

Ocean Grown Abalone Limited

Appendix 4E

Preliminary final report

Name of Entity	Ocean Grown Abalone Limited
ABN:	52 148 155 042
Current Reporting Period	30 June 2020
Previous Reporting Period	30 June 2019

The following information is provided to the ASX under listing rule 4.3A. The Appendix 4E should be read in conjunction with the annual report of Ocean Grown Abalone Limited for the year ended 30 June 2020.

Results for announcement to the market

Item 1

Operating Performance				2020
				\$
Revenue from ordinary activities ¹	Down	14%	to	4,286,461
EBITDA	Down	280%	to	(5,045,188)
EBIT	Down	358%	to	(5,806,617)
Profit/(Loss) from ordinary activities before tax attributable to members	Down	358%	to	(5,805,552)
Profit/(Loss) from ordinary activities after tax attributable to members	Down	601%	to	(4,566,085)

¹ Includes R&D Tax Incentive of \$1,291,996 (2019: \$1,578,886)

Item 2

Dividends

It is not proposed to pay dividends.

There are no dividend or distribution reinvestment plans in operation and there has been no dividend or distribution payments during the financial year ended 30 June 2020.

Item 3 – Brief Explanation

Comment in respect to results announced to market

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

Item 4

Statement of comprehensive income

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

Item 5

Statement of financial position

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

Item 6

Statement of cash flows

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

Item 7

Statement of changes in equity

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

Item 8

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

Not applicable.

Item 9

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

Not applicable.

Item 10

Net Tangible Assets	Financial Year ended 30 June			
	2020	2019	Movement	Movement
	\$	\$	\$	%
Net tangible assets per security for Group	0.076	0.099	(0.023)	(23)

Item 11

Control Gained or Lost Over Entities Having Material Effect

No acquisitions or disposals for the year ended 30 June 2020.

Item 12

Details of Associates and Joint Venture Entities

Controlled Entities and Joint Ventures	Ownership interest as at	
	30 June 2020	30 June 2019
	%	%
Parent Entity: Ocean Grown Abalone Limited		
Controlled entities:		
Ocean Grown Abalone Operations Pty Ltd	100	100
Two Oceans Abalone Pty Ltd	100	100
Wylie Bay Abalone Pty Ltd	66.67	66.67
Ocean Grown Abalone Wylie Bay Pty Ltd	100	100

All companies are incorporated in Australia

Item 13

Other Significant Information

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

Item 14

Accounting Standards for Foreign Entities

Not applicable.

Item 15

Commentary on the results for the Financial Year

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

Item 16

Compliance Statement

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

The accompanying annual financial report of Ocean Grown Abalone Limited for the year ended 30 June 2020 had been audited by BDO Audit (WA) Pty Ltd. Refer to the 30 June 2020 Annual report for the independent auditor's report provided to the members of Ocean Grown Abalone Limited. Refer to paragraph *Accounting for Biological Assets* for key audit matter.



Ocean Grown Abalone Limited
ACN 148 155 042

2020 ANNUAL REPORT

For The Year Ended 30 June 2020

OCEAN GROWN ABALONE LIMITED

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OCEAN GROWN ABALONE LIMITED

CORPORATE DIRECTORY

Directors

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

Company Secretary

Romolo Santoro

Registered Office

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

Principal Place of Business

Augusta Boat Harbour
Leeuwin Road
Augusta WA 6290

Auditors

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

Australian Securities Exchange

ASX Code Ordinary Shares: OGA

Share Registry

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

OCEAN GROWN ABALONE LIMITED

DIRECTORS' REPORT

The Directors present the financial report for Ocean Grown Abalone Limited (the **Company** or **OGA**) and its subsidiaries (the **Consolidated Group**) for the year ended 30 June 2020.

DIRECTORS

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

- Peter Harold Non-Executive Chairman
- Bradley (Brad) Adams Managing Director
- Ignazio (Ian) Ricciardi Non-Executive Director (appointed 1 November 2019)
- Danielle Lee Non-Executive Director

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

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

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

Special responsibilities:

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

Other Public Company Directorships held in the past 3 years:

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

Mr Brad Adams Managing Director - BSc(Biology), G.Dip(Aqua) MBA

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

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

Special responsibilities:

- Member of the Remuneration and Nomination Committee

Other Public Company Directorships held in the past 3 years:

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

OCEAN GROWN ABALONE LIMITED

DIRECTORS' REPORT

Mr Ian Ricciardi (Appointed on 1 November 2019)
Non-Executive Director

Ian has been involved in the Western Australian Fishing Industry since 1975. Ian has worked on and operated prawn trawlers in Shark Bay, Gulf of Carpentaria and Kimberly Prawn Fisheries. Ian also has interests in the South West Trawl Fishery, through One Sea Pty Ltd – Rottneest Island Scallop. The Ricciardi Family built and operated an Export Food Processing Facility in North Coogee and holds 50% interest in Fremantle City Coldstores. Ian held the position of President of Shark Bay Prawn Association for 10 years and has significant experience in WA Fisheries-related processes.

Special responsibilities:

- Member of the Audit and Risk Committee

Other Public Company Directorships held in the past 3 years:

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

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

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

Special responsibilities:

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

Other Public Company Directorships held in the past 3 years:

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

DIRECTORS' INTERESTS

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

Director	Shares	Options	Performance Rights
Peter Harold	135,000	1,500,000 ¹	-
Danielle Lee	-	1,000,000 ¹	-
Brad Adams	6,826,055	-	4,000,000 ²
Ian Ricciardi	16,521,127	-	-

NOTE:

- ¹ These Options are Series C Options and have an exercise price of 44 cents and an expiry date of 30 September 2021.
- ² Refer to KMP Performance Rights for B Adams in the Remuneration Report (Audited) for further detail.

COMPANY SECRETARY

Romolo Santoro
BAppSc, BBus, CA, MBA, AGIA, ACIS, Chartered Secretary

Mr Santoro is an experienced executive with a broad range of experience in commercial developments, corporate governance and company administration having worked for a number of ASX listed and other companies over a broad range of industries. Mr Santoro is a Member (ACA) of the Institute of Chartered Accountants Australia and New Zealand, an Associate Member of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators/Chartered Secretary and Graduate of the Australian Institute of Company Directors. Mr Santoro has worked with the Company as Chief Financial Officer since October 2017 and Company Secretary from 30 November 2018 and is well placed to assist the Company in its ongoing development.

OCEAN GROWN ABALONE LIMITED

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Group during the course of the financial year were the development of its sea ranching hardware design and processes that allows for near-shore aquaculture (**Ranching**). The Company has focused its attention on optimizing its operating activities in Flinders Bay WA, which included the completion and opening of its export seafood processing facility.

The location of the new processing facility in the Augusta boat harbour has enabled operational efficiencies with diving operations and increased processing capacity.

The new processing facility has increased the capability to value-add to abalone product development, including the supply of live abalone to export markets. Improvements in quality are also evident with shorter travel distances to deliver harvested abalone for processing and improved processing techniques, combined this is anticipated to result in increases in processing recovery rates.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The Group's major activities for the year were:

- harvesting of abalone from the Flinders Bay ranch;
- maintenance of existing reefs, including re-seeding of juvenile abalone to sustain future harvest production;
- establishing the new processing facility and implementation processing systems and processes;
- optimisation of existing operations to increase future yields;
- ranching technology development, for use in future developments and application at existing operating locations;
- development of export supply chains into Asia;
- capital raising activities via rights issue; and
- completion of a concept design study for hatchery and grow-out facility in Esperance.

The sales revenue generated from production was \$2,529,832 for the year ended 30 June 2020, (2019: \$3,059,756).

Operating loss before tax for the year ended 30 June 2020 amounted to \$5,805,552 (2019: Profit before tax of \$2,370,024). The net loss of the Group for the year, after provision for income tax, was \$4,565,020 (2019: Profit after tax \$1,033,625).

Operations

A total of 54.7 tonnes whole in shell equivalent (WWE) (2019: 55.0 tonnes) of abalone was harvested and the biomass increased by a further 12.5 tonnes to 247.1 tonnes at the end of June 2020 (2019: 234.6 tonnes).

Re-seeding of juvenile abalones continued throughout the financial year with a total of approximately 1,260,900 abalones restocked on the Flinders Bay reefs.

Diving operations were relocated to the new processing facility in the Augusta boat harbour during the financial year. This has resulted in improvements in diver utilisation, with shorter travel times and efficiency gains having equipment located at the harbour, and has reduced travel times for harvested product, translating into improved quality of the harvested abalone.

Sales totalled 48.4 tonnes WWE of abalone product during the year, which comprised individual quick frozen (IQF) meat product, live, retort pouch gift packs, canned, whole frozen product and abalone shells, with 40.2 tonnes WWE of product exported to customers mostly in Asian markets.

The COVID-19 pandemic has seen a change in market conditions for seafood products, impacting demand and prices, including OGA's products, which has adversely affected sales for the financial year, resulting in the Company modifying its sales strategy.

The Company has traditionally targeted the premium market segment for its abalone products, as a luxury item, with the onset of COVID-19, demand and prices have dropped for discretionary goods. Logistic services have become increasingly difficult to access for the seafood industry, including OGA, and where they are available, these have also attracted increased prices.

The Company has responded to the COVID-19 challenges, changing its sales and marketing strategy; focusing on domestic markets; collaborating with other export seafood industry participants, diversifying products produced; and expanding sales resource capacity.

At a cost level, OGA has either reduced or deferred expenditure, including the executive management and board reducing their remuneration, and there has been a reduction in the Company's total headcount.

During the financial year, a mortality anomaly was identified on the Company's oceanic reefs, and the Company undertook investigations to determine the cause and extent of the mortalities. Samples of abalones were analysed by the Western Australian Department of Primary Industries and Regional Development (DPIRD). They concluded that the cause of the

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DIRECTORS' REPORT

increased mortalities related to the combination of a warm water event with lower food availability due to a long period of low swells. There was no evidence of any disease. During the analysis period, the weather conditions improved with increased swells, bringing more food and lowering the water temperature over the leased area, resulting in mortalities subsiding.

