



Ocean Grown Abalone – December 2018 Half Year Financial Results

HIGHLIGHTS

- **Operating profit before tax** – increased to **\$1,125,461 in H1FY19** compared to a loss of (\$1,420,548) in H1FY18.
- **BIOMASS** – after harvesting **28.7 tonnes for H1FY19, BIOMASS increased 48 tonnes to 211 tonnes**, compared to 162 tonnes in FY18.
- **Commercial grade abalone** - increased by **80.4 tonnes in H1FY19** from FY18, **adding \$3,083,513** to the fair value of the BIOMASS.
- **Total Biomass value increased by 46.5%. \$8,624,331 in H1FY19**, compared to \$5,887,560 FY18
- **Total Sales - up 15% to \$1,682,784 for H1FY19** compared to \$1,467,210 in H1FY18.
- **Harvest volumes - up 37% to 28.7 tonnes in H1FY19** compared to 21.0 tonnes in H1FY18. Largest ever harvest for a quarter in Q2FY19 of 19.9 tonnes, an increase of 48% compared to the previous largest quarter in Q2FY18.

DETAILS

Ocean Grown Abalone Limited (**ASX: OGA, the Company**) has released its results for the 6 months to December 2018.

Operating Profit before Tax

The operating profit before tax for the half year was \$1,125,461 compared to a loss of (\$1,420,548) in H1FY18.

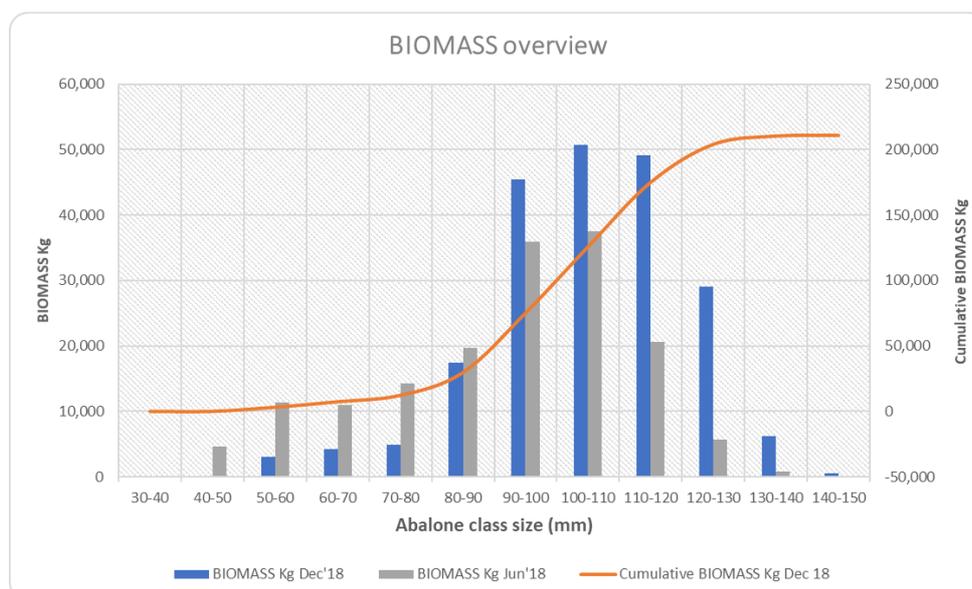
The improvement in profits was primarily due to an increase of \$3,083,513 in fair value of the biomass and total weight to 211 tonnes, an increase of 80.4 tonnes in commercial grade abalone above 90 mm.

Diving, vessels and operating expenses reduced by \$341,801 as the business moved from a construction phase into an operating phase. Corporate and administration costs reduced by \$153,809 to \$501,542 while selling and distribution costs increased by \$79,225, as OGA increased its selling and marketing activities.

Biomass

After harvesting 28.7 tonnes in H1FY19 the biomass increased by more than 48 tonnes in the half year to 211 tonnes. The value of the biomass reached \$8,624,331 at the end of December 2018, compared to \$5,887,560 at the end of June 2018, an increase of 46.5%.

The commercial grade abalone above 90 mm increased by 80% to a total of 181 tonnes, this stock represents significant future value to the Company and will be managed to balance increases in future potential size and have enough room on the abitatats for further growth by the abalone.



