

West Coast Aquaculture Group Ltd
Appendix 15-1
Half-year report

1. Company details

Name of entity:	West Coast Aquaculture Group Ltd
ACN:	637 883 848
Reporting period:	For the period ended 31 October 2022
Previous period:	For the period ended 31 October 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	18.0% to	1,282,322
Loss from ordinary activities after tax attributable to the owners of West Coast Aquaculture Group Ltd	down	46.9% to	(1,368,068)
Loss for the period attributable to the owners of West Coast Aquaculture Group Ltd	down	46.9% to	(1,368,068)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,368,068 (31 October 2021: \$2,575,735).

Refer to the review of operation in the attached directors' report for an explanation of the consolidated entity's performance during the current period.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.32</u>	<u>1.91</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period. The consolidated entity does not have a dividend reinvestment plan.

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7. Details of associates and joint venture entities

Not applicable.

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

9. Attachments

Details of attachments (if any):

The Interim Report of West Coast Aquaculture Group Ltd for the period ended 31 October 2022 is attached.

10. Signed

Signed

A handwritten signature in black ink, appearing to be 'J. King', is written over a horizontal line.

Date: 22 December 2022

West Coast Aquaculture Group Ltd

ACN 637 883 848

Interim Report - 31 October 2022

West Coast Aquaculture Group Ltd
Corporate directory
31 October 2022

Directors	Ching Hoe Neo - Chief Executive Officer and Executive Chairman Teik Hon Chin - Chief Operations Officer and Executive Director Yaw Foi Chan - Chief Financial Officer and Executive Director Stuart Laurence Niven - Non-Executive Director Lee Ping Chong - Non-Executive Director James Barrie - Non-Executive Director
Company secretary	James Barrie
Registered office	Level 3, 257 Collins Street Melbourne, Victoria Australia 3000
Principal place of business	Lot 709, Taman Nilam, Belanga Pecah Kuah 07000 Langkawi, Malaysia
Auditor	HLB Mann Judd (Victoria Partnership) Level 9, 550 Bourke Street, Melbourne VIC 3000
Solicitors	Neo Legal Level 9, 276 Flinders Street Melbourne, Victoria Australia 3000
Stock exchange listing	West Coast Aquaculture Group Ltd shares are listed on the Sydney Stock Exchange (SSX code: 833)
Website	https://www.wcoastfish.com/
Share registry	Automic Group Deutsche Bank, Tower Level 5/126 Phillip St, Sydney NSW 2000

West Coast Aquaculture Group Ltd

Directors' report

31 October 2022

The directors present their report, together with the interim financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of West Coast Aquaculture Group Ltd (referred to hereafter as the 'company' or 'parent entity') and the entity it controlled at the end of, or during, the period ended 31 October 2022.

Directors

The following persons were directors of West Coast Aquaculture Group Ltd during the whole of the financial period and up to the date of this report, unless otherwise stated:

Ching Hoe Neo
Teik Hon Chin
Yaw Foi Chan
Stuart Laurence Niven
Lee Ping Chong
James Barrie

Principal activities

During the financial period the principal continuing activities of the consolidated entity consisted of:

- Grow up – purchase of fingerlings or juvenile fish, and farm them to marketable size in Langkawi, Malaysia; and
- Sales and distribution – sale of fish to wholesale and retail customers once they reach commercial sizes.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,368,068 (31 October 2021: \$2,575,735).

The on-going Covid-19 pandemic has now moved into the endemic stage in Malaysia, our primary business market. Whilst many government restrictions have now been removed Malaysia continues to record 2-3 thousand positive Covid-19 cases daily. Management remains vigilant in monitoring the impact on business operations, all employees are fully vaccinated and precautionary procedures advised by authorities remain adhered to.

Our marketing team, along with our agent LSM, has strongly established our brand in the market, supplying fresh and live fish to the traditional wholesalers and most of the reputable restaurants. Frozen products accounted to 12% of the total sales in the period. Export sales were significantly impacted by the COVID-19 restrictions, and as a result, Management are focusing on domestic business development opportunities.

