NEW ZEALAND COASTAL SEAFOODS LIMITED

ANNUAL REPORT - 30 JUNE 2023

CONTENTS

CORPORATE DIRECTORY

DIRECTORS	Aldo Miccio Peter Chai Evan Hayes
COMPANY SECRETARY	Brett Crowley
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PRINCIPAL PLACE OF BUSINESS	7 Bolt Place Christchurch, 8053 NEW ZEALAND
AUDITORS	Byrons Audit Pty Ltd Suite 2, Level 14, 9 Castlereagh Street, SYDNEY NSW 2000
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HOME EXCHANGE	Australian Securities Exchange Ltd Level 40, Central Park 152-158 St George's Terrace PERTH WA 6000 ASX Code: NZS
SOLICITORS	Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street PERTH WA 6000

DIRECTORS' REPORT

The Directors present their report together with the financial report of New Zealand Coastal Seafoods Limited ("NZS") and its controlled entities ("the Group") for the financial year ended 30 June 2023 and the Auditor's Report thereon.

BOARD OF DIRECTORS

The names and details of the Directors in office during the financial period and until the date of this report are set out below.

- Aldo Miccio
- Peter Chai (appointed 28 February 2023)
- Evan Hayes
- Winton Willesee (resigned 10 March 2023)
- Erlyn Dawson (resigned 28 November 2022)
- Nathan Maxwell-McGinn (resigned 12 April 2023)

PRINCIPAL ACTIVITIES

NZS's subsidiary, namely NZCS Operations Limited ("NZCS Ops"), is a secondary producer of premium seafood products and nutraceutical marine ingredients. Through its New Zealand-based operations the company harness the country's pristine waters and utilise raw ingredients sourced from sustainably managed fisheries, employing a nose-to-tail philosophy, to create high-value products.

NZS's other subsidiaries, namely Nine Ocean Fishery Pty Ltd ("NOF") and PXYY Pty Ltd ("PXYY"), collectively known as "the Nine Ocean Companies" is a premium seafood provider focused on responsible sourcing of seafood products from the Torres Strait and the Coral Sea. Products are wild caught, traceable and caught under a series of unique fishing licenses. Its fishery has been assessed and verified for sustainability, ensuring minimal impact on the wild fish population and the broader ecosystem. NOF is also a direct supplier of premium and frozen seafood products to a wide customer base across the Asia Pacific region.

DIVIDENDS PAID OR RECOMMENDED

The Directors of NZS do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2023 (2022: Nil).

OPERATING RESULTS

The Group's net loss after providing for income tax for the year ended 30 June 2023 amounted to $2,619,776 (2022: $4,445,282).

FINANCIAL POSITION

At 30 June 2023, total Group assets were $2,657,386 (2022: $2,120,708) and net assets were $964,937 (2022: $693,675). Cash at bank was $9,737 (2022: $686,346).

REVIEW OF OPERATIONS

ACQUISITION OF EARNINGS ACCRETIVE BUSINESS NOF

During the period, NZS completed the acquisition of 100% of the issued capital of the Nine Ocean Companies. The Nine Ocean Companies is an ESG-focused seafood fishing and high-end seafood producer, wholesaler and exporter based in Cairns, Queensland. Please refer to NZS – ASX announcement dated 1 March 2023.

The acquisition provides the Group with an established presence in the Australian market to complement its New Zealand operations. As well as a growing revenue pipeline, the integration of Nice Ocean Companies also a diversified high-end seafood supplier with additional warehouse capacity, optimised supply chains and increased distribution logistics for key target markets in the Asia-Pacific.

NINE OCEAN COMPANIES ACQUISITION TERMS

Based on the share purchase agreement for the acquisition of Nine Ocean Companies, the Company has issued:

i. 527,005,031 fully paid ordinary shares in the Company (Shares) and 206,751,257 options to acquire Shares with an exercise price of $0.01 and an expiry date of three years from the date of issue (Options)(Initial Consideration Securities); with
ii. The following deferred consideration to be paid to the shareholders of NOF as follows:
    a. an issue of 150,000,000 Shares where the total revenue of NOF within 12 months from completion is greater than $3,100,000 (Tranche 1 Deferred Consideration Shares); and
    b. an issue of 225,000,000 Shares where the total revenue of NOF within 12 months from completion or within the 12-month period which commences on the date which is 12 months from completion and ends 24 months from completion is greater than $6,200,000(Tranche 2 Deferred Consideration Shares).

The transaction followed an extensive period of due diligence, where NZS identified multiple scaling and cost reduction opportunities through an integrated product offering. These include the relevant fishing licences that Nine Ocean Companies holds in the Australian market, where it operates under Australian Fisheries Management Authority (AFMA) guidelines as well as relevant Protected Zone Joint Authority (PZJA) based rules and policies.

Through its proximity in North-East Australia to major Asian trading hubs, Nine Ocean Companies's location also provides the expanded group with a distribution hub to further leverage the transaction NZCS Ops has already established in Asian markets for premium high-end seafood products.

NZS completed the integration of Nine Ocean Companies into the broader group and identified a number of potential opportunities to scale operations and further optimise operations. These include applying for additional fishing licences which will allow the Company to increase catch size and expand its product offering to potential customers in Australia and Asia.

12 MONTH PURCHASE ORDER SECURED FOR WHOLE LING FISH

NOF secured a major purchase order for whole Ling fish with leading distribution group Gold Saint International Resources ('Gold Saint'), which comprises a monthly delivery of full containers of whole Ling fish for a period of 12 months with a total purchase order value of NZ$2,476,800 over the term of the contract.

The agreement is for the sale of whole Ling fish with a net weight of +4kg, which provides the Group with revenue at the point of sale while also facilitating additional margin growth opportunities through the processing and distribution of Ling maw products with its China-based merchant customers.

MARKET LISTING SECURED FOR LUCRATIVE CHINA MARKET

On 16 June 2023 NZCS Ops received official notice that its China Listing application had been approved by GACC. This allows NZCS Ops to export selected aquatic products including Ling in various forms directly into China. This represents a significant milestone for the organisation in terms of scalability and price point potential.

R&D TAX REBATES SECURED FROM CALLAGHAN INNOVATION AND NZ INLAND REVENUE DEPARTMENT

NZCS Ops received during the 2ND AND 3RD quarters, R&D tax rebates totalling NZ$489,136.33 from the New Zealand Inland Revenue Department's (IRD) Research and Development Tax Incentive (RDTI) partnerships programme.

The rebate is for NZCS Ops' considerable work in the development of a proprietary process for hydrolysed marine collagen extraction and ongoing experimentation with new drying techniques to maximise the recovery of compounds and yields from ling maw.

The rebate highlights NZCS Ops' ongoing commitment to innovation, which has the potential to lead to product development benefits and other opportunities in its target markets. Further, it highlights recognition of NZCS Operations Limited's ongoing innovation with major government bodies

DIRECTORS' REPORT

AGM

The Company anticipates that it will hold its next Annual General Meeting ('AGM') on or before 30 November 2023.

In accordance with ASX Listing Rule 3.13.1, the closing date for the receipt of nominations from persons wishing to be considered for election as a director of the Company is 10 October 2023.

Any nominations must be received in writing no later than 5.00pm (WST) on 10 October 2023 at the Company's registered office.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year are as set out in the Review of Operations.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 24 August 2023 NOF has secured a $1.9m debt facility with National Australia Bank to underpin equipment upgrade and working capital requirements. The facility follows NZS' acquisition of NOF, which is a fishing and high-end seafood product wholesaler/exporter based in Cairns, Queensland.

The total $1.9m facility is made up of two separate facilities, being a $0.9m equipment loan and a $1.0m working capital facility. The equipment loan will be used to fund key equipment upgrades.