Sales and Harvesting

The first quarter sales were significantly lower than expected due to unseasonal weather conditions. Large oceanic swell impacted diver utilisation and the ability to harvest. This was followed by a second quarter that saw the largest quarterly harvest of 19.9 tonnes, 28.7 tonnes for the half year.

Total sales increased by 15% to \$1,682,784 for H1FY19 compared to H1FY18. The Company is well placed to continue to increase sales with the increase in the commercial grade abalone that occurred over the 6 month period.

Outlook

The Board and management are focused on further increases in revenue and are well placed to achieve this goal with the strong biomass. This will also support sales growth aspirations, brand development and market expansion, particularly in Asia.

OGA looks forward to the completion of the new processing facility by June 2019. This will provide the Company with further value-adding product opportunities, increased efficiencies in operations and the ability to meet future harvesting volume increases that are currently constrained by existing facilities.

The Company continues to expand and optimise existing operations to increase production. The Company will also focus on growth in other value-adding areas within the abalone industry.

For investor and media enquiries, please contact:

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About the Company

Ocean Grown Abalone Limited (**ASX: OGA**) has developed the world's first commercial greenlip abalone sea ranching business in the pristine waters of Flinders Bay, Western Australia. Through the construction of proprietary, purpose-built artificial abalone reefs (called "Abitats"), OGA is able to supply commercial quantities of its premium, 'wild-harvested', greenlip abalone at sizes not otherwise available in the Australian abalone market today.

For more information visit <https://www.oceangrown.com.au>

Forward Looking Statements

This announcement may contain certain "forward-looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, currency fluctuations, increased production costs and variances in recovery rates from those assumed, as well as political and operational risks in the Countries and States in which we operate or sell the product to, and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Ocean Grown Abalone Limited

Appendix 4D

Half year report For the Half-Year ended 31 December 2018

Name of Entity	Ocean Grown Abalone Limited
ABN:	52 148 155 042
Current Reporting Period	31 December 2018
Previous Reporting Period	31 December 2017

Results for the announcement to the market

Item 1

Operating Performance	Half-year ended 31 December			
	2018 \$	2017 \$	Movement \$	Movement %
Revenue from ordinary activities	1,682,784	1,467,210	215,574	15
EBITDA	1,342,563	(1,161,252)	2,503,815	216
EBIT	1,050,113	(1,426,949)	2,477,062	174
Profit/(Loss) from ordinary activities before tax attributable to members	1,125,461	(1,420,548)	2,546,009	179
Profit/(Loss) from ordinary activities after tax attributable to members	277,495	(1,612,824)	1,890,319	117

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 2018.

Item 3 – Brief Explanation

Refer to “Review of Operations” section in the accompanying Directors’ Report which forms part of the Appendix 4D Half-Year Report, together with the Company’s H1FY19 results media release.

Item 4

Net Tangible Assets	Half-year ended 31 December			
	2018 \$	2017 \$	Movement \$	Movement %
Net tangible assets per security for Group	0.095	0.099	(0.004)	(4.0)

Appendix 4D Half year report

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 2018	30 June 2018
	%	%
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 7

Auditor's review report
The accompanying half-year financial report of Ocean Grown Abalone Limited for the half year ended 31 December 2018 has been reviewed by Stantons International. Refer to the 31 December 2018 half-year financial report for the independent review report provided to the members of Ocean Grown Abalone Limited. Refer to paragraph <i>Inherent Material Uncertainty Regarding Valuation of inventory of Biological Assets and harvested Abalone</i> 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 2018

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 – Executive Director
Danielle Lee – Non Executive Director

Company Secretary

Romolo Santoro (Appointed on 30 November 2018)

Registered Office

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

Principal Place of Business

617 Brindley Street
Augusta WA 6290

Auditors

Stantons International
Level 2,
1 Walker Avenue
West Perth WA 6005

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**) and its subsidiaries (the **Consolidated Group**) for the half-year ended 31 December 2018.

DIRECTORS

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

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

All directors were appointed for the full half-year period.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The sales revenue generated from production was \$1,682,784 for the half-year ended 31 December 2018, (2017: \$1,467,210).

