

# Ocean Grown Abalone Limited

## Appendix 4D

### Half-year report

### For the Half-Year ended 31 December 2020

<b>Name of Entity</b>	Ocean Grown Abalone Limited
<b>ABN:</b>	52 148 155 042
<b>Current Reporting Period</b>	31 December 2020 (H1FY2021)
<b>Previous Reporting Period</b>	31 December 2019

#### Results for announcement to the market

#### Item 1 – Operating Performance

				H1FY2021
				\$
Revenue from ordinary activities	Up	9%	to	1,584,430
EBITDA	Up	163%	to	633,567
EBIT	Up	121%	to	292,202
Profit/(Loss) from ordinary activities before tax attributable to members	Up	122%	to	293,955
Profit/(Loss) from ordinary activities after tax attributable to members	Up	115%	to	149,022

#### 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 half-year ended 31 December 2020.

#### Item 3 – Brief Explanation

Refer to “*Review of Operations and Financial Results*” section in the accompanying Directors’ Report which forms part of the Appendix 4D Half-Year Report.

#### Item 4 – Net Tangible Assets

	2020	Half-year ended 31 December		
	\$	2019	Movement	Movement
		\$	\$	%
Net tangible assets per security for Group	0.077	0.094	(0.017)	(18.1)

## Appendix 4D

### Half year report

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#### Item 5 – Control gained or lost over Entities during the period

Not applicable.

#### Item 6 – Controlled Entities and Joint Ventures

	Ownership interest as at	
	31 December 2020	30 June 2020
	%	%
<b>Parent Entity:</b> Ocean Grown Abalone Limited		
<b>Controlled entities:</b>		
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 7 – Auditor's review report

The accompanying half-year financial report of Ocean Grown Abalone Limited for the half year ended 31 December 2020 has been reviewed by BDO Audit (WA) Pty Ltd. Refer to the 31 December 2020 half-year financial report for the Independent Auditor's Review Report provided to the members of Ocean Grown Abalone Limited. Refer to paragraph *Material Uncertainty relating to going concern* for emphasis of matter.



**Ocean Grown Abalone Limited**  
and its controlled entities  
ACN 148 155 042

**Financial Report**

**For The Half-Year Ended 31 December 2020**

OCEAN GROWN ABALONE LIMITED  
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# OCEAN GROWN ABALONE LIMITED

## CORPORATE DIRECTORY

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### **Directors**

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

### **Company Secretary**

Ian Cunningham

### **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](mailto:investors@oceangrown.com.au)  
Website Address: [www.oceangrown.com.au](http://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](http://www.automic.com.au)

# OCEAN GROWN ABALONE LIMITED

## DIRECTORS' REPORT

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The Directors present the financial report for Ocean Grown Abalone Limited (the **Company**) and its controlled entities (the **Consolidated Group** or **Group**) for the half-year ended 31 December 2020 (**HY2021**).

### DIRECTORS

The following persons were Directors of the Company during or since the end of the half-year:

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

All directors were appointed for the full half-year.

### REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The Consolidated Group incurred an operating profit before tax for HY2021 of \$293,955 (HY2020: loss \$1,364,112).

Revenue from the sale of abalone meat products for HY2021 was \$1,514,603, an increase of approximately 5% on the half-year ended 31 December 2019 (HY2020: \$1,445,470). The Company sold 35.4 tonnes (whole in shell equivalent) of abalone meat products in HY2021, an increase of 35.6% compared to HY2020 sales of 26.1 tonnes. In contrast, average sale prices declined by approximately 20% compared to HY2020, which is consistent with other seafood industry participants during the 2020 calendar year.

Other income for HY2021 included Government Grant income of \$485,140 (HY2020 \$75,000), which comprised Jobkeeper payments of \$369,900 and Cash Flow Boost payments of \$115,240. The Consolidated Group will no longer be eligible for JobKeeper payments after 31 December 2020.

Other income also included research and development (**R&D**) tax incentive of \$448,274 (HY2020: \$924,019), \$132,100 of which was attributable to R&D incentive payments received in October 2020 for the 2020 financial year, but were not accrued for at 30 June 2020. The reduction in the R&D tax incentive for the current reporting period, is attributable to the Flinders Bay 1 operation moving from testing phase through to commercial operations, as evidenced by increasing harvesting volumes in HY2021.

