
Provisions	-					
Transaction costs on equity issue	-					-
Property, plant and equipment						
- impairment	-					-
Other	344,091	324,402				668,493
Balance at 30 June 2019	344,091	324,402	-	-	-	668,493

The benefits of the above temporary differences and unused tax losses will only be realised if the conditions for deductibility set out in Note 1(b) occur. These amounts have no expiry date.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 20 Provisions

	Consolidated Group	
	2019	2018
	\$	\$
CURRENT		
Employee Benefits		
Opening balance at 1 July 2018	43,220	6,717
Additional provisions	42,846	36,503
Balance at 30 June 2019	86,066	43,220
Total	86,066	43,220

Analysis of Total Provisions

	Consolidated Group	
	2019	2018
	\$	\$
Current	86,066	43,220
Non-current	-	-
	86,066	43,220

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

The probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(r).

Note 21 Issued Capital

	Consolidated Group	
	2019	2018
	\$	\$
456,336,415 (2018: 392,659,015 fully paid ordinary shares)	23,947,966	16,894,385
Less: Capital Raising Costs	(1,622,378)	(1,453,926)
456,336,415 (2018: 392,659,015 fully paid ordinary shares)	22,325,588	15,440,459
Nil (2018: 26,428,571) deferred ordinary shares	-	660,714
	22,325,588	16,101,173

The Group has authorised share capital amounting to 456,336,415 ordinary shares.

	Consolidated Group	
	2019	2018
	No.	No.
At the beginning of the reporting period	392,659,015	346,825,684
Shares issued during the year		
— 19/04/2018	-	45,833,331
— 25/07/2018	280,000	-
— 7/03/2019	26,428,571	-
— 12/04/2019	24,289,259	-
— 20/05/2019	10,512,903	-
— 24/05/2019	1,500,000	-
— 26/06/2019	666,667	-
At the end of the reporting period	456,336,415	392,659,015

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

On 25th July 2018 280,000 Ordinary shares were issued as under the Companies Employee Securities Incentive Plan.

On the 7th of March 2019 26,428,571 Deferred Consideration Shares that were previously issued as part of the initial acquisition vested and converted to Ordinary Shares.

On the 12th of April 2019 24,289,259 Ordinary Shares were issued to sophisticated investors at \$0.155 as part of a capital raising program.

On the 20th of May 2019 10,512,903 Ordinary Shares were issued as a result of a share purchase plan offered to existing shareholders at \$0.155.

On the 24th May 2019 1,500,000 Ordinary Shares were issued as consideration for a marketing and advocate services agreement.

On 26th June 2019, 666,667 Ordinary Shares were issued as a result of Options being exercised.

All shares are fully paid ordinary shares, there is no par value.

(b) Options

(i) For information relating to the Murray Cod Australia Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 24.

(ii) For information relating to share options issued to key management personnel during the financial year, refer to Note 24.

(c) Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital, and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio remains between 0% and 50%. The gearing ratios for the year ended 30 June 2019 and 30 June 2018 are as follows:

		Consolidated Group	
		2019	2018
	Note	\$	\$
Total borrowings		2,402,219	1,618,507
Less cash and cash equivalents	9	(3,010,181)	(2,076,942)
Net debt		(607,962)	(458,435)
Total equity		16,622,056	11,798,371
Total capital		16,014,094	11,339,936
Gearing ratio		N/A	N/A

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 22 Capital and Leasing Commitments

	Consolidated Group 2019	2018
	\$	\$
(a) Finance Lease Commitments		
Payable — minimum lease payments		
— not later than 12 months	282,550	79,827
— between 12 months and five years	1,265,001	263,958
— later than five years	-	-
Minimum lease payments	1,547,551	343,785
Less future finance charges	(242,497)	(35,036)
Present value of minimum lease payments	1,305,054	308,749

All finance lease commitments are equipment finances from the Commonwealth and Westpac Banks. There are 14 contracts with varying commencement and completion dates. The contracts are over various Aquaculture farming equipment. No finance lease commitments are longer than 5 years. Security provided for each equipment finance is the underlying asset in regards which the finance was obtained for.