Supply-chain disruptions have been another COVID-19 impact, with supplies of fish fry being inconsistent and limited flights available to transport the fish fry to our nursery. Normalised fish fry replenishment has only resumed towards the end of 2022. This disruption in fish fry replenishment has caused a time gap in our matured fish supplies to the market for the second half of the 2022 financial year, and is not expected to return to previous levels of saleable fish until mid-2023.

Notwithstanding these headwinds, pleasingly sales revenue of A\$1.28 million was generated in the financial period, an increase of 18% over the prior corresponding period. The increase in sales revenue reflects a material uplift in wholesale prices the Company received, driven by COVID-19 supply issues and inflationary pressures. Costs of materials have also increased but at a lower rate than the wholesale fish prices the Company received. Management continues to closely monitor and implement cost optimisation across all business operations to deliver efficiencies whilst not sacrificing product quality.

Malaysia has also legislated an increase in the monthly minimum wage payable to employees from Rm1,200 to Rm1,500 in May 2022. These changes have been implemented.

Global climate change has also impacted the Company. As disclosed in our SSX announcement on 30 November 2022, operations at Langkawi were disrupted by the unseasonal weather experienced. Lower temperatures impacted on fish stocks, especially fish fry at the nursery and caused an unprecedented high mortality percentage. Management have commenced an urgent review to identify what changes can be made to nursery and sea operations, including additional/modified equipment and fish species reared, to mitigate the impact of future climate-related events.

In summary, whilst 2022 was a challenging period for the Company, we are hopeful that the worst of the headwinds faced have now passed. With an ongoing focus on cost optimisation, extension of our supply chain through the nursery operations and business development activities. Management are cautiously optimistic of a return to normalised business operations during the second half of the 2023 financial year.

On behalf of the Board, I would like to thank all our stakeholders, including the Group's shareholders, partners, business associates, the management team and employees for their continued confidence and unwavering support to the Group.

West Coast Aquaculture Group Ltd
Directors' report
31 October 2022

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial period, other than those that have been addressed in the review of operations section above.

Matters subsequent to the end of the financial period

On 20 November 2022, the Company lodged an announcement with the SSX advising that its nursery operations had been impacted by unprecedented cold weather conditions at its Langkawi operations, which resulted in a significant impact on mortality rates at the nursery. Whilst the cost to replace (approximately RM 150k) of its own is not substantial, the effects of this unprecedented weather has already been seen in a material increase in the price of grouper fish fry which may in turn lead to shortages of grouper and certain other species being available for sale in 8-10 months. With climate change resulting in more frequent unseasonal weather events not just in Malaysia but worldwide, management have commenced an urgent review to identify what changes can be made to nursery and sea operations, including additional/modified equipment and fish species reared, to mitigate the impact of future climate-related events.

On 20 December 2022, the Company's Malaysian operating subsidiary WEST COAST AQUACULTURE (M) SDN BHD (**Subsidiary**), executed an amendment to the existing loan arrangement between the Subsidiary and Mr NEO CHING HOE, the Company's Executive Chairman, whereby the loan was agreed to be extended from the scheduled repayment date of 16 June 2024, should the Subsidiary need to extend the repayment terms.

No other matter or circumstance has arisen since 31 October 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Ching Hoe Neo
Chief Executive Officer

22 December 2022

Auditor's independence declaration □

As lead auditor for the review of the interim consolidated financial report of West Coast Aquaculture Group Ltd ("the Company") and its controlled entity ("the Group") for the half-year ended 31 October 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in relation to the Company and the entity it controlled during the year.



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Melbourne
22 December 2022



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West Coast Aquaculture Group Ltd

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General information

The financial statements cover West Coast Aquaculture Group Ltd as a consolidated entity consisting of West Coast Aquaculture Group Ltd and the entity it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is West Coast Aquaculture Group Ltd's functional and presentation currency.

West Coast Aquaculture Group Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 3, 257 Collins Street
Melbourne, Victoria Australia 3000

Principal place of business

Lot 709, Taman Nilam, Belanga Pecah Kuah
07000 Langkawi, Malaysia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 December 2022.

