



Global Seafood Australia LTD

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SEND TO Company Announcements	SUBJECT Market Announcement
COMPANY Australian Stock Exchange	FROM David Hooker
FAX No. 1900 999 279	DATE 30 th September 2003

Total pages, including cover sheet 31



Attached please find the following:

1. Financial Statements for Year Ended 30 June 2003

We look forward to your approval to release the information by return

Regards

David Hooker
Director

Global Seafood Australia Limited

Directors' Report

Your directors submit their report for the year ended 30 June 2003.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Non-Executive Chairman - Mr. Denis Loaney B.Bus, ADip TD, CMC, FAICD

Mr. Loaney is joint founder and Director of Corporate Context Pty Ltd, a respected and well established specialist consultancy focusing on market and business strategy. Mr Loaney holds Chairman and/or Director positions in several active and growing businesses with particular experience with Small/Medium Enterprises. He has also conducted major consulting assignments with public and private sector organisations. Mr. Loaney is a member of the Company's Audit Committee and Strategic Planning Committee.

Executive Director - Neal Harris

Mr Harris joined Global Seafood in 1994 after 17 years in the seafood industry working in a variety of positions, including Senior Executive for one of Global Seafood's largest competitors and is a past Vice President of the Queensland Seafood Marketers Association. Within the seafood industry, Mr Harris has worked as Fishing Fleet Administrator in the Gulf of Carpentaria, Manager of Karumba prawn operations, and as an International Marketing Manager. Mr Harris is responsible for Marketing, Operations and Purchasing and day-to-day management of the business.

Non-Executive Director - Mr. Karl Schlobohm B.Com, B.Econ. M.Tax, ACA

Mr. Schlobohm is a partner in the accounting firm Grant Thornton and has expertise in taxation, strategic planning, mergers and acquisitions and corporate financing. He has technical skills and competencies in the areas of Corporate Taxation, Financial Accounting and Reporting, Corporate Compliance, Due Diligence and Investment Presentation, Company Secretarial and Financial Modelling. Mr. Schlobohm is Chairman of the Company's Audit Committee.

Directors' Report continued**DIRECTORS' continued****Non-Executive Director - Mrs. Serena Zipf B.Laws**

Mrs Zipf has extensive experience in marketing of Australian farmed prawns in export markets and has received many awards related to this including "2003 Australian Institute of Management 's State winner of the Management Excellence Award – Owner/Manager category", "2000 Minister for Primary Industries' excellence award for marketing", "1997 Qld-Japan Chamber of Commerce and Industry's Supreme export award", "1997 Qld-Japan Chamber of Commerce and Industry's excellence in agribusiness exports" and "1997 Premier of Queensland award for excellence in agribusiness exports". She currently holds a number of key appointments including "Department of State Development's Aquaculture Advisory Committee (Ministerial appointment 2001 to 2003)", National Food Industry Strategy's Value Chain committee, and the Federal Minister for Fisheries' Aquaculture Action Agenda Implementation committee. Mrs Zipf is a member of the Company's Strategic Planning Committee.

Non-Executive Director - Mr. Allen Wu

Mr Wu was appointed a Director on 21 February 2003. Mr. Wu owns and operates a successful seafood business in Australia and China and has had several years experience involved in the processing and marketing of seafood products into Asian markets and in particular China. He brings a wealth of experience in operations and marketing of seafood products to the Company.

Executive Director – Mr. David Hooker MBA ACIS ASCPA

Mr. Hooker was elected an executive director on 19 April 2002. Mr. Hooker was appointed financial controller of Global Seafood in May 1998. He has more than 25 years experience in senior management positions with food processing companies. He has extensive experience in all aspects of accounting, finance and administration. Mr. Hooker is a member of the Company's Audit Committee.

Directors' Report continued

Interests in the shares of the Company

As at the date of this report the relevant interests of each director in the share capital of the Company as notified by the directors in accordance with Section 235(1) of the Corporations Act are as follows:

Director	Shares
Neal Harris	1,936,785
Karl Schlobohm	119,500
David Hooker	901,537
Denis Loaney	250,000
Allen Wu	1,060,000

Related Party Transactions

Ms Zipf is a principal in Rocky Point prawn farm a company who traded with the Company during the year. All transactions between Rocky Point and the Company were on a commercial arms-length basis and included service fees from the Company to Rocky Point amounting to \$204,781 for contract processing and raw materials purchased by the Company from Rocky Point amounting to \$384,650.

Mr Wu is a principal in Aquastar a company who traded with the Company during the year. All transactions between Aquastar and the Company were on a commercial arms-length basis and included sales from the Company to Aquastar amounting to \$367,840 and raw materials purchased by the Company from Aquastar amounting to \$967,328.

Mr Loaney is a principal in Corporate Context a company who carried out marketing analysis and consulting services on behalf of the Company during the year. An amount of \$30,000 was paid to Corporate Context for these services in 2002/2003.

EARNINGS PER SHARE	Cents
Basic earnings per share	(45.2)
Diluted earnings per share	(45.2)

DIVIDENDS

There were no dividends provided for or paid during the financial year.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were as follows:

- Production of seafood for both export and domestic markets
- Export of frozen and chilled seafood products
- Sales of frozen and chilled seafood and related products to domestic wholesale and retail markets

EMPLOYEES

The Company employed 25 permanent employees as at 30 June 2003 (2002: 33 employees).

Directors' Report continued

REVIEW AND RESULTS OF OPERATIONS

Group Overview

Global Seafood Australia Ltd was formed in February 1999 to acquire the business operations of Global Seafood Fisheries Pty Ltd.

The Company listed on the ASX in September 1999 following the successful completion of an IPO.