	Consolidated Group 2019	2018
	\$	\$
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	215,562	183,800
— between 12 months and five years	862,246	735,200
— later than five years	1,608,341	1,000,000
	2,686,149	1,919,000

The company has three property leases:

- a) Farm 1444c Burley Griffin Way, Bilbul (known as "Molloys"). Lease is currently for land, including a residence, and 52 ML's of High Security Water and 41 ML's of General Security Water. The Lease is currently \$7,286.80 (GST exclusive) per month and is a 5 year lease with an option to renew in 5 years and then in 10 years. The Lease commenced August 2017. Lease payments are indexed annually in accordance with the CPI.
- b) Farm "Carawatha" Irrigation Way, Wiggelli (known as "McFarlanes"). Lease is currently for land. The Lease is currently \$8,441.66 (GST Exclusive) per month and is a 15 year lease. The lease commenced in May 2018. Lease payments are indexed annually in accordance with the CPI.
- c) Shed and land situated at 1/15A Lenehan Road, Griffith NSW 2680. The lease is currently \$2,235 (GST exclusive) per month and is a 3 year lease with an option to renew for a further 3 years. The lease commenced in October 2018. Lease payments are indexed annually in accordance with the CPI.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 23 Cash Flow Information

	Consolidated Group	
	2019	2018
	\$	\$
(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income		
Profit after income tax	(3,674,901)	(268,191)
Non-cash flows in profit		
Depreciation and Amortisation	480,994	313,331
Share based payment	2,636,282	17,260
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in trade and term receivables	106,663	(72,540)
(Increase)/decrease in other assets	(51,107)	(17,808)
(Increase)/decrease in inventories	(2,825,305)	(2,480,354)
Increase/(decrease) in trade payables and accruals	(236,637)	513,813
Increase/(decrease) in provisions	42,846	36,502
Increase/(decrease) in deferred taxes payable	72,105	41,840
(Increase)/decrease in deferred taxes receivable	(324,403)	(180,062)
Net cash generated by operating activities	<u>(3,773,463)</u>	<u>(2,096,209)</u>

	Consolidated Group	
	2019	2018
	\$	\$
(b) Credit Standby Arrangements with Banks		
Credit facility	2,620,000	150,000
Amount utilised	-	-
	<u>2,620,000</u>	<u>150,000</u>

The major facilities are summarised as follows:

The company has a Westpac Business One Loan - Overdraft facility, the limit is \$2,500,000, and at 30th June 2019 is undrawn. Interest rate is variable but has been approximately 4.5%. The facility is reviewable annually.

The company has a Westpac Business Card Facility. The facility limit is \$120,000. The card facility is payable monthly.

Interest rates are variable and subject to adjustment

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 24 Share-based Payments

(a) Murray Cod Australia Limited has in place an Employees Securities Incentive Plan

The purpose of the Plan is to reward, retain and motivate eligible employees, link their reward to shareholder value and align the interests of eligible participants with shareholders.

Shares issued under the Employees Securities Incentive Plan are accounted for as a Share Based Payment Expense at the value of the Security according to the ASX share listing on the date of issue.

	Consolidated Group	
	2019	2018
	\$	\$
Share Based Payment Expense		
25/07/2018 - 280,000 Ordinary Shares issued, valued at \$0.115	32,200	-

(b) **Murray Cod Australia Limited Public Employee Share Option Scheme**

The company established the Murray Cod Australia Limited Public Employee Share Option Scheme on 16th December 2016 as a long term incentive scheme to recognise talent and motivate executives to strive for Group performance. Employees are granted options which vest over time, subject to meeting specified performance criteria. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board and is based on performance measures including growth in shareholder return, return on equity, cash earnings, and group EPS growth.

Options are forfeited when the holder ceases to be employed by the Group, unless the Board determines otherwise (this is usually only in the case of redundancy, death or disablement).

The following options over shares were issued to employees under the Company's Employee Security Incentive Plan during the 2019 financial year and to the date of this report:

- 2,000,000 unlisted options were issued as incentive for future performance and have an exercise price of \$0.125 each and expire on 10th December 2021.

A summary of the movements of all options issued is as follows:

	Consolidated Group	
	Number	Weighted average exercise price
Options outstanding as at 1 July 2017		
Granted	90,350,000	\$ 0.075
Forfeited	1,000,000	\$ 0.155
Exercised		
Expired		
Options outstanding as at 30 June 2018		
Granted	91,350,000	\$ 0.076
Forfeited	2,000,000	\$ 0.125
Exercised	(666,667)	\$ 0.075
Expired		
Options outstanding as at 30 June 2019		
	92,683,333	\$ 0.076
Options exercisable as at 30 June 2019:	92,683,333	\$ 0.076
Options exercisable as at 30 June 2018:	91,350,000	\$ 0.076

As at the date of exercise, the weighted average share price of options exercised during the year was \$0.195.