Corporate and Administration costs for HY2021 of \$303,319 (HY2020: \$834,728). The reduction in HY2021 is attributable to deferral of additional expenditure on the Esperance development project pending execution of the heads of agreement (HY2020 Esperance expenditure of \$364,900) and the impact of cost reduction measures implemented in the first half of the 2020 calendar year. Diving, vessels and operating expenses of \$90,030 (HY2020: \$259,813) was significantly less than HY2020 due to the reduction in the number of dive teams and other COVID-19 related costs savings.

Processing costs were \$59,143 (HY2020:\$141,378), with the reduction due primarily to savings and efficiencies realised from the Augusta processing facility which became fully operational in November 2019 and the types of product sold in the period.

The fair value adjustment of biological assets of \$1,370,611 (HY2020: \$614,808) was attributable to organic growth during the winter period, given market prices and costs to complete remained constant. Total Biomass increased by ~67.2 tonnes during HY2021, which after adjusting for harvest volumes resulted in a closing balance of 266.8 tonnes (FY2020: 247 tonnes) The Biomass is in a transition period where a greater proportion of the abalone are reaching an optimum size for market consumption, with an anticipated benefit for future sales volumes.

### Operations

A total of 47.5 tonnes (whole in shell equivalent) was harvested in HY2021, 34.2% higher than HY2020 harvest of 35.4 tonnes.

Approximately 347,260 juvenile abalone were seeded in HY2021 (HY2020: 842,000). The reduction on HY2020 levels was attributable to the impact of COVID-19 on the market for abalone products. In particular, seeding was deferred to allow for the anticipated growth in existing reef stocks, pending improved market conditions. Total scheduled juvenile deployments for calendar year 2021 are in line with 2019 levels of approximately 1.2 million.

During HY2021, OGA completed a strategic review of its sales and marketing operations, with the aim of increasing demand and prices for the Company's products as the restrictions placed upon our customer base by COVID-19 are reduced. As a result of that review, OGA has developed a Seafood Trader network to promote the sales of bulk product through various Asian market channels. The Company now has bulk product going to customers in Taiwan, Singapore and Hong Kong, with further opportunities in advanced stages of negotiation.

The trader network is also being supported with new marketing material, which promotes the depth, breadth and quality of the Company's product offering and ability to supply consistently all year round. Simultaneously the Company's sales and

# OCEAN GROWN ABALONE LIMITED

## DIRECTORS' REPORT

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marketing team is segmenting its customer base, to conduct more in-depth research of customer requirements. The Company's intention is to use this research in the first instance to promote its story to a wider food services customer base in Australia with the use of its digital platform. This will give it the opportunity to connect directly with a broader end user and target improved margins.

In relation to the Company's research and development activities, information gained from the development of the Flinders Bay 1 project, is being applied to the development of Flinders Bay 2. The Company is seeking to implement further optimisation and yield increasing initiatives across the ranch as the Company works towards achieving full-scale commercial production across the whole project. A key focus is the utilisation of information and experience collected over the years like topographical and tide patterns to optimise ranch performance, in particular increasing growth and production yields. This information is also beneficial in the identification of future development sites. The Company also continues to assess opportunities to improve Abitat design.

### Esperance Development

During HY2021, the Company announced that a Heads of Agreement (**HoA**) had been signed with Yumbah Aquaculture Limited (Yumbah) to progress the development of a large onshore abalone hatchery and grow out facility in Esperance, Western Australia (**Esperance Project**).

The HoA includes binding obligations on both OGA and Yumbah to:

- (a) undertake and complete a Bankable Feasibility Study (**BFS**) within 12 months, in relation to the Esperance Project; and
- (b) make an investment decision of whether or not to proceed with the development of the Esperance Project (**Investment Decision**) within 3 months of receipt of the BFS.