West Coast Aquaculture Group Ltd
Consolidated statement of profit or loss and other comprehensive income
For the period ended 31 October 2022

		Consolidated	
	Note	31 October 2022 \$	31 October 2021 \$
Revenue	5	1,282,322	1,086,314
Change in fair value of biological assets		(583,940)	(1,149,148)
Expenses			
Cost of sales		(1,524,364)	(1,944,610)
Regulatory affairs expenses		(280,606)	(354,516)
Administration expenses		(585)	(1,206)
Selling and distribution expenses		(192,901)	(150,172)
Finance costs		(67,994)	(62,397)
Loss before income tax expense		(1,368,068)	(2,575,735)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of West Coast Aquaculture Group Ltd		(1,368,068)	(2,575,735)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		39,485	77,813
Other comprehensive income for the period, net of tax		39,485	77,813
Total comprehensive income for the period attributable to the owners of West Coast Aquaculture Group Ltd		<u>(1,328,583)</u>	<u>(2,497,922)</u>
		Cents	Cents
Basic earnings per share	16	(1.20)	(2.26)
Diluted earnings per share	16	(1.20)	(2.26)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

West Coast Aquaculture Group Ltd
Consolidated statement of financial position
As at 31 October 2022

		Consolidated	
	Note	31 October 2022 \$	30 April 2022 \$
Assets			
Current assets			
Cash and cash equivalents	6	51,088	218,219
Trade and other receivables		231,251	302,048
Inventories		132,748	199,670
Income tax refund due		9,983	9,741
Biological assets	7	4,016,168	4,493,524
Financial assets		783,439	764,448
Other		248,228	296,558
Total current assets		<u>5,472,905</u>	<u>6,284,208</u>
Non-current assets			
Property, plant and equipment	8	2,164,531	2,229,847
Right-of-use assets		63,070	70,305
Total non-current assets		<u>2,227,601</u>	<u>2,300,152</u>
Total assets		<u>7,700,506</u>	<u>8,584,360</u>
Liabilities			
Current liabilities			
Trade and other payables	9	3,388,793	2,969,600
Borrowings	10	1,047,138	987,952
Lease liabilities		15,945	15,059
Total current liabilities		<u>4,451,876</u>	<u>3,972,611</u>
Non-current liabilities			
Borrowings	10	1,702,530	1,730,256
Lease liabilities		45,122	51,932
Total non-current liabilities		<u>1,747,652</u>	<u>1,782,188</u>
Total liabilities		<u>6,199,528</u>	<u>5,754,799</u>
Net assets		<u>1,500,978</u>	<u>2,829,561</u>
Equity			
Issued capital		20,002,573	20,002,573
Reserves		(13,464,825)	(13,504,310)
Accumulated losses		(5,036,770)	(3,668,702)
Total equity		<u>1,500,978</u>	<u>2,829,561</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

West Coast Aquaculture Group Ltd
Consolidated statement of changes in equity
For the period ended 31 October 2022

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 May 2021	20,002,573	(13,610,197)	(1,721,495)	4,670,881
Loss after income tax expense for the period	-	-	(2,575,735)	(2,575,735)
Other comprehensive income for the period, net of tax	-	77,813	-	77,813
Total comprehensive income for the period	-	77,813	(2,575,735)	(2,497,922)
Balance at 31 October 2021	<u>20,002,573</u>	<u>(13,532,384)</u>	<u>(4,297,230)</u>	<u>2,172,959</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 May 2022	20,002,573	(13,504,310)	(3,668,702)	2,829,561
Loss after income tax expense for the period	-	-	(1,368,068)	(1,368,068)
Other comprehensive income for the period, net of tax	-	39,485	-	39,485
Total comprehensive income for the period	-	39,485	(1,368,068)	(1,328,583)
Balance at 31 October 2022	<u>20,002,573</u>	<u>(13,464,825)</u>	<u>(5,036,770)</u>	<u>1,500,978</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

West Coast Aquaculture Group Ltd
Consolidated statement of cash flows
For the period ended 31 October 2022