The fair value of the options granted to employees is considered to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was calculated using the Black Scholes option pricing model applying the following inputs:

Weighted average exercise price:	\$ 0.125
Weighted average life of the option:	3 years
Expected share price volatility:	60%
Risk-free interest rate:	1.93%

Dividend yield and weighted average share price have also been used as inputs into the Black Scholes Valuation model in order to determine the fair value of share options granted.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Options granted to key management personnel as share based payments during 2019 are as follows:

	Consolidated Group	
	2019	2018
	\$	\$
Share Based Payment Expense		
28/11/2018 2,000,000 Options issued to Directors and employees	213,899	17,260

The weighted average fair value of those equity instruments, determined by reference to market price, was \$0.1069.

These options and performance rights were issued as compensation to key management personnel of the Group. Further details are provided in the Directors' Report.

Total Options issued by Murray Cod Australia Limited at 30/6/19:

Quantity issued to:	Options Issued	Exercise Price	Expiry Date	Fair Value/Option	Fair Value 30/6/19	Vested
Alto Capital (Lead Manager) issued 16/1/17	350,000	0.075	16/01/2021	0.03143	11,000	Yes
Panaquatic (Corporate Advisor) issued 16/1/17*	5,000,000	0.075	16/01/2022	0.00868	43,375	No
Ross Anderson (Director) issued 16/1/17	15,000,000	0.075	16/01/2022	0.03470	520,500	Yes
Martin Priestley (Director) issued 16/1/17	2,000,000	0.075	16/01/2022	0.03470	69,400	Yes
Morgan Barron (Director) issued 16/1/17	1,333,333	0.075	16/01/2022	0.03470	46,267	Yes
Douglas O'Neill (Director) issued 16/1/17	2,000,000	0.075	16/01/2022	0.03470	69,400	Yes
Riverina Aquaculture and Silverwater on Asset acquisition issued 16/1/17	24,000,000	0.075	16/01/2022	0.03470	832,800	Yes
Brigalow Enterprises Pty Ltd and M & B Ryan Pty Ltd on acquisition of Bidgee Fresh Pty Ltd issued 16/1/17	40,000,000	0.075	16/01/2022	0.03470	1,388,000	Yes
Employee Options issued 18/8/17	300,000	0.1	30/06/2021	0.02377	7,131	No
Employee Options issued 18/8/17	300,000	0.15	30/06/2023	0.01689	5,066	No
Employee Options issued 18/8/17	400,000	0.2	30/06/2025	0.01266	5,063	No
Martin Priestley (Director) issued 28/11/2018	2,000,000	0.125	10/12/2021	0.10690	213,899	Yes
	<u>92,683,333</u>				<u>3,211,901</u>	

Total Performance Rights issued by Murray Cod Australia Limited at 30/6/19

Performance Rights	No. Issued	Fair Value/Right	Fair Value 30/6/19	Vested
Class A	5,000,000	0.05	250,000	Yes
Class B	5,000,000	0.05	250,000	Yes
Class C	5,000,000	0.025	125,000	No
	<u>15,000,000</u>		<u>625,000</u>	

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

(c) **Murray Cod Australia Limited deferred consideration shares, vested options and performance rights**

On the 16th January 2017 deferred consideration shares and options were issued as a result of a business combination that occurred. This business combination was detailed in the 2018 and 2017 Financial Reports and the prospectus issued in November 2016. 26,428,571 deferred consideration shares were issued on the condition they are not converted to fully paid ordinary shares until the milestone is achieved and approved as agreed by the Board of Directors. Milestone being the production and sale of 100 tonnes of Murray Cod within 4 years from the Quotation Date. On the 20th of February 2019 the Auditors - Pinnacle HPC reviewed and confirmed the milestone had been achieved. Resultantly 26,428,571 deferred consideration shares were converted to Ordinary Shares on the 7th March 2019.

At the time of listing Management assessed that the probability of achieving the performance milestone was 50%. The deferred consideration shares were valued at \$0.025 (50% of the listing price of \$0.05). Since the shares are now converted to ordinary shares they are valued at the price of the original underlying share price \$0.05 per ordinary share, this increase in value is expensed to Share Based Payment Expense.

85,000,000 Options were issued on the condition they are not exercisable or vested until the milestone is achieved and approved as agreed by the Board of Directors. Milestone being the production and sale of 100 tonnes of Murray Cod within 4 years from the quotation date. On the 20th of February 2019 the Auditors - Pinnacle HPC reviewed and confirmed the milestone had been achieved. Resultantly 85,000,000 Options were vested on the 20th February 2019.

At the time of listing Management assessed that the probability of achieving the performance milestone was 50%. Due to the probability of achieving the performance milestone the options were valued at 50% of the deemed value calculated under the Black Scholes option pricing model. As the Options are now vested they are valued at the price of the deemed value under the Black Scholes option pricing model, this increase in value is expensed to Share Based Payment Expense.