The Company's new processing facility was handed over on 31 May 2019, and the fit-out was completed and became fully operational in November 2019. The new processing facility provides increased processing capacity for harvested abalones and enables further value-adding to abalone products, including live exports and other processed and packaged abalone products. The processing facility is an integral part of growing the business.

Esperance Development

During the financial year, the Company completed an independent Concept Design Study (Design Study) for the proposed development of a 500-tonne p.a. grow-out facility and hatchery with positive results.

The Design Study focused on determining the suitability of the Esperance Project Land (Land) to meet the Company's strategy of vertical integration and growth of existing ocean ranching operations by the development of a large-scale land-based abalone hatchery and grow-out facility (abalone hatchery) on the Land. Approximately \$450,000 has been spent on the Esperance development for the 2020 financial year, including expenditure on consultants and legal fees.

During this period of uncertainty due to COVID-19, OGA has put on hold any further material expenditure on its Esperance feasibility study, only working on approvals and deferring all other feasibility expenditure to future periods.

Corporate

During the financial year, the Company raised \$2,899,618 (before costs) via a fully underwritten rights issue.

On 1 November 2019, Ian Ricciardi resigned as Executive Director, he continued in his role in the Company as Non-Executive Director.

Following announcements by the World Health Organisation (WHO) declaring the spread of COVID-19 as a global pandemic in March 2020, the Company explored all government and commercial relief initiatives available including the JobKeeper, Payroll Tax relief and Australian Taxation Office (ATO) small business relief in the form of Cash Flow Boost.

Due to a downturn in sales revenue, the Company met selected criteria, qualifying for the Government's JobKeeper initiative, which has resulted in a direct cash injection of \$204,000 for the financial year for Ocean Grown Abalone and its subsidiaries. The JobKeeper has also allowed the Company to keep the majority of its permanent and casual positions.

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

COVID-19 relief measures included a waiver to payroll tax from March to June 2020 as well as a one-off grant of \$17,500 to be distributed in the first quarter of the 2021 financial year. The Office of State Revenue (OSR) also announced that the JobKeeper Payment Scheme would also be exempt from payroll tax.

Other commercial savings included a waiver for aquaculture licence and vessel pen fees in Augusta and Esperance totalling approximately \$29,000 and a deferral of aquaculture lease fees.

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

Although the global pandemic of COVID-19 has had an adverse impact to the business, key management has adapted and put in place strategies such as reducing discretionary spending, reducing the number of permanent positions no longer required and increasing the focus on domestic markets.

DIVIDEND PAID OR RECOMMENDED

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

As the Company's biomass continues to mature, OGA now has higher volumes available to supply into seafood markets, that are expected to continue to experience lower demand and prices in the near-term. The one benefit of the Company's abalone

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DIRECTORS' REPORT

business model is that the majority of its abalone can remain in the ocean, continuing to grow, in anticipation of improved market conditions.

The Company and many other seafood industry participants are also faced with increasing challenges in coordinating logistics, at higher than historical costs. However, OGA is actively exploring solutions to increase its sales, which includes using new methods to increase sales from collaborating with other seafood industry players and developing new domestic logistic solutions to provide economical access to OGA's products.

In November 2019, the Company offered non-renounceable pro-rata entitlement to 1 new share for every 8 shares held at an issue price of 13 cents per new share to raise \$2,899,618 to progress the Esperance feasibility study for the development of a hatchery and 500-tonne p.a. grow out facility. A total of 22,304,754 shares were issued in December 2019 to bring the total of issued ordinary shares to 200,742,780.

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

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

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2021.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021 financial year.

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

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

- continuing to manage its research and development activities in Augusta with the longer-term aim of achieving commercial operations;
- developing its local supply chains; and export supply chains into Asia, USA, and Europe; and
- further expanding the current Augusta operations and continue other trial and research programs at other sites around Australia, including Esperance (Wylie Bay ranch) and Esperance 500 tonnes p.a. abalone hatchery and grow out facility.

OPTIONS

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

Grant date	Expiry date	Exercise price	Number of options
1 Aug 2017	28 Dec 2020	\$0.30	8,807,452
1 Aug 2017	30 Sep 2021	\$0.39	10,039,450
1 Aug 2017	30 Sep 2021	\$0.44	2,500,000
		Total	21,346,902

All of these options remained outstanding at balance date.

OCEAN GROWN ABALONE LIMITED

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PERFORMANCE RIGHTS

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

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

All of these performance rights remained outstanding at balance date.

DIRECTORS' MEETINGS

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

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

Where:

column A is the number of meetings the Director was entitled to attend; and
column B is the number of meetings the Director attended.

* Attended meetings by invitation.

OCEAN GROWN ABALONE LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Ocean Grown Abalone Limited's key management personnel for the financial year ended 30 June 2020. The term 'key management personnel' ('KMP') refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Group, directly or indirectly, including any director (whether executive or otherwise) of the Consolidated Group.

KEY MANAGEMENT PERSONNEL

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

Non-Executive Directors	Position
Peter Harold	Chairman, Non-Executive Director
Ian Ricciardi	Non-Executive Director (appointed 1 November 2019 – Previously Executive Director)
Danielle Lee	Non-Executive Director
Executive officers	Position
Brad Adams	Managing Director
Ian Ricciardi	Executive Director (resigned 1 November 2019)
Romolo Santoro	Chief Financial Officer and Company Secretary

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

REMUNERATION POLICY AND PRINCIPLES

Executive Director Remuneration

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

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

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

Non-Executive Director Remuneration

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

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

Executive Officer Remuneration, excluding Executive Directors

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

As an incentive, the Company has adopted an employee share option plan. The purpose of the plan is to give employees, excluding directors of the Company an opportunity, in the form of options, to subscribe for shares. The Directors consider the

OCEAN GROWN ABALONE LIMITED

DIRECTORS' REPORT

plan will enable the Company to retain and attract skilled and experienced employees and officers, and provide them with the motivation to make the Company more successful.

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

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

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

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

Performance-based Remuneration

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

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

Relationship between remuneration policy and Company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Ocean Grown Abalone Limited is in the early development phase of its operations, and due consideration is made of developing long term shareholder value. The Board has regard to the following indices in respect of the current financial year to facilitate the long-term growth of the Consolidated Group:

Item	2020	2019	2018 Restated	2017	2016
Sales Revenue (\$)	2,529,832	3,059,756	2,053,748	744,713	291,679
Biomass (Tonnes)	247.1	234.6	161.8	121.9	87.2
Harvest (Tonnes)	54.7	55.0	38.1	17.2	0.9
Profit/(Loss) Before Tax (\$)	(5,805,552)	2,370,024	(3,046,512)	(1,549,568)	(1,123,232)
Basic earnings per share (Cents)	(2.40)	0.59	(2.10)	(1.85)	(2.79)
Increase/(decrease) in share price (%)	(35.9%)	(14.3%)	(30.8%)	N/A	N/A

Performance Conditions Linked to Remuneration

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

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

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DIRECTORS' REPORT

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.

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

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

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

	Short-term employee benefits				Post-employment benefits	Long-term employee benefits	Share Based payments	Performance Related	
	Salary & fees \$	Cash Bonus \$	Non-monetary \$	Other \$	Super-annuation \$	Long Service Leave \$	Options & rights	Total	%
2019									
Non-executive directors									
P Harold	54,795	-	-	-	5,205	-	-	60,000	-
D Lee	36,530	-	-	-	3,470	-	-	40,000	-
Executive officers									
B Adams	250,000	-	-	-	20,531	-	(113,473) ¹	157,058	(72)
I Ricciardi	150,000	-	-	-	14,250	-	-	164,250	-
R Santoro	185,516	-	-	-	17,624	-	26,668	229,808	12
Total	676,841	-	-	-	61,080	-	(86,805)	651,116	(60)

¹ Reversal value of Class B and Class C performance rights for Managing Director, Brad Adams. Refer to Note 25. Share-Based Payments.

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 2020	Contract Details (Duration and Termination)	Annual Salary including Superannuation	Proportions of Elements of Remuneration Related to Performance (Other than Options Issued)		
				Non-salary Cash-based Incentives %	Shares /Units %	Fixed Salary /Fees %
2020						
Non-executive directors						
P Harold	Chairman	No fixed term.	\$60,000	-	-	100
D Lee	Non-Executive Director	No fixed term.	\$50,000	-	-	100
I Ricciardi ¹	Non-Executive Director	No fixed term.	\$50,000	-	-	100
Executive officers						
B Adams	Managing Director	No fixed term. 12 months' notice.	\$273,750	-	-	100
R Santoro	Chief Financial Officer	No fixed term. 6 months' notice.	\$228,800	-	-	100

¹ Resigned as Executive Director and appointed as Non-executive Director on 1 November 2019.

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

OCEAN GROWN ABALONE LIMITED

DIRECTORS' REPORT

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

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

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

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

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

The following table summarises the performance-related payments for 2019:

	Remuneration Type	No.	Grant Date	Fair Value \$	Percentage Vested/Paid during Year %	Percentage Forfeited during Year %	Percentage Remaining as Unvested %	Expiry Date for Vesting or Payment
P Harold	Options ¹	1,500,000	1/08/17	130,943	-	-	-	30/09/21
D Lee	Options ¹	1,000,000	1/08/17	87,296	-	-	-	30/09/21
B Adams	Performance Rights ²	4,000,000	1/08/17	800,000	100	-	-	31/12/18
B Adams	Performance Rights ²	4,000,000	1/08/17	800,000	-	-	100	14/11/19
B Adams	Performance Rights ²	4,000,000	1/08/17	800,000	-	-	100	14/11/22
R Santoro	Performance Rights ³	172,054	23/11/18	26,668	100	-	-	30/06/19

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

² Performance rights were granted to Brad Adams. Refer to KMP Performance Rights below.

³ Performance rights were granted to Romolo Santoro. Refer to KMP Performance Rights below.

