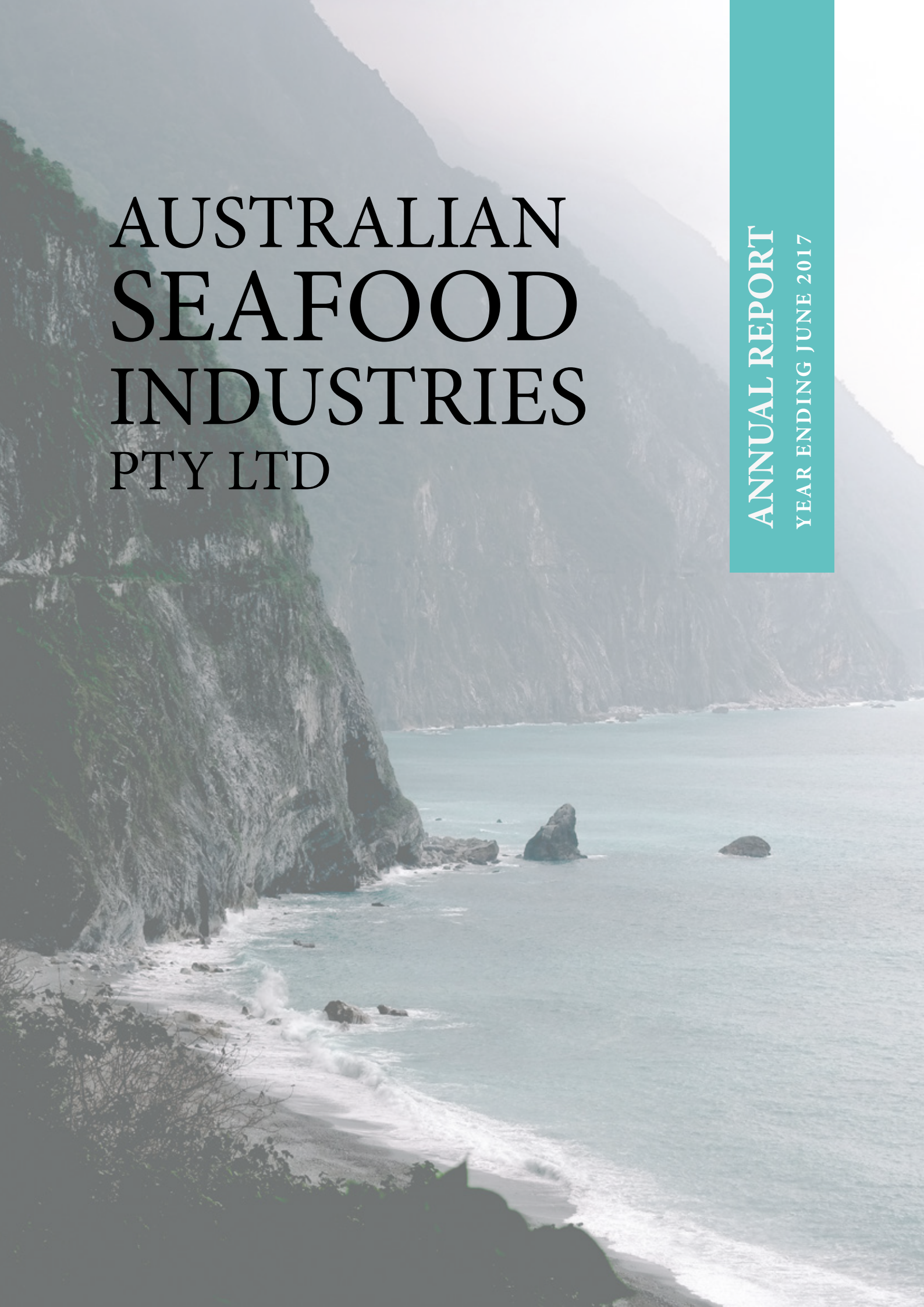

AUSTRALIAN SEAFOOD INDUSTRIES PTY LTD

ANNUAL REPORT

YEAR ENDING JUNE 2017

AUSTRALIAN SEAFOOD INDUSTRIES PTY LTD
ABN: 23 095 165 165
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AUSTRALIAN SEAFOOD INDUSTRIES YEAR BY NUMBERS

AVERAGE 2015-YEAR CLASS SURVIVAL

BEST FAMILIES 2015-YEAR CLASS SURVIVAL

2015-year class of oyster families showing an average of **40%** survival following exposure to Pacific Mortality Syndrome (POMS) in Tasmania field trials with the best families showing above **80%** survival as 1-year old's.

76 2016-year class oyster families with a range of accurately determined POMS resistance levels produced in a new facility at Institute of Marine and Antarctic Studies (IMAS).