In HY2020, OGA carried out a preliminary independent concept design study for developing the Esperance Project (**Conceptual Study**), in which suggested that the land is suitable for a hatchery and grow-out facility for 500 tonnes of abalone per annum. Under the HoA, OGA and Yumbah have agreed to:

- (a) have Yumbah's engineers review the Conceptual Study to optimise it and incorporate (where possible) the Nyamat Technology;
- (b) complete further studies and progress the necessary regulatory approvals, preliminary site planning and preliminary budget analysis for the Esperance Project; and
- (c) complete a BFS for the Esperance Project.

On receipt of the BFS, OGA and Yumbah must each make an Investment Decision within 3 months. If OGA and Yumbah both make a positive Investment Decision, they intend to form an unincorporated joint venture to assess, develop, own and operate the Esperance Project.

### EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

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

The Consolidated Group cannot accurately estimate the impact of COVID-19 on its results of operation, financial condition or liquidity for the balance of the 2021 financial year. However, based on its operational performance in HY2021 and measures taken during 2020 to mitigate the effects of COVID-19, it expects to be able to continue as a going concern.

Other than as disclosed above or in the financial statements, there are no significant matters sufficiently advanced or at a level of certainty that would require disclosure that have arisen since the end of the reporting period, 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.

# OCEAN GROWN ABALONE LIMITED

## DIRECTORS' REPORT

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### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

- implementing its sales and marketing operations strategies with the aim of increasing demand and prices for the Company's products as the restrictions placed upon its customer base by COVID-19 are reduced;
- continue to develop its export supply chains into Asia;
- continuing to manage its research and development activities in Augusta with the longer-term aim of achieving commercial operations across all Abitats; and
- undertaking the feasibility study with Yumbah in relation to Esperance Project.

### 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 8 of this report.

Signed in accordance with a resolution of the Directors.



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**Bradley Adams**  
**Managing Director**  
26 February 2021

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ocean Grown Abalone Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Ocean Grown Abalone Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

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

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.



### **Material uncertainty relating to going concern**

We draw attention to Note 2 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 conclusion is not modified in respect of this matter.

### **Responsibility of the directors for the financial report**

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

### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink, appearing to read 'Dean Just', written over the printed name.

**Dean Just**

**Director**

Perth, 26 February 2021

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

As lead auditor for the review of Ocean Grown Abalone Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



**Dean Just**  
**Director**

**BDO Audit (WA) Pty Ltd**  
Perth, 26 February 2021

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

	Notes	Consolidated Group	
		31 Dec 20	31 Dec 19
		\$	\$
Revenue		1,584,430	1,447,580
Other income		467,696	109,743
Net interest received (excluding interest expense on lease liability)		16,154	16,595
Research and development tax incentive		448,274	924,019
<b>Total income</b>		<b>2,516,554</b>	<b>2,497,937</b>
Changes in inventory		(1,319,358)	(1,289,562)
Fair value adjustment of biological assets	4	1,370,611	614,808
Selling & distribution		(100,198)	(160,560)
Processing expenses		(59,143)	(141,378)
Employee benefits expense		(1,108,890)	(1,272,468)
Share-based payments	9	(29,263)	
Diving, vessels & operations expense		(90,030)	(259,813)
Corporate & administration		(303,319)	(834,728)
Depreciation & amortisation expense		(341,365)	(361,511)
Interest expense on lease liability		(14,401)	(15,227)
Other expenses		(227,243)	(141,610)
		<b>(2,222,599)</b>	<b>(3,862,049)</b>
<b>Profit/(Loss) before income tax</b>		<b>293,955</b>	<b>(1,364,112)</b>
Income tax (expense) / benefit	2(b)	(144,933)	365,677
<b>Profit/(Loss) after tax from continuing operations</b>		<b>149,022</b>	<b>(998,435)</b>
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		-	-
<b>Total comprehensive profit/(loss) for the year</b>		<b>149,022</b>	<b>(998,435)</b>
<b>Profit/(Loss) attributable to:</b>			
- Owners of the Company		149,793	(997,608)
- Non-controlling interests		(771)	(827)
		<b>149,022</b>	<b>(998,435)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>			
- Owners of the Company		149,793	(997,608)
- Non-controlling interests		(771)	(827)
		<b>149,022</b>	<b>(998,435)</b>
<b>Basic and diluted profit/(loss) per share attributable to the Owners of the Company</b>			
Basic and diluted profit/(loss) per share (cents)		0.07	(0.55)

The accompanying notes form part of these financial statements.