KMP Performance Rights

Brad Adams

The Company previously issued 12,000,000 Performance Rights to Brad Adams, the Managing Director during the 2018 financial year. The Performance Rights have been issued in 3 classes, including service and performance conditions as follows:

Number of Performance Rights	Service Condition	Performance Condition
Class A 4,000,000	Brad Adams to remain engaged as an employee for a continuous period until the performance condition is satisfied.	(a) Prior to 31 December 2018, the Company completes its Flinders Bay 2 Project in Augusta, with completion deemed to occur upon the deployment and seeding of 5,000 ABITATS at the Flinders Bay 2 Project site. or (b) Prior to 31 December 2018 a Takeover Event ¹ occurs.
Class B 4,000,000	Brad Adams to remain engaged as an employee for a continuous period until the performance condition is satisfied.	(a) Within 2 years from the date the Company is admitted to the Official List of the ASX, the Company recognises revenue from the sale of 100 tonnes of abalone combined from Flinders Bay 1, Flinders Bay 2, Wylie Bay and Port Lincoln Development projects in any 12- month period. or (b) Within 2 years from the date the Company is admitted to the Official List of ASX a Takeover Event ¹ occurs.
Class C 4,000,000	Brad Adams to remain engaged as an employee for a continuous period until the performance condition is satisfied.	(a) Within 5 years from the date the Company is admitted to the Official List of the ASX, and subject to the Board determining the success of a material part of the Port Lincoln Development Project, the Company (either on its own or together with an affiliate or joint venture partner) deploys and seeds a cumulative total of 5,000 ABITATS across one or more commercial project sites within South Australia. or

OCEAN GROWN ABALONE LIMITED

DIRECTORS' REPORT

Number of Performance Rights	Service Condition	Performance Condition
		(b) Within 5 years from the date the Company is admitted to the Official List of ASX a Takeover Event ¹ occurs.

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

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

(i) Class A – 4,000,000 performance rights allocated after successfully achieving service and performance conditions as outlined above. Transfer to issued capital upon the vesting of Class A performance rights occurred on 15 November 2019

(ii) Class B – based on the projected FY2020 annual harvests and current stock estimates, production and harvest capacity, the probability of achieving the applicable performance condition was considered to be less than 50%. As per AASB 2 Share-based Payment, no amount is recognised because of failure to satisfy vesting condition, and therefore the share-based payment expense was reversed in the prior year. The 4,000,000 Class B performance rights have lapsed in the current year.

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

Romolo Santoro

The Company previously issued 172,054 Performance Rights to Romolo Santoro, the Chief Financial Officer and Company Secretary during the 2019 financial year. The Performance Rights were issued in 1 class, including service and performance conditions as follows:

Number of Performance Rights	Service Condition	Performance Condition
Class D 172,054	Romolo Santoro to remain engaged as an employee for a continuous period until 30 June 2019.	Maintain a satisfactory level of performance.

(i) Class D – 172,054 performance rights allocated after successfully achieving service and performance conditions as outlined above.

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

KMP Shareholdings

KMP ordinary shares held

The number of ordinary shares held by each of the KMP's in Ocean Grown Abalone Limited at 30 June 2020 is as follows:

2020	Balance At Beginning of Year	Granted As Remuneration During the Year	Other Changes During the Year	Balance At End of Year
P Harold	120,000	-	15,000 ¹	135,000
D Lee	-	-	-	-
B Adams	3,326,055	4,000,000 ²	(500,000) ³	6,826,055
I Ricciardi	14,685,445	-	1,835,682 ¹	16,521,127
R Santoro	-	172,054	21,344 ¹	193,398
	18,131,500	4,172,054	1,372,026	23,675,580

¹ Purchased shares via 8:1 rights issue on 19 December 2019.

² Class A performance rights converted to shares on 15 November 2019.

³ Disposal of shares on 15 January 2020.

OCEAN GROWN ABALONE LIMITED
DIRECTORS' REPORT

KMP performance rights held

The number of performance rights held by each of the KMP's in Ocean Grown Abalone Limited at 30 June 2020 is as follows:

2020	Balance At Beginning of Year	Granted As Remuneration During the Year	Other Changes During the Year	Balance At End of Year
P Harold	-	-	-	-
D Lee	-	-	-	-
B Adams	12,000,000	-	(8,000,000) ¹	4,000,000
I Ricciardi	-	-	-	-
R Santoro	-	-	-	-
	<u>12,000,000</u>	<u>-</u>	<u>(8,000,000)</u>	<u>4,000,000</u>

¹ Class A performance rights converted to shares and Class B performance rights lapsed on 15 November 2019.

KMP options held

The number of options held by each of the KMP's in Ocean Grown Abalone Limited at 30 June 2020 is as follows:

2020	Balance At Beginning of Year	Granted As Remuneration During the Year	Other Changes During the Year	Balance At End of Year
P Harold	1,500,000	-	-	1,500,000
D Lee	1,000,000	-	-	1,000,000
B Adams	-	-	-	-
I Ricciardi	-	-	-	-
R Santoro	-	-	-	-
	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>

Other Equity-related KMP Transactions

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

Other Transactions with KMP and/or their Related Parties

There have been no other transactions with KMP and/or their Related parties that are not covered in other sections of this report for the year 30 June 2020.

Voting Rights

At the 2019 Annual General Meeting held on 22 November 2019 there were 0.45% of the votes against the adoption of the remuneration report.

External Remuneration Consultants

No external remuneration consultants were utilised during the year.

End of the audited remuneration report

OCEAN GROWN ABALONE LIMITED

DIRECTORS' REPORT

ENVIRONMENTAL REGULATIONS

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

PROCEEDINGS ON BEHALF OF COMPANY

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

CORPORATE GOVERNANCE

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

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

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

AUDIT AND NON-AUDIT SERVICES

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

During the period BDO Corporate Tax (WA) Pty Ltd was paid \$52,083 for the provision of taxation services (2019: \$5,000). BDO Corporate Tax (WA) Pty Ltd is an affiliate member of BDO Audit (WA) Pty Ltd. Refer to Note 21 for further details.

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

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

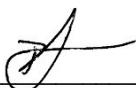
INDEMNIFYING OF AUDITORS

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16 of this report.

Signed in accordance with a resolution of the Directors.



Bradley Adams
Managing Director
28 August 2020

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

As lead auditor of Ocean Grown Abalone Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 28 August 2020

OCEAN GROWN ABALONE LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated Group	
		2020 \$	2019 \$
Revenue	3	2,529,832	3,059,756
Other income	4(a)	464,633	327,337
Net interest received (excluding interest expense on lease liability)		33,927	122,260
Research and development tax incentive	4(b)	1,291,996	1,578,886
Total income		4,320,388	5,088,239
Changes in inventory		(2,470,532)	(2,541,965)
Fair value adjustment of biological assets	8	(2,171,409)	5,078,577
Selling & distribution		(275,959)	(264,189)
Processing expenses		(226,372)	(143,790)
Employee benefits expense		(2,461,039)	(2,608,929)
Share-based payments	25	-	62,669
Diving, vessels & operations expense		(519,668)	(518,123)
Corporate & administration		(1,038,693)	(1,019,724)
Depreciation & amortisation expense		(761,429)	(550,016)
Interest expense on lease liability	11	(32,862)	-
Other expenses		(167,977)	(212,725)
		(10,125,940)	(2,718,215)
(Loss)/Profit before income tax		(5,805,552)	2,370,024
Income tax benefit / (expense)	5(a)	1,240,532	(1,336,399)
(Loss)/Profit after tax from continuing operations		(4,565,020)	1,033,625
Other comprehensive loss for the year, net of tax:			
- Items that may be reclassified to profit or loss		-	-
- Items that will not be reclassified to profit or loss		-	-
Total comprehensive (loss)/profit for the year		(4,565,020)	1,033,625
(Loss)/Profit attributable to:			
- Owners of the Company		(4,564,524)	1,034,369
- Non-controlling interests		(496)	(744)
		(4,565,020)	1,033,625
Total comprehensive (loss)/profit attributable to:			
- Owners of the Company		(4,564,524)	1,034,369
- Non-controlling interests		(496)	(744)
		(4,565,020)	1,033,625
Basic and diluted (loss)/profit per share attributable to the Owners of the Company			
Basic and diluted (loss)/profit per share (cents)	22	(2.40)	0.59

The accompanying notes form part of these financial statements.

OCEAN GROWN ABALONE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	Consolidated Group	
		2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	6	2,778,877	2,571,694
Trade and other receivables	7	1,448,976	2,032,989
Biological assets	8	2,400,000	3,870,000
Inventory	9	399,003	418,602
Other assets		175,200	146,930
TOTAL CURRENT ASSETS		7,202,056	9,040,215
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,697,852	4,753,122
Biological assets	8	4,585,402	6,040,705
Right-of-use assets	11	533,247	-
Intangible assets		58,201	71,881
Other assets		78,228	117,743
Deferred tax assets	15	48,523	60,565
TOTAL NON-CURRENT ASSETS		10,001,453	11,044,016
TOTAL ASSETS		17,203,509	20,084,231
CURRENT LIABILITIES			
Trade and other payables	12	367,689	697,711
Interest bearing liabilities	13	34,112	115,314
Lease liabilities		102,118	-
Provisions	14	165,035	141,099
Current tax liability	5	-	647
TOTAL CURRENT LIABILITIES		668,954	954,771
NON-CURRENT LIABILITIES			
Interest bearing liabilities	13	25,380	59,493
Lease liabilities		571,085	-
Deferred tax liabilities	15	548,187	1,718,292
TOTAL NON-CURRENT LIABILITIES		1,144,652	1,777,785
TOTAL LIABILITIES		1,813,606	2,732,556
NET ASSETS		15,389,903	17,351,675
EQUITY			
Contributed equity	16	27,012,442	23,408,139
Share-based payment reserve	17	1,051,899	1,902,703
Accumulated losses	18	(12,665,356)	(7,950,960)
Equity attributable to owners of the Company		15,398,985	17,359,882
Non-controlling interests		(9,082)	(8,207)
TOTAL EQUITY		15,389,903	17,351,675

The accompanying notes form part of these financial statements.