Export/Import

The export market continues to be an integral part of Global Seafood's business with quality products targeted at the premium end of the market. The Company's export strategy is driven by strong brand loyalty, long-term relationships in key markets and responsive customer service.

Export revenue in 2003 was severely impacted by a depressed Japanese market, the Company's major market, the effect of SARS on other key Asian markets and a stronger Australian dollar. As a result export revenue fell by 36% to around \$18 million in the year under review.

National Distribution

Global Seafood is a leading seafood product supplier for the major national wholesale markets in Sydney, Melbourne, Perth and Brisbane. The sale of frozen products into these markets has been a well-established part of the business for many years and has recently been expanded to include fresh and chilled products. As with the export segment, quality products and long-term relationships with major wholesalers drive the Company's wholesale market strategy.

Revenue in 2003 amounted to \$12.7 million (32% of total revenue) an increase over 2002 of 8%.

State-wide Distribution

This sector involves distribution of fresh and frozen seafood to more than 100 supermarkets in Queensland and northern New South Wales as well as major hotel and restaurants located in South-East Queensland and selected Brisbane restaurants. Global Seafood also operates a cash and carry service for Brisbane seafood wholesalers and retailers. Revenue in 2003 amounted to \$9.1 million (23% of total revenue) a decrease over 2002 of 5%. Revenue suffered in 2003 due to major customers sourcing bulk frozen products direct and strong competition in the supermarket sector.

Major Accounting Policy Changes

The Board has decided to write down to nil its goodwill and brand values in the 2002/2003 financial year. This path has been taken as a prudent accounting decision to comply with Australian accounting standards. In addition to the amortisation recorded for the year of \$314,208 against these combined assets an additional write down provision of \$5,541,757 was made in the 2002/2003 year. The combined amount of \$5,855,965 does not affect the cash, operating position or net tangible assets of the company.

Dynamics of the Business

The results of the Company in the 2002/2003 year were impacted by restricted working capital in the first six months as a direct result of the failed international operations in 2001/2002. This reduced the Company's ability to source available raw materials resulting in lower revenue and profitability than would otherwise have been the case. In the second half of the year major export markets were severely affected by a depressed Japan market followed by the impact of SARS on other key Asian markets. Exports were further hit by the strong Australian dollar. As a result revenue and profit, particularly in the June quarter, were substantially lower than expected.

Directors' Report continued

Operating Results for the Period

A detailed review of the Company's results and operations is set out in the annual report. The Company made an operating loss before tax of \$7,431,132 for the financial year which included amortisation and write down of intangible assets (brand names and goodwill) of \$5,855,965. In addition a further provision of \$250,000 against the imported cooked prawns was made at 30 June 2003. Non-cash overheads, reduced working capital and capital raisings however meant the Company achieved a positive cash flow for the year of \$1,351,442.

Investments for Future Performance

The Directors have continued to implement the strategic objectives as set out in last years report. Re-structure of the Board was completed during the year, a number of capital raising initiatives were carried out to improve the working capital funding issue, and a marketing strategic plan was developed and is in the process of being implemented.

The Directors have set key objectives for the 2003/2004 year including:

- Fully implement our strategic marketing plan;
- Increase volumes through new tuna business and contract processing;
- Develop value-adding expertise through joint ventures and/or alliances;
- Strengthen working capital finance arrangements; and
- Further build the capabilities of the business.

Board of Directors. The Company's Board of Directors was been completely restructured in June 2002. Three non-executive directors were appointed at that time with Mr Denis Looney appointed Chairman. In October 2002 Mr Allen Wu through his personal investment company took a strategic investment position in the Company and was subsequently appointed a Director in February 2003. Mr Wu has a broad industry background and is experienced in marketing frozen seafood products into Asian markets and in particular China.

The new Board has an excellent blend of experience and skills with expertise in corporate re-structuring, strategic planning, capital re-structuring, marketing and business management. The mix of four non-executive and two executive directors will ensure the highest level of corporate governance is maintained.

Shareholding Re-structure. Directors and senior management of the Company have further shown their support for the Company by participating in the equity raising initiatives undertaken during the year.

Review of Financial Position

Global Seafood's financial position remains sound despite the reported loss. This is because over 70% of the loss resulted from the write down of intangibles. The positive cash flow for the year means that key financial indicators including debtor's turnover of 32 days and current assets to current liabilities of 1.1:1 shows that the Company can continue to finance ongoing operations.

Directors' Report continued

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Shareholders Equity

The loss in the current year has resulted in total equity falling by \$6.6 million or by 60% in the current year with \$5.9 million or 54% resulting from the full provision against intangible assets. This provision against intangibles is a one off loss. The directors are committed to re-building shareholders equity through sustainable profitable operations or through an increase in contributed equity.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Directors are not aware of any events subsequent to balance date that are likely to have a significant impact on the state of affairs of the Company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors of the Company remain committed to setting clear strategic objectives in 2004 and ensuring these are developed and implemented. These objectives are set out elsewhere in this report. The board also remains committed to re-focusing on core business units and development of new growth opportunities associated with these units. With the improvement in export markets it is expected that profitability will return to reasonable levels in 2004.

ENVIRONMENTAL REGULATION AND PERFORMANCE

During the year a leak of ammonia gas at the Company's processing facility resulted in a breach of environmental regulations. With the assistance of an external consultant the matter was addressed to the satisfaction of authorities and no further action was taken against the Company. Other than this incident there have been no significant known breaches of environmental regulations.

SHARE OPTIONS

As of the date of this report there were no share options on issue.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial period, the Company has paid premiums in respect of a contract insuring all the directors of the Company against costs incurred in defending proceedings for conduct involving:

- (a) a wilful breach of duty; or
- (b) a contravention of Sections 182 or 183 of the Corporations Act, as permitted by section 199B of the Corporations Act.

The total amount of insurance contract premiums paid was \$16,558 (2002- \$11,178).