**OCEAN GROWN ABALONE LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Notes	Consolidated Group	
		31 Dec 20	30 Jun 20
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,629,607	2,778,877
Trade and other receivables		629,905	1,448,976
Biological assets	4	2,775,000	2,400,000
Inventory		730,189	399,003
Other assets		42,452	175,200
<b>TOTAL CURRENT ASSETS</b>		<b>7,807,153</b>	<b>7,202,056</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		4,409,474	4,697,852
Biological assets	4	4,624,883	4,585,402
Right-of-use assets		491,286	533,247
Intangible assets		79,730	58,201
Other assets		77,198	78,228
Deferred tax assets	2	40,292	48,523
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,722,863</b>	<b>10,001,453</b>
<b>TOTAL ASSETS</b>		<b>17,530,016</b>	<b>17,203,509</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		490,060	367,689
Interest bearing liabilities		8,750	34,112
Lease liabilities		106,028	102,118
Provisions		133,922	165,035
Current tax liability		10,424	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>749,184</b>	<b>668,954</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing liabilities		20,961	25,380
Lease liabilities		517,218	571,085
Deferred tax liabilities	2	674,465	548,187
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,212,644</b>	<b>1,144,652</b>
<b>TOTAL LIABILITIES</b>		<b>1,961,828</b>	<b>1,813,606</b>
<b>NET ASSETS</b>		<b>15,568,188</b>	<b>15,389,903</b>
<b>EQUITY</b>			
Contributed equity	5	27,012,442	27,012,442
Share-based payment reserve	6	1,081,162	1,051,899
Accumulated losses		(12,515,564)	(12,665,356)
<b>Equity attributable to owners of the Company</b>		<b>15,578,040</b>	<b>15,398,985</b>
Non-controlling interests		(9,852)	(9,082)
<b>TOTAL EQUITY</b>		<b>15,568,188</b>	<b>15,389,903</b>

The accompanying notes form part of these financial statements.

**OCEAN GROWN ABALONE LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Consolidated Group	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$
<b>Balance as at 1 July 2019</b>	<b>23,408,139</b>	<b>1,902,703</b>	<b>(7,950,960)</b>	<b>17,359,882</b>	<b>(8,207)</b>	<b>17,351,675</b>
Adjustment on adoption of AASB 16	-	-	(131,062)	(131,062)	(226)	(131,288)
<b>Balance as at 1 July 2019, as restated</b>	<b>23,408,139</b>	<b>1,902,703</b>	<b>(8,082,022)</b>	<b>17,228,820</b>	<b>(8,433)</b>	<b>17,220,387</b>
Loss after income tax expense for the period	-	-	(997,608)	(997,608)	(827)	(998,435)
Other comprehensive loss for the period	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(997,608)</b>	<b>(997,608)</b>	<b>(827)</b>	<b>(998,435)</b>
<b>Transactions with owners recorded directly in equity</b>						
Shares issued	2,899,618	-	-	2,899,618	-	2,899,618
Capital raising costs	(201,543)	-	-	(201,543)	-	(201,543)
Transfer from share based payments reserve	850,804	(850,804)	-	-	-	-
Total transactions with owners recorded directly in equity	<b>3,548,879</b>	<b>(850,804)</b>	<b>-</b>	<b>2,698,075</b>	<b>-</b>	<b>2,698,075</b>
<b>Balance as at 31 December 2019</b>	<b>26,957,018</b>	<b>1,051,899</b>	<b>(9,079,630)</b>	<b>18,929,287</b>	<b>(9,260)</b>	<b>18,920,027</b>
<b>Balance as at 1 July 2020</b>	<b>27,012,442</b>	<b>1,051,899</b>	<b>(12,665,356)</b>	<b>15,398,985</b>	<b>(9,082)</b>	<b>15,389,903</b>
Profit after income tax expense for the period	-	-	149,793	149,793	(771)	149,022
Other comprehensive loss for the period	-	-	-	-	-	-
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>-</b>	<b>149,793</b>	<b>149,793</b>	<b>(771)</b>	<b>149,022</b>
<b>Transactions with owners recorded directly in equity</b>						
Director options issued	-	29,263	-	29,263	-	29,263
Total transactions with owners recorded directly in equity	<b>-</b>	<b>29,263</b>	<b>-</b>	<b>29,263</b>	<b>-</b>	<b>29,263</b>
<b>Balance as at 31 December 2020</b>	<b>27,012,442</b>	<b>1,081,162</b>	<b>(12,515,563)</b>	<b>15,578,041</b>	<b>(9,853)</b>	<b>15,568,188</b>

The accompanying notes form part of these financial statements.