OCEAN GROWN ABALONE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

Consolidated Group	Issued Capital	Share-based Payments Reserve	Accumulated Losses	Total	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2018, as restated	23,408,139	1,965,372	(8,985,329)	16,388,182	(7,463)	16,380,719
Profit after income tax expense for the year	-	-	1,034,369	1,034,369	(744)	1,033,625
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	1,034,369	1,034,369	(744)	1,033,625
Transactions with owners recorded directly in equity						
Share-based payment expense	-	(62,669)	-	(62,669)	-	(62,669)
Total transactions with owners recorded directly in equity	-	(62,669)	-	(62,669)	-	(62,669)
Balance as at 30 June 2019	23,408,139	1,902,703	(7,950,960)	17,359,882	(8,207)	17,351,675
Balance as at 1 July 2019	23,408,139	1,902,703	(7,950,960)	17,359,882	(8,207)	17,351,675
Adjustment on adoption of AASB 16	-	-	(149,872)	(149,872)	(379)	(150,251)
Balance as at 1 July 2019, as restated	23,408,139	1,902,703	(8,100,832)	17,210,010	(8,586)	17,201,424
Loss after income tax benefit for the year	-	-	(4,564,524)	(4,564,524)	(496)	(4,565,020)
Other comprehensive loss for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(4,564,524)	(4,564,524)	(496)	(4,565,020)
Transactions with owners recorded directly in equity						
Shares issued	2,899,618	-	-	2,899,618	-	2,899,618
Capital raising costs	(146,119)	-	-	(146,119)	-	(146,119)
Transfer from share-based payments reserve	850,804	(850,804)	-	-	-	-
Total transactions with owners recorded directly in equity	3,604,303	(850,804)	-	2,753,499	-	2,753,499
Balance as at 30 June 2020	27,012,442	1,051,899	(12,665,356)	15,398,985	(9,082)	15,389,903

The accompanying notes form part of these financial statements.

OCEAN GROWN ABALONE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated Group	
		2020	2019
		\$	\$
Cash flows from operating activities			
Receipts from customers		2,795,269	2,759,849
Other income		382,633	317,402
Payments to suppliers and employees		(6,617,239)	(6,678,074)
Income taxes refunded/(paid)		137,246	(20,096)
R&D tax incentive		1,578,886	1,994,059
Net cash (used in) operating activities	27	(1,723,205)	(1,626,860)
Cash flows from investing activities			
Purchases of plant, equipment and intangible assets		(622,657)	(3,508,565)
Proceeds from disposals of plant, equipment and intangible assets		16,903	206,808
Receipt of lease deposits		36,030	9,500
Interest received		43,087	148,082
Net cash (used in) investing activities		(526,637)	(3,144,175)
Cash flows from financing activities			
Proceeds from borrowings		8,000	44,542
Repayment of borrowings		(115,315)	(103,204)
Repayment of lease liability		(95,035)	-
Interest paid		(38,700)	(10,364)
Borrowing costs		-	(4,220)
Proceeds from issue of shares		2,899,618	-
Capital raising costs		(201,543)	-
Net cash provided by / (used in) financing activities		2,457,025	(73,246)
Net increase / (decrease) in cash and cash equivalents		207,183	(4,844,281)
Cash and cash equivalents at the beginning of the year		2,571,694	7,415,975
Cash and cash equivalents at the end of the year	6	2,778,877	2,571,694

The accompanying notes form part of these financial statements.

OCEAN GROWN ABALONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 1. NATURE OF OPERATIONS OF OCEAN GROWN ABALONE LIMITED

Ocean Grown Abalone Limited (the **Company**) and its wholly-owned subsidiaries' (the **Group**) principal activities during the year were the ongoing development of its sea ranching hardware design and processes that allows for near-shore aquaculture. This included activities in relation to the establishment of its initial Ranching operation in Flinders Bay, Augusta Western Australia for the purposes of undertaking larger scale trials over a three year growth cycle.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

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

b) Basis of measurement

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

c) Basis of preparation

(i) General purpose financial report

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

The consolidated financial statements for the financial year ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 28 August 2020.

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

(ii) New and amended standards adopted by the Company

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

- AASB 16: *Leases*

The impact of the adoption of this Standard and the respective accounting policies is disclosed in Note 2 (d) below.

d) Changes in Accounting Policies

This note describes the nature and effect of the adoption of AASB 16: *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

As a result of the changes in Group's accounting policies, prior year financial statements were required to be restated. However, the Group has adopted AASB 16: *Leases* using the modified retrospective approach with the cumulative effect of initially applying AASB 16 recognised as 1 July 2019.

Leases

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

OCEAN GROWN ABALONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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

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

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

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

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

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

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

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

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

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

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

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

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(ii) Initial Application of AASB 16: Leases

AASB 16 Leases replaces AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease.

In accordance with the transitional provisions of AASB 16, the Group has elected to adopt AASB 16 using the modified retrospective approach, where the lease liability is measured at the present value of future lease payments on the initial date of application, being 1 July 2019. In determining the present value, the discount rate is determined by reference to the group's incremental borrowing rate on the date of initial application of the standard (1 July 2019).

On transition to AASB 16 the Group has chosen to measure their right of use assets as if AASB 16 had been applied since the commencement of the lease, except that the discount rate used is the incremental borrowing rate on the date of initial application and certain practical expedients are available (see below for the practical expedients used by the Group). The Group has used this method for all of its leases.

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics.
- Leases with a remaining term of 12 months or less from the date of application have been accounted for as short-term leases (i.e. not recognised on balance sheet) even though the initial term of the leases from lease commencement date may have been more than 12 months.
- For the purposes of measuring the right-of-use asset hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as the term of leases) based on circumstances on or after the lease commencement date.

The weighted average incremental borrowing rate applied to lease liabilities on 1 July 2019 was 4.5%.

The Group's operating lease commitment at 30 June 2019 can be reconciled to the aggregate lease liability recognised in the statement of financial position at 1 July 2019 as follows:

	1 July 2019
	\$
Operating lease commitment at 30 June 2019	1,077,224
Effect of discounting those lease commitments at an annual rate of 4.5%	(394,211)
Add: adjustments as a result of different treatment of variable lease payments	89,725
(Less): short-term and low value leases being accounted for off balance sheet	<u>(4,500)</u>
Lease liability recognised as at 1 July 2019	<u>768,238</u>

(iii) New and revised Accounting Standards for Application in Future Periods

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 2018-6: Amendments to the Australia Accounting Standards – Definition of a business

This standard amends AASB 3 Business Combinations' ("AASB 3") definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contributes to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. The revisions to AASB 3 also introduced an optional concentration test. If the concentration test is met, the set of activities and assets acquired is determined not to be a business combination and asset acquisition accounting is applied. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The Group's assessment of the impact of this new amendment is that it is not expected to have a material impact on the Group in the current or future reporting periods.

(iv) Other standards not yet applicable

A number of other standards, amendments to standards and interpretations issued by the AASB which are not materially applicable to the Group have not been applied in preparing these consolidated financial statements.

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e) Basis of Consolidation

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

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

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

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

f) Foreign currency translation

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

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

g) Revenue

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

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

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

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

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

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i. Sale of Abalone products

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

ii. Sales of service (processing)

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

iii. Research and development tax incentives

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

iv. Government grants

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

h) Financial instruments

(i) Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

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

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Financial assets at amortised cost (debt instruments)

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

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

Financial assets at fair value through OCI (debt instruments)

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

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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

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

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

Derecognition

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

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

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

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

Impairment of financial assets

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

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

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

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

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

(ii) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

Loans and borrowings

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

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

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

Derecognition

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

(iii) Offsetting of financial instruments

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

i) Employee benefits

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

j) Income tax

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

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

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

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

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

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

k) Good and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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

l) Cash and cash equivalents

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

m) Trade and other receivables

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

n) Government grants

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

o) Inventories

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

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p) Biological Assets

Biological assets comprise abalone stock located on Abitats.

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

The material reduction in the value of the biomass that occurred for the full year ending 30 June 2020 of (\$2,171,409) is consistent with AASB 141 where the Company made a fair value adjustment to its abalone stock above 90 mm. OGA notes, while these actions are consistent with the AASB 141 standard, the fair value adjustment is a point in time valuation, which are likely to be subject to subsequent changes, reflective of fair valuations in future reporting periods.

Had the prices and costs to complete remained constant from the prior financial year, and with the increase in total biomass this would have translated into a positive contribution to the profit and loss of \$397,458.

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

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

The fair value adjustment that occurred in FY2020 of (\$2,171,409), was predominantly due to a decrease in abalone market prices, which had an impact of (\$2,413,277) on the profit and loss. Had the prices remained constant from the prior financial year, and with the increase in total biomass this would have translated into a positive outcome to the profit and loss of \$397,458.

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

q) Property, plant and equipment

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

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

Depreciation

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

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

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

Derecognition

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

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Impairment

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

r) Trade and other payables

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

s) Borrowings

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

t) Provisions

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

u) Critical accounting estimates and judgments

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

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

Biological Assets

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

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

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

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

Net realisable value of inventories

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

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Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

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

Impairment

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

Useful life of depreciable assets

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

Impact of Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain and staffing. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Incremental borrowing rate

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

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

v) Going concern

The financial statements for the year ended 30 June 2020 have been prepared on the basis that the group is a going concern and therefore, contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

During the year the group recorded a net loss after tax of \$4,565,020 (2019: net profit after tax \$1,033,625) and had net cash outflows from operating activities of \$1,723,205 (2019: \$1,626,860) . At balance date the group has working capital of \$6,533,102 (2019: \$8,085,444).

The Group's ability to continue as a going concern is dependent upon its ability to generate cash flow through its business operations and the ability to raise additional finance from debt or equity if and when required to contribute to the Group's working capital position. The Directors continue to be focused on meeting the Group's business objectives and are mindful of the funding requirements to meet these objectives.

The COVID-19 pandemic, announced by the World Health Organisation on 31 January 2020, is having a negative impact on world stock markets, currencies and general business activity. The Group has developed a policy and is evolving procedures

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to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the entity to raise capital in the current prevailing market conditions.