Directors' Report continued**Directors' and Senior Executive Emoluments**

The board of directors is responsible for determining and reviewing compensation arrangements for the directors, the chief executive officer and the executive team. The directors assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity of receiving their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and additional superannuation contributions.

To assist in achieving these objectives, the board of directors links the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance.

Details of the nature and amount of each element of the emolument of each director of the company and each of the executive officers of the company for the financial period are as follows:

Emoluments of Directors of Global Seafood Australia Limited						
	Annual Emoluments			Long Term Emoluments		Totals
	Base Fee	Bonus	Other	Super-annuation	Other	
	\$	\$	\$	\$	\$	\$
Denis Loaney	40,000	-	-	3,600	-	43,600
Karl Schlobohm	25,000	-	-	-	-	25,000
Serena Zipf	25,000	-	-	2,250	-	27,250
Allen Wu	8,333	-	-	750	-	9,083
Neal Harris	112,400	-	26,900	42,200	-	181,500
David Hooker	90,000	-	25,048	15,000	-	130,048

Emoluments of Executive Officers of Global Seafood Australia Limited						
	Annual Emoluments			Long Term Emoluments		Total
	Base Fee	Bonus	Other	Super-annuation	Other	
	\$	\$	\$	\$	\$	\$
Donald Resurreccion	55,638	-	3,500	28,757	-	87,895

Directors' Report continued

Directors' Meetings

The number of directors' meetings and meetings of Committees attended by each director during the year were as follows:

	Directors' Meetings	Audit Committee Meetings	Strategic Planning Committee Meetings
Number of meetings held:	13	2	2
Number of Meetings attended:			
Denis Loaney	13	2	2
Karl Schlobohm	13	2	-
Neal Harris	13	-	2
Serena Zipf	13	-	2
David Hooker	12	2	-
Allen Wu	4	-	-

Mr. Allen Wu attended all Directors meetings held since his appointment to the Board.

Committee Membership

As at the date of this report, the Company had an Audit Committee and a Strategic Planning committee of the Board of Directors. Members acting on the committees of the Board during the year were:

Audit	Strategic Planning
Mr K Schlobohm (c)	Mr D Loaney (c)
Mr D Loaney	Mr S Zipf
Mr D Hooker	Mr N Harris

(c) Designates the chairman of the committee

Corporate Governance

The directors of the Company support and have adhered to the principles of corporate governance and the Company's corporate governance statement is contained in the additional ASX information section of this annual report.

Signed in accordance with a resolution of the directors.



Denis Loaney
Chairman

Brisbane, 10 *Sept* 2003



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Independent audit report to members of Global Seafood Australia Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Global Seafood Australia Limited (the company), for the year ended 30 June 2003.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.



Independence

We are independent of the company and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion, the financial report of Global Seafood Australia Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Global Seafood Australia Limited at 30 June 2003 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Mark Hayward
Partner

Brisbane

10 September 2003

Global Seafood Australia Limited
Statement of Financial Performance
Year ended 30 June 2003

	Notes	2003	2002
REVENUE FROM ORDINARY ACTIVITIES	2	40,198,473	52,526,960
Changes in inventories of finished goods and work in progress		(596,575)	520,228
Raw materials and consumables used		(36,788,678)	(49,677,676)
Depreciation and amortisation expenses	3	(712,858)	(599,667)
Provision for diminution of intangibles	3	(5,541,757)	0
Borrowing costs expense	3	(463,347)	(588,093)
Salaries and employee benefits expense		(1,624,323)	(1,820,942)
Other expenses from ordinary activities		(1,900,067)	(2,386,984)
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(7,431,132)	(2,026,174)
INCOME TAX (EXPENSE) / BENEFIT RELATING TO ORDINARY ACTIVITIES	4	28,320	56,485
PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		(7,402,812)	(1,969,689)
NET PROFIT / (LOSS) ATTRIBUTABLE TO MEMBERS OF GLOBAL SEAFOOD AUSTRALIA LIMITED	17	(7,402,812)	(1,969,689)
Share issue costs	16(b)	(28,340)	0
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO MEMBERS OF GLOBAL SEAFOOD AUSTRALIA LIMITED AND RECOGNISED DIRECTLY IN EQUITY		(28,340)	0
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF GLOBAL SEAFOOD AUSTRALIA LIMITED		(7,431,152)	(1,969,689)
Basic earnings per share (cents per share)		(45.2)	(14.1)
Diluted earnings per share (cents per share)		(45.2)	(14.1)

Global Seafood Australia Limited
Statement of Financial Position
At 30 June 2003

	Notes	2003	2002
CURRENT ASSETS			
Cash assets		20,511	254,179
Receivables	6	3,534,137	2,847,359
Inventories	7	9,514,710	10,333,197
Other	8	393,582	306,829
TOTAL CURRENT ASSETS		<u>13,462,940</u>	<u>13,741,564</u>
NON-CURRENT ASSETS			
Investments at cost	9	1,273,622	1,256,122
Property, plant and equipment	10	2,086,398	2,300,595
Deferred tax assets	4	187,428	159,108
Intangible assets	11	0	5,855,965
TOTAL NON-CURRENT ASSETS		<u>3,547,448</u>	<u>9,571,790</u>
TOTAL ASSETS		<u>17,010,388</u>	<u>23,313,354</u>
CURRENT LIABILITIES			
Payables	12	4,332,820	2,433,396
Interest bearing liabilities	13	7,711,445	9,197,587
Current tax liabilities	4	6,257	25,024
Provisions	14	177,224	231,965
TOTAL CURRENT LIABILITIES		<u>12,227,746</u>	<u>11,887,972</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4	0	6,257
Interest bearing liabilities	15	459,302	470,183
TOTAL NON-CURRENT LIABILITIES		<u>459,302</u>	<u>476,440</u>
TOTAL LIABILITIES		<u>12,687,048</u>	<u>12,364,412</u>
NET ASSETS		<u>4,323,340</u>	<u>10,948,942</u>
EQUITY			
Contributed equity	16	13,685,313	12,908,103
Retained profits	17	(9,361,973)	(1,959,161)
TOTAL EQUITY		<u>4,323,340</u>	<u>10,948,942</u>