Funds from the $1.0m working capital facility will be deployed to capitalize on several near-term revenue opportunities and further optimize Nice Ocean's combined operations post-acquisition.

Other than as noted above, no matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian or New Zealand Laws.

CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of the Group, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administrating its corporate governance structures to promote integrity and responsible decision making.

The Group's corporate governance structures, policies and procedures are described in its Corporate Governance Statement which is available at the Group's website at:

https://nzcs.co/investors/#gov

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Aldo Miccio – Chairman	
Experience and Expertise	Prior to co-founding New Zealand Coastal Seafoods, Aldo was the mayor of Nelson, New Zealand, and prior to that served as a Councillor of Nelson, beginning in 2007. In 2010, Mr Miccio successfully sold Bissi Ltd, an apparel company he had started in 1998. He is also former Managing Director of KELA and is the current chairman of Medical Kiwi Ltd.
Other Current Directorships	None
Former Public Company Directorships in last 3 years	None
Special Responsibilities	Chairman of the Board
Interests in Shares and Options	58,918,240 ordinary shares 3,000,000 listed options

Peter Chai– Managing Director (appointed 28 February 2023)	
Experience and Expertise	Mr Chai has been involved with Nine Ocean Companies since its inception and has over 30 years of experience in corporate management. He has held a number of senior roles in various listed entities across Australia, South East Asia and Hong Kong. His experience includes roles as corporate advisor to the Board of The Merino Wool Company, as well as senior management positions at AIMS Financial Group, Coats Viyella Garments Asia- Pacific, Shakey's International Limited and Byford International Limited. Mr Chai also served as special assistant to the late Datuk Jaafar Ahmad, former Governor of Central Bank of Malaysia and Central Bank of Namibia. Most recently, he played a pivotal role in the $6bn real estate development project undertaken by Guangzhou R&F Properties Co., Ltd. in Springfield, Queensland, Australia.
Other Current Directorships	None
Former Public Company Directorships in last 3 years	Non-Executive Director of Auckland Real Estate Trust (ASX: AKL) (resigned 4 December 2020) Non-Executive Director of Ragusa Minerals Ltd (ASX: RAS) (resigned 1 December 2020)
Special Responsibilities	Managing Director
Interests in Shares and Options	237,152,264 ordinary shares 93,038,066 options exercisable at $0.01 expiring 28 February 2026

Evan Hayes – Non-Executive Director	
Experience and Expertise	Mr Hayes is a highly accomplished Executive and Non-Executive Director with broad strategic experience across a portfolio of board positions, and substantial experience in the health industry including senior product development and operations roles with Factors, Blackmores and BioCeuticals. He is currently Asia Pacific Managing Director of Factors Group, Canada's largest natural health company and a Director of MGC Pharma, an ASX listed biotech & cannabis company. He holds qualifications in biotechnology, biochemistry, six sigma, auditing and business management, and over 10 years' non-executive director experience across public, private and ASX organisations. As a highly respected scientist, specialising in medicines, both natural and biotech, he has the unique capability of leveraging deep technical skills to develop real commercial outcomes. Mr Hayes is particularly specialised in the management, set up and scaling of start-up organisations, where there is a fast-moving environment balancing a need for strategy, scale, business development, overseas expansion, risk and compliance. Mr Hayes holds over 20 years' experience in leading organisations in Australia and overseas, and has worked in Europe, the USA and in Australia. He has a practical understanding of both the FDA and the TGA with a detailed knowledge of strategic, financial, human resource and compliance issues. He also holds senior executive experience in the natural medicine sector, as well as extensive consulting experience across portfolios including procurement, product development and health economics for leading Australian organisations through his consulting organisations, Relae and FIT Milestones. Evan is passionate about natural products, experimental and clinical research, has initiated and published research in diverse areas such as immunoassay development, probiotic functionality, and Vitamin D insufficiency and is an author of multiple patents including one world patent.
Other Current Directorships	Non-Executive Director of MGC Pharmaceuticals Ltd (ASX:MXC)
Former Public Company Directorships in last 3 years	None
Special Responsibilities	None
Interests in Shares and Options	None

Winton Willesee – Non-Executive Chairman (resigned 10 March 2023)	
Experience and Expertise	Mr Willesee is an experienced company director and secretary with over 20 years of experience in various roles within the Australian capital markets. Mr Willesee holds a Master of Commerce, a Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, a Member of CPA Australia and a Fellow of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators/Chartered Secretary.
Other Current Directorships	Non-Executive Director of Neurotech International Limited (ASX: NTI)

	Non- Executive Chairman of UUV Aquabotix Ltd (ASX: UUV) Non-Executive Director of Hvgrovest Ltd (ASX: HGV) Non-Executive Director of Nanollose Limited (ASX:NC6)
Former Public Company Directorships in last 3 years	Non-Executive Director of eSense Lab Ltd (ASX: ESE) (resigned 21 September 2021)
Special Responsibilities	Chairman of the Board (resigned 10 March 2023)
Interests in Shares and Options	8,500,000 ordinary shares 3,000,000 options exercisable at $0.01 expiring 18 July 2025

Erlyn Dawson – Non-Executive Director (resigned 28 November 2022)	
Experience and Expertise	Mrs Dawson is an experienced corporate professional with a broad range of corporate governance and capital markets experience, having been involved with several public company listings, merger and acquisition transactions and capital raisings for ASX-listed companies across a diverse range of industries. Mrs Dawson holds a Bachelor of Commerce (Accounting and Finance) and a Graduate Diploma in Applied Corporate Governance. She is a member of the Governance Institute of Australia/Chartered Secretary.
Other Current Directorships	Non-Executive Director of UUV Aquabotix Ltd (ASX: UUV)
Former Public Company Directorships in last 3 years	None
Special Responsibilities	Company Secretary (resigned 28 November 2022)
Interests in Shares and Options	None

Nathan Maxwell-McGinn – Non-Executive Director (resigned 12 April 2023)	
Experience and Expertise	Mr Maxwell-McGinn is a co-founder, shareholder and marketing manager of JSJ Seafood Pty Ltd ("JSJ Seafood"), a company which exports over $50 million annually of Australian and International seafood to Asia, under the "Three Capes" brand. JSJ Seafood was formed in 2016 and is currently the largest exporter of rock lobster from Tasmania, with an established trading and marketing division "Three Capes", which utilises an extensive customer network to market, promote and drive sales for selected clients globally. Mr Maxwell-McGinn also holds an MBA, has completed executive education at Harvard University until recently been an active board member for the Fremantle Chamber of Commerce advocating for Export businesses in Western Australia.
Other Current Directorships	None
Former Public Company Directorships in last 3 years	None
Special Responsibilities	None
Interests in Shares and Options	None

REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Group and has been audited in accordance with the requirements by section 308(3C) of the *Corporations Act 2001* and the Corporations Regulations 2001.

For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Group.

Remuneration Governance

The full Board filling the role of the Nomination and Remuneration Committee is responsible for the following:
(a) remuneration policies and practices;
(b) remuneration of the Executive Officer and Executive Directors;
(c) composition of the Board; and
(d) performance Management of the Board and of the Executive Officer.

Executive Remuneration Policy and Framework

The full Board reviews and make recommendations regarding the following:
(a) strategies in relation to Executive remuneration policies;
(b) compensation arrangements for the Chairman, Non-Executive Directors, CEO, and other Senior Executives as appropriate;
(c) performance related incentive policies;
(d) the Group's recruitment, retention and termination policies;
(e) the composition of the Board having regard to the skills/experience desired and skills/experience represented;
(f) the appointment of Board members;
(g) the evaluation of the performance of the CEO;
(h) consideration of potential candidates to act as Directors; and
(i) succession planning for Board members.

Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of Key Management Personnel for the economic entity is as follows:

The remuneration structure for Key Management Personnel is based on a number of factors, including the particular experience of the individual concerned. The contracts for service between the Group and Key Management Personnel are on a continuing basis, the terms of which are not expected to materially change in the immediate future. There is no scheme to provide retirement benefits, other than statutory superannuation.

On appointment to the Board, all Executive and Non-Executive Directors enter into an agreement with the Group. The Group's executive Key Management Personnel and details of their remuneration and contractual employment arrangements are set out below.

Key Management Personnel Remuneration

The remuneration of the Group's Key Management Personnel is disclosed below:

2023	Salary ($)	Post Retirement benefits ($)	Other benefits ($)	Equity Based Payments ($)	Total ($)	Performance related
DIRECTORS						
Winton Willesee[1]	45,000	-	-	-	45,000	-
Aldo Miccio	95,000	-	-	-	95,000	-
Erlyn Dawson[2]	17,500	-	-	-	17,500	-
Peter Chai[3]	24,000	-	-	-	24,000	-
Evan Hayes	42,000	-	-	-	42,000	-
Nathan Maxwell-McGinn[4]	31,500	-	-	-	31,500	-
MANAGEMENT					-	-
Andrew Peti	191,024	12,212	-	-	203,236	-
TOTAL	**446,024**	**12,212**	**-**	**-**	**458,236**	**-**

[1] Winton Willesee resigned 10 March 2023
[2] Erlyn Dawson resigned 28 November 2022
[3] Peter Chai appointed 28 February 2023
[4] Nathan Maxwell-McGinn resigned 12 April 2023
Details of the Equity Based Payments comprising Performance Rights and Employee Options are set out in Note 27.

2022	Salary ($)	Post Retirement benefits ($)	Other benefits ($)	Equity Based Payments ($)	Total ($)	Performance related
DIRECTORS						
Winton Willesee	60,000	-	-	61,710	**121,710**	51%
Aldo Miccio	95,000	-	-	41,140	**136,140**	30%
Erlyn Dawson	42,000	-	-	41,140	**83,140**	49%
Jourdan Thompson [1]	14,000	-	-	-	**14,000**	-
Evan Hayes	42,000	-	-	3,520	**45,520**	-
Nathan Maxwell-McGinn	42,000	-	-	3,520	**45,520**	-
MANAGEMENT						
Peter Win**	150,175	-	-	-	**150,175**	-
Andrew Peti	182,660			182,660		
Alexander Zu Ming Li **	112,507	4,500	-	-	**117,007**	-
Peter Fletcher [2]	128,734	8,605	-	28,395	**165,734**	17%
Bruce Whall [3] **	26,590	-	-	-	**26,590**	-
Robert Wells *	102,367	3,275	-	(10,588)	**95,054**	-
TOTAL	**993,509**	**23,505**	**-**	**241,507**	**1,258,521**	

[1] Jourdan Thompson resigned 31 October 2021
[2] Peter Fletcher appointed 1 July 2021
[3] Bruce Whall appointed 8 March 2022
* Robert Wells resigned 25 February 2022
** Board approved that Peter Win, Alexander Zu Ming Li and Bruce Wall to be removed from Management team from 1 July 2022

DIRECTORS' REPORT

Contractual employment arrangements of the Group's Executive Key Management Personnel are as follows:

Andrew Peti (Chief Executive Officer)

Term of agreement:	Ongoing with a notice period of two months
Details:	Contract for Service for the year ending 30 June 2023 of NZS$180,000 base salary plus superannuation and the provision of a company vehicle paid fortnightly and a performance bonus of $10,000.

Equity Instruments Disclosure Relating to Key Management Personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Name	Balance at the start of the year	Acquired	Disposed	Other	Balance at the end of the year
DIRECTORS					
Winton Willesee	2,500,000	6,000,000	-	-	8,500,000
Aldo Miccio	52,918,240	6,000,000	-	-	58,918,240
Erlyn Dawson	-	-	-	-	-
Evan Hayes	-	-	-	-	-
Nathan Maxwell-McGinn	-	-	-	-	-
Peter Chai	-	237,152,264	-	-	237,152,264
MANAGEMENT			-	-	
Andrew Peti	-	-	-	-	-
TOTAL	**55,418,240**	**249,152,264**	**-**	**-**	**304,570,504**

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Name	Balance at the start of the year	Acquired	Lapsed	Balance on termination or resignation	Balance at the end of the year
DIRECTORS					
Winton Willesee	100,834	2,899,166	-	3,000,000	-
Aldo Miccio	13,566,000	3,000,000	(13,566,000)	-	3,000,000
Erlyn Dawson	8,000,000	-	(8,000,000)	-	-
Evan Hayes	5,500,000	-	(5,500,000)	-	-
Nathan Maxwell-McGinn	5,500,000	-	(5,500,000)	-	-
Peter Chai	-	93,038,066	-	-	93,038,066
MANAGEMENT					
Andrew Peti	10,000,000	-	(10,000,000)	-	-
TOTAL	**42,666,834**	**98,937,232**	**(42,566,000)**	**3,000,000**	**96,038,066**

Performance Rights:

The number of performance rights in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Name	Balance at the start of the year	Acquired	Lapsed	Other	Balance at the end of the year
DIRECTORS					
Winton Willesee	13,500,000	-	(13,500,000)	-	-
Aldo Miccio	9,000,000	-	(9,000,000)	-	-
Erlyn Dawson	9,000,000	-	(9,000,000)	-	-
MANAGEMENT					
Andrew Peti	2,000,000	-	(2,000,000)	-	-
TOTAL	**33,500,000**	-	**(33,500,000)**	-	**-**

Voting and comments made at the Group's 2022 Annual General Meeting

The Group received a 85.28% "yes" votes on its remuneration report for the 2022 financial year (2021: 88.24% yes). The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This is the end of the Audited Remuneration Report.

DIRECTORS' MEETINGS

Attendances by each Director during the year were as follows:

Director	Number Eligible to Attend	Number Attended
Winton Willesee	8	8
Aldo Miccio	12	12
Erlyn Dawson	8	5
Evan Hayes	12	12
Nathan Maxwell-McGinn	8	8
Peter Chai	4	4

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has indemnified the directors and executives of the Group for costs incurred, in their capacity as a director or executive, for which they may be held personally-liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the directors and executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The directors anticipate to be insured in the next 12 months.

NON-AUDIT SERVICES

No non-audit services were provided by the Group's auditor during the year ended 30 June 2023 or 30 June 2022.

INDEMNITY AND INSURANCE OF AUDITOR

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor. During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

SHARES

As at the date of this report there are 1,654,010,062 ordinary shares on issue.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2023 has been received and can be found on page 16.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Signed on behalf of the Board of Directors.