These conditions indicate a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors at the date of preparing these annual accounts, believe that the Group has the ability to raise additional funding and therefore, are satisfied that the going concern basis for preparing the financial statements is appropriate. In arriving at this position, the Directors expect that the Group may:

- Raise additional finance from debt or equity if and when required to contribute to the Group's working capital position in the near term; and
- Scale back certain activities that are non-essential so as to conserve cash;

The directors are, uncertain of the duration of the COVID-19 pandemic and of the potential consequential impact that may flow through to OGA's future operating costs; demand; and sales prices. The directors and executive management think there are reasonable prospects OGA can make it through the COVID-19 pandemic and are committed to the long term development and growth of the Company on behalf of its shareholders, employees and the communities in which it operates.

Should the entity not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

	Consolidated Group	
	2020	2019
	\$	\$
Note 3. REVENUE		
Revenue for the reporting period consisted of the following:		
Sales	2,512,708	2,772,481
Juvenile Sales	-	64,769
Sale of abalone products	2,512,708	2,837,250
Processing revenue	17,124	222,506
	2,529,832	3,059,756
Primary geographical markets		
Asia	2,101,443	2,478,361
Australia	412,852	581,395
North America	15,537	-
	2,529,832	3,059,756
Major goods/service lines		
By-product	23,557	-
IQF meat	1,975,800	2,321,447
Juvenile abalone	-	64,769
Live abalone	161,908	222,605
Processing	17,124	222,506
Retail pack	225,707	210,611
Whole frozen abalone	125,736	17,818
	2,529,832	3,059,756
Timing of revenue recognition		
Goods or services transferred at a point in time	2,529,832	3,059,756
Goods or services transferred over time	-	-

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

Major customer information

75% of the Group's revenue was attributable to 2 major customers, each with more than 10% of the Group's revenue (2019: 73% from 1 customer).

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		Consolidated Group	
		2020	2019
		\$	\$
Note 4.	OTHER INCOME		
(a)	Other revenue for the reporting period consisted of the following:		
	Grant income- cash flow boost	110,728	-
	Grant income- JobKeeper	204,000	-
	Government grants	92,500	210,000
	Foreign exchange (loss) on sales	(1,986)	(20,817)
	Miscellaneous	59,391	138,154
		<u>464,633</u>	<u>327,337</u>
(b)	Research and Development Tax Incentive		
	Accrued during the year (refer also Note 7)	1,291,996	1,578,886
		<u>1,291,996</u>	<u>1,578,886</u>
Note 5.	INCOME TAX		
(a)	The components of tax expense comprise:		
	<i>Current income tax</i>		
	Current income tax expense	-	647
	Adjustments in respect of current income tax of previous years	(137,011)	-
	<i>Deferred income tax</i>		
	Relating to the origination and reversal of temporary differences	(930,147)	1,335,752
	Adjustments for prior period & movements in deferred taxes not recognised	(173,374)	-
	Total income tax (benefit)/expense from continuing operations	<u>(1,240,532)</u>	<u>1,336,399</u>
	Deferred income tax (income)/expense included in income tax expense comprises:		
	(Increase)/decrease in deferred tax assets/(liabilities)	(1,158,063)	1,335,752
		<u>(1,158,063)</u>	<u>1,335,752</u>
(b)	Amounts recognised directly in equity		
	Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or (credited) to equity.		
	Net deferred tax	(55,424)	-
		<u>(55,424)</u>	<u>-</u>
(c)	The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
	(Loss)/Profit Before Income Tax	(5,805,552)	2,370,024
	Prima facie tax payable on profit from ordinary activities before income tax at 27.5%	(1,596,526)	651,758
	Add:		
	Tax effect of:		
	- Research & Development Expenditure: Non-deductible	636,090	757,858
	- Other non-deductible permanent adjustments	1,612	2,170
	- Adjustments for prior period & movements in deferred taxes not recognised	414,426	376,042
		<u>(544,398)</u>	<u>1,787,828</u>

OCEAN GROWN ABALONE LIMITED
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		Consolidated Group	
		2020	2019
		\$	\$
Note 5.	INCOME TAX (continued)		
	Less:		
	Tax effect of:		
	- Adjustments for current tax of prior period	(310,385)	-
	- Income not assessable for income tax purposes	(385,749)	(451,429)
	Income tax (benefit)/expense	<u>(1,240,532)</u>	<u>1,336,399</u>
	The applicable weighted average effective tax rates are as follows:	21%	56%
Note 6.	CASH AND CASH EQUIVALENTS		
	Cash at bank and in hand	2,778,877	2,571,694
		<u>2,778,877</u>	<u>2,571,694</u>
Note 7.	TRADE AND OTHER RECEIVABLES		
	Trade debtors	776	266,213
	Sundry & other debtors	1,379,179	1,582,569
	GST receivable	69,021	184,207
		<u>1,448,976</u>	<u>2,032,989</u>
	At the reporting date, none of the trade and other receivables were past due or impaired.		
	Sundry & other debtors for the 2020 financial year represents the research and development tax incentive for the year of \$1,291,996 and \$87,183 other debtors (2019: research and development tax incentive \$1,578,886 and \$3,683 other debtors).		
Note 8.	BIOLOGICAL ASSETS		
	CURRENT		
	Abalone on Abitats	2,400,000	3,870,000
		<u>2,400,000</u>	<u>3,870,000</u>
	NON CURRENT		
	Abalone on Abitats	4,585,402	6,040,705
		<u>4,585,402</u>	<u>6,040,705</u>
	The carrying value of abalone on hand at year end was calculated as follows:		
	Opening balance	9,910,705	5,887,560
	Increases due to purchases	1,441,093	1,310,665
	Decreases due to harvest for processing to inventory	(2,194,987)	(2,366,097)
	Fair value adjustment at year end recognised in profit and loss	(2,171,409)	5,078,577
	Closing balance	<u>6,985,402</u>	<u>9,910,705</u>

The significant decrease in the fair value of the biological assets during the year is due to the impact of COVID-19 on the fair value, valuation selling price and demand of the product post-year-end, the fair value, valuation price was reduced by (23%) for FY2020 compared to FY2019. During the year, the Group sold 48,171 kg (WWE) of abalone (2019: 52,832 kg (WWE)).

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Note 8. BIOLOGICAL ASSETS (continued)

The fair value adjustment that occurred in FY2020 of (\$2,171,409) , was predominantly due to a decrease in abalone market prices, which had an impact of (\$2,413,277) on the profit and loss. Had the prices and costs to complete remained constant from the prior financial year, and with the increase in total biomass this would have translated into a positive contribution to the profit and loss of \$397,458.

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

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

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

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

Description	30 June 2020	30 June 2019	Comments
Selling price	Based on estimated market price at year end	Based on average sales throughout the year	Obtained by analysing sales prices and market research during the months that have been impacted by COVID-19
Percentage (decrease)/increase from previous year selling price	(23%)	0%	Obtained by analysing sales prices and market research during the months that have been impacted by COVID-19
Weight of live abalone	Adjusted weight of live abalone for fair value measurement: 185,637 kg	Adjusted weight of live abalone for fair value measurement: 186,743 kg	Based on the results from the stocktake procedures
Costs to complete	\$10/Kg	\$9/Kg	Based on historical data over the last 12 months
Mortality	10% of >90mm animals	10% of >90mm animals	Based on historical research

The valuation of the biological assets requires the estimate of the closing number of abalone and biomass and hence the resultant fair value estimate for closing stock. As detailed in Note 2(t), the number of abalone and biomass is estimated using a model that factors in projected growth and mortality rates, which in turn are based on the results of survival counts and size class measurements taken during the Company's trial phase and subsequent six monthly stock counts (based upon a 6% sample). Actual growth and mortality rates will invariably differ to some extent across the ranch.

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

No of Abalone	30 June 2020	30 June 2019
< 90mm	998,350	1,230,825
> 90mm	1,182,996	1,096,333
Total	2,181,346	2,327,158

OCEAN GROWN ABALONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Note 8. BIOLOGICAL ASSETS (continued)

Sensitivity analysis - Biological assets

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

	-10%	10%
Selling price	(\$742,547)	\$742,547
Weight of live abalone	(\$556,910)	\$556,910

Note 9. INVENTORY

Harvested stock

Consolidated Group
2020 **2019**
\$ **\$**

	399,003	418,602
	399,003	418,602

Inventory is stated at the lower of cost (value at harvest time on valuation of biological assets) or net realisable value. The inventory balance has been held at net realisable value for the current financial year with the cost balance reduced by \$62,742 being the allocation of harvest and processing costs (deferred cost of production). These costs are capitalised and carried forward to harvested stock and subsequently cost of goods sold when the product is eventually sold. The decrease in net realisable value was due to the impact of COVID-19 on the selling price of the product.