15,000,000 Performance Rights were issued on the condition that they are not vested until the milestone is achieved and approved as agreed by the Board of Directors. The Milestone being Class A 5,000,000 production and sale of 50 tonnes of Murray Cod within 3 years of issue, Class B Production and sale of 100 tonnes of Murray Cod within 4 years of issue, and Class C 5,000,000 Production and sale of 150 tonnes of Murray Cod within 5 years of issue.

At the time of listing Management assessed that the probability of achieving the performance milestone was 50%. Due to the probability of achieving the performance milestone the performance rights were valued at 50% of the deemed value which was \$0.05 per share. Class A and Class B Performance Rights have now vested as now vested they are valued at the price \$0.05 per share, this increase in value is expensed to Share Based Payment Expense.

	Consolidated Group	
	2019	2018
	\$	\$
Share Based Payment Expense		
7/3/2019 Issue of Deferred Shares on Milestone Achieved	660,714	-
7/3/2019 Revalue of Options Vested	1,474,750	-
7/3/2019 5,000,000 Class A Performance Rights Vested	125,000	
7/3/2019 5,000,000 Class B Performance Righted Vested	125,000	
	<u>2,385,464</u>	<u>-</u>

(d) **Murray Cod Australia Limited Agreement with Heston Blumenthal**

Murray Cod Australia Ltd entered into a collaboration agreement with Heston Blumenthal and his associated companies. 1,500,000 Ordinary Shares were issued to Mr Blumenthal's related companies along with a payment of \$100,000, in return for Heston, and his team of world class chefs collaborating with Aquana on menu and product development to extend the food brand's reach in local and global markets. The term of the agreement being 5 years. The value of the shares issued are recorded as a prepaid expense and expensed as share payment based expense as is incurred.

	Consolidated Group	
	2019	2018
	\$	\$
Share Based Payment Expense		
24/5/2019 1,500,000 Ordinary Shares issued at \$0.155		
\$232,500, expensed 37 days of 5 years	4,714	-

(e) **Summary of Shared Based Payment Expenses 2018**

	Quantity	Price \$/Unit	Market Value \$
Employee Options issued 18/8/17	300,000	0.02377	7,131
Employee Options issued 18/8/17	300,000	0.01689	5,066
Employee Options issued 18/8/17	400,000	0.01266	5,063
			<u>17,260</u>

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Summary of Shared Based Payment Expenses 2019

	Quantity	Price \$/Unit	Market Value \$
(a) 280,000 Ordinary Shares Issued	280,000	0.11500	32,200
(b) 2,000,000 Employee Options Issued	2,000,000	0.10690	213,899
(c) Deferred consideration shares, options and performance rights issued on milestone achievement	26,428,571	0.02500	660,714
	85,000,000	0.01735	1,474,755
	10,000,000	0.02500	250,000
(d) Agreement with Heston Blumenthal	1,500,000	0.15500	232,500
Less: Cost of Shares capitalised as prepayment			- 227,786
			<u>2,636,282</u>

Note 25 Events After the Reporting Period

Other than the following, the Directors are not aware of any significant events since the end of the reporting period.

Since the 30 June 2019 reporting date a loan outstanding to Ag Finance Specialists Pty Ltd, an entity related to KMP Ross Anderson, was repaid in full for \$582,790 on 30th August 2019.

Note 26 Related Party Transactions

Related Parties

(a) The Group's main related parties are as follows:

i. Entities exercising control over the Group:

The ultimate parent entity that exercises control over the Group is Murray Cod Australia Limited, which is incorporated in Australia.

ii. Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 6.

iii. Entities subject to significant influence by the Group:

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity that holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iv. Joint ventures accounted for under the equity method:

The Group has no interest in any joint ventures.