	Consolidated	
	31 October	31 October
Note	2022	2021
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,353,119	1,017,960
Payments to suppliers and employees (inclusive of GST)	<u>(1,671,533)</u>	<u>(2,111,711)</u>
	(318,414)	(1,093,751)
Other revenue	-	25,166
Interest and other finance costs paid	<u>(67,994)</u>	<u>(62,397)</u>
Net cash (used in) operating activities	<u>(386,408)</u>	<u>(1,130,982)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	8 <u>(7,963)</u>	<u>(660,931)</u>
Net cash (used in) investing activities	<u>(7,963)</u>	<u>(660,931)</u>
Cash flows from financing activities		
Proceeds from borrowings	211,270	243,621
Repayment of borrowings	(194,725)	(606,302)
Repayment of lease liabilities	(7,523)	(3,423)
Advance from director	<u>207,571</u>	<u>-</u>
Net cash from/(used in) financing activities	<u>216,593</u>	<u>(366,104)</u>
Net decrease in cash and cash equivalents	(177,778)	(2,158,017)
Cash and cash equivalents at the beginning of the financial period	(79,640)	2,336,732
Effects of exchange rate changes on cash and cash equivalents	<u>(2,001)</u>	<u>28,633</u>
Cash and cash equivalents at the end of the financial period	6 <u><u>(259,419)</u></u>	<u><u>207,348</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

West Coast Aquaculture Group Ltd
Notes to the consolidated financial statements
31 October 2022

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 October 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the period ended 30 April 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial statements have been prepared using the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity incurred a loss from ordinary activities of \$1,368,068 for the half-year ended 31 October 2022 and had negative cash flows from operating activities of \$386,408.

The directors have reviewed the cashflow forecasts and believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern due to the following factors:

- Management are cautiously optimistic that the headwinds of the last few years are starting to ease, including those related to COVID-19 restrictions and inflationary pressures, and that business conditions will continue to move back towards a degree of normality over the next year;
- Letters of intent have been received from two customers which provide confidence that future sales will transpire, including those for key inventory that are maturing to expectations and will be available for sale progressively from mid-2023; and
- The Group's ongoing cost optimisation program and integration of the nursery operations continue to deliver material benefits.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

In the event that consolidated entity is unsuccessful in implementing the above-stated initiatives or achieving forecast sales results, a material uncertainty exists, that may cast significant doubt on the consolidated entity's ability to continue as a going concern and its ability to recover assets and discharge liabilities in normal course of business and at the amounts shown in the financial report.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impairment review of non-current assets

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. It was determined that there was a need to assess the recoverable amount of non-financial assets (excluding inventory and biological assets which are not captured under AASB 136) as at period end. The recoverable amount has been determined based on value-in-use calculations which require the use of various key assumptions, including estimated discount rates and growth rates of estimated future operating cash flows.

The recoverable amount has been determined by a value-in-use calculation using a discounted cash flow model and with the following key assumptions:

- based on a 2 year projection period approved by the Board of Directors and extrapolated for a further 3 years using a steady rate, together with a terminal value;
- operating cash flows discounted using a pre-tax discount rate of 14.5%; and
- a projection covering the period to 31 October 2024 which allows for estimated sales growth reflecting the suite of strategies to be implemented as outlined in note 1 going concern.

Management have performed a sensitivity analysis to contemplate what impact a change in assumptions may have on the conclusions reached. In the event that the Group's weighted average cost of capital or discount rate increases to 20% and in the event the Group is unable to achieve its forecast sales by more than 45% against its budget, it is possible that an impairment charge would be triggered.

Note 3. Impact of COVID 19 Pandemic

During the half-year ended 31 October 2022, the COVID-19 pandemic has continued to affect the global economy. The pandemic has adversely affected the global economy resulting in an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Since its outbreak, governments worldwide have set up measures to contain the pandemic. Many countries have required entities to limit or suspend business operations, and have also implemented travel restrictions and quarantine measures. Monetary and fiscal stimulus packages have also been introduced in some countries. As the COVID-19 outbreak continues to evolve, the estimated financial impact cannot be reasonably determined at this juncture. The impact which COVID 19 has had on the consolidated entity is set out below.

Malaysian operations

The Covid-19 pandemic has entered into the endemic stage since April 2022 with daily positive cases of between 2 and 3 thousand being recorded. Most restrictions were lifted and businesses have started to re-organise to regain pre-pandemic momentum. However, the labour shortage and inflationary effects posed significant challenges.

There were no restrictions imposed on the consolidated entity's operations throughout the period. However increases in operating costs from issues as the local economy returned to normal operations posed challenges for the Malaysian operations.