Note 10. PROPERTY, PLANT AND EQUIPMENT

Plant & equipment, at cost
less : Accumulated depreciation

	3,363,778	3,128,264
	(2,113,352)	(1,864,300)
	<u>1,250,426</u>	<u>1,263,964</u>

Leasehold improvements, at cost
less : Accumulated depreciation

	48,816	112,769
	(29,819)	(81,989)
	<u>18,997</u>	<u>30,780</u>

Office equipment, at cost
less : Accumulated depreciation

	80,172	65,566
	(45,499)	(32,873)
	<u>34,673</u>	<u>32,693</u>

Land & Buildings, at cost
less : Accumulated depreciation

	3,558,748	3,425,685
	(164,992)	-
	<u>3,393,756</u>	<u>3,425,685</u>

Net carrying amount

	4,697,852	4,753,122
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A reconciliation of the movement in the carrying amounts of each class of property, plant and equipment between the beginning and end of the current financial years:

Plant & equipment

Carrying amount at beginning of year	1,263,964	1,537,127
Additions	471,420	358,458
Depreciation charges	(468,193)	(508,324)
Disposals	(16,765)	(123,297)
Carrying amount at the end of the year	<u>1,250,426</u>	<u>1,263,964</u>

Leasehold Improvements

Carrying amount at beginning of year	30,780	41,632
Additions	-	-
Depreciation charges	(10,252)	(10,852)
Disposals	(1,531)	-
Carrying amount at the end of the year	<u>18,997</u>	<u>30,780</u>

OCEAN GROWN ABALONE LIMITED
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	Consolidated Group	
	2020	2019
	\$	\$
Note 10. PROPERTY, PLANT AND EQUIPMENT (continued)		
Office Equipment		
Carrying amount at beginning of year	32,693	36,784
Additions	18,174	9,367
Depreciation charges	(16,089)	(13,458)
Disposals	(106)	-
Carrying amount at the end of the year	<u>34,672</u>	<u>32,693</u>
Land & Buildings		
Carrying amount at beginning of year	3,425,685	-
Additions	133,063	3,425,685
Depreciation charges	(164,991)	-
Disposals	-	-
Carrying amount at the end of the year	<u>3,393,757</u>	<u>3,425,685</u>
Net carrying amount	<u>4,697,852</u>	<u>4,753,122</u>

Note 11. RIGHT-OF-USE ASSETS

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

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

	Leased Property	Aquaculture Lease	Total
	\$	\$	\$
Recognised at inception of lease (previously classified as operating leases under AASB 17)	651,676	209,516	861,192
Impact of Depreciation on Retained Earnings, beginning	(196,513)	(46,692)	(243,205)
At 1 July 2019	<u>455,163</u>	<u>162,824</u>	<u>617,987</u>
	Leased Property	Aquaculture Lease	Total
	\$	\$	\$
Balance at 1 July 2019	455,163	162,824	617,987
Depreciation expense for the year ended	(74,943)	(9,797)	(84,740)
As at 30 June 2020	<u>380,220</u>	<u>153,027</u>	<u>533,247</u>

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

	As at 30 Jun 2020 \$
Depreciation charge related to right-of-use assets	84,740
Interest expense on lease liabilities	32,862
Low-value asset expense	1,728
Variable lease payment expense	9,677

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

	As at 30 Jun 2020 \$
(c) Total yearly cash outflows for leases	<u><u>95,035</u></u>

OCEAN GROWN ABALONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Note 11. RIGHT-OF-USE ASSETS (continued)

(d) Options to extend or terminate

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

	Consolidated Group	
	2020	2019
	\$	\$
Note 12. TRADE AND OTHER PAYABLES		
Trade payables	162,183	323,049
Accrued expenses	205,506	374,662
	<u>367,689</u>	<u>697,711</u>

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

	Consolidated Group	
	2020	2019
	\$	\$
Note 13. INTEREST BEARING LIABILITIES		
CURRENT		
Equipment Loans	34,112	115,314
	<u>34,112</u>	<u>115,314</u>
NON-CURRENT		
Equipment Loans	25,380	59,493
	<u>25,380</u>	<u>59,493</u>

Equipment Loans

The equipment loans have been provided to Ocean Grown Abalone Operations Pty Ltd and its subsidiaries by National Australia Bank Limited, pursuant to a master asset finance agreement with a facility limit of \$1,500,000 (2019: \$1,500,000). The loans are secured over the financed assets via an equitable mortgage. Additional loan security is provided in the form of a charge over the assets of OGA Operations and the Company. The Company has also provided a guarantee and indemnity to the loan provider for the full facility limit.

The equipment loans at reporting date comprised:

- Balance of \$5,114. Original loan \$271,273, which commenced in July 2015, with 60 monthly repayments (final payment date of 10 July 2020) and an annual interest rate of 5.2%;
- Balance of \$20,421. Original loan \$220,000, which commenced in November 2015, with 60 monthly repayments (final payment date 15 November 2020) and an annual interest rate of 4.82%; and
- Balance of \$33,957. Original loan \$43,542, which commenced in May 2019, with 60 monthly repayments (final payment date of 24 June 2024) and an annual interest rate of 3.99%.

Note 14. PROVISIONS

	Consolidated Group	
	2020	2019
	\$	\$
CURRENT		
Employee entitlements – annual leave	113,775	95,398
Employee entitlements – long service leave	51,260	45,701
	<u>165,035</u>	<u>141,099</u>

OCEAN GROWN ABALONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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	Consolidated Group	
	2020	2019
	\$	\$
Note 15. DEFERRED TAX ASSETS AND LIABILITIES		
Recognised deferred tax assets		
Accruals	26,925	74,903
Provisions	57,894	52,484
Losses	1,208,700	840,314
Expenses taken into equity	133,291	143,327
Other	191,185	1,290
Deferred tax assets to offset deferred tax liability	<u>(1,569,472)</u>	<u>(1,051,753)</u>
	<u>48,523</u>	<u>60,565</u>
Recognised deferred tax liabilities		
Biological & Inventory Asset	1,922,834	2,730,568
Prepayments	48,164	39,477
Other	146,661	-
Deferred tax assets to offset deferred tax liability	<u>(1,569,472)</u>	<u>(1,051,753)</u>
	<u>548,187</u>	<u>1,718,292</u>

	Consolidated Group	
	2020	2019
	No.	No.
Note 16. CONTRIBUTED EQUITY		
(a) Issued and paid up capital		
No. fully paid ordinary shares	<u>200,742,780</u>	<u>174,110,260</u>
	\$	\$
Balance at beginning of year	23,408,139	23,408,139
Employee performance rights vested - class D ¹	50,804	-
Managing Director performance rights vested - class A ²	800,000	-
Rights issue (\$0.13 on 20 November 2019) ³	2,899,618	-
Share issue costs	<u>(146,119)</u>	<u>-</u>
Balance at end of the year	<u>27,012,442</u>	<u>23,408,139</u>
(b) Movement in ordinary shares	No.	No.
Balance at the beginning of year	174,110,260	174,110,260
Employee performance rights vested - class D ¹	327,766	-
Managing Director performance rights vested - class A ²	4,000,000	-
Rights issue (\$0.13 on 20 November 2019) ³	<u>22,304,754</u>	<u>-</u>
Balance at end of the year	<u>200,742,780</u>	<u>174,110,260</u>

1. On 2 August 2019, the Company issued 327,766 shares from performance rights to employees in accordance with the Company's Employee Incentive Plan.

2. On 15 November 2019, the Company issued 4,000,000 shares to Managing Director Brad Adams through conversion Class A Performance Rights.

3. On 20 November 2019, the Company issued 22,304,754 shares by a pro-rata non-renounceable rights offer on the basis of 1 new share for every 8 shares held at an issue price of 13 cents per new share.

(c) Ordinary Shares

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

OCEAN GROWN ABALONE LIMITED
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Note 16. CONTRIBUTED EQUITY (continued)

(d) Share options

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

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

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

All of these options remained outstanding at balance date.

	Consolidated Group	
	2020	2019
	\$	\$
Note 17. RESERVES		
Share-based payment reserve	<u>1,051,899</u>	<u>1,902,703</u>

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

Movement in reserves:

Share-based payments reserve

Balance at beginning of the year	1,902,703	1,965,372
Net performance rights (reversed) to managing director	-	(113,473)
Performance rights issued to employees	-	50,804
Transfer to issued capital upon the vesting of Class A performance rights	(800,000)	-
Transfer to issued capital upon the vesting of Class D performance rights	<u>(50,804)</u>	<u>-</u>
Balance at the end of the year	<u>1,051,899</u>	<u>1,902,703</u>

In the prior year, the remaining balance being the \$307,307 of class A performance rights for the managing director was expensed upon successful completion of the performance condition. At the same time, the balance of \$296,110 of class B performance rights for the managing director and \$124,670 of class C performance rights for the managing director expensed in previous years were reversed.

On 23 November 2018, 342,391 class D performance rights were issued to employees of which 327,466 performance rights were converted to shares on 2 August 2019 after successfully achieving service and performance conditions on 30 June 2019.

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

Note 18. ACCUMULATED LOSSES

Accumulated losses at beginning of year	(7,950,960)	(8,985,329)
Adjustment on adoption of AASB 16	(149,872)	-
Profit/(Loss) attributable to Owners of the Company	<u>(4,564,524)</u>	<u>1,034,369</u>
Accumulated losses at end of year	<u>(12,665,356)</u>	<u>(7,950,960)</u>

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Note 19. SUBSEQUENT EVENTS

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

- On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2021.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year.

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

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

Note 20. COMMITMENTS AND CONTINGENCIES

	Consolidated Group	
	2020	2019
	\$	\$
Within one year	1,381,319	725,004
After one year but not more than five years	1,470,557	1,242,864
More than five years	-	-
	2,851,876	1,967,868

The Consolidated Group had the following capital purchase commitments as at 30 June 2020

Within one year	-	262,341
After one year but not more than five years	-	-
More than five years	-	-
	-	262,341

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

Note 21. AUDITOR'S REMUNERATION

Auditors of the Group - BDO and related network firms

Audit and review of financial statements		
Group	35,569	-
Total audit and review of financial statements	35,569	-

Other statutory assurance services

Non-audit services		
Group Tax	52,083	5,000
Total non-audit services	52,083	5,000

Total services provided by BDO	87,652	5,000
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OCEAN GROWN ABALONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated Group	
	2020	2019
	\$	\$
Note 21. AUDITOR'S REMUNERATION (continued)		
Other auditors - Stantons International		
Audit and review of financial statements		
Group	36,366	65,053
Total audit and review of financial statements	36,366	65,053
Other statutory assurance services - Stantons International		
Non-audit services		
Consulting services	-	4,828
Total non-audit services	-	4,828
Other statutory assurance services - RSM		
Non-audit services		
Consulting services	45,480	42,998
Total non-audit services	45,480	42,998
Other statutory assurance services		
Non-audit services		
Consulting services	1,590	5,390
Total non-audit services	1,590	5,390
Total services provided by other auditors (excluding BDO)	83,436	118,269

Note 22. PROFIT/(LOSS) PER SHARE

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

Net (loss)/profit for the year attributable to owners of the Company	(4,564,524)	1,034,369
	No.	No.
Weighted average number of ordinary shares used in calculating basic profit/(loss) per share	190,490,332	157,923,054
Effect of dilution:		
Share options	-	-
Convertible loans	n/a	n/a
Adjusted weighted average number of ordinary shares used in calculating diluted profit/(loss) per share	190,490,332	174,110,260
Basic and diluted (loss)/profit per share (cents)	(2.40)	0.59

There is no impact from the 21,346,902 options outstanding at 30 June 2020 (2019: 21,346,902 options) on the profit per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future.