Operating profit before tax for the half-year ended 31 December 2018 amounted to \$1,125,461 (2017: Loss \$1,420,548). The net profit of the Group for the half-year, after provision for income tax, was \$277,495 (2017: Loss \$1,612,824).

Operations

A total of 28.7 tonnes (2017: 21.0 tonnes) of abalone was harvested, since June 2018 the BIOMASS increased by 48 tonnes to 211 tonnes at the end of December 2018 (December 2018: 137 tonnes). There was an 80.4 tonne increase in commercial grade abalone since June 2018, contributing to a material value increase in the BIOMASS of \$2,736,771 since June 2018, even after harvesting 28.7 tonnes in the half year.

Harvest volumes for the first quarter were below expectation, driven by unseasonal weather conditions and constraints in the existing processing facility. This was followed by a second quarter that saw the highest harvest volumes of 19 tonnes, 48% higher than the previous highest quarter.

Construction of Flinders Bay 2 was completed in August 2018. There is now a total of 10,000 Abitats deployed at Flinders Bay 1 and Flinders Bay 2 ranches located in Augusta, Western Australia, with an estimated total potential production capacity of 200 tonnes per annum.

The Company commenced construction of its new seafood processing facility in October 2018. This is expected to be completed by June 2019, bringing additional processing capacity for larger abalone harvest volumes. The new facility also provides the opportunity to value add through packaging; grading; and increased capacity for live abalone exports.

Sales totalled 30,454 kg whole in shell equivalent (WWE) of abalone product during the half year, which comprised individual quick frozen (IQF) meat product, live, retort pouch gift packs and whole frozen product, with 28,252kg WWE of product sold to customers in Asian markets.

In addition to processing the Company's own abalone product, the Company also generated revenue from processing activities undertaken for third parties.

Corporate

During the half-year, the Managing Director, Brad Adams successfully met his performance KPI's for the completion of Flinders 2. This now entitles Mr Adams the right to convert 4,000,000 Class A performance rights into shares in the Company.

Erlyn Dale and Winton Willesee simultaneously resigned as Joint Company Secretaries and Romolo Santoro, current Chief Financial Officer of the Company, was appointed Company Secretary on 30 November 2018.

Mark Wall (Ranch Operations Manager – Augusta) accepted the offer to participate in Ocean Grown Abalone Limited's Employee Incentive Plan in July 2018. If all performance criteria and conditions are achieved Mr Wall will be eligible to receive up to 1,200,000 Performance Rights.

OCEAN GROWN ABALONE LIMITED

DIRECTORS' REPORT

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

Significant matters that have arisen since the end of the reporting period are:

- On 26 February 2019, the Shire of Esperance Council has given in principle approval to enter into a commercial transaction with the Group for land located near Esperance, WA. The terms of the approval are yet to be finalised.

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 reporting period, which significantly affects the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

- continuing to manage its research and development activities in Augusta;
- developing its export supply chains into Asia;
- looking for continued improvements in operations;
- further expanding the current Augusta operations and continue with trials and research programs; and
- Increase value adding to abalone products and increasing scale of live trade with completion of new facility in Augusta Boat Harbour.

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 7 of this report.

Signed in accordance with a resolution of the Directors.



Bradley Adams
Managing Director
27 February 2019

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
OCEAN GROWN ABALONE LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ocean Grown Abalone Limited, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Ocean Grown Abalone Limited (the consolidated entity). The consolidated entity comprises both Ocean Grown Abalone Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Ocean Grown Abalone Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 31 December 2018 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*. As the auditor of Ocean Grown Abalone Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

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

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Ocean Grown Abalone Limited on 26 February 2018.

Conclusion

Based on our review, which is not an audit, we have not become aware of any other matter that makes us believe that the half-year financial report of Ocean Grown Abalone Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Inherent Material Uncertainty Regarding Valuation of inventory of Biological Assets and harvested Abalone

Without qualification to the conclusion expressed above, attention is drawn to the following matter:

As referred to in Note 8 to the financial statements, biological assets are carried at a value of \$8,624,331 (current: \$3,493,160; and non-current \$5,131,171). The biological assets include live abalone on abitatats, which are measured at fair value less costs to sell. Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs (refer also to Note 2(c)).

Because of the inherent uncertainty associated with the valuation of the biological assets due to the estimates and judgements, as well as the sample size selected for the stocktake, the number of abalone, their size, biomass, mortality rates and absence of an active market during the growth phase, the carrying value of the biological assets may differ from their realisable value.