Peter Chai
Managing Director
Sydney
2nd October 2023

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Board of Directors of New Zealand Coastal Seafoods Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2023, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Byrons

Byrons Audit Pty Ltd

Irene

Irene Wang
Director

2nd October 2023
Sydney NSW 2000

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

		CONSOLIDATED	
	Notes	30 June 2023 ($)	30 June 2022 ($)
CONTINUING OPERATIONS			
Revenue	3	3,363,349	2,415,950
Other income	4	2,921	3,417
Cost of materials		(2,507,382)	(1,879,055)
Write-down of inventories		(414,790)	(181,302)
Corporate and administration expenses		(749,149)	(400,524)
Depreciation and amortisation expenses		-	(293,419)
Finance expenses		(61,258)	(74,827)
Employee benefits expense		(1,193,955)	(1,390,654)
Impairment of non-financial assets		(39,307)	(1,781,814)
Promotion and communication		(29,300)	(48,000)
Share based payments expense		(80,715)	(236,213)
Other operating expenses		(910,190)	(578,841)
(LOSS) BEFORE INCOME TAX		**(2,619,776)**	**(4,445,282)**
Income tax expense	5	-	-
(LOSS) AFTER INCOME TAX		**(2,619,776)**	**(4,445,282)**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Gain on the valuation of asset		2,510,275	
Exchange difference on translation of foreign operations		(22,315)	(101,939)
Total comprehensive (loss) for the period		**(131,816)**	**(4,547,221)**
Basic loss per share (cents per share)	24	**(0.20)**	**(0.51)**

The Consolidated Statement of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

		CONSOLIDATED	
	Notes	30 June 2023 ($)	30 June 2022 ($)
CURRENT ASSETS			
Cash and cash equivalents	8	9,737	686,346
Trade and other receivables	9	44,686	257,794
Inventories	10	5,511	1,091,002
TOTAL CURRENT ASSETS		**59,934**	**2,035,142**
NON-CURRENT ASSETS			
Bank guarantee	8	87,177	85,566
Intangibles	12	2,510,275	-
TOTAL NON-CURRENT ASSETS		**2,597,452**	**85,566**
TOTAL ASSETS		**2,657,386**	**2,120,708**
CURRENT LIABILITIES			
Trade and other payables	14	620,062	292,436
Lease liability	15	121,145	112,150
TOTAL CURRENT LIABILITIES		**741,207**	**404,586**
NON-CURRENT LIABILITIES			
Lease liability	15	951,242	1,022,447
TOTAL NON-CURRENT LIABILITIES		**951,242**	**1,022,447**
TOTAL LIABILITIES		**1,692,449**	**1,427,033**
NET ASSETS		**964,937**	**693,675**
EQUITY			
Contributed Equity	16	14,568,836	14,246,473
Reserves	17	1,446,056	1,432,359
Accumulated Losses	18	(15,049,955)	(14,985,157)
TOTAL EQUITY		**964,937**	**693,675**

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Contributed Equity ($)	Accumulated Losses ($)	Share Based Payments Reserve ($)	Foreign Currency Translation Reserve ($)	Asset valuation reserve ($)	Total ($)
Balance at 30 June 2022	**14,246,473**	**(14,985,157)**	**1,565,866**	**(133,507)**	**-**	**693,675**
(Loss) for the year	-	(2,619,776)	-	-		(2,619,776)
Other comprehensive income	-	-	-	-	2,510,275	2,510,275
Exchange Difference	-	-	-	(22,315)		(22,315)
Total comprehensive (loss)/income	**-**	**(2,619,776)**	**-**	**(22,315)**	**2,510,275**	**(131,816)**
Transactions with owners in their capacity as owners:						
Shares Issued pursuant to Offer	500,000	-	-	-	-	500,000
Employee option expense	-	-	80,715	-	-	80,715
Transfer of options reserve	-	2,554,978	(2,554,978)	-	-	-
Share issue costs	(177,637)	-	-	-	-	(177,637)
Balance at 30 June 2023	**14,568,836**	**(15,049,955)**	**(908,397)**	**(155,822)**	**2,510,275**	**964,937**

	Contributed Equity ($)	Accumulated Losses ($)	Share Based Payments Reserve ($)	Foreign Currency Translation Reserve ($)	Total ($)
Balance at 1 July 2021	**13,307,868**	**(10,539,875)**	**1,329,653**	**(31,568)**	**4,066,078**
(Loss) for the year	-	(4,445,282)	-	-	(4,445,282)
Exchange Difference	-	**-**	-	(101,939)	(101,939)
Total comprehensive (loss)	**-**	**(4,445,282)**	**-**	**(101,939)**	**(4,547,221)**
Transactions with owners in their capacity as owners:					
Shares Issued pursuant to Offer	1,000,000	-	-	-	1,000,000
Employee option expense	-	-	236,213	-	236,213
Share issue costs	(61,395)	-	-	-	(61,395)
Balance at 30 June 2022	**14,246,473**	**(14,985,157)**	**1,565,866**	**(133,507)**	**693,675**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

		CONSOLIDATED	
	Notes	30 June 2023 ($)	30 June 2022 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,921,626	2,747,310
Payments to suppliers and employees		(4,972,588)	(5,379,608)
Interest paid		(61,374)	(3,278)
Interest received		2,889	3,807
NET CASH USED IN OPERATING ACTIVITIES	19	**(1,109,447)**	**(2,631,769)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		500,000	1,000,000
Proceeds from financial liabilities		184,471	-
Share issue costs		(177,637)	(61,395)
Lease principal repayments		(62,220)	(235,663)
Repayment of loan		(1,611)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		**443,003**	**702,942**
Net (decrease) in cash held		(666,444)	(1,928,827)
Cash and cash equivalents at beginning of financial year		686,346	2,660,542
Foreign exchange translation of cash balances		(10,167)	(45,369)
Cash and cash equivalents at end of financial year	8	**9,737**	**686,346**

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The primary accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) General Information

New Zealand Coastal Seafoods Limited (Company) or (Entity) is a public Company limited by shares, incorporated in Australia with operations in New Zealand. The Consolidated Financial Report of the Company as at and for the year ended 30 June 2023 comprises the Company and its subsidiaries (together referred to as the 'Consolidated Entity' or 'Group').

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

(b) Basis of Preparation

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for profit entity for the purpose of preparing the Financial Statements.

(i) Compliance with IFRS

The Financial Statements of the Group also comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standard Board (IASB).

The Financial Statements were approved by the Board of Directors on 2 October 2023.

(ii) Historical cost convention

The financial report has been prepared on an accrual basis and is based on historical costs unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

All amounts are presented in Australian dollars, unless otherwise noted.

(iii) Comparatives

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

(c) Going Concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2023, the Group has incurred an operating net cash outflow of $1,109,447, a net loss after tax of $2,619,776 which includes the impairment expense amounting of $39,307 in relation to its NZCS Operations Limited's business.

The business of the company's New Zealand subsidiary, NZCS Operations Limited has been significantly impacted by Covid 19 pandemic, the interruption of diagou sales channels into Asia, and a corresponding reduction in Asian demand for the Group's products. Further, NZCS business continues to be subject to all the risks inherent in the establishment of a developing enterprise and the uncertainties arising from the absence of a significant operating history.

NZCS Operations Limited have begun a restructure process that will enable the company save over $500,000 of costs annualy. Together with re-negotiating some of NZCS Operations Limited contracts, NZCS Operations Limited should be cashflow positive.

The NAB facilities have stabilised the group's financial position and provided a platform for growth.

Some current shareholders and new investors have also indicated to the company, they are willing to invest into the company when the correct opportunity arises.

With the above, the Board believes, the Group will be able to continue as a going concern in the next 12 months.

(d) Impact of the adoption of new Accounting Standards

There were no new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that required any changes in the Group's accounting policies, and accordingly there was no impact to the financial statements.

(e) New Accounting Standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

(f) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Financial Statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities in the Financial Statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

• Capital management	Note 7
• Financial instruments risk management and policies	Note 6

Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Determining the lease term of contracts with renewal and termination options – Group as lessee

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(ii) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

(iii) Share based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a Black Scholes model. The assumptions used for estimating fair value for share-based payment transactions are disclosed in Note 27.

(iv) Development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. No amounts have been capitalised as development costs for the year ended 30 June 2023 or 30 June 2022.