Global Seafood Australia Limited**Statement of Cash Flows**

Year ended 30 June 2003

	Notes	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		39,478,831	54,669,230
Payments to suppliers and employees		(38,311,614)	(53,323,212)
Income tax paid		(25,024)	(150,875)
Interest received		13,450	2,364
Borrowing costs		(463,347)	(588,093)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	18(a)	<u>692,296</u>	<u>609,414</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(113,558)	(395,935)
Acquisition of investments		(17,500)	(199,770)
Proceeds from sale of plant and equipment		14,457	258,916
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		<u>(116,601)</u>	<u>(336,789)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from directors related entity	27(c)	0	2,800,000
Repayment of directors related entity	27(c)	0	(2,800,000)
Proceeds from borrowings		245,919	111,007
Repayment of borrowings		(119,424)	(1,860,500)
Finance lease principal		(127,958)	(188,340)
Proceeds from issue of ordinary shares		777,210	0
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		<u>775,747</u>	<u>(1,937,833)</u>
NET INCREASE/(DECREASE) IN CASH HELD		1,351,442	(1,665,208)
Add opening cash brought forward		<u>(3,741,091)</u>	<u>(2,075,883)</u>
CLOSING CASH CARRIED FORWARD	18(b)	<u><u>(2,389,649)</u></u>	<u><u>(3,741,091)</u></u>

Global Seafood Australia Ltd**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 30 June 2003****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of Accounting**

The financial statements have been prepared in accordance with the historical cost convention.

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act, Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The accounting policies adopted are consistent with those of the previous year.

Foreign Currencies*Translation of foreign currency transactions*

Transactions in foreign currencies of the Company are converted to local currency at the rate of exchange ruling at the date of the transaction or where foreign currency hedges have been taken against the transactions at the rate of exchange of the hedge.

Amounts payable to and by the Company that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial period or where foreign currency hedges have been taken against the outstandings at the rate of exchange of the hedge.

Income Taxes

The Company adopts the liability method of tax effect accounting. Income tax expense is calculated on the operating profit adjusted for permanent differences between taxable income and accounting income. The tax effect of timing differences which arise from items brought to account in different periods for income tax and accounting purposes is carried forward in the balance sheet as a future income tax benefit or a deferred tax liability. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain to be realised.

Goods and Services Tax

GST received from customers is included in cash flows from customers. GST paid on supplies is included in payments to suppliers and employees. GST on acquisitions of plant and equipment is included in payment to suppliers and employees. GST paid to the Australian Tax Office is included in payments to suppliers. GST is not included in revenue and expenses and is included in receivables and payables.

Global Seafood Australia Ltd
NOTES Continued
30 June 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials - purchase cost on a first-in-first-out basis; and
- Finished goods and work in progress - cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.

Recoverable Amount

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down.

Discounted cash flows have not been used in determining recoverable amounts.

Investments

Investments in fishing permits are carried at the lower of cost and recoverable amount.

There has been no material movement in the value of these investments since acquisition.

Property, Plant and Equipment

Property, plant and equipment are carried at historic cost values.

Depreciation on property plant and equipment has been provided using the diminishing value method so as to write off the value of the asset over its estimated useful life. The rates of depreciation for major classes of assets are be as follows:

	2003	2002
• Plant and Equipment	3 to 10 years	3 to 10 years
• Leasehold Improvements	10 years	10 years

Intangibles

Brand Names

The directors have reviewed the policy regarding writing down the value of the brand names after taking into account all factors together with the requirements of the Corporations Act and Applicable Accounting Standards applying to this class of assets.

The directors have resolved that brand names are to be written down to nil in the current year.

Global Seafood Australia Ltd
NOTES Continued
30 June 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Intangibles continued

Goodwill

The directors have reviewed the policy regarding writing down the value of goodwill after taking into account all factors together with the requirements of the Corporations Act and Applicable Accounting Standards applying to this class of assets.

The directors have resolved that goodwill is to be written down to nil in the current year.

Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Finance Leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Company are capitalised at the present value of the minimum lease payments and disclosed as plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to profit and loss.

Provisions

Provisions are recognised when the Company has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Global Seafood Australia Ltd
NOTES Continued
30 June 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Revenue Recognition continued

Sale of Goods

Control of goods has passed to the buyer.

Rendering of services

Where the contract outcome can be reliably measured, control of the right to be compensated for the services and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of the total estimated labour hours for each contract.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include salaries and wages, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave, and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of the future cash outflows, the market yield as at reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues arising in respect of the following categories:

- Wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- Other types of employee benefits

are recognised against profits on a net basis in their respective categories.

There is no material impact of the revised Accounting Standard AASB 1028 on the Company.

Earnings per Share

Basic earnings per share is determined by dividing the operating profit after tax by the weighted average number of ordinary shares outstanding during the financial period.

Comparatives

Where necessary comparatives have been reclassified and repositioned for consistency with current year disclosures.