v. Other Related Parties

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

(b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Consolidated Group	
	2019	2018
	\$	\$
i. Ultimate parent entity		
<i>Interest revenue</i>		
ii. Associates		
<i>Sales of goods and services</i>		
<i>Dividend revenue</i>		
<i>Interest revenue</i>		
iii. Joint Ventures		
<i>Dividend revenue</i>		
iv. Other Related Parties		
Purchase of goods and services		
Ventnor Capital a company related to previous Director Morgan Barron has provided Joint Company Secretarial Services of Brett Tucker and Corporate Advisory Services to Murray Cod Australia Limited (Total GST Inclusive)	30,250	33,000
Anderson's Tax and Investment Services Pty Ltd a company related to Ross Anderson has provided Joint Company Secretarial services of Wendy Dillon, monthly administration and general bookkeeping, Accounting, corporate consulting, taxation and advice and preparation of financial report services, Payroll services, provision of office space, facilities and supplies. Anderson's Chartered Accountants (The Firm) has provided a wide variety of services to MCA. However no work undertaken by Mr Anderson on behalf of MCA has been charged to MCA by the Firm. For all of his personal exertion in the service of MCA Mr Anderson has received no benefits or remuneration other than directors fees disclosed in this report. (Total GST Inclusive)	250,347	251,002
Anderson's Tax and Investment Services Pty Ltd a company related to Ross Anderson has paid expenses on behalf of the company and been reimbursed these costs. (Total GST Inclusive)	1,380	-
Commings Enterprises Pty Ltd a company related to Director George Roger Commings has provided manufacturing services to the company (Total GST Inclusive)	463,075	647,543
Aquacomm Pty Ltd a company related to Director George Roger Commings is a contract Murray Cod grower to Murray Cod Australia Limited. Purchase of contract grown Murray Cod less costs (GST Inclusive)	352,945	106,248
Ian and Michelle Charles a Partnership related to Ian Charles has provided contract labour and has been reimbursed for out of pocket expenses in running the Hatchery (Total GST Inclusive)	-	13,962
Bamford Partners a company related to Director Martin Priestley was paid expense payment reimbursements (Total GST Inclusive)	100	-
Ag Finance Specialists Pty Ltd a company related to Director Ross Anderson was paid Interest as per the Loan Agreement at 6%	30,000	30,000

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Sales of goods and services

Aquacomm Pty Ltd a company related to Director George Roger Commins has been sold Dam Cage Equipment from Murray Cod Australia Limited (GST Inclusive)	7,162	20,247
Aquacomm Pty Ltd a company related to Director George Roger Commins has been sold Advanced Fingerlings from Murray Cod Australia Limited (GST Inclusive)	100,275	215,277

Dividend revenue

Interest revenue

(c) Amounts outstanding from related parties

Trade and Other Receivables

Unsecured loans are made to the ultimate parent entity, subsidiaries, directors, key management personnel and other related parties on an arm's length basis. Interest is dependant on the loan agreement, principal and interest repayments are made over the term of the loans.

(d) Amounts payable to related parties

Trade and Other Payables

Unsecured, at call loans are provided by the ultimate parent entity, subsidiaries, directors, key management personnel and other related parties on an arm's length basis. Interest is dependant on the loan agreement.

	Consolidated Group 2019	2018
	\$	\$
Loans from Other Key Management Personnel Related Entities		
Beginning of the year	549,092	519,092
Loans advanced		
Loan repayment received		
Interest charged	30,000	30,000
Interest received		
End of the year	<u>579,092</u>	<u>549,092</u>

Note 27 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills, leases, preference shares and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group 2019	2018
	Note	\$	\$
Financial Assets			
Financial assets at amortised cost			
— cash and cash equivalents	9	3,010,181	2,076,942
— trade and other receivables	10	366,132	472,795
— investments in unlisted shares	12	59	-
Total Financial Assets		<u>3,376,372</u>	<u>2,549,737</u>
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	17	1,071,303	1,307,939
— Borrowings	18	1,330,916	310,568
Total Financial Liabilities		<u>2,402,219</u>	<u>1,618,507</u>

Financial Risk Management Policies

The Board of Directors monitors the Group's financial risk management policies and exposures and approves financial transactions. It also reviews the effectiveness of internal controls relating to commodity risk, counterparty credit risk, foreign currency risk, liquidity risk and interest rate risk. The Board of Directors meet at least on a bi-monthly basis.

The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 7 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the board has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Significant increase in credit risk for financial instruments

The Company evaluates and compares the risk of a default on a financial instrument at the reporting date with the risk of a default on the financial instrument at the date of initial recognition. To support the evaluation process, the Company takes into consideration both quantitative and qualitative information that is reasonable and justifiable, including past experience and prospective information that is publicly available. Prospective information taken into consideration includes the future volatility of the industries in which the Company's debtors are in, obtained from industry expert reports, financial news report, governmental bodies, as well as taking into consideration multiple external sources of current and future economic information that Company's core operations can relate to.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held is equivalent to the carrying amount (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties securing the liabilities of certain subsidiaries.

There is no Collateral held by the Group securing receivables.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographic basis, the Group has significant credit risk exposures to Australia given the substantial operations in Australia. The group also has some credit risk exposures to Japan, USA, Singapore and Hong Kong as Murray Cod Australia Ltd is exporting to these countries. Details with respect to credit risk of Trade and Other Receivables is provided in Note 10.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 10.