Similarly, as the valuation of the harvested abalone is derived from the valuation parameters as outlined above, their carrying value may differ from the realisable value.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
27 February 2019

27 February 2019

Board of Directors
Ocean Grown Abalone Limited
Level 3, 3 Cantonment Street
Fremantle WA 6160

Dear Directors

RE: OCEAN GROWN ABALONE LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Ocean Grown Abalone Limited.

As Audit Director for the review of the financial statements of Ocean Grown Abalone Limited for the half year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

OCEAN GROWN ABALONE LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated Group	
		31 Dec 2018 \$	31 Dec 2017 \$
Revenue	3	1,682,784	1,467,210
Other income	4(a)	31,266	11,655
Net interest received		75,348	6,401
R&D tax incentive	4(b)	857,285	994,065
Total income		2,646,683	2,479,331
Cost of goods sold		(1,440,052)	(1,151,142)
Fair value adjustment of biological assets	8	3,083,513	951,692
Selling & distribution		(124,582)	(45,357)
Processing expenses		(61,794)	(115,613)
Employee benefits expense		(1,353,903)	(1,245,909)
Share-based payments	19	(367,330)	(571,242)
Diving, vessels & operations expense		(322,379)	(664,180)
Corporate & administration		(501,542)	(655,351)
Depreciation & amortisation expense		(292,450)	(265,697)
Other expenses		(140,703)	(137,080)
		(1,521,222)	(3,899,879)
Profit / (Loss) before tax		1,125,461	(1,420,548)
Income tax expense	5	(847,966)	(192,276)
Profit/(Loss) after tax from continuing operations		277,495	(1,612,824)
Other comprehensive profit/(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 profit/(loss) for the year		277,495	(1,612,824)
Profit/(Loss) attributable to:			
- Owners of the Company		277,485	(1,609,956)
- Non-controlling interests		10	(2,868)
		277,495	(1,612,824)
Total comprehensive profit/(loss) attributable to:			
- Owners of the Company		277,485	(1,609,956)
- Non-controlling interests		10	(2,868)
		277,495	(1,612,824)
Basic and diluted profit/(loss) per share attributable to the Owners of the Company			
Basic and diluted profit/(loss) per share (cents)		0.16	(1.13)

The accompanying notes form part of these financial statements.

OCEAN GROWN ABALONE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	Consolidated Group	
		31 Dec 2018 \$	30 Jun 2018 \$
CURRENT ASSETS			
Cash and cash equivalents	6	6,106,598	7,415,975
Trade and other receivables	7	1,306,185	2,227,513
Biological assets	8	3,493,160	2,915,743
Inventory	9	233,079	297,518
Other	11	55,464	154,543
TOTAL CURRENT ASSETS		11,194,486	13,011,292
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,364,809	1,615,543
Biological assets	8	5,131,171	2,971,817
Intangible assets		80,174	88,568
Other assets	11	1,198,148	408,665
TOTAL NON-CURRENT ASSETS		7,774,302	5,084,593
TOTAL ASSETS		18,968,788	18,095,885
CURRENT LIABILITIES			
Trade and other payables	12	459,158	1,026,112
Interest bearing liabilities		104,434	101,863
Provisions		150,067	132,609
Current tax liability	13	94,237	114,333
TOTAL CURRENT LIABILITIES		807,896	1,374,917
NON-CURRENT LIABILITIES			
Interest bearing liabilities		79,739	132,606
Deferred tax liabilities	14	1,474,998	627,032
TOTAL NON-CURRENT LIABILITIES		1,554,737	759,638
TOTAL LIABILITIES		2,362,633	2,134,555
NET ASSETS		16,606,155	15,961,330
EQUITY			
Contributed equity	15	23,408,140	23,408,140
Share based payment reserve	16	2,332,702	1,965,372
Accumulated losses		(9,124,023)	(9,401,508)
Equity attributable to owners of the Company		16,616,819	15,972,004
Non-controlling interests		(10,664)	(10,674)
TOTAL EQUITY		16,606,155	15,961,330