**OCEAN GROWN ABALONE LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Notes	Consolidated Group	
		31 Dec 20 \$	31 Dec 19 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,449,976	1,389,840
Other income		444,502	115,288
Payments to suppliers and employees		(2,358,963)	(3,783,787)
Income taxes refunded/(paid)		-	137,246
R&D tax incentive		1,424,096	1,578,886
		<b>959,611</b>	<b>(562,527)</b>
<b>Net cash provided by / (used in) operating activities</b>			
<b>Cash flows from investing activities</b>			
Purchases of plant, equipment and intangible assets		(15,793)	(618,659)
Proceeds from disposals of plant, equipment and intangible assets		-	10,085
Receipt of lease deposits		-	35,840
Patents and trademarks		(15,731)	-
Interest received		17,195	23,288
		<b>(14,329)</b>	<b>(549,446)</b>
<b>Net cash (used in) investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		500	1,000
Repayment of borrowings		(29,781)	(56,950)
Repayment of lease liability		(49,957)	(63,677)
Interest paid		(15,314)	(3,690)
Proceeds from issue of shares		-	2,899,618
Capital raising costs		-	(201,543)
		<b>(94,552)</b>	<b>2,574,758</b>
<b>Net cash provided by / (used in) financing activities</b>			
<b>Net increase / (decrease) in cash and cash equivalents</b>			
		<b>850,730</b>	<b>1,462,785</b>
<b>Cash and cash equivalents at the beginning of the year</b>			
		<b>2,778,877</b>	<b>2,571,694</b>
<b>Cash and cash equivalents at the end of the year</b>			
	3	<b>3,629,607</b>	<b>4,034,479</b>

The accompanying notes form part of these financial statements.

**OCEAN GROWN ABALONE LIMITED**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

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**Note 1. NATURE OF OPERATIONS OF OCEAN GROWN ABALONE LIMITED**

Ocean Grown Abalone Limited (the **Company**) and its wholly-owned subsidiaries' (the **Consolidated Group** or **Group**) have developed the world's first commercial greenlip abalone sea ranching business in Flinders Bay, Western Australia. With the construction of its proprietary, purpose-built artificial abalone reefs (called "Abitats") now complete, OGA principal activities during the period were the harvesting, processing and supply of greenlip abalone meat product to local and overseas customers.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Statement of compliance**

The half-year financial report is a general purpose interim financial report prepared in accordance with *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual financial report for the financial year ended 30 June 2020.

**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 half-year ended 31 December 2020 were approved and authorised for issue by the Board of Directors on 26 February 2021

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

*(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. As a result of the review, the Group have determined that there is no material impact of the Standards and Interpretations on issue not yet adopted on the Group, therefore, no change is necessary to Group accounting policies

**d) 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.

**OCEAN GROWN ABALONE LIMITED**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

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***Biological Assets***

Biological assets are measured at fair value less cost to sell in accordance with AASB 141 *Agriculture*. 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 *Agriculture*. 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.

***Deferred Tax Assets and Liabilities***

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the tax benefit can be utilised. Deferred tax assets are reviewed at each reporting date to assess the probability that the related tax benefit will be realised. Assumptions about the generation of future taxable profits depends on the Group's estimates of future cash flows, which in turn depend on estimates of future sales volumes and pricing, operational costs, capital expenditure and capital management transactions. The Board has decided to recognise a deferred tax asset to reflect the likelihood of the generation of future profits against which the deferred tax asset will be utilised.

The Group recognises liabilities for anticipated tax issues based on estimates of the additional taxes that are likely to become due, which requires judgement. Amounts are accrued based on management's interpretation of applicable tax law and the likelihood of settlement. Where the final tax position is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax balances in the period in which such determination is made, resulting in an adjustment to prior years.