Global Seafood Australia Limited**Notes continued****30 June 2003**

	Notes	2003	2002
2 REVENUE FROM ORDINARY ACTIVITIES			
Revenue from operating activities			
Revenue from sale of goods		39,695,373	52,255,106
Revenue from services		392,236	151,401
Total revenues from operating activities		<u>40,087,609</u>	<u>52,406,507</u>
Revenue from non-operating activities			
Rent		78,000	27,000
Interest			
- other parties		13,450	2,364
		<u>91,450</u>	<u>29,364</u>
Proceeds from sale of non-current assets		17,414	91,089
Total revenues from non-operating activities		<u>108,864</u>	<u>120,453</u>
Total revenues from ordinary activities		<u>40,196,473</u>	<u>52,526,960</u>
3 EXPENSES AND LOSSES/(GAINS)			
(a) Expenses			
Cost of goods sold		37,135,253	48,066,893
Individually significant item - provision for stock		250,000	1,090,555
Total cost of goods sold		<u>37,385,253</u>	<u>49,157,448</u>
Depreciation of non-current assets			
Plant and equipment		269,335	306,833
Leasehold improvements		1,587	1,763
Plant and equipment under lease		127,728	146,863
Total depreciation of non-current assets		<u>398,650</u>	<u>455,459</u>
Amortisation of non-current assets			
Goodwill		144,208	144,208
Brand name		170,000	0
Total amortisation of non-current assets		<u>314,208</u>	<u>144,208</u>
Total depreciation and amortisation expenses		<u>712,858</u>	<u>599,667</u>
Provision for diminution of intangibles			
Goodwill		2,311,757	0
Brand name		3,230,000	0
Total Provision for diminution of intangibles		<u>5,541,757</u>	<u>0</u>
Borrowing costs expenses			
Interest expense			
- Related parties	27(c)	0	94,991
- Other parties		412,737	439,591
Finance lease		50,610	53,511
Total borrowing costs		<u>463,347</u>	<u>588,093</u>
Total borrowing costs expensed		<u>463,347</u>	<u>588,093</u>
Bad and doubtful debts - trade debtors		35,996	93,820
Operating lease rental		580,564	593,239
(b) Losses/(Gains)			
Net loss/(gain) on disposal of property, plant and equipment		4,198	57,385
Net foreign currency (gains)/losses		(93,567)	164,331

Global Seafood Australia Limited**Notes continued****30 June 2003****Notes 2003 2002****4 INCOME TAX**

The prima facie tax, using tax rates applicable (2003: 30%, 2002: 30%) in the country of operation, on operating profit differs from income from income tax provided in the financial statements as follows:

Prima facie tax on profit from ordinary activities	(2,229,340)	(607,852)
Tax effect of permanent differences		
Amortisation of intangible assets	94,262	43,262
Recoverable amount write-down expense	1,662,527	0
Over provision from previous year	0	(23,578)
Timing differences / tax losses not tax effected ^	443,607	514,045
Adjustment to opening FITB for change in tax note ^	0	19,024
Other items (net)	624	(1,386)

Income tax expense/(benefit) attributable to ordinary activities	<u>(28,320)</u>	<u>(56,485)</u>
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Deferred tax assets and liabilities

Deferred income tax payable - current	6,257	25,024
Deferred income tax payable - non-current	0	6,257
Future income tax benefit	187,428	159,108

Income tax losses

Future income tax benefit arising from tax losses not recognised at reporting date as realisation of the benefit is not regarded as virtually certain.

	<u>815,913</u>	<u>199,868</u>
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The future income tax benefit will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

^: No future income tax benefit has been recorded for tax losses or movements in stock provisions

5 DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES**(a) Franking credit balance**

The amount of franking credits available for the subsequent financial year are:

- franking account balance as at the end of the financial year	0	330,324
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	0	0
- franking debits that will arise from the payment of dividends as at the end of the financial year	0	0
- franking credits that the Company may be prevented from distributing in the subsequent financial year	0	(330,324)
	<u>0</u>	<u>0</u>

Global Seafood Australia Limited**Notes continued****30 June 2003**

	Notes	2003	2002
6 RECEIVABLES (CURRENT)			
Trade debtors		3,703,457	3,003,135
Provision for doubtful debts		<u>(169,320)</u>	<u>(155,776)</u>
		<u>3,534,137</u>	<u>2,847,359</u>
(a) Related party receivables			
Directors and director-related entities			
- director-related	27	<u>472,656</u>	<u>30,333</u>
<i>Movements in provision for doubtful debts</i>			
- Bad debts written off during the period		22,452	69,223
- Bad and doubtful debts provided for during the period		<u>(35,996)</u>	<u>(93,820)</u>
		<u>(13,544)</u>	<u>(24,597)</u>
7 INVENTORIES (CURRENT)			
Raw materials and stores			
At cost		4,284,850	4,506,762
Finished goods			
At cost		5,747,697	6,916,990
Provision for diminution in value		<u>(517,837)</u>	<u>(1,090,555)</u>
		<u>9,514,710</u>	<u>10,333,197</u>
8 OTHER CURRENT ASSETS			
Prepayments		<u>393,582</u>	<u>306,829</u>
		<u>393,582</u>	<u>306,829</u>
9 INVESTMENTS			
Investments in fishing permits at cost		1,256,122	1,256,122
Investments in Qld Sea Scallop Co. Ltd at cost		<u>17,500</u>	<u>0</u>
		<u>1,273,622</u>	<u>1,256,122</u>

Global Seafood Australia Limited**Notes continued****30 June 2003**

	Notes	2003	2002
10 PROPERTY, PLANT AND EQUIPMENT			
<i>Plant and Equipment</i>			
At cost	10(a)	2,523,482	2,465,587
Accumulated depreciation		<u>(1,073,404)</u>	<u>(828,698)</u>
		<u>1,450,078</u>	<u>1,636,889</u>
<i>Leasehold Improvements</i>			
At cost	10(a)	17,928	17,928
Accumulated amortisation		<u>(3,648)</u>	<u>(2,062)</u>
		<u>14,280</u>	<u>15,866</u>
<i>Leased Plant & Equipment</i>			
At cost	10(a)	990,754	901,204
Accumulated amortisation		<u>(381,092)</u>	<u>(253,364)</u>
		<u>609,662</u>	<u>647,840</u>
Construction In Progress At Cost		12,378	0
Total property, plant and equipment		<u>2,086,398</u>	<u>2,300,595</u>

(a) Assets pledged as security

The Company has granted a fixed and floating charge over all the plant and equipment as security for the bank loans and overdraft.