Credit risk related to balances with banks and other financial institutions is managed by the Board in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	Consolidated Group 2019 \$	2018 \$
Cash and cash equivalents:			
- AA Rated		3,010,181	2,076,942
- A Rated		-	-
	9	3,010,181	2,076,942

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The group's policy is to ensure no more than 25% of borrowings should mature in any 12 month period.

The table below reflects an undiscounted contractual maturity analysis for financial assets and financial liabilities. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES**

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

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Consolidated Group	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Bank overdrafts and loans	-	-	-	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-	-	-	-
Debentures	-	-	-	-	-	-	-	-
Redeemable preference shares	-	-	-	-	-	-	-	-
Convertible preference shares	-	-	-	-	-	-	-	-
Trade and other payables	518,073	760,666	-	-	-	-	518,073	760,666
Contract liabilities	-	-	-	-	-	-	-	-
Refund liability	-	-	-	-	-	-	-	-
Amounts payable to related parties	579,092	-	-	549,092	-	-	579,092	549,092
Finance lease liabilities	210,610	65,193	1,094,444	243,556	-	-	1,305,054	308,749
Financial guarantees	-	-	-	-	-	-	-	-
Total expected outflows	1,307,775	825,859	1,094,444	792,648	-	-	2,402,219	1,618,507

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Consolidated Group	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets - cash flows realisable								
Cash and cash equivalents	3,010,181	2,076,942	-	-	-	-	3,010,181	2,076,942
Trade, term and loans receivables, contract assets, contract costs and right of return goods asset	366,132	472,795	-	-	-	-	366,132	472,795
Contract assets	-	-	-	-	-	-	-	-
Contract costs	-	-	-	-	-	-	-	-
Right to returned assets	-	-	-	-	-	-	-	-
Held-for-trading investments	-	-	-	-	-	-	-	-
Investments: financial assets at amortised cost	-	-	-	-	-	-	-	-
Other investments	-	-	-	-	-	-	-	-
Total anticipated inflows	3,376,313	2,549,737	-	-	-	-	3,376,313	2,549,737

Net (outflow) / inflow on financial instruments	2,068,538	1,723,878	(1,094,444)	(792,648)	-	-	974,094	931,230
---	-----------	-----------	-------------	-----------	---	---	---------	---------

The periods in which cash flows related to cash flow hedges are expected to occur are as depicted in the above maturity analysis table. The periods in which the cash flows related to cash flow hedges are expected to affect profit or loss are as follows:

	Within 1 Year		1 to 5 years		Over 5 years		flow	
	2019	2018	2019	2018	2019	2018	2019	2018
Consolidated Entity	\$	\$	\$	\$	\$	\$	\$	\$
Interest rate swaps	-	-	-	-	-	-	-	-
Foreign exchange forward contracts	-	-	-	-	-	-	-	-

Financial assets pledged as collateral

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts. Refer to Note 18(c) for further details.

c. Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

The financial instruments that primarily expose the Group to interest rate risk are borrowings, foreign exchange forward contracts, interest rate swaps, government and fixed interest securities, and cash and cash equivalents.

Interest Rate Swaps

The consolidated group did not hold any interest rate swap contracts during the 2019 or 2018 Financial Year

The net effective variable interest rate borrowings (i.e. unhedged debt) expose the group to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

Note	Consolidated Group 2019	2018
Floating rate instruments	\$	\$
Bank overdrafts and Credit Card Facilities	-	-
	-	-

ii. Foreign currency risk

Exposure to foreign currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

Current sales to export markets in Japan, USA, Singapore and Hong Kong are currently priced in AUD or aren't significant enough to justify the cost of hedging our Foreign Currency Risk.

The only purchases involving Foreign Currency are occasional equipment purchases which aren't significant enough to justify the cost of hedging our Foreign Currency Risk.

iii. Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or foreign currency risk) for commodities.

The Group is exposed to commodity price risk through the operations of its Murray Cod production business. The Board constantly monitors commodity prices and aims to minimise significant price risk accordingly.

Sensitivity Analysis

Sensitivity analysis has not been displayed due to the immaterial nature of the interest rate and exchange rate risks on the companies operations.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are the same amounts as the carrying amounts as presented in the statement of financial position. Refer to Note 28 for detailed disclosures regarding the fair value measurement of the group's financial assets and financial liabilities.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 28 Fair Value Measurements

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

- Biological Assets
- Water Rights and licences

The Group measures some items of freehold land and buildings at fair value on a non-recurring basis.