(v) Lease – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available an and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(g) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of New Zealand Coastal Seafoods Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. New Zealand Coastal Seafoods Limited and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(h) Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest In the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

(i) Foreign Currency translation

Functional and presentation currency

Items included in the Financial Statements of each of the Group entities are measured using the currency of the primary economic environment in which the Entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Australian dollars (A$), which is the Group's functional and presentation currency.

The functional currency of the subsidiaries of the parent entity that are incorporated in New Zealand is the New Zealand Dollar (NZD$).

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of Foreign Operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rate at the reporting date. The Statement of Profit or Loss and Other Comprehensive Income is translated at the average exchange rates for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of the foreign entity, the deferred cumulative amount recognised in equity relating to that foreign operation will be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(j) Revenue recognition

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

The company determines revenue recognition using the following five steps:
1) identify the contract(s) with a customer,
2) identify the performance obligations in the contract.
3) determine the transaction price,
4) allocate the transaction price to the performance obligations in the contract and;
5) recongnise revenue when the company satisfies a performance obligation.

(k) Other income

Interest Income

Interest income is recognised using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(l) Income Tax Expenses or Benefit

The income tax expense for the year comprises current and deferred tax. Income tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

(o) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Customers with heightened credit risk are provided for specifically based on historical default rates and forward-looking information. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Other receivables are recognised at amortised cost, less any provision for impairment.

(p) Property, Plant and Equipment

Items of property, plant and equipment are initially recorded at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write off the cost of the assets to their residual values over their estimated useful life.

The annual rates used for this purpose, which are consistent with those used in previous years, are as follows:

Improvements to premises	10%
Plant and equipment	10-40%
Furniture and fittings	50%

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(q) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received prior to the end of the period, whether or not billed to the Group before reporting date. Trade accounts payable are normally settled within 60 days.

Financial liabilities are initially measured at their fair value and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(r) Employee Benefits

Short term Employee Benefit Obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of those benefits; and
(b) when the Group recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(s) Share-based payments

Share-based payments which have been granted to employees comprise of shares, performance rights and share options.

Shares

The value of shares granted and issued to key management personnel in a year is recognised as an employee benefit expense with a corresponding increase in equity (share capital). The value of shares granted and vested to key management personnel in one year, which will be issued in a future year are recognised as an employee benefit expense with a corresponding increase in equity (share capital reserve). Upon issuing of the shares, the value in the share capital reserve will be transferred to share capital.

The value of shares granted and in the process of vesting to key management personnel are recognised as an employee benefit expense with a corresponding increase in equity (share based payments reserve). Upon vesting and subsequent issue of the shares, the value in the share-based payments reserve will be transferred to share capital.

The basis for the value recognised for each share is the price at the time when the terms of the grant are agreed between the Group and the counter party.

Performance rights

The value of performance rights granted to key management personnel in a year is recognised as an employee benefit expense with a corresponding increase in equity (share based payments reserve). The performance options granted will vest if, and when the attached performance conditions are met.

In the year in which the performance rights become vested, the value of performance rights which have vested will be recognised in share capital reserve.

Upon issue of the related shares, the value in the share capital reserve is transferred to share capital.

The basis for the value recognised for each performance right is the share price at the time when the terms of the grant are agreed between the Group and the counter party.

Share options

The fair value of options granted to employees (including Key Management Personnel) is recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the Entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised in each period takes into account the most recent estimate.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

(t) Share-based Payment Transactions for the acquisition of goods and services

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The Group measures the value of equity instruments granted at the fair value of the goods and services received, unless that fair value cannot be measured reliably.

If the fair value of the goods or services received cannot be reliably measured, the transaction is measured by the by reference to the fair value of the instruments granted.

(u) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(v) Earnings or Loss per share

Basic earnings or loss per share are calculated by dividing the net profit or loss attributable to members of the Parent Entity for the reporting period by the weighted average number of ordinary shares of the Group.

(w) Fair Value

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flow. There are currently no assets and liabilities which require fair valuing under the measurement hierarchy. Due to their short-term nature, the carrying amounts of the current receivables and current payables are assumed to approximate their fair value.

(x) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Government Taxing Authorities is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Government Taxing Authorities are classified as operating cash flows.

(y) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(z) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 30 June and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(aa) Right of use asset and corresponding lease liability

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

The right-of-use assets are also subject to impairment assessment. Refer to Note 21.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

2. SEGMENT INFORMATION

The Directors have considered the requirements of AASB 8 – Operating segments. Operating segments are identified, and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker, which is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows.

One segment is identified, being the processing, distribution and export of premium seafood products in New Zealand.

The operation of the parent company New Zealand Coastal Seafoods Limited is considered to be part of the segment as its sole purpose is to provide financial, operational and strategic support to subsidiary entities.

3. REVENUE

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Sales of products		
Ling Maw	2,654,620	2,034,721
Nutraceuticals	198,657	345,191
Revenue from other business activities		
R&D net sales	510,072	36,038
	3,363,349	**2,415,950**
Location of customers		
New Zealand	1,344,067	1,308,851
Rest of the world	1,509,210	1,107,099
	2,853,277	**2,415,950**

4. OTHER INCOME

	CONSOLIDATED	
	30 June 2023($)	30 June 2022 ($)
Interest income	2,888	3,807
Other income	33	(390)
	2,921	**3,417**

5. INCOME TAX

	CONSOLIDATED	
	30 June 2023($)	30 June 2022($)
The reconciliation between tax expense and the prima facie tax on the Group's accounting loss before income tax is as follows:		
Accounting (loss) before income tax	**(2,619,776)**	**(4,445,282)**
Income tax benefit calculated at the Group's statutory income tax rate of 30% (2022: 30%)	785,933	1,333,585
Tax effect of non-deductible share-based payments	(24,214)	(70,864)
Tax effect of tax losses not brought to account	(761,719)	(1,262,721)
Income tax benefit	-	-

The total tax losses not brought to account is estimated at $8,567,846 (2022: $5,948,070).

The benefit for tax losses will only be obtained if:

(a) the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(b) the Group continues to comply with the conditions for deductibility imposed by Law; and

(c) no changes in tax legislation adversely affect the ability of the Group to realise these benefits.

6. FINANCIAL RISK MANAGEMENT

i. Overview

The financial risks arising from the Group's operations comprise market, liquidity and credit risk. These risks arise in the normal course of business, and the Group manages its exposure to them in accordance with the Group's portfolio risk management strategy.

The objective of the strategy is to support the delivery of the Group's financial targets while protecting its future financial security and flexibility by taking advantage of the natural diversification provided by the scale, diversity and flexibility of the Group's operations and activities.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring risk and the management of capital.

The Group's Risk Management Framework is supported by the Board. The whole Board is responsible for approving and reviewing the Group's Risk Management Strategy and Policy. Management is responsible for monitoring appropriate processes for identifying, monitoring and managing significant business risks faced by the Group and considering the effectiveness of its internal control system.

The Board has established an overall Risk Management Policy which sets out the Group's system of risk oversight, management of material business risks and internal control.

The Group holds the following financial instruments:

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Financial assets		
Cash and cash equivalents	9,737	686,346
Trade and other receivables	44,686	257,794
	54,423	**944,140**
Financial Liabilities		
Trade and other payables	620,062	292,436
	620,062	**292,436**

ii. Financial Risk Management Objectives

The overall financial Risk Management Strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

iii. Credit Risk

Credit risk is the risk of the financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and the risk arises principally from the Group's cash and cash equivalents, deposits with banks and financial institutions, and receivables.