Assets under lease are pledged as security for the associated lease liabilities.

(b) Reconciliations*Plant and equipment*

Carrying amount at beginning	1,636,889
Additions	101,179
Disposals	(18,655)
Depreciation Expense	<u>(269,335)</u>
	<u>1,450,078</u>

Leasehold Improvements

Carrying amount at beginning	15,866
Depreciation Expense	<u>(1,586)</u>
	<u>14,280</u>

Leased Plant & Equipment

Carrying amount at beginning	647,840
Additions	89,550
Depreciation Expense	<u>(127,728)</u>
	<u>609,662</u>

Global Seafood Australia Limited**Notes continued****30 June 2003**

	Notes	2003	2002
11 INTANGIBLE ASSETS			
Brand Names - at cost	1	3,400,000	3,400,000
Accumulated amortisation		(170,000)	0
Provision for diminution		(3,230,000)	0
		<u>0</u>	<u>3,400,000</u>
Goodwill at cost	1	2,884,139	2,884,139
Accumulated amortisation		(572,382)	(428,174)
Provision for diminution		(2,311,757)	0
		<u>0</u>	<u>2,455,965</u>
		<u>0</u>	<u>5,855,965</u>

12 PAYABLES (CURRENT)

Trade creditors	12 (a)	2,704,138	1,904,756
Customer deposits		1,039,541	0
Other creditors		582,310	520,029
Goods and services tax		6,831	8,611
		<u>4,332,820</u>	<u>2,433,396</u>

Aggregate amount payable to related parties:

Directors and director-related entities

- director-related	27	<u>715,050</u>	<u>0</u>
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13 INTEREST BEARING LIABILITIES (CURRENT)

Lease liabilities	13 (a), 19	136,783	164,310
Insurance Premium Finance	13(a)	164,502	111,007
Borrowings secured by floating charge			
- bank overdraft	13 (a), 29	2,410,160	3,995,270
- bank loans	13 (a), 29	<u>5,000,000</u>	<u>4,927,000</u>
		<u>7,410,160</u>	<u>8,922,270</u>
		<u>7,711,445</u>	<u>9,197,587</u>

(a) Terms and conditions relating to the above financial instruments

- (i) Finance leases have an average lease term of 4 years with the option to purchase the asset at the completion of the lease term at an agreed value. The average discount rate implicit in the lease is 8.1% (2002 8.1%). Lease liabilities are secured by a charge over the leased assets.
- (ii) Bank loans are subject to annual review and are repayable on demand subject to the review. The loans are secured by a floating charge over the assets of the Company. Interest is charged at an average rate of 6.71% (2002 6.29%) and is based on the Bank's bill rate and overdraft rate plus a margin of 1.25%.
- (iii) Insurance premium finance relates to loan from unrelated party paid monthly with final installment due on 30/04/2003. Interest is charged monthly at a rate of 4.64% (2002 4.78).

14 PROVISIONS (CURRENT)

Employee benefits	20	<u>177,224</u>	<u>231,965</u>
		<u>177,224</u>	<u>231,965</u>

Global Seafood Australia Limited
Notes continued
30 June 2003

	Notes	2003	2002
15 INTEREST-BEARING LIABILITIES (NON-CURRENT)			
Lease liabilities	15 (a), 29	459,302	470,183
		<u>459,302</u>	<u>470,183</u>

(a) Terms and conditions relating to the above financial instruments

- (i) Finance leases have an average lease term of 4 years with the option to purchase the asset at the completion of the lease term at an agreed value. The average discount rate implicit in the lease is 8.1% (2002 8.1%). Lease liabilities are secured by a charge over the leased assets.

16 CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares fully paid	16(c)	13,685,313	12,908,103
		<u>13,685,313</u>	<u>12,908,103</u>

(b) Movements in shares issue

	2003		2002	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial year	14,000,000	12,908,103	14,000,000	12,908,103
Issued during the year				
- employee share scheme	320,000	64,000	-	-
- public equity raising	3,939,048	741,550	-	-
less transaction costs		(28,340)	-	-
End of the financial year	<u>18,259,048</u>	<u>13,685,313</u>	<u>14,000,000</u>	<u>12,908,103</u>

(c) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

17 RETAINED PROFITS (LOSSES)

Balance at the beginning of year	(1,959,161)	10,528
Net profit / (loss) attributable to members of Global Seafood Australia Limited	<u>(7,402,812)</u>	<u>(1,969,689)</u>
Total available for appropriation	(9,361,973)	(1,959,161)
Dividends provided for or paid	<u>0</u>	<u>0</u>
Balance at end of year	<u>(9,361,973)</u>	<u>(1,959,161)</u>