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 2018

Consolidated Group	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2017	14,046,786	823,660	(5,946,280)	8,924,166	(6,147)	8,918,019
Loss after income tax expense for the period	-	-	(1,609,956)	(1,609,956)	(2,868)	(1,612,824)
Other comprehensive loss for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(1,609,956)	(1,609,956)	(2,868)	(1,612,824)
Transactions with owners recorded directly in equity						
Shares issued	11,722,878	-	-	11,722,878	-	11,722,878
Share issue costs	(2,361,524)	-	-	(2,361,524)	-	(2,361,524)
Share based payment expense	-	581,242	-	581,242	-	581,242
Non-controlling interest	-	-	-	-	-	-
Total transactions with owners recorded directly in equity	9,361,354	581,242	-	9,942,596	-	9,942,596
Balance as at 31 December 2017	23,408,140	1,404,902	(7,556,236)	17,256,806	(9,015)	17,247,791
Balance as at 1 July 2018	23,408,140	1,965,372	(9,401,508)	15,972,004	(10,674)	15,961,330
Profit after income tax expense for the period	-	-	277,485	277,485	10	277,495
Other comprehensive profit for the period	-	-	-	-	-	-
Total comprehensive profit for the period	-	-	277,485	277,485	10	277,495
Transactions with owners recorded directly in equity						
Share based payment expense	-	367,330	-	367,330	-	367,330
Total transactions with owners recorded directly in equity	-	367,330	-	367,330	-	367,330
Balance as at 31 December 2018	23,408,140	2,332,702	(9,124,023)	16,616,819	(10,664)	16,606,155

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 2018

	Notes	Consolidated Group	
		31 Dec 2018	31 Dec 2017
		\$	\$
Cash flows from operating activities			
Receipts from customers		1,447,968	1,303,878
Other income		3,072	11,655
Payments to suppliers and employees		(4,032,126)	(4,336,440)
Income taxes paid		(20,096)	-
R&D tax incentive		1,994,059	1,377,541
Net cash (used in) operating activities		(607,123)	(1,643,366)
Cash flows from investing activities			
Purchases of plant, equipment and intangible assets		(41,639)	(521,003)
Proceeds from disposals of plant, equipment and intangible assets		36,818	-
Receipt/(Payment) of lease deposits		9,500	(48,589)
Other asset - Augusta development		(730,574)	-
Interest received		78,947	15,998
Net cash (used in) investing activities		(646,948)	(553,594)
Cash flows from financing activities			
Proceeds from borrowings		1,000	3,000
Repayment of borrowings		(50,296)	(51,852)
Interest paid		(6,010)	(9,597)
Proceeds from issue of shares		-	10,000,000
Capital raising costs		-	(628,646)
Net cash (used in) / provided by financing activities		(55,306)	9,312,905
Net (decrease) / increase in cash and cash equivalents		(1,309,377)	7,115,945
Cash and cash equivalents at the beginning of the period		7,415,975	2,990,360
Cash and cash equivalents at the end of the period	6	6,106,598	10,106,305

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 2018

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 period 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 and expansion 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

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 2018.

The consolidated financial statements for the half-year ended 31 December 2018 were approved and authorised for issue by the Board of Directors on 27 February 2019.

b) Basis of preparation

(i) General purpose financial report

The consolidated general purpose interim 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. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The half-year financial statements have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 30 June 2018.

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) Amendments to AASBs and new interpretation that are mandatorily effective for the current period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

The adoption of these amendments has held no impact on the disclosures.

(iii) Impact of standards issued but not yet applied by the entity

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The adoption of AASB16 in the financial year ended 30 June 2020 is expected to have a material impact on the financial statements but the Company has not yet quantified the impact. The estimated impact is expected to be disclosed in the 30 June 2019 annual report. The Board expects the impact to be significant.

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The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

(iv) Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

c) 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.

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 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.

OCEAN GROWN ABALONE LIMITED
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Share-based payment transactions

The Group measures the cost of equity settled transactions with directors, employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted.

The fair value of the options at the grant date is allocated equally over the period from the grant date to the vesting date. The fair value at the grant date is determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at the grant date, the expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option.