***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***

**OCEAN GROWN ABALONE LIMITED**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

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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.

**e) Going concern**

The financial statements for the half-year ended 31 December 2020 have been prepared on the basis that the Consolidated 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 period the Consolidated Group recorded a net profit after tax of \$149,022 (HY2020: net loss after tax \$998,435) and had net cash inflows from operating activities of \$959,611 (HY2020: net cash outflows \$562,527). At balance date the Group had cash and cash equivalents totalling \$3,629,607 and working capital of \$7,057,969.

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 continues to have an impact on the Group's operations as at the date of this report. In particular, its impact on demand and prices for seafood products, including abalone, and presenting challenges in coordinating logistics for the delivery of product to customers. 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 this financial report 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 has the capacity to:

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

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. 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 recoverability of trade receivables. The Directors continue to be focused on meeting the Group's business objectives and are mindful of the funding requirements to meet these objectives.

**f) Share-based payments**

The Company provides benefits to senior executives of the Company in the form of share-based payments. The cost of these share-based payments is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value at grant date is measured by use of the Black and Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the entity's estimate of shares that will eventually vest.

**OCEAN GROWN ABALONE LIMITED**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	<b>Consolidated Group</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Note 2. INCOME TAX</b>		
<b>(a) The components of tax expense comprise:</b>		
<i>Current income tax</i>	8,976	
Adjustments in respect of current income tax of previous years	190	(137,012)
<i>Deferred income tax</i>		
Relating to the origination and reversal of temporary differences	138,768	(97,591)
Adjustments for prior period & movements in deferred taxes not recognised	(3,001)	(131,074)
<b>Total income tax (benefit)/expense from continuing operations</b>	<b>144,933</b>	<b>(365,677)</b>
<b>Deferred income tax expense/(income) included in income tax expense comprises:</b>		
Decrease/(increase) in deferred tax assets/(liabilities)	134,508	(227,784)
	<b>134,508</b>	<b>(227,784)</b>
<b>(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:</b>		
Profit/(Loss) Before Income Tax	<b>293,955</b>	<b>(1,364,112)</b>
Prima facie tax payable on profit from ordinary activities before income tax at 27.5%	76,428	(375,131)
<b>Add:</b>		
<b>Tax effect of:</b>		
- Research & Development Expenditure: Non-deductible	152,585	408,526
- Other non-deductible permanent adjustments	654	1,328
- Adjustments for prior period & movements in deferred taxes not recognised	119,515	121,791
- Change in corporate tax rate	(54,144)	-
	<b>295,038</b>	<b>156,514</b>
<b>Less:</b>		
<b>Tax effect of:</b>		
- Adjustments for current tax of prior period	(2,811)	(268,086)
- Income not assessable for income tax purposes	(147,294)	(254,105)
<b>Income tax expense/(benefit)</b>	<b>144,933</b>	<b>(365,677)</b>
<b>The applicable weighted average effective tax rates are as follows:</b>	49%	27%

**OCEAN GROWN ABALONE LIMITED**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

		<b>Consolidated Group</b>	
		<b>31 Dec 20</b>	<b>30 Jun 20</b>
		<b>\$</b>	<b>\$</b>
<b>Note 3.</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash at bank and in hand	3,629,607	2,778,877
		<u><b>3,629,607</b></u>	<u><b>2,778,877</b></u>
<b>Note 4.</b>	<b>BIOLOGICAL ASSETS</b>		
	<b>CURRENT</b>		
	Abalone on Abitats	<u>2,775,000</u>	<u>2,400,000</u>
		<u><b>2,775,000</b></u>	<u><b>2,400,000</b></u>
	<b>NON CURRENT</b>		
	Abalone on Abitats	<u>4,624,883</u>	<u>4,585,402</u>
		<u><b>4,624,883</b></u>	<u><b>4,585,402</b></u>
	The carrying value of abalone on hand at year end was calculated as follows:		
	Opening balance	6,985,402	9,910,705
	Increases due to purchases	469,123	1,441,093
	Decreases due to harvest for processing to inventory	(1,425,253)	(2,194,987)
	Fair value adjustment at year end recognised in profit and loss	<u>1,370,611</u>	<u>(2,171,409)</u>
	<b>Closing balance</b>	<u><b>7,399,883</b></u>	<u><b>6,985,402</b></u>

The fair value adjustment that occurred in the period of \$1,370,611 was predominantly due to increase in winter growth of abalone, which had an impact of \$1,370,611 on the profit and loss. Given market prices and costs to complete remained consistent with the 2020 financial year, the increase in total biomass has translated into a positive contribution to the profit and loss of \$1,370,611.