Cash at bank is placed with reliable financial institutions. For banks and financial institutions, the Group banks only with financial institution with high quality standing or rating.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Trade receivables		
Existing customers with no defaults in the past, within terms	1,646	55,387
Counterparties without external credit rating, past due and impaired		
Gross Value	-	-
Doubtful Debt Provision	-	-
Net Value	**-**	**-**
	1,646	**55,387**
Cash at bank and on deposit		
Cash at bank and on hand	9,737	686,346
Cash on deposit at call	-	-
	9,737	**686,346**

iv.Liquidity Risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for Liquidity Risk Management rests with the Board of Directors. The Board has determined an appropriate Liquidity Risk Management Framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of the discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months ($)	6 – 12 months ($)	More than 12 months ($)	Total ($)	Carrying Amount ($)
Group - at 30 June 2023					
Trade payables	382,102	-	-	382,102	382,102
Borrowings	-	-	-	-	-
Total					
Group - at 30 June 2022					
Trade payables	292,436	-	-	292,436	292,436
Borrowings	-	-	-	-	-
Total	**292,436**			**292,436**	**292,436**

v.Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates may affect the Group's income or the value of its holdings of financial instruments. The objective of Market Risk Management is to manage and control market risk exposures within acceptable parameters, while optimising return.

vi. Foreign Exchange Risk

The Group is exposed to currency risk on financial assets or liabilities that are denominated in a currency other than the respective functional currencies of the Group's, the Australian Dollar (AUD) for Parent Entity and the New Zealand Dollar (NZD) for the subsidiaries of Consolidated Entity.

The Parent Entity which has a functional currency of Australian Dollars has no exposure to foreign exchange risk as there are no financial assets or liabilities denominated in a foreign currency (30 June 2022: nil). The subsidiaries of the of the Parent Entity, which have a functional currency of the New Zealand Dollar (NZD) have no exposure to foreign exchange risk as there are no external financial assets or liabilities denominated in a foreign currency (30 June 2022: nil).

The Group maintains the majority of cash balances in Australian Dollars (AUD), but the New Zealand bank accounts denominated in New Zealand dollars (NZD) are subject to foreign currency translation gains or losses in the preparation of the consolidated financial statements.

The Group does not hedge its AUD / NZD exchange rate exposure as the foreign currency risk is considered immaterial.

vii. Interest Rate Risk

The Group's exposure to interest rates primarily relates to the Group's cash and cash equivalents.

Whilst the Group has interest-bearing cash balances of $9,737, its income and operating cash flows are substantially independent of changes in market interest rates. The Group has no interest-bearing liabilities and as such does not actively manage exposure to interest rate risk.

Profile

At the reporting date, the interest rate profile of the Group's and the Entity's interest-bearing financial instruments are:

Variable Rate Instruments

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Cash and deposits	9,737	686,346
Borrowings	-	-
	9,737	**686,346**

At 30 June 2023, the Group had cash balances of $9,737 as follows:

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Cash at bank and on hand	9,737	686,346
Cash on deposit at call	-	-
	9,737	**686,346**

30 June 2023

	Weighted Average Effective Interest Rate	Cash Available for use	Borrowings Payable on Demand	Total
Cash and cash equivalents	1%	9,737	-	9,737
Borrowings	-	-	-	-

30 June 2022

	Weighted Average Effective Interest Rate	Cash Available for use	Borrowings Payable on Demand	Total
Cash and cash equivalents	1%	686,346	-	686,346
Borrowings	-	-	-	-

Up to the end of the reporting period, the Group did not have any hedging policy with respect to interest rate risk as exposure to such risk was not deemed to be significant by the directors since these assets are of a short- term nature. Management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably probable at the end of the reporting period to be immaterial.

7. Capital Management

When managing capital, the Board's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to Shareholders and benefits for other Stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

On 24 August 2023 NOF has secured a $1.9m debt facility with National Australia Bank to underpin equipment upgrade and working capital requirements. The facility follows NZS' acquisition of NOF, which is a fishing and high-end seafood product wholesaler/exporter based in Cairns, Queensland.

The total $1.9m facility is made up of two separate facilities, being a $0.9m equipment loan and a $1.0m working capital facility. The equipment loan will be used to fund key equipment upgrades.

Funds from the $1.0m working capital facility will be deployed to capitalize on several near-term revenue opportunities and further optimize Nice Ocean's combined operations post-acquisition.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following Consolidated Statement of Financial Position amounts:

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Cash at Bank and on hand	9,737	686,346
	9,737	**686,346**

Refer to Note 6 Financial Risk Management for risk exposure analysis for Cash and cash equivalents.

At 30 June 2023, the Group has a security deposit of $87,177 (2022: $85,566) relating to the Company's lease with Christchurch International Airport (CIAL) which requires a Bank Guarantee. BNZ has issued this for CIAL, securing with the Term Deposit.

9. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Trade receivables	1,646	55,387
Allowance for expected credit losses	-	-
Net Trade receivables	**1,646**	**55,387**
Other debtors	2,732	20,800
GST Receivable	27,679	38,863
Prepayments	12,629	142,744
	44,686	**257,794**

10. INVENTORIES

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Raw Materials – at cost	-	91,726
Work in progress – at cost	5,511	158,055
Finished goods - net realisable value	-	841,221
	5,511	**1,091,002**

Inventories have been reduced by $1,085,491 as a result of the write-down to net realisable value. The amount of the write-off has been recognised as an expense in the statement of profit or loss and other comprehensive income.

11. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Improvements to leasehold premises – at cost	693,132	680,320
Accumulated depreciation and impairment losses	(693,132)	(680,320)
	-	-
Plant and equipment – at cost	343,512	337,162
Accumulated depreciation and impairment losses	(343,512)	(337,162)
	-	-
Furniture and equipment – at cost	58,804	57,718
Accumulated depreciation and impairment losses	(58,804)	(57,718)
	-	-

12. INTANGIBLE ASSETS

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Fishing licences	2,510,275	-
Accumulated impairment	-	-
	2,510,275	**-**

On 1 March 2023, the company acquired the fishing license has a value of $2,510,275 through PXPP Pty Ltd. The valuation of the fishing license performed by Grays dated 12 June 2023.

13. RIGHT OF USE ASSETS

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Land and buildings	1,311,092	1,311,092
Accumulated depreciation and impairment losses	(1,311,092)	(1,311,092)
	-	-
Motor vehicles	39,307	132,269
Accumulated depreciation and impairment losses	(39,307)	(132,269)
	-	-
	-	-

Additions to the right-of-use assets during the year were $39,307. And this amount has been impaired to zero as at 30 June 2023.

14. PAYABLES

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Trade payables	382,102	94,847
Accrued expenses	76,833	61,808
Provisions	78,322	53,104
Other payables – related party	82,805	-
Insurance Premium Funding	-	46,054
Income in advance	-	36,623
	620,062	**292,436**

15. LEASE LIABILITIES

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Lease liabilities - current	121,145	112,150
Lease liabilities – non-current	951,242	1,022,447
	1,072,387	**1,134,597**

The Group entered into a lease agreement commenced in September 2019 for a period of 6 years plus rights of renewal for another 6 years, renewal date in 16 September 2025. The Group also have three motor vehicles under lease.

16. CONTRIBUTED EQUITY

	CONSOLIDATED			
	2023 (Shares)	2022 (Shares)	2023 ($)	2022 ($)
Ordinary Shares	1,654,010,062	1,027,005,031	14,568,836	14,246,473
Total Share Capital	**1,654,010,062**	**1,027,005,031**	**14,568,836**	**14,246,473**

(a) Movements of share capital during the period

Date	Details	No of shares	Issue price ($)	$
Opening Balance as at 1 July 2022		**1,027,005,031**		**14,246,473**
18 August 2022	Shares issued pursuant to Share Placement	100,000,000	0.005	500,000
1 March 2023	Share issued pursuant to Acquisition contract	527,005,031	-	-
	Less: Cost of Share Issue	-	-	(177,637)
Balance as at 30 June 2023		**1,654,010,062**		**14,568,836**

Ordinary Shares

The holder of Ordinary Shares is entitled to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary Shares have no par value and the Group does not have a limited amount of authorised capital.