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

(a) Fair value hierarchy

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

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

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

Valuation techniques

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

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

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

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

		30 June 2019			
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
Inventory					
Inventory at fair value through profit or loss					
— Biological Assets - current	11			7,188,516	7,188,516
Total Inventory assets recognised at fair value on a recurring basis		-	-	7,188,516	7,188,516
Non-financial assets					
Water Rights and Licences	15	1,255,700			1,255,700
Total non-financial assets recognised at fair value on recurring basis		1,255,700	-	-	1,255,700
Non-recurring fair value measurements					
Land and Buildings	14		1,654,332		1,654,332
Total non-financial assets recognised at fair value on non-recurring basis		-	1,654,332	-	1,654,332
Total non-financial assets recognised at fair value		1,255,700	1,654,332	-	2,910,032

- (i) On the 17th of January 2017 settlement occurred for the purchase of Farm 1444D Bilbul Road, Bilbul and 563 Pinehope Road, Grong Grong. These farming properties have not been revalued as at 30th June 2019 as the Directors believe the market value at 30 June 2019 would not have moved since 17th January 2017.

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

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	Note	30 June 2018			Total \$
		Level 1 \$	Level 2 \$	Level 3 \$	
Recurring fair value measurements					
Inventory					
Inventory at fair value through profit or loss					
— Biological Assets - current	11			4,277,838	4,277,838
Total financial assets recognised at fair value		-	-	4,277,838	4,277,838
Non-financial assets					
Water Rights and licences	15	897,050			897,050
Total non-financial assets recognised at fair value on recurring basis		897,050	-	-	897,050
Non-recurring fair value measurements					
Land and Buildings	14		1,654,332		1,654,332
Total non-financial assets recognised at fair value on non-recurring basis		-	1,654,332	-	1,654,332
Total non-financial assets recognised at fair value		897,050	1,654,332	-	2,551,382

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

Description	Fair value (\$ at 30		Valuation technique(s)	Inputs used
	June 2019			
Non-financial assets				
Land and Buildings (i)			Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per hectare; market borrowing rate
		1,654,332		
		<u>1,654,332</u>		

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

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

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

Valuation processes

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

The net increment/(decrement) in the fair value of Murray Cod is recognised as income/(expense) in the reporting period. There has been no change in the fair value per unit of Murray Cod Fish from 30 June 2018 to 30 June 2019.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 29 Reserves

- a. **Asset Revaluation Reserve**
The reserve is used to recognise increments and decrements in the fair value of land and buildings, and water rights and licences.
- b. **Options Reserve**
The option reserve records items recognised as expenses on valuation of employee share options.
- c. **Performance Rights Reserve**
The performance rights reserve records items recognised as expenses on valuation of employee performance rights.

		Consolidated Group	
		2019	2018
		\$	\$
Asset Revaluation Reserve	Note		
Revaluation of Water rights and licences	28	358,650	210,600
Movement in Asset Revaluation Reserve		<u>358,650</u>	<u>210,600</u>
Options Reserve			
Options issued during the year		213,899	17,260
Options exercised during the year	-	23,133	
Options vested during the year		<u>1,474,755</u>	<u>-</u>
Movement in Options Reserve		<u>1,665,521</u>	<u>17,260</u>
Performance Rights Reserve			
Valuation of Performance Rights Issued			
Performance Rights Vested during the year		<u>250,000</u>	<u>-</u>
Movement in performance rights reserve		<u>250,000</u>	<u>-</u>

Note 30 Company Details

The registered office of the company is:

Murray Cod Australia Limited
Level 1
153 Yambil Street
GRIFFITH NSW 2680

The principal places of business are:

Murray Cod Australia Limited
"Silverwater" 563 Pinehope Road, GRONG GRONG NSW 2652
Farm 1444d, Bilbul Road, BILBUL NSW 2680
Farm 1444c, Burley Griffin Way, BILBUL NSW 2680
"Carawatha" Irrigation Way WIDGELLI NSW 2680
1/15A Lenehan Road, GRIFFITH NSW 2680

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION**

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

1. the financial statements and notes, as set out on pages 11 to 60, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards applicable to the entity, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Director



Ross James Anderson

Dated this 30th day of September 2019

MURRAY COD AUSTRALIA LIMITED AND CONTROLLED ENTITIES

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

Report on the Audit of the Consolidated Financial Statements

Opinion

I have audited the financial report of Murray Cod Australia Limited and controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion:

- (a) the accompanying financial report of Murray Cod Australia Limited and controlled entities 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 2019 and of its financial performance for the year then ended; and
 - ii. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report for the year ended 30 June 2019. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter

Biological assets (refer to note 11 – Biological assets and inventory)

I focused on this area as a key audit matter due to the amount being material as well as the subjectivity involved in the valuation aspect of the asset.