Global Seafood Australia Limited
Notes continued
30 June 2003

	Notes	2003	2002
18 STATEMENT OF CASH FLOWS			
(a) Reconciliation of the operating profit after tax to the net cash flows from operations			
Profit from ordinary activities after tax		(7,402,812)	(1,969,689)
Depreciation of non-current assets		398,650	455,459
Amortisation of non-current assets		314,208	144,208
Provision for diminution of intangibles		5,541,757	0
Net (Profit)/Loss on sale of plant and equipment		4,198	57,385
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		(686,778)	2,235,723
(Increase)/decrease in inventory		818,487	1,526,859
(Increase)/decrease in future income tax benefit		(28,320)	(32,907)
(Increase)/decrease in prepayments		(86,753)	(231,556)
(Decrease)/increase in trade creditors		799,382	(1,167,171)
(Decrease)/increase in customer deposits		1,039,541	0
(Decrease)/increase in other creditors		82,281	(243,510)
(Decrease)/increase in GST payable		(1,780)	2,838
(Decrease)/increase in employee benefits		(54,741)	12,483
(Decrease)/increase in tax provision		(18,767)	(186,965)
(Decrease)/increase in deferred tax liability		(6,257)	6,257
Net cash flows from / (used in) operations activities		<u>692,296</u>	<u>609,414</u>
(b) Reconciliation of cash			
- Cash on hand		20,511	254,179
- Bank overdraft		<u>(2,410,160)</u>	<u>(3,995,270)</u>
Closing cash balance		<u>(2,389,649)</u>	<u>(3,741,091)</u>
(c) Financing facilities available			
At balance date, the following financing facilities had been negotiated and were available:			
Bank overdraft and loans		7,601,000	8,787,500
Facilities used at balance date			
Bank overdraft and loans		7,410,160	8,922,270
(d) Non-cash Financing and Investing Activities			
<i>Finance Lease Transactions</i>			
During the financial period the Company acquired plant and equipment with an aggregate fair value of \$89,550 (2002: \$77,790) by means of finance leases.			

Global Seafood Australia Limited
Notes continued
30 June 2003

	Notes	2003	2002
19 EXPENDITURE COMMITMENTS			
(a) There are no capital expenditure commitments contracted for at balance date			
(b) Lease expenditure commitments			
<i>(i) Operating Leases</i>			
19(c)			
Minimum lease payments			
- no later than one year		842,830	667,240
- later than one year and no later than five years		3,506,666	2,668,900
- later than five years		1,677,394	2,150,100
Aggregate lease expenditure contracted for at balance date		<u>6,026,890</u>	<u>5,486,240</u>
<i>(ii) Finance Leases</i>			
19(d)			
- no later than one year		180,315	208,310
- later than one year and no later than five years		516,402	548,192
- total minimum lease payments		696,717	756,502
- future finance charges		(100,632)	(122,009)
- lease liability		<u>596,085</u>	<u>634,493</u>
- current liability	13	136,783	164,310
- non-current liability	15	459,302	470,183
		<u>596,085</u>	<u>634,493</u>
(c) Operating leases refer to the Company's main production facility and Tuna Wharf at Morningside. The Company entered into a ten year lease for premises in April 2001. In February 2002, the Company signed a 5 year agreement for the lease of Tuna Wharf facility commencing in September 2003.			
(d) Finance leases refer to lease of plant and equipment and motor vehicles predominantly at the Company's main processing facility and where the Company retains control and responsibility for the items. The leases have been taken out for periods of 2, 3 and 5 years.			

Global Seafood Australia Limited

Notes continued

30 June 2003

	Notes	2003	2002
20 EMPLOYEE BENEFITS			
Accrued wages, salaries and on costs		278,497	150,074
Provisions (current)		177,223	231,965
		<u>455,720</u>	<u>382,039</u>

21 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities that require disclosure in this report.

22 SUBSEQUENT EVENTS

The directors are not aware of any events subsequent to balance date which would have a material impact on the results of the Company for the financial period.

23 EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic earnings per share:

Net Profit / (Loss)	(7,402,812)	(1,969,689)
Earnings used in calculating basic and diluted earnings per share	<u>(7,402,812)</u>	<u>(1,969,689)</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share:	16,380,167	14,000,000
Adjusted weighted average number of ordinary shares used in calculating basic earnings per share	<u>16,380,167</u>	<u>14,000,000</u>

24 REMUNERATION OF DIRECTORS

Income paid or payable, or otherwise made available, in respect of the financial period, to all directors of Global Seafood Australia Ltd, directly or indirectly, from the entity or any related party :

	<u>416,481</u>	<u>568,837</u>
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The number of directors of Global Seafood Australia whose income during the financial period (including superannuation contributions) falls within the following bands is:

	Number	Number
\$0 - \$9,999	1	-
\$20,000 - \$29,999	2	1
\$40,000 - \$49,999	1	1
\$120,000 - \$129,999	-	1
\$130,000 - \$139,999	1	-
\$150,000 - \$159,999	-	1
\$180,000 - \$189,999	1	-
\$220,000 - \$229,999	-	1

Global Seafood Australia Limited**Notes continued****30 June 2003****Notes****2003****2002****25 REMUNERATION OF EXECUTIVES**

Remuneration received or due and receivable by executive officers of Global Seafood Australia Limited whose remuneration is \$100,000 or more, from the Company or a related party, in connection with the management of the affairs of the Company whether as an executive officer or otherwise:

	311,548	592,436
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The number of executives of Global Seafood Australia whose remuneration falls within the following bands:

\$120,000 - \$129,999	-	1
\$130,000 - \$139,999	1	-
\$150,000 - \$159,999	-	1
\$180,000 - \$189,999	1	-
\$220,000 - \$229,999	-	1

26 AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditors of the Company for the financial period:

- Audit of the financial report of the entity	49,000	32,500
- other services	10,133	25,666
	<u>59,133</u>	<u>58,166</u>

27 RELATED PARTY DISCLOSURES

(a) The directors of the Company during the financial year were:

Denis Looney - Chairman

Karl Schlobohm

Serena Zipf

Neal Harris

David Hooker

Allen Wu (Appointed 21 February 2003)

(b) Interests in the shares of the Company

As at the date of this report the relevant interests of each Director in the share capital of the Company as notified by the Directors in accordance with Section 235(1) of the Corporations Act are as follows:

Equity Instruments of directors**Interests at balance date**

Interests in the equity instruments of Global Seafood Australia Limited held by the directors and their director-related entities:

Director	Ordinary Shares Fully Paid	
Neal Harris	1,936,785	1,686,785
David Hooker	901,537	224,734
Karl Schlobohm	119,500	6,000
Denis Looney	250,000	0
Allen Wu	1,060,000	0

Global Seafood Australia Limited
Notes continued
30 June 2003

27 RELATED PARTY DISCLOSURES (continued)

Movements in directors' equity holdings

Mr D Looney acquired 100,000 ordinary shares at \$0.10 per share in an off market transaction.