Australian operations

The impact of COVID-19 on the consolidated entity's Australian operations has not been material due to their scale and nature of operations as a holding company.

West Coast Aquaculture Group Ltd
Notes to the consolidated financial statements
31 October 2022

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment: aquaculture and fish breeding based in Malaysia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 5. Revenue

	Consolidated	
	31 October 2022	31 October 2021
	\$	\$
<i>Revenue from contracts with customers</i>		
Sales of goods	1,282,322	1,061,148
<i>Other revenue</i>		
Other revenue	-	25,166
Revenue	<u>1,282,322</u>	<u>1,086,314</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 October 2022	31 October 2021
	\$	\$
<i>Major product lines</i>		
Fresh fish	1,131,072	916,995
Frozen fish	151,250	144,153
	<u>1,282,322</u>	<u>1,061,148</u>
<i>Geographical regions</i>		
Malaysia	1,282,322	1,027,061
Hong Kong	-	34,087
	<u>1,282,322</u>	<u>1,061,148</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u>1,282,322</u>	<u>1,061,148</u>

West Coast Aquaculture Group Ltd
Notes to the consolidated financial statements
31 October 2022

Note 6. Cash and cash equivalents

	Consolidated	
	31 October	30 April 2022
	2022	2022
	\$	\$
<i>Current assets</i>		
Cash at bank	<u>51,088</u>	<u>218,219</u>

Below is a table reconciling the cash balance to the consolidated statement of cash flows:

Cash at bank	51,088
Bank overdraft	<u>(310,507)</u>
	<u>(259,419)</u>

Note 7. Biological assets

	Consolidated	
	31 October	30 April 2022
	2022	2022
	\$	\$
<i>Current assets</i>		
Biological asset - fisheries livestock at fair value	<u>4,016,168</u>	<u>4,493,524</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and comparative financial periods are set out below:

Consolidated	Oct 22
	\$
Opening balance	4,493,524
Purchases	337,739
Sales	(1,131,681)
Changes in fair value less costs to sell	(583,940)
Exchange differences	106,584
Changes due to biological transformation / mortality and losses	1,009,546
Transfers to inventories	<u>(215,604)</u>
Closing Balance	<u>4,016,168</u>

Refer to note 12 for details on fair value measurement.

West Coast Aquaculture Group Ltd
Notes to the consolidated financial statements
31 October 2022

Note 8. Property, plant and equipment

	Consolidated	
	31 October	30 April 2022
	2022	2022
	\$	\$
<i>Non-current assets</i>		
Buildings - at cost	374,911	361,062
Less: Accumulated depreciation	<u>(39,164)</u>	<u>(30,128)</u>
	<u>335,747</u>	<u>330,934</u>
Farm equipment - at cost	1,236,999	1,205,987
Less: Accumulated depreciation	<u>(457,431)</u>	<u>(402,674)</u>
	<u>779,568</u>	<u>803,313</u>
Fixtures and fittings - at cost	34,255	33,425
Less: Accumulated depreciation	<u>(14,218)</u>	<u>(11,306)</u>
	<u>20,037</u>	<u>22,119</u>
Motor vehicles - at cost	193,687	188,993
Less: Accumulated depreciation	<u>(126,195)</u>	<u>(118,184)</u>
	<u>67,492</u>	<u>70,809</u>
Fish ponds and workers quarters - at cost	1,174,700	1,146,224
Less: Accumulated depreciation	<u>(501,014)</u>	<u>(443,940)</u>
	<u>673,686</u>	<u>702,284</u>
Machinery - at cost	418,876	406,672
Less: Accumulated depreciation	<u>(130,875)</u>	<u>(106,284)</u>
	<u>288,001</u>	<u>300,388</u>
	<u><u>2,164,531</u></u>	<u><u>2,229,847</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and comparative financial periods are set out below:

	Buildings	Farm equipment	Fish ponds & quarters	Machinery	Motor vehicles	Fixtures & fittings	Total
Consolidated	\$	\$	\$	\$	\$	\$	\$
Balance at 1 May 2022	330,934	803,313	702,284	300,388	70,809	22,119	2,229,847
Additions	4,837	1,043	-	2,083	-	-	7,963
Exchange differences	8,193	19,583	17,053	7,293	3,145	526	55,793
Depreciation expense	<u>(8,217)</u>	<u>(44,371)</u>	<u>(45,651)</u>	<u>(21,763)</u>	<u>(6,462)</u>	<u>(2,608)</u>	<u>(129,072)</u>
Balance at 31 October 2022	<u><u>335,747</u></u>	<u><u>779,568</u></u>	<u><u>673,686</u></u>	<u><u>288,001</u></u>	<u><u>67,492</u></u>	<u><u>20,037</u></u>	<u><u>2,164,531</u></u>

West Coast Aquaculture Group Ltd
Notes to the consolidated financial statements
31 October 2022

Note 9. Trade and other payables

	Consolidated	
	31 October	30 April 2022
	2022	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables (unsecured)	588,847	441,762
Payable to related parties*	2,481,360	2,215,053
Other payables	318,586	312,785
	<u>3,388,793</u>	<u>2,969,600</u>

* Included in the above balance is RM 630,000 (\$207,571) advanced from Ching Hoe Neo during the year. The loan has a twelve-month term commencing on 15 June 2022 and a 5% interest rate. The loan repayment terms have subsequently been extended, refer to note 15.

Note 10. Borrowings

	Consolidated	
	31 October	30 April 2022
	2022	2022
	\$	\$
<i>Current liabilities</i>		
Bank overdraft	310,507	297,859
Term loans	514,166	470,341
Revolving credit	186,594	128,152
Insurance premium funding	35,871	91,600
	<u>1,047,138</u>	<u>987,952</u>
<i>Non-current liabilities</i>		
Term loans	<u>1,702,530</u>	<u>1,730,256</u>

Security provided

Security provided

The consolidated entity's borrowings are secured by way of:

- Pledged of fixed deposits;
- Subsequent debenture over fixed and floating assets of West Coast Aquaculture (M) Sdn Bhd, both present and future;
- Supplement existing upfront fixed deposits and sinking fund and profit earned thereon to be retained as security;
- Jointly and severally guaranteed by the Company's directors and holding company's shareholders; and
- Against certain percentage of guarantee coverage by Government of Malaysia under the Working Capital Guarantee Scheme (WCGS).

The consolidated entity is required to submit audited accounts, management accounts and other financial documents as and when required by the financier.

West Coast Aquaculture Group Ltd
Notes to the consolidated financial statements
31 October 2022

Note 10. Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 October 2022	30 April 2022
	\$	\$
Total facilities		
Bank overdraft	321,241	313,454
Revolving credit	329,478	610,834
Loan from director	988,435	-
	1,639,154	924,288
Used at the reporting date		
Bank overdraft	310,507	297,859
Revolving credit	186,594	128,152
Loan from director	207,571	-
	704,672	426,011
Unused at the reporting date		
Bank overdraft	10,734	15,595
Revolving credit	142,884	482,682
Loan from director	780,864	-
	934,482	498,277

Note 11. Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 12. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 October 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Biological assets	-	4,016,168	-	4,016,168
Total assets	-	4,016,168	-	4,016,168
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Biological assets	-	4,493,524	-	4,493,524
Total assets	-	4,493,524	-	4,493,524

There were no transfers between levels during the financial period.

West Coast Aquaculture Group Ltd
Notes to the consolidated financial statements
31 October 2022

Note 12. Fair value measurement (continued)

Valuation techniques for fair value measurements categorised within level 2 and level 3

Fishery livestocks are measured at fair value less costs to sell, based on market prices of livestock of similar age, species, where necessary, to reflect the differences. Market prices are obtained from observable market prices (where available), contracted prices or estimated future prices.

Note 13. Contingent liabilities

The consolidated entity had no contingent liabilities at 31 October 2022 and 30 April 2022.