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 every six months. The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

**OCEAN GROWN ABALONE LIMITED**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**Note 4. BIOLOGICAL ASSETS (continued)**

Description	31 December 2020	30 June 2020	Comments
Selling price	Based on estimated market price at year end	Based on estimated market price at year end	Obtained by analysing sales prices and market research during the months that have been impacted by COVID-19
Percentage (decrease)/increase from previous period selling price	Nil	-23%	Obtained by analysing sales prices and market research during the months that have been impacted by COVID-19
Weight of live abalone	Adjusted weight of live abalone for fair value measurement: 205,906 kg	Adjusted weight of live abalone for fair value measurement: 185,637 kg	Based on the results from the stocktake procedures
Costs to complete	\$10/Kg	\$10/Kg	Based on historical data over the last 12 months
Mortality	10% of >90mm animals	10% of >90mm animals	Based on historical research

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(d), 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 period and prior financial year and of >90mm animals for current period and prior year number:

No of Abalone	31 December 2020	30 June 2020
< 90mm	724,682	998,350
> 90mm	1,281,991	1,182,996
<b>Total</b>	<b>2,006,673</b>	<b>2,181,346</b>

**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	(\$836,273)	\$836,273
Weight of live abalone	(\$627,205)	\$627,205

**OCEAN GROWN ABALONE LIMITED**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

<b>Note 5. CONTRIBUTED EQUITY</b>	<b>Consolidated Group</b>	
	<b>31 Dec 20</b>	<b>30 Jun 20</b>
	<b>No.</b>	<b>No.</b>
<b>(a) Issued and paid up capital</b>		
No. fully paid ordinary shares	<u><b>200,742,780</b></u>	<u><b>200,742,780</b></u>
	<b>\$</b>	<b>\$</b>
Balance at beginning of period	27,012,442	23,408,139
Employee performance rights vested - class D <sup>1</sup>	-	50,804
Managing Director performance rights vested - class A <sup>2</sup>	-	800,000
Rights issue (\$0.13 on 20 November 2019) <sup>3</sup>	-	2,899,618
Share issue costs	-	(146,119)
	<u><b>27,012,442</b></u>	<u><b>27,012,442</b></u>
Balance at end of the period		
	<b>No.</b>	<b>No.</b>
<b>(b) Movement in ordinary shares</b>		
Balance at the beginning of period	200,742,780	174,110,260
Employee performance rights vested - class D <sup>1</sup>	-	327,766
Managing Director performance rights vested - class A <sup>2</sup>	-	4,000,000
Rights issue (\$0.13 on 20 November 2019) <sup>3</sup>	-	22,304,754
	<u><b>200,742,780</b></u>	<u><b>200,742,780</b></u>
Balance at end of the period		

**(c) Ordinary Shares**

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

**(d) Share options**

On 3 December 2020, 1,000,000 options, each exercisable at \$0.142 on or before 27 November 2023 (Class D) were issued as part remuneration for Ignazio Ricciardi (Non-Executive Director) services (refer Note 9).

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

All of these options remained outstanding at balance date.

**OCEAN GROWN ABALONE LIMITED**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

<b>Note 6. RESERVES</b>	<b>Consolidated Group</b>	
	<b>31 Dec 20</b>	<b>30 Jun 20</b>
	<b>\$</b>	<b>\$</b>
Share-based payment reserve	1,081,162	1,051,899

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 9 for details of share-based payments during the period.