During the previous financial year, the Group issued performance shares which vest subject to achievement of specified milestones. Refer Note 19 for further details. The Group has recognised the resulting share based payment expense by assessing the likelihood of meeting these milestones. At 31 December 2018, milestone 1 had been achieved and it was estimated that milestone 2 had a greater than 50% likelihood of being achieved and hence has been recognised as share based payments in the current period. Milestone 3 had a less than 50% likelihood of being achieved and therefore prior year amounts estimated of \$124,670 has been reversed.

	31 Dec 2018	31 Dec 2017
	\$	\$
Note 3. REVENUE		
Revenue for the reporting period consisted of the following:		
Sale of abalone products	1,586,984	1,337,825
Processing revenue	95,800	129,385
	1,682,784	1,467,210

During the financial year, products sold comprised individual quick frozen (IQF) meat product, retail pack meat products, live abalone and whole frozen abalone.

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

Note 4. OTHER INCOME

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

Facility use	4,200	4,200
Foreign exchange (loss)/gain on sales	(3,327)	5,455
Miscellaneous	30,393	2,000
	31,266	11,655

(b) R&D Tax Incentive

Accrued during the year (refer also to Note 7)	857,285	994,065
	857,285	994,065

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	31 Dec 2018	31 Dec 2017
	\$	\$
Note 5. INCOME TAX		
<p>A reconciliation between income tax expense and the product of accounting profit / (loss) before income tax multiplied by the Company's applicable income tax rate is as follows:</p>		
Profit/(Loss) before income tax	<u>1,125,461</u>	<u>(1,420,548)</u>
At statutory income tax rate of 27.5%	309,502	(390,651)
Other non deductible expenditure for income tax purposes:		
R&D tax rebate	(235,753)	(273,368)
Other non-deductible expenses	461,067	258,741
Expenditure subject to R&D tax incentive claim	541,962	628,432
Other adjustment	(37,205)	(2,609)
Unrecognised tax losses carried forward	(165,641)	-
Recognised tax losses	<u>(25,966)</u>	<u>(28,269)</u>
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	<u>847,966</u>	<u>192,276</u>
The components of income tax expense comprise:		
Current income tax (refund)	-	(69,439)
Deferred income tax expense	<u>847,966</u>	<u>261,715</u>
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	<u>847,966</u>	<u>192,276</u>
The following deferred tax balances have not been brought to account:		
Deferred tax assets		
Carried forward revenue losses – Ocean Grown Abalone Ltd	103,625	-
Carried forward revenue losses – Two Oceans Abalone Pty Ltd	87,892	125,858
Carried forward capital losses – Two Oceans Abalone Pty Ltd	2,791	2,791
Carried forward revenue losses – OGA Operations Pty Ltd	1,309	139,138
Carried forward revenue losses – Wylie Bay Abalone Pty Ltd	9,623	7,475
Deferred tax assets not recognised	<u>205,240</u>	<u>275,262</u>
Due to uncertainty regarding the utilisation of prior year tax losses in future years, the tax losses have not been recognised as an asset.		
Note 6. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	<u>6,106,598</u>	<u>7,415,975</u>
	<u>6,106,598</u>	<u>7,415,975</u>

OCEAN GROWN ABALONE LIMITED
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	31 Dec 2018	31 Dec 2017
	\$	\$
Note 7. TRADE AND OTHER RECEIVABLES		
Trade debtors	274,697	39,881
Sundry & other debtors	857,285	1,994,059
GST receivable	174,203	193,573
	1,306,185	2,227,513

At the reporting date, \$1,379 of the trade and other receivables were past due but has not been impaired.

Sundry & other debtors for the December 2018 half-year represents the R&D refund for the period of \$857,285 (2017: 1,994,059).

Note 8. BIOLOGICAL ASSETS

CURRENT

Abalone on Abitats	3,493,160	2,915,743
	3,493,160	2,915,743

NON CURRENT

Abalone on Abitats	5,131,171	2,971,817
	5,131,171	2,971,817

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

Opening balance	5,887,560	3,729,337
Increases due to purchases	887,964	2,113,870
Decreases due to harvest for processing to inventory	(1,234,706)	(1,458,346)
Fair value adjustment at year end recognised in profit and loss	3,083,513	1,502,699
Closing balance	8,624,331	5,887,560

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. Historically, abalone stock below 90mm (~120g) were measured at cost and did not reflect the increase in value associated with growth of the abalone. The basis for the change in methodology is consistent with improvements in the analysis of growth data of juvenile abalone.