17. RESERVES

	CONSOLIDATED			
	Share Based Payments Reserve ($)	Foreign Currency Translation Reserve ($)	Assets valuation reserve ($)	Total ($)
Balance at 30 June 2022	**1,565,866**	**(133,507)**	**-**	**1,432,359**
Assets valuation reserve	-	-	2,510,275	2,510,275
Employee option expense	80,715	-	-	80,715
Transfer of options reserve	(2,554,978)	-	-	(2,554,978)
Foreign exchange movement	-	(22,315)	-	(22,315)
Balance at 30 June 2023	**(908,397)**	**(155,822)**	**2,510,275**	**1,446,056**

(a) Share-based payments Reserve

The share-based payments reserve represents the value of employee options issued, during the year $2,554,978 options were lapsed. For details of the Employee option expenses refer to Note 27 related party transactions.

(b) Foreign Currency Reserve

The foreign currency reserve records foreign currency differences arising from the translation of financial information of the Group's New Zealand subsidiaries which have a functional currency of the New Zealand Dollar.

18. ACCUMULATED LOSS

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Accumulated loss at the beginning of the year	(14,985,157)	(10,539,875)
Loss after income tax	(2,619,776)	(4,445,282)
Transfer of options reserve	2,554,978	-
Accumulated loss at the end of the year	**(15,049,955)**	**(14,985,157)**

19. CASH FLOW INFORMATION

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax:		
Non-cash flows in profit from ordinary activities		
Net (Loss) after Income Tax	(2,619,776)	(4,445,282)
Employee options expense	80,715	236,213
Depreciation & amortisation	-	293,419
Lease interest expense	-	71,549
Impairment of non-financial assets	-	1,781,814
Inventory write-down	414,790	181,302
Changes in assets & liabilities		
Decrease/(increase) in trade and other receivables	202,537	(26,985)
Decrease/(increase) in inventories	668,847	(755,431)
Increase in trade and other payables	143,440	31,632
(Decrease)/Increase arising from exchange rate movements	-	-
Cash flow used in Operating Activities	**(1,109,447)**	**(2,631,769)**

20. INTERESTS IN OTHER ENTITIES

Name of Entity	Place of business/country of incorporation	Ownership Interest held by the Group 2023	Ownership Interest held by the Group 2022	Principal Activities
NZCS Operations Limited	New Zealand	100%	100%	The processing, distribution and export of premium seafood products in New Zealand.
Nine Ocean Fishery Pty Ltd	Australia	100%	-	The processing, distribution and export of premium seafood products in Australia.
PXYY Pty Ltd	Australia	100%	-	License holding.

21. NZCS Operations Limited cash-generating unit

The non-financial assets of the cash-generating unit have been fully impaired in prior year with no indicator during current year to reverse.

As a result of this, the management recognised an impairment charge of $39,307 against non-financial assets of $39,307 in the consolidated statement of profit or loss.

22. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 24 August 2023 NOF has secured a $1.9m debt facility with National Australia Bank to underpin equipment upgrade and working capital requirements. The facility follows NZS' acquisition of NOF, which is a fishing and high-end seafood product wholesaler/exporter based in Cairns, Queensland.

The total $1.9m facility is made up of two separate facilities, being a $0.9m equipment loan and a $1.0m working capital facility. The equipment loan will be used to fund key equipment upgrades.

Funds from the $1.0m working capital facility will be deployed to capitalize on several near-term revenue opportunities and further optimize NOF's combined operations post-acquisition.

Other than as noted above, no matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

23. REMUNERATION OF AUDITOR

During the year the following fees were paid or payable for services provided by the Auditor of the Entity and its related parties.

	CONSOLIDATED	
	30 June 2023 ($)	30 June 2022 ($)
Audit and Other Assurance Services		
Crowe Australasia (affiliate of Findex)	-	49,436
Byrons Audit Pty Ltd	39,000	
Total remuneration for Audit and Other Assurance Services	**39,000**	**49,436**

24. LOSS PER SHARE

	30 June 2023 ($)	30 June 2022 ($)
Basic loss per share (cents per share)	(0.20)	(0.51)
(Loss) used in the calculation of Earnings (Loss) Per Share	**(2,619,776)**	**(4,445,282)**
Weighted average number of ordinary shares	1,291,466,973	873,580,373

Effect of dilutive securities: Share options are not considered dilutive as the conversion of options to ordinary shares will result in a decrease in the net loss per share.

25. CONTINGENT LIABILITIES

The Board is not aware of any circumstances or information, which leads them to believe there are any other material contingent liabilities outstanding at 30 June 2023.

26. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

At 30 June 2023 and 30 June 2022, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of non-current financial assets and non-current financial liabilities are not materially different from their carrying amounts.

27. RELATED PARTY DISCLOSURES

Parent entity

New Zealand Costal Seafood Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 20.

Wholly-owned Group transactions

Loans made by New Zealand Coastal Seafoods Limited to wholly owned subsidiary companies are contributed to meet required expenditure and are payable on demand and are not interest bearing.

Key Management Personnel

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	30 June 2023 ($)	30 June 2022 ($)
Short-term employee benefits	446,024	993,509
Post-employment benefits	12,212	23,505
Equity based payments	-	241,507
	458,236	**1,258,521**

Disclosures relating to key management personnel are set out above and the remuneration report included in the directors' report.

Equity Based Payments

The component of equity-based payments included in the remuneration of Directors and Executives for the year to 30 June 2023 is detailed as follows:

	Issue Date	Number Issued	Total ($)
PERFORMANCE RIGHTS			
Winton Willesee*	04/12/2020	13,500,000	32,580
Aldo Miccio	04/12/2020	9,000,000	21,720
Erlyn Dawson**	04/12/2020	9,000,000	21,720
Total Performance Rights		**31,500,000**	**76,020**
EMPLOYEE OPTIONS			
Andrew Peti	29/07/2020	10,000,000	1,724
Peter Chai	28/02/2023	93,038,066	3,846
Total Employee Options		**103,038,066**	**5,570**
TOTAL			**81,590**

*Winton Willesee resigned 10 March 2023 and the share-based payments are lapsed as at 30 June 2023.
** Erlyn Dawson resigned 28 November 2022 and the share-based payments are lapsed as at 30 June 2023.

28. PARENT ENTITY INFORMATION

The following details information related to the Parent Entity, New Zealand Coastal Seafoods Limited, as at 30 June 2023. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

		30 June 2023 ($)	30 June 2022 ($)
Current assets		7,904	616,375
Total Assets		**9,231**	**616,375**
Current liabilities		272,887	107,163
Total Liabilities		**272,887**	**107,163**
Net Assets		**(263,656)**	**509,212**
Loss for the year	(i)	(12,801,916)	(979,207)
Other comprehensive profit/(loss) for the year		-	-
Total Comprehensive loss for the Year		**(12,801,916)**	**(979,207)**

(j) Loss for the year amount of $12,801,916 includes impairment losses as below
- Impairment loss on loan receivables from NZCS operations Ltd amount of $8,094,537.
- Impairment loss on investment to NZCS operation Ltd amount of $3,829,733

DIRECTORS' DECLARATION

In the opinion of the Directors of New Zealand Coastal Seafoods Ltd (the Group):

(a) the Financial Statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and Notes set out on pages 21 to 43, are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance, for the financial period ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and other mandatory professional reporting requirements.

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1; and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors.