**Movement in reserves:**

*Share-based payments reserve*

Balance at beginning of the period/year	1,051,899	1,902,703
Options issued to employees	29,263	-
Transfer to issued capital upon the vesting of Class A performance rights	-	(800,000)
Transfer to issued capital upon the vesting of Class D performance rights	-	(50,804)
<b>Balance at the end of the period/year</b>	<b>1,081,162</b>	<b>1,051,899</b>

Refer to Note 9 Share-based payments for further details on performance rights and options.

**Note 7. SUBSEQUENT EVENTS**

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

The Consolidated Group cannot accurately estimate the impact of COVID-19 on its results of operation, financial condition or liquidity for the balance of the 2021 financial year. However, based on its operational performance in HY2021 and measures taken during 2020 to mitigate the effects of COVID-19, it expects to be able to continue as a going concern.

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

<b>Note 8. COMMITMENTS AND CONTINGENCIES</b>	<b>Consolidated Group</b>	
	<b>31 Dec 20</b>	<b>30 Jun 20</b>
	<b>\$</b>	<b>\$</b>
The Group had the following supplier purchase commitments as at 31 December 2020		
Within one year	1,313,473	1,381,319
After one year but not more than five years	1,279,317	1,470,557
More than five years	-	-
	<b>2,592,790</b>	<b>2,851,876</b>

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

**OCEAN GROWN ABALONE LIMITED**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**Note 9. SHARE-BASED PAYMENTS**

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

Set out below is a summary of unlisted option movements during the reporting period.

	HY2021		FY2020	
	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
Granted during the period	\$0.14	1,000,000	-	-
Lapsed during the period	(\$0.30)	(8,807,452)	-	-
<b>Balance at the end of the period</b>	<b>\$0.38</b>	<b>13,539,450</b>	<b>\$0.36</b>	<b>21,346,902</b>

1,000,000 unlisted options were issued during the period to a director, pursuant to the Company's Employee Incentive Plan, each exercisable at 14.2 cents on or before 27 November 2023. The fair value at grant date of the options of \$29,263, was estimated using the Black and Scholes option valuation method with the following inputs:

Input	
Grant Date	3-Dec-20
Exercise Price	14.2 cents
Term of the option	2.98 years
Share price at grant date	9.6 cents
Expected share price volatility	63%
Risk free interest rate	0.10%

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

Series	Grant Date	Expiry Date	Exercise Price	Number of options
B	1 Aug 2017	30 Sep 2021	\$0.39	10,039,450
C <sup>1</sup>	1 Aug 2017	30 Sep 2021	\$0.44	2,500,000
D	3 Dec 2020	23 Nov 2023	\$0.14	1,000,000
			<b>Total</b>	<b>13,539,450</b>

<sup>1</sup> HY2021 share based payment expense of \$29,263 is attributable to the Class D options granted during the reporting period.

<sup>2</sup> 8,807,452 Class A options, each exercisable at \$0.30 on or before 28 Dec 2020, expired during the reporting period.

**Performance Rights**

There was no movement in the number of performance right on issue during the reporting period.

**OCEAN GROWN ABALONE LIMITED**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

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**Note 10. 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 11. RELATED PARTY TRANSACTIONS**

On 3 December 2020, 1,000,000 options, each exercisable at \$0.142 on or before 27 November 2023 were issued as part remuneration for Ignazio Ricciardi (Non-Executive Director) services (refer Note 9). Shareholder approval for the issue was received on 27 November 2020.

There were no other changes to related party arrangements during the period.

**Note 12. CONTROLLED ENTITIES**

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

Name	Country of Incorporation	Percentage Owned	
		31 Dec 2020	30 Jun 2020
Ocean Grown Abalone Operations Pty Ltd	Australia	100%	100%
Two Oceans Abalone Pty Ltd	Australia	100%	100%
Wylie Bay Abalone Pty Ltd	Australia	66.67%	66.67%
Ocean Grown Abalone Wylie Bay Pty Ltd	Australia	100%	100%

OCEAN GROWN ABALONE LIMITED  
DIRECTORS' DECLARATION  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 22 are in accordance with the *Corporations Act 2001*, including:
  - a) complying with Australian Accounting Standards AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*; and
  - b) giving a true and fair view of the Consolidated Group's financial position as at 31 December 2020 and of its performance for the half-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*.



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**Bradley Adams**  
**Managing Director**  
26 February 2021