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.

There is inherent uncertainty in 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(c), 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% statistically relevant sample). Actual growth and mortality rates will invariably differ to some extent across the farm.

OCEAN GROWN ABALONE LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
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	31 Dec 2018 \$	30 Jun 2018 \$
Note 9. INVENTORY		
Harvested stock	233,079	297,518
	233,079	297,518

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

Note 10. PROPERTY, PLANT AND EQUIPMENT

Plant & equipment, at cost	3,004,125	3,028,623
less : Accumulated depreciation	(1,708,358)	(1,491,496)
	1,295,767	1,537,127
Leasehold improvements, at cost	112,769	112,769
less : Accumulated depreciation	(76,607)	(71,137)
	36,162	41,632
Office equipment, at cost	59,146	56,199
less : Accumulated depreciation	(26,266)	(19,415)
	32,880	36,784
Net carrying amount	1,364,809	1,615,543

Note 11. OTHER ASSETS

CURRENT		
Prepayments	34,216	135,706
Accrued Interest	21,248	18,837
	55,464	154,543
NON CURRENT		
Capital WIP - Augusta Boat Harbour Development	1,084,237	284,945
Deposits	110,507	120,197
Other	3,404	3,523
	1,198,148	408,665

Capital WIP is the architectural design, engineering costs and construction progress payments associated with the new processing facility currently being built in the Augusta Boat Harbour. Completion is expected by June 2019.

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	31 Dec 2018	30 Jun 2018
	\$	\$
Note 12. TRADE AND OTHER PAYABLES		
Trade payables	158,378	748,901
Accrued expenses	232,062	277,211
Sundry & other payables	68,718	-
	459,158	1,026,112

Trade payables are not past due and are non-interest bearing. They are normally on average settled between 30 and 45 days terms.

Note 13. TAXATION

CURRENT

Current income tax payable	94,237	114,333
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Note 14. DEFERRED TAX LIABILITIES

Deferred income tax liability	1,474,998	627,032
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The movement in the deferred income tax liability benefit arises from the tax effect of the fair value adjustment at balance date to the carrying value of Biological Assets of \$847,966, the tax liability for which is expected to be realised in future periods when the assets are sold, offset by applicable deferred tax assets arising in the period of \$75,689.

	31 Dec 2018	30 Jun 2018
	No.	No.
Note 15. CONTRIBUTED EQUITY		
(a) Issued and paid up capital		
No. fully paid ordinary shares	174,110,260	174,110,260
	\$	\$
Balance at beginning of year	23,408,140	14,046,786
Initial Public Offer (\$0.25 on 14 November 2017) ¹	-	10,000,000
Corporate advisor shares ²	-	1,722,878
Share issue costs	-	(2,361,524)
	23,408,140	23,408,140
Balance at end of the period	23,408,140	23,408,140
(b) Movement in ordinary shares		
	No.	No.
Balance at the beginning of year	174,110,260	127,218,750
Public Offer (\$0.25 on 14 November 2017) ¹	-	40,000,000
Corporate advisor shares ²	-	6,891,510
	174,110,260	174,110,260
Balance at end of the period	174,110,260	174,110,260

1. On 3 November 2017, the Company completed an IPO consisting of 40,000,000 new Shares at an issue price of \$0.25 per Share for gross proceeds of \$10,000,000.

2. On 3 November 2017, the Company, issued 6,891,510 shares at the issue price of \$0.25 per Share as part consideration for corporate advisory services provided in relation to the IPO.

OCEAN GROWN ABALONE LIMITED
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Note 15. CONTRIBUTED EQUITY (continued)

(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

During the 2017 financial year, 7,633,125 options, each exercisable at \$0.26 on or before 28 December 2020, were issued as part consideration for corporate advisory services provided in relation to the December 2016 share placement.

In view of the proposed IPO and ASX listing in the second half of 2017, it was subsequently determined that the minimum exercise price for any existing options should be 30 cents. Hence the Board resolved to cancel the existing 7,633,125 Series A Options and replaced them with 8,807,452 new options, each with an exercise price of \$0.30 and an expiry date of 28 December 2020. The increased number of Series A options was in proportion to the 30/26 increase in the exercise price.