Note 14. Related party transactions

Parent entity

West Coast Aquaculture Group Ltd is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 October	31 October
	2022	2021
	\$	\$
Sale of goods and services:		
Sale of goods to North Island Fish Nursery S/B	-	8,798
Payment for goods and services:		
Purchase of goods from North Island Fish Nursery S/B	-	785,764
Purchases of services from Maxprotech Resources S/B	14,539	12,123
Purchases of goods from Long Zhuan Aquaculture	203,170	-
Other transactions:		
Purchase of property plant and equipment from North Island Fish Nursery S/B	-	256,739

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 October	30 April 2022
	2022	2022
	\$	\$
Current payables:		
Other payables to Chin Koon Chia	698,454	681,582
Other payables to Ching Hoe Neo *	660,604	442,051
Other payables to Neo Joe Yee	349,247	340,781
Other payables to Teik Hon Chin	174,623	170,391
Other payable to Khor Chin Dee	261,935	255,858
Accrued directors and company secretary fees	6,667	6,667
Trade payables to Long Zhuan Aquaculture S/B	229,049	144,704
Trade payables to North Island Fish Farm Sdn Bhd	88,025	140,700
Trade payables to Maxprotech Resources S/B	19,380	39,728

* Included in the above balance is RM 630,000 (\$207,571) advanced from Ching Hoe Neo during the year. The loan has a twelve-month term commencing on 15 June 2022 and a 5% interest rate. The loan repayment terms have subsequently been extended, refer to note 15.

West Coast Aquaculture Group Ltd
Notes to the consolidated financial statements
31 October 2022

Note 14. Related party transactions (continued)

Part of the building under property, plant and equipment was used by the related party without any rental charges. The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

Note 15. Events after the reporting period

On 20 November 2022, the Company lodged an announcement with the SSX advising that its nursery operations had been impacted by unprecedented cold weather conditions at its Langkawi operations, which resulted in a significant impact on mortality rates at the nursery. Whilst the cost to replace (approximately RM 150k) of its own is not substantial, the effects of this unprecedented weather has already been seen in a material increase in the price of grouper fish fry which may in turn lead to shortages of grouper and certain other species being available for sale in 8-10 months. With climate change resulting in more frequent unseasonal weather events not just in Malaysia but worldwide, management have commenced an urgent review to identify what changes can be made to nursery and sea operations, including additional/modified equipment and fish species reared, to mitigate the impact of future climate-related events.

On 20 December 2022, the Company's Malaysian operating subsidiary WEST COAST AQUACULTURE (M) SDN BHD (**Subsidiary**), executed an amendment to the existing loan arrangement between the Subsidiary and Mr NEO CHING HOE, the Company's Executive Chairman, whereby the loan was agreed to be extended from the scheduled repayment date of 16 June 2024, should the Subsidiary need to extend the repayment terms.

No other matter or circumstance has arisen since 31 October 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 16. Earnings per share

	Consolidated	
	31 October 2022	31 October 2021
	\$	\$
Loss after income tax attributable to the owners of West Coast Aquaculture Group Ltd	<u>(1,368,068)</u>	<u>(2,575,735)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>114,006,482</u>	<u>114,006,482</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>114,006,482</u>	<u>114,006,482</u>
	Cents	Cents
Basic earnings per share	(1.20)	(2.26)
Diluted earnings per share	(1.20)	(2.26)

West Coast Aquaculture Group Ltd

Directors' declaration

31 October 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 October 2022 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, taking into account the factors outlined in Note 1 Going Concern.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Ching Hoe Neo
Chief Executive Officer

22 December 2022



Independent Auditor’s Review Report to the Members of

West Coast Aquaculture Group Ltd

We have reviewed the half-year financial report of West Coast Aquaculture Group Ltd (“the company”) and its controlled entity (“the Group”), which comprises the consolidated statement of financial position as at 31 October 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors’ declaration.

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

- (a) giving a true and fair view of the Group’s financial position as at 31 October 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 Going Concern, in the financial report, which indicates that the Group incurred a net loss after tax of \$1,368,068 during the period ended 31 October 2022 (31 October 2021: net loss after tax of \$2,575,735) and generated net cash outflows from operating activities of \$386,408 (31 October 2021: net cash outflows from operating activities of \$1,130,982). As stated in Note 1 Going Concern, these events or conditions, along with other matters as set forth in Note 1 Going Concern, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Other Information

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor’s Responsibilities for the Review of the Financial Report* section of our report. We are independent of the 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 (including Independence Standards)* (the Code) that are relevant to our review of the interim 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 Group, would be in the same terms if given to the directors as at the time of this auditor’s review report.

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Responsible Directors

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 October 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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




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Melbourne
22 December 2022