Mr B Hooker sold 100,000 ordinary shares at \$0.10 per share in an off market transaction and Mr K Schlobohm acquired the shares.

Wu Superannuation an entity Mr Allen Wu has a direct interest in was issued 1,050,000 ordinary shares at a price of \$0.20 in accordance with a directors resolution. At the time of the issue Mr Wu was not a director of the Company.

In accordance with a resolution passed at a general meeting of the Company on 18 December 2002 Mr N Harris was issued 250,000 shares at \$0.20 per share and Mr D Looney was issued 150,000 shares at \$0.20 per share.

Director related entity transactions

Mrs S Hooker acquired 400,000 ordinary shares at \$0.10 per share in an off market transaction.

Mr B Hooker acquired 500,000 ordinary shares at \$0.10 per share in an off market transaction.

There have been no other transactions concerning equity instruments during the financial year with directors or their director-related entities.

All equity dealings with directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arms length.

Company trading with Directors or related entities

Ms Zipf is a principal in Rocky Point prawn farm a company who traded with the Company during the year. All transactions between Rocky Point and the Company were on a commercial arms-length basis and included service fees from the Company to Rocky Point amounting to \$204,761 for contract processing and raw materials purchased by the Company from Rocky Point amounting to \$384,650.

Mr Wu is a principal in Aquastar a company who traded with the Company during the year. All transactions between Aquastar and the Company were on a commercial arms-length basis and included sales from the Company to Aquastar amounting to \$367,840 and raw materials purchased by the Company from Aquastar amounting to \$967,328.

Mr Looney is a principal in Corporate Context a company who carried out marketing analysis and consulting services on behalf of the Company during the year. An amount of \$30,000 was paid to Corporate Context for these services in 2002/2003.

There have been no other related party transactions during the financial year.

(c) Loan

In the prior year, Vanwater Pty Ltd (a company owned by former director James Lu) provided loans amounting to \$2,800,000. The loans were totally repaid during the prior year with interest paid amounting to \$94,991. Interest on the loan was charged at 8.0%.

28 SEGMENT INFORMATION

During the financial year the Company operated wholly within Australia, predominantly in the process of frozen and chilled seafood.

29 FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

The Company's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

- Trade debtors.

Carried at nominal amounts due less any provision for doubtful debts. Credit sales are on COD, 7 days or 30 day terms.

- Trade creditors.

Carried at nominal amounts due. Credit purchases are on 7 day or 30 day terms.

Global Seafood Australia Limited
Notes continued
30 June 2003

29 FINANCIAL INSTRUMENTS (continued)

(a) Terms, conditions and accounting policies (continued)

- Bank overdrafts.

The bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues. Interest is charged at the bank's benchmark rate. The bank holds a fixed and floating charge over the assets of the Company as security over the borrowing.

- Bank loans.

The bank loans are carried at the principal amount. Interest is charged as an expense as it accrues. Interest is charged at the bank's bill rate plus a margin of 1.25%. The loans are part of overall facilities provided by the bank and are reviewed on an annual basis. The loans generally have maturity dates of between one and three months. The bank holds a fixed and floating charge over the assets of the Company as security over the borrowing.

- Finance Leases.

Carried at the present value of future cash flows. Finance leases are taken out over 2, 3 and 5 year terms with a residual value determined by the type of asset and likely market value of the asset at the expiration of the lease. The lessors holds a charge over the leased assets.

- Ordinary share capital

Recognised at the fair value of the consideration received. Share raising costs have been recognised as a reduction in equity. Details of shares issued are set out in Note 16.

- Foreign Exchange contracts.

The company enters into forward exchange contracts where it agrees to purchase specified amounts of foreign currency in the future at predetermined exchange rates. The objective is to match the contract with anticipated future cash flows from sales and purchases in foreign currencies to protect the entity against future exchange rate fluctuations. The forward exchange contracts are usually for no longer than one month. It is the company's policy to not recognise the unrealised profit or loss on forward exchange contracts in its financial statements.

(b) Interest rate risk

- Bank Overdraft

Interest is charged at the bank's benchmark rate. The weighted average interest rate for the year was 8.85%.

- Bank Loans

Interest is charged at the bank's bill rate plus a margin of 1.25%. The weighted average interest rate for the year was 6.29%.

- Finance Leases.

Interest rates on finance leases are determined by the market rate applying at the time the leases are taken out. The weighted average interest rate for the year was 8.1%.

(c) Net fair values

The aggregate carrying values of financial assets and financial liabilities recognised at the balance date approximates the net fair values.

(d) Credit risk exposures

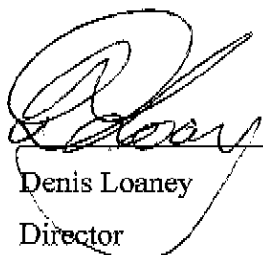
The company's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

Global Seafood Australia Limited
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of the Global Seafood Australia Ltd, I state that in the opinion of the directors –

- (a) the financial statements and notes of the Company are in accordance with Corporations Act 2001, including:
- (i) giving a true and fair view of the Company's financial position as at 30 June 2003 and of its performance for the period ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Denis Loaney
Director

Brisbane 10 Sep/2003