Peter Chai
Managing Director
Sydney
2nd October 2023

Independent Auditor's Report to the Members of New Zealand Coastal Seafoods Limited

Report on the Audit of the consolidated Financial Report

Opinion

We have audited the financial report of New Zealand Coastal Seafoods Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 1 (c) in the consolidated financial report, which indicates that the Group incurred a net loss after tax of $2,619,776 and had net cash outflows from operating activities of $1,109,447 during the year ended 30 June 2023. As stated in Note 1 (c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt regarding 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 and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. We have determined that there are no key audit matters to communicate in our report

Other matter

The financial report of New Zealand Coastal Seafoods Limited and its controlled entities for the year ended 30 June 2022 was audited by Crowe Perth with an unmodified opinion issued on 30 September 2022.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 10 to 13 of the Annual Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of New Zealand Coastal Seafoods Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Byrons

Byrons Audit Pty Ltd

Irene

Irene Wang
Director

2nd October 2023
Sydney NSW 2000

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 26 September 2023.

1. Quotation

Listed securities in New Zealand Coastal Seafoods Limited are quoted on the Australian Securities Exchange under ASX code NZS (Fully Paid Ordinary Shares) and the Company's listed options are quoted under the ASX code NZSOB (Listed options).

2. Substantial Shareholders

The names of the substantial shareholders listed on the Company's register as at 26 September 2023:

Name: AUSTRALIAN FINANCIAL RESOURCES GROUP PTY LTD

Holder of: 237,152,264 fully paid ordinary shares, representing 14.34%.

Name: INVESTMENT ADVISERS ALLIANCE PTY LTD

Holder of: 237,152,264 fully paid ordinary shares, representing 14.34%.

3. Voting Rights

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

(a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and

(b) on a show of hands, every person present, who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

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

4. Distribution of Shareholders

i) Fully Paid Ordinary Shares

Shares Range	Holders	Units	%
1 – 1,000	791	169,115	0.01%
1,001 – 5,000	366	895,341	0.05%
5,001 – 10,000	180	1,462,737	0.09%
10,001 – 100,000	899	38,832,997	2.35%
100,001 and above	824	1,612,649,872	97.50%
Total	**3,226**	**1,654,010,062**	**100.00%**

On 26 September 2023, there were 2,561 holders of unmarketable parcels of less than 248,047 Shares (based on the closing share price of $0.002).

ii) Listed Options exercisable at $0.01 on or before 18 July 2025

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	20	2,000,000	1.11%
100,001 and above	73	178,000,000	98.89%
Total	**93**	**180,000,000**	**100.00%**

iii) Unlisted Options exercisable at $0.04 on or before 30 June 2024

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	1	1,650,000	100.00
Total	**1**	**1,650,000**	**100.00%**

iv) Unlisted Options exercisable at $0.02 on or before 30 June 2024

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	1	3,350,000	100.00
Total	**1**	**3,350,000**	**100.00%**

v) Unlisted Options exercisable at $0.04 on or before 30 June 2024

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000			
100,001 and above	3	15,750,000	100.00%
Total	**3**	**15,750,000**	**100.00%**

vi) Class B Performance Rights

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	3	15,750,000	100.00%
Total	**3**	**15,750,000**	**100.00%**

vii) Class C Performance Rights

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

5. Twenty Largest Shareholders

The twenty largest shareholders of the Company’s NZS Fully Paid Ordinary Shares as at 26 September 2023 are as follows:

	Holder Name	**Holding**	**% IC**
1	AUSTRALIAN FINANCIAL RESOURCES GROUP P/L	237,152,264	14.34%
2	INVESTMENT ADVISERS ALLIANCE PTY LTD	237,152,264	14.34%
3	SHARESIES NOMINEE LIMITED <CHILD A/C>	61,927,536	3.74%
4	MR CATALDO MICCIO	58,918,240	3.56%
5	ALEXANDER TRADING CORPORATION LIMITED	52,786,730	3.19%
6	ZHENHUA YANG	52,700,503	3.19%
7	10 BOLIVIANOS PTY LTD	50,386,000	3.05%
8	SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	36,581,806	2.21%
9	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	33,526,326	2.03%
10	MRS ROBYN DIANNE CHANDLER	27,000,000	1.63%
11	MR MANUEL SAMARKOS	15,791,633	0.95%
12	MR WALDEMAR WAWRZYNIUK & MS LIA WAWRZYNIUK <L & W SUPER FUND A/C>	15,000,000	0.91%
13	MR ANDREI KALUGIN	11,801,766	0.71%
14	MR SIMON JAMES COSTELLO	11,000,001	0.67%
15	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	10,998,740	0.67%
16	DAVSAM PTY LTD <ROSEMAN RETIREMENT FUND A/C>	10,000,000	0.60%
17	MR NOEL RUSSELL CAMERON & DR BELINDA CAROLINE GOAD <NOEL CAMERON SUPER FUND A/C>	10,000,000	0.60%
18	FACOORY INVESTMENTS (QLD) PTY LTD	10,000,000	0.60%
19	MR CHRISTOPHER G CHANDLER	10,000,000	0.60%
20	MR CHRISTOPHER LAWRENCE WILSON	9,448,868	0.57%
	Total top 20	**962,172,677**	**58.17%**
	Total issued capital	**1,654,010,062**	**100.00%**

6. Twenty Largest Listed Option Holders – NZSOB ($0.01, 18/07/2025)

The twenty largest option holders of the Company's Listed Options as at 1 September 2022 are as follows:

	Holder Name	Holding	% IC
1	MR KEVIN DANIEL LEARY & MRS HELEN PATRICIA LEARY <KEVIN & HELEN LEARY S/F A/C>	15,000,000	8.33%
2	MR ALI MOHAMMED PARVEZ UKANI	13,000,000	7.22%
3	EQUITY TRUSTEES SUPERANNUATION LIMITED <AMG - BRIAN COLLINS A/C>	12,000,000	6.67%
4	MR JACOB ALLEN JOHN PROUT	10,000,000	5.56%
5	MR KEVIN DANIEL LEARY & MRS HELEN PATRICIA LEARY <KEVIN & HELEN LEARY SF 2 A/C>	7,500,000	4.17%
6	MR PETER JAMES WIN	7,000,000	3.89%
7	SHANTO PTY LTD <SHANTO SUPER FUND A/C>	6,000,001	3.33%
8	MR CONOR DALEY	5,500,000	3.06%
9	MR MD MUNTASIR BILLAH	5,200,000	2.89%
10	MR MD AKRAM UDDIN	5,000,005	2.78%
11	MR KEVIN DANIEL LEARY & MRS HELEN PATRICIA LEARY <KEVIN&HELEN LEARY SUPER A/C>	5,000,000	2.78%
12	DAVSAM PTY LTD <ROSEMAN RETIREMENT FUND A/C>	5,000,000	2.78%
13	MR NHAN HUU NGUYEN	5,000,000	2.78%
14	ROJUL NOMINEES PTY LTD <RR MARTIN SUPER FUND A/C>	4,140,174	2.30%
15	MR DUNG SON TRAN	4,000,000	2.22%
16	MR NHAN PHAM	4,000,000	2.22%
17	MR CATALDO MICCIO	3,000,000	1.67%
18	TT NICHOLLS PTY LTD <TT NICHOLLS S/F A/C>	3,000,000	1.67%
19	CHINCHERINCHEE NOMINEES PTY LTD	3,000,000	1.67%
20	IRWIN BIOTECH NOMINEES PTY LTD <BIOA A/C>	2,500,000	1.39%
	Total top 20	**124,840,180**	**69.36%**
	Total	**180,000,000**	**100.00%**

7. Restricted Securities

There are no restricted securities listed on the Company’s register as at 1 September 2022.

8. On market buy-back

There is currently no on market buy back in place.