Note 23. KEY MANAGEMENT PERSONNEL DISCLOSURES

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

Name	Position Held
Peter Harold	Non-Executive Chairman
Bradley Adams	Managing Director
Ignazio Ricciardi	Non-Executive Director (appointed 1 November 2019)
Danielle Lee	Non-Executive Director
Romolo Santoro	Chief Financial Officer & Company Secretary

OCEAN GROWN ABALONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 23. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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

	Consolidated Group	
	2020	2019
	\$	\$
Short-term employee benefits	637,805	796,841
Post-employment benefits	56,599	72,480
Share-based payments	-	(82,138)
	694,404	787,183

From 9 April 2020, all Directors and Executive Management agreed to reduce their base employment benefits and directors fees by 10% to assist in mitigating the costs of the COVID-19 pandemic. Total cost saving for FY2020 was \$13,309 (FY2019: Nil).

Note 24. RELATED PARTY TRANSACTIONS

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

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

Bigstreet Pty Ltd, of whom Ignazio Ricciardi is a director and in which he holds a beneficial ownership interest, was paid \$1,575 during the financial year (FY2019: \$303) for the provision of cold storage and handling services.

Vincenzo Ricciardi, son of Ignazio Ricciardi, is an employee of the Company. He received total remuneration inclusive of superannuation during the financial year of \$131,400 (FY2019: \$131,400) as the Group Financial Controller.

Jodee Adams, the wife of Brad Adams, was an employee of the Company up until 7 April 2020, her employment ceased when her position was made redundant. Her redundancy payment was \$5,289 and is included in the total remuneration inclusive of superannuation during the financial year of \$27,055 (FY2019: \$27,375) for the provision of office administration services.

Max Adams, son of Brad Adams, is an employee of the Company. He received total remuneration inclusive of superannuation during the financial year of \$4,540 (FY2019: \$414) for the provision of services of general labour.

Note 25. SHARE-BASED PAYMENTS

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

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

	2020		2019	
	Weighted average exercise price per Option	Number of options	Weighted average exercise price per Option	Number of options
Balance at the start of the period	\$0.36	21,346,902	\$0.36	21,346,902
Cancelled during the period	-	-	-	-
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	-	-	-	-
Balance at the end of the period	\$0.36	21,346,902	\$0.36	21,346,902

OCEAN GROWN ABALONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 25. SHARE-BASED PAYMENTS (continued)

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

Series	Grant Date	Expiry Date	Exercise Price	Number of options
A	1 Aug 2017	28 Dec 2020	\$0.30	8,807,452
B	1 Aug 2017	30 Sep 2021	\$0.39	10,039,450
C ¹	1 Aug 2017	30 Sep 2021	\$0.44	2,500,000
Total				21,346,902

¹ Total of \$218,239 is the fair value of Director Options granted in the 2018 financial year.

Fair value of performance rights during the year

The following performance rights were issued previously:

Class	Grant Date	Number of Performance Rights	Value per Share	Fair Value	2020	2019
					Total expense	Total expense
A	1 Aug 2017	4,000,000	\$0.20	\$800,000	-	\$307,307
B	1 Aug 2017	4,000,000	\$0.20	\$800,000	-	(\$296,110)
C	1 Aug 2017	4,000,000	\$0.20	\$800,000	-	(\$124,670)
D	31 Jan 2019	342,391	\$0.155	\$53,071	-	\$50,804
Total		12,342,391		\$2,453,071	-	(\$62,669)

The Company previously issued 12,000,000 Performance Rights to Brad Adams, the Managing Director. The Performance Rights have been issued in 3 classes, with 4,000,000 performance rights in each class and subject to separate service and performance conditions. During the previous financial year, the Company granted 342,391 Performance Rights (327,766 issued) to eligible employees. The service conditions for each class are detailed below:

- Class A – *Service Condition*: remain engaged as an employee for a continuous period until the performance condition is satisfied; and
Performance Condition: Prior to 31 December 2018, the Company completes its Flinders Bay 2 Project in Augusta, with completion deemed to occur upon the deployment and seeding of 5,000 Abitats at the Flinders Bay 2 Project site.
- Class B – *Service Condition*: remain engaged as an employee for a continuous period until the performance condition is satisfied; and
Performance Condition: Prior to 14 November 2019, the Company recognises revenue from the sale of 100 tonnes of abalone combined from Flinders Bay 1, Flinders Bay 2, Wylie Bay and Port Lincoln Development projects in any 12 month period.
- Class C – *Service Condition*: remain engaged as an employee for a continuous period until the performance condition is satisfied; and
Performance Condition: Prior to 14 November 2022, subject to the Board determining the success material part of the Port Lincoln Development Project, the Company (either on its own or together with an affiliate or joint venture partner) deploys and seeds a cumulative total of 5,000 Abitats across one or more commercial project sites within South Australia.
- Class D – *Service Condition*: remain engaged as an employee for a continuous period until 30 June 2019.
Performance Condition: Maintain a satisfactory level of performance.

OCEAN GROWN ABALONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 25. SHARE-BASED PAYMENTS (continued)

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

(i) Class A – 4,000,000 performance rights allocated after successfully achieving service and performance conditions as outlined above. Transfer to issued capital upon the vesting of Class A performance rights occurred on 15 November 2019

(ii) Class B – based on the projected FY2020 annual harvests and current stock estimates, production and harvest capacity, the probability of achieving the applicable performance condition was considered to be less than 50%. As per AASB 2 Share-based Payment, no amount is recognised because of failure to satisfy vesting condition and therefore the share-based payment expense was reversed in the prior year. The 4,000,000 Class B performance rights have lapsed.

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

(iv) Class D – 327,766 performance rights allocated after successfully achieving service and performance conditions as outlined above.

Note 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

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

	Consolidated Group	
	2020	2019
	\$	\$
Financial assets		
Cash and cash equivalents	2,778,877	2,571,694
Trade & other receivables	1,448,976	2,032,989
Deposits	74,667	110,507
	4,302,520	4,715,190
Financial liabilities		
Trade and other payables	162,183	323,049
Lease liabilities	673,203	-
Loans and borrowings	59,492	174,807
Current tax liability	-	647
	894,878	498,503

Market Risk

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

OCEAN GROWN ABALONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Currency Risk

The Consolidated Group is exposed to currency risk on overseas sales of abalone product and associated selling costs that are denominated in US dollars and cash holdings that are held in the Company's US dollar account. The Consolidated Group does not have any overseas borrowings. The Consolidated Group does not currently hedge any of its estimated foreign currency exposure in respect of forecast sales. There were no US dollar cash holdings at balance date. The Consolidated Group had a US dollar debtor balance of USD502 (2019: USD159,099) and creditor balance of USD2,070 (2019: Nil).

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

	Consolidated Group	
	2020	2019
	\$	\$
Percentage shift in AUD / USD exchange rate	10%	10%
Total effect on debtors of +ve movement	73	20,791
Total effect on debtors of -ve movement	(89)	(25,411)
Total effect on creditors of +ve movement	(274)	-
Total effect on creditors of -ve movement	335	-
Total effect on comprehensive (loss) of +ve movement	(205,754)	(217,492)
Total effect on comprehensive profit of -ve movement	251,477	265,824

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

	Interest bearing	Non-interest bearing	Total	Weighted average interest rate
	2020	2020	2020	2020
	\$	\$	\$	%
Consolidated				
Financial assets				
Cash and cash equivalents	2,772,194	6,683	2,778,877	0.80
Trade & other receivables	-	1,448,976	1,448,976	-
Deposits	74,667	-	74,667	0.95
Total financial assets	2,846,861	1,455,659	4,302,520	
Financial liabilities				
Trade & other payables	6,131	156,052	162,183	0.13
Lease liabilities	673,203	-	673,203	4.50
Loans and borrowings	59,492	-	59,492	4.74
Total financial liabilities	738,826	156,052	894,878	
	Interest bearing	Non-interest bearing	Total	Weighted average interest rate
	2019	2019	2019	2019
	\$	\$	\$	%
Consolidated				
Financial assets				
Cash and cash equivalents	2,553,033	18,661	2,571,694	1.90
Trade & other receivables	-	2,032,989	2,032,989	-
Deposits	110,507	-	110,507	2.31
Total financial assets	2,663,540	2,051,650	4,715,190	

OCEAN GROWN ABALONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

	Interest bearing	Non-interest bearing	Total	Weighted average interest rate
	2019	2019	2019	2019
	\$	\$	\$	%
Consolidated				
Financial liabilities				
Trade & other payables	20,000	303,049	323,049	1.59
Loans and borrowings	174,807	-	174,807	4.74
Current tax liability	-	647	647	-
Total financial liabilities	194,807	303,696	498,503	

The Consolidated Group receives interest on its cash management deposits based on daily balances and at balance date was exposed to a weighted average variable interest rate of 0.80% (2019: 1.90%). The Consolidated Group's US dollar account does not attract interest.

The Consolidated Group receives interest on its Deposits and at balance date was exposed to a weighted average fixed interest rate of 0.95% (2019: 2.31%)

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

Credit Risk

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

The Consolidated Group regularly reviews its trade and other receivables balances for impairment. At the reporting date, \$1,998 (2019: nil) trade and other receivables were past due or impaired.