During the previous financial year 10,039,450 options each exercisable at \$0.39 on or before 30 September 2021 were issued as part consideration for advisory services provided to the IPO and ASX Listing.

During the previous financial year, 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.

	31 Dec 2018	30 Jun 2018
	\$	\$
Note 16. RESERVES		
Share based payment reserve	2,332,702	1,965,372
<p>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 18 for details of share based payments during the financial year.</p>		
Movement in reserves:		
<i>Share based payments reserve</i>		
Balance at beginning of the year	1,965,372	823,660
Options issued to advisers (charged to share issue costs)	-	10,000
Options issued to directors	-	218,239
Performance rights issued to managing director	367,330	913,473
Balance at the end of the year	2,332,702	1,965,372

On 1 August 2017, in anticipation of a proposed ASX listing, the existing 7,633,125 adviser 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.

OCEAN GROWN ABALONE LIMITED
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Note 16. RESERVES (continued)

On 1 August 2017, 2,500,000 options were issued to non-executive directors, each with an exercise price of \$0.44 and expiry date of 30 September 2021.

All of these options remained outstanding at balance date.

Note 17. SUBSEQUENT EVENTS

On 26 February 2019, the Shire of Esperance Council has given in principle approval to enter into a commercial transaction with the Group for land located near Esperance, WA. The terms of the approval are yet to be finalised.

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 reporting period, which significantly affects the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

	31 Dec 2018	30 Jun 2018
	\$	\$
Note 18. COMMITMENTS AND CONTINGENCIES		
The Group had the following operating lease commitments as at 31 December 2018		
Within one year	117,948	107,429
After one year but not more than five years	340,919	389,505
More than five years	369,046	383,519
	<u>827,913</u>	<u>880,453</u>
The Group had the following aquaculture lease commitments as at 31 December 2018		
Within one year	18,450	18,450
After one year but not more than five years	73,800	73,800
More than five years	210,450	221,400
	<u>302,700</u>	<u>313,650</u>
The Group had the following supplier purchase commitments as at 31 December 2018		
Within one year	1,471,116	1,539,660
After one year but not more than five years	1,242,864	725,004
More than five years	-	-
	<u>2,713,980</u>	<u>2,264,664</u>
The Group had the following capital purchase commitments as at 31 December 2018		
Within one year	2,158,576	-
After one year but not more than five years	-	-
More than five years	-	-
	<u>2,158,576</u>	<u>-</u>

The Group is exposed to foreign exchange risk arising from currency exposures centred on the sale of inventory and, accordingly, entered into forward exchange contracts to sell USD 370,000 (31 December 2017: nil) as at 31 December 2018.

Other than as disclosed in the financial statements, the Company 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.

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Note 19. 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 half-year.

	31 December 2018		30 June 2018	
	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	\$0.26	7,633,125
Cancelled during the period	-	-	-	(7,633,125)
Granted during the period – Replacement Advisor Options	-	-	\$0.30	8,807,452
Granted during the period – Advisor Options	-	-	\$0.39	10,039,450
Granted during the period – Director Options	-	-	\$0.44	2,500,000
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

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

Fair value of performance rights issued previously

The following performance rights were issued previously:

Class	Grant Date	Number of Performance Rights	Value per Share	Fair Value	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	184,693
C	1 Aug 2017	4,000,000	\$0.20	\$800,000	(124,670)
Total		12,000,000		\$2,400,000	367,330

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 shares in each class and subject to separate service and performance conditions as 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.

OCEAN GROWN ABALONE LIMITED
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Note 19. SHARE-BASED PAYMENTS (continued)

- 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.

For the purposes of the financial statements, where the assessed probability of the relevant performance conditions is 50% or greater, the Company 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.

(ii) Class B – based on the projected FY2019 annual harvest and current stock estimates, production and harvest capacity, the probability of achieving the applicable performance condition was considered to be greater than 50%.

(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 prior year amount has been reversed.

Note 20. OPERATING SEGMENT

For management purposes, the 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 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 Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. The Group operates only in Australia.

Note 21. 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(b).

Name	Country of Incorporation	Percentage Owned	
		31 Dec 2018	30 Jun 2018
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

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 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 2018 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*.



Bradley Adams
Managing Director
27 February 2019