How my audit addressed the key audit matter

My procedures included, amongst other things:

- Observation of manual grading process;
- Observation of harvesting process;
- Discussion with personnel regarding inventory information recorded in software purchased during the year and the application of growth modelling to the inventory information;
- Review of recent sale and purchase prices and undertaking a comparison to 30 June 2019 valuation for reasonableness; and
- Examination of the model for estimating weights of fish at 30 June 2019.

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement

Principals

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

Consultant

Frank S Sergi CPA

of the other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Principals

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

Consultant

Frank S Sergi CPA

- Conclude on the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

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

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

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

Report on the Remuneration Report

I have audited the remuneration report included in pages 5-9 of the financial report for the year ended 30 June 2019. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the remuneration report, based on my audit conducted in accordance with Australian Accounting Standards.

Principals

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

Consultant

Frank S Sergi CPA

Auditor's Opinion

In my opinion, the remuneration report of Murray Cod Australia Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.


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

Dated this 30 day of September 2019

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

The following information is current as at 20th September 2019:

1. Shareholding

a. Distribution of Shareholders

Category (size of holding)	Number	
	No. of Holders	No. of Units
1 – 1,000	69	4,450
1,001 – 5,000	134	491,052
5,001 – 10,000	161	1,276,804
10,001 – 100,000	670	29,859,487
100,001 – and over	355	424,704,622
	1,389	456,336,415

b. The number of shareholdings held in less than marketable parcels is 98.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder	Number	
	Ordinary	Preference
Entities controlled by Mathew Ryan	88,571,429	-
JP Morgan Nominees Australia Ltd	53,172,138	-
Entities controlled by George Roger Commins	27,687,157	-

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Redeemable and convertible preference shares

- There are no redeemable or convertible preference shares on issue.

e. 20 Largest Shareholders — Ordinary Shares

Name	Number of Ordinary Fully Paid Shares	% Held of Issued Ordinary Capital
	Held	
1. M & B Ryan Pty Ltd	78,571,429	17.22
2. JP Morgan Nominees Australia Pty Limited	53,172,138	11.65
3. Brigalow Enterprises Pty Ltd	27,142,857	5.95
4. Anderson's Investment Services Pty Ltd	12,596,774	2.76
5. Albins Pty Ltd	10,000,000	2.19
6. Mathew John Ryan	10,000,000	2.19
7. Timothy Mitchell Commins, George Roger Commins & Kerry Jean Forbes	9,096,774	1.99
8. SCMG Pty Ltd	9,000,000	1.97
9. The Esplanade Superannuation Pty Ltd	9,000,000	1.97
10. Larry Michael Walsh	8,969,236	1.97
11. Southern Cotton Pty Ltd	8,612,903	1.89
12. Cameron Ray Townsend & Therese Margaret Townsend	8,200,000	1.80
13. Timothy Mitchell Commins & Jason Joseph Mimmo	8,000,000	1.75
14. Brondlax Pty Ltd	7,331,880	1.61
15. Dnomyar Pty Ltd	5,000,000	1.10
16. AS & JJ Anderson Pty Ltd	4,757,440	1.04
17. Lubbert Bultman & Benjamin Luke Bultman	4,350,000	0.95
18. Kaitlin Commins	4,000,000	0.88
19. Grenfell Pty Ltd	4,000,000	0.88
20. Alexander John Anderson & Janice Marie Houge	3,294,500	0.72
Total Top 20 Holdings	285,095,931	62.48
Total Remaining Holders	171,240,484	37.52
Total Holders Balance	456,336,415	100.00

2. The names of the company secretaries are Brett Tucker and Wendy Dillon.

**MURRAY COD AUSTRALIA LIMITED ABN: 74143928625
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

3. The address of the principal registered office in Australia is Level 1, 153 Yambil Street, GRIFFITH NSW 2680.
Telephone 02 69 625470
4. Registers of securities are held at the following addresses
110 Stirling Highway
NEDLANDS WA 6009
5. **Stock Exchange Listing**
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.
6. **Unquoted Securities**
Options over Unissued Shares
A total of 92,683,333 Options are on issue.
7. **Other Disclosures**

There are 15,000,000 performance rights on issue. The terms of these shares are disclosed in Note 1b of the Remuneration Report.

During the Financial Year the Company has used its cash in accordance with its stated business objectives.