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

	Consolidated Group	
	2020	2019
	\$	\$
Financial assets		
Cash and cash equivalents	2,778,877	2,571,694
Trade & other receivables	1,448,976	2,032,989
Deposits	74,667	110,507
Total financial assets	4,302,520	4,715,190

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

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

OCEAN GROWN ABALONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Credit quality of financial assets	Equivalent S&P rating ¹	Internally rated No default	Total
	\$	\$	\$
At 30 June 2019			
Financial assets			
Cash and cash equivalents	2,571,694	-	2,571,694
Trade debtors & other receivables ²	-	2,032,989	2,032,989
Deposits	110,507	-	110,507
Total financial assets	2,682,201	2,032,989	4,715,190

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

² Includes trade receivables of \$766 (FY2019: \$266,213). Other receivables include net amounts owing from Government institutions of \$1,291,996 (FY2019: \$1,763,093).

Liquidity Risk

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

Maturity of financial liabilities

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

Contractual maturities of financial liabilities	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$	\$
At 30 June 2020						
<i>Non-Derivatives</i>						
Trade and other payables	162,183	-	-	-	162,183	162,183
Lease liabilities	130,571	114,882	141,106	508,890	895,449	673,203
Loans and borrowings	35,580	9,777	17,873	-	63,230	59,492
Total expected outflows	328,334	124,659	158,979	508,890	1,120,862	894,878

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

Fair Value Measurement of financial instruments

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

Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group has a net gearing ratio of 0.39% at 30 June 2020 (30 June 2019: 1.01%). The Group has no external requirements imposed upon it in relation to capital structure.

OCEAN GROWN ABALONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated Group	
	2020	2019
	\$	\$
Note 27. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES		
Reconciliation of net Cash provided by Operating Activities to Operating (Loss)/Profit after Income Tax		
(Loss) / Income after income tax for the year	(4,565,020)	1,033,625
Depreciation and amortisation	761,429	550,016
Fair value (FV) adjustment – biological assets	2,171,409	(5,078,577)
Net interest (received) including interest expense on lease liability	(1,065)	(122,260)
Loss / (gain) on sale of assets	1,500	(83,510)
Performance rights (reversed)	-	(62,669)
Amounts recognised directly in equity - net deferred tax	55,424	-
Change in assets and liabilities		
Decrease in biological assets and inventory (excluding FV adjustment)	773,493	934,348
Decrease / (Increase) in trade and other receivables	297,123	(220,649)
Decrease in R&D tax refund receivable	286,890	415,173
Decrease / (Increase) in deferred tax assets	12,042	(60,565)
(Decrease) / Increase in deferred tax liabilities	(1,170,105)	1,263,928
(Decrease) in trade and other payables	(369,614)	(317,150)
(Decrease) / Increase in income tax payable	(647)	112,940
Increase in provisions	23,936	8,490
Net cash used in operating activities	<u><u>(1,723,205)</u></u>	<u><u>(1,626,860)</u></u>
Note 28. OPERATING SEGMENT		
For management purposes, the Consolidated Group is organised into one main operating segment, which involves its abalone ranching operations, inclusive of its seeding, farming and processing activities. All of the Consolidated Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Consolidated Group as one segment. The financial results from this segment are equivalent to the financial statements of the Consolidated Group as a whole. The Consolidated Group operates only in Australia.		
Note 29. DIVIDENDS		
No dividend was paid or declared by the Company in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2020 (2019: Nil). The balance of the franking account as at 30 June 2020 is Nil (2019: Nil).		
	2020	2019
	\$	\$
Note 30. PARENT ENTITY INFORMATION		
Total assets	16,879,286	19,733,997
Total liabilities	(1,561,727)	(2,354,440)
Net assets	<u><u>15,317,559</u></u>	<u><u>17,379,557</u></u>
Issued capital	27,012,442	23,408,139
Share based payment reserve	1,051,899	1,902,703
Adjustment on adoption AASB 16	(149,114)	-
Accumulated losses	(12,597,668)	(7,931,285)
Total shareholders' equity	<u><u>15,317,559</u></u>	<u><u>17,379,557</u></u>
(Loss)/Profit of the parent entity	(4,666,383)	845,987
Total comprehensive (loss)/profit of the parent entity	<u><u>(4,666,383)</u></u>	<u><u>845,987</u></u>

OCEAN GROWN ABALONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 30. PARENT ENTITY INFORMATION (continued)

(a) Guarantees entered into by the parent entity

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

(b) Contingent liabilities of the parent entity

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

(c) Contractual commitments for capital expenditure

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

Note 31. CONTROLLED ENTITIES

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

Name	Country of Incorporation	Percentage Owned	
		2020	2019
Ocean Grown Abalone Operations Pty Ltd	Australia	100%	100%
Two Oceans Abalone Pty Ltd	Australia	100%	100%
Wylie Bay Abalone Pty Ltd	Australia	66.67%	66.67%
Ocean Grown Abalone Wylie Bay Pty Ltd	Australia	100%	100%

OCEAN GROWN ABALONE LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2020

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 17 to 51 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards as described in Note 2, the *Corporations Act 2001* and with International Financial Reporting Standards; and
 - b) giving a true and fair view of the consolidated Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Bradley Adams
Managing Director
28 August 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Ocean Grown Abalone Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ocean Grown Abalone Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(v) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Biological Assets

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

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
	<ul style="list-style-type: none"> • performing a sensitivity analysis of the key inputs including the future selling price, abalone quantity and abalone size as these are the key assumptions against which the model is most sensitive to; and • evaluating the adequacy of the related disclosure in Note 8 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group’s annual report for the year ended 30 June 2020, but does not include the financial report and the auditor’s report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor’s responsibilities for the audit of the Financial Report

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



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

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

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 14 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Ocean Grown Abalone Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', written over a faint, larger 'BDO' watermark.

Dean Just

Director

Perth, 28 August 2020

OCEAN GROWN ABALONE LIMITED
ADDITIONAL SECURITIES EXCHANGE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2020

Shareholder Information

The shareholder information set out below was applicable as at 25 August 2020.

1. Quotation

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

2. Voting Rights

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

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

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

3. Distribution of Shareholders

i) Fully Paid Ordinary Shares

Shares Range	Holders	Units	%
1 – 1,000	17	5,781	0.00
1,001 – 5,000	160	574,020	0.29
5,001 – 10,000	293	2,418,229	1.20
10,001 – 100,000	548	20,143,084	9.85
100,001 and above	180	177,601,666	88.47
Total	1,193	200,742,780	100.00%

On 25 August 2020, there were 130 holders of unmarketable parcels of less than 351,964 ordinary shares (based on the closing share price of \$0.1150).

ii) Unlisted Class A Options exercisable at \$0.30 on or before 28 December 2020

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	4	8,807,452 ¹	100.00
Total	4	8,807,452	100.00%

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

- Ainsley Gae Andrew – 2,300,000 Options
- Tejiman Holdings Pty Ltd <The Tejiman A/C> - 2,300,000 options
- Jaek Holdings Pty Ltd <Hannaford Family A/C> - 2,300,000 options
- View Street Partners Pty Ltd <Staff A/C> - 1,907,452 options

OCEAN GROWN ABALONE LIMITED
ADDITIONAL SECURITIES EXCHANGE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2020

3. Distribution of Shareholders (continued)

iii) Unlisted Class B Options exercisable at \$0.39 on or before 30 September 2021

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

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

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

iv) Unlisted Class C Options exercisable at \$0.44 on or before 30 September 2021

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

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

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

v) Class C Performance Rights

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

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

- Bradley Adams – 4,000,000 performance rights

4. Substantial Shareholders

As at 20 August 2020, the Company's register showed the following substantial shareholders:

Name	No. of Shares	%
Mr Ignazio Peter Ricciardi & Mrs Silvana Ricciardi <IP & S Ricciardi Family A/C>	15,257,577	7.60
Calogero Paul Ricciardi <C P Ricciardi Family A/C>	13,008,003	6.52
NE & HJ Soulos Pty Ltd <NE & HJ Soulos Super Fund A/C>	10,273,422	5.12
Frewin Corporation Pty Ltd	9,867,012	4.92

OCEAN GROWN ABALONE LIMITED
ADDITIONAL SECURITIES EXCHANGE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2020

5. Restricted Securities

There are currently no restricted securities.

6. On market buy-back

There is currently no on market buy back in place.

7. Application of funds

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

8. Twenty Largest Shareholders

The twenty largest shareholders of the Company's quoted securities as at 25 August 2020 are as follows:

	Name	No. of Shares	%
1	Mr Ignazio Peter Ricciardi & Mrs Silvana Ricciardi <IP & S Ricciardi Family A/C>	15,257,577	7.60%
2	Calogero Paul Ricciardi <C P Ricciardi Family A/C>	13,088,003	6.52%
3	NE & HJ Soulos Pty Ltd <NE&HJ Soulos Super Fund A/C>	10,273,422	5.12%
4	Frewin Corporation Pty Ltd	9,867,012	4.92%
5	UBS Nominees Pty Ltd	9,473,019	4.72%
6	Tomba Nominees Pty Ltd <V&N Tomba Family A/C>	7,671,330	3.82%
7	Mr Michael Kelsey Cross	6,300,000	3.14%
8	BNP Paribas Noms Pty Ltd <Drp>	5,986,936	2.98%
9	HSBC Custody Nominees (Australia) Limited	5,771,962	2.88%
10	Abracadabra Fishing Company Pty Ltd <Adams Family A/C>	5,451,055	2.72%
11	Whale Watch Holdings Limited	4,200,000	2.09%
12	Sylvia Ricciardi	3,656,250	1.82%
13	Blair House Pty Ltd <Robert Stork SF A/C>	3,622,689	1.80%
14	Montrose Investments (WA) Pty Ltd <Fraunschiel Family Account>	3,000,000	1.49%
14	Teakdale Investments Pty Ltd	3,000,000	1.49%
15	Mrs Sylvia Ricciardi	2,812,500	1.40%
16	Pyxis Holdings Pty Ltd <The Mapletree A/C>	2,650,000	1.32%
17	Tejiman Holdings Pty Ltd <The Tejiman A/C>	2,500,000	1.25%
18	Makaba Pty Ltd <The Rickerby Spouse A/C>	2,370,000	1.18%
19	Citicorp Nominees Pty Limited	2,209,777	1.10%
20	Reay Corporation Pty Ltd	2,187,500	1.09%
	Total	121,349,032	60.45%