19 ASI oyster families produced in South Australia for the first time to be available as commercial broodstock in Autumn 2018.

Over **10,000** commercial broodstock deployed in Tasmania and South Australia.

$5,000,000 Cooperatives Research Centres – Projects (CRC-P) grant to be managed by ASI on behalf of industry.

All **7** hatcheries producing Pacific Oysters signed up to new agreement and will now collect levy on ASI's behalf.

Accumulative total of **150,000** animals exposed to POMS in both designed field and lab trials for all year classes.

// CHAIRMAN'S REPORT //

The 2016-17 year has been one of the most significant since the company was established.

Distribution of our YC14 POMS resistant oyster broodstock to all hatcheries during the year substantially repaid the industry's investment in the company. To achieve this within eighteen months of the first diagnosis of POMS in Tasmania last year is unprecedented in Australian aquaculture.

It is a real credit to the industry leaders, geneticists, and ASI staff who have persevered with ASI's breeding program.

Expansion of the ASI breeding program into South Australia was another significant achievement during the year. With 19 oyster families bred to date, and another 71 families to be bred next year, the scale of the breeding program has doubled nationally. This would not have been possible without the support of the South Australian Research and Development Institute and funding from the CRC-P.

ASI was also very pleased to lead the industry's successful CRC-P application to the Commonwealth Department of Industry, Skills and Regional Development. Over the next three years, this project will inject $5 million cash and $6.4million in-kind into research that will directly benefit the oyster industry. A substantial proportion of the outputs from this research will be delivered to the industry through ASI.

This was the year we had to significantly change the levy payment system because too many growers elect not to pay. There are 41 growers who have not paid levies amounting to $160,000. With the cooperation of hatcheries, all of whom have agreed to include the levy on their customer invoices, ASI now has a levy collection process that is fair to all and will avoid legal disputes over the validity of the levy. This will enable ASI to plan its future breeding program, confident in the knowledge that the necessary funding will be available.

Following the POMS outbreak, ASI's very survival has depended on a $985,000 grant received from the Commonwealth Department of Agriculture and Water Resources (DAWR), administered through the Fisheries Research and Development Corporation (FRDC). This critical funding will be fully utilized by the end of the 2017-18 year. Thereafter ASI will be fully dependent on the levy for operational funding.

It is timely therefore, that our shareholders will review the ASI levy before the end of the year, to determine whether it should continue, and what the levy amount should be. It goes without saying that a decision to stop the levy would result in the company being wound up, which would be impossible to restart.

The level of resistance to POMS and other genetic traits in ASI oysters continues to improve every year. The guidance that the ASI Industry Technical Reference Group (ITRG) provides is critical to that progress. It is very pleasing to see such good quality science and highly committed people working for the industry.

The ongoing support from ASI's two shareholders has been fundamental to the success of ASI. Their support on matters of policy and communication with growers has been invaluable. I would also like to thank Matt Cunningham and his staff at ASI for their dedicated work on behalf of the industry.

The knowledge and enthusiasm of my fellow Directors has made leading ASI a pleasure over the past two years. Their support is greatly appreciated by me and the staff. Following my recent re-appointment, I look forward to working with the industry for another two-year term.

Dr Len Stephens
Chairman

// GENERAL MANAGER'S REPORT

This year has been the most challenging but rewarding one in my time at ASI. Adapting to the new POMS paradigm has meant that nearly all of ASI's procedures have needed to be refined or in many cases redeveloped. Despite this, the company has achieved everything it set out to and we are delivering on the promises we made to industry before POMS hit Tasmania. It is extremely rewarding to see the results of many years work translating into commercial outcomes, which have a significant impact on the people who run these businesses. In Tasmania's POMS affected areas it's about giving confidence to rebuild businesses after POMS. In unaffected parts of Tasmania and South Australia it's preparing industry to be the first in the world as "POMS ready" before any outbreak. This makes all the hard work worthwhile.

The year started out knowing that we had secured the company's short-term survival through the POMS outbreak with the DAWR grant and we were soon to learn of the success of our CRC-P application. This ensured that we had the financial capacity to continue breeding a POMS resistant Pacific Oyster but we had a mountain of work in front of us to make it happen. Our attentions turned to upgrading our facility at IMAS to achieve a level of functional biosecurity to allow successful family line production in a POMS affected area.

The timelines to achieve this upgrade were very tight with paint drying on the walls as the broodstock was moved in. We were able to produce 76 2016-year class families which was a great result. Many thanks must go to the IMAS staff who did an outstanding job in providing ASI with a world class facility. Our intention is to develop an approved biosecurity plan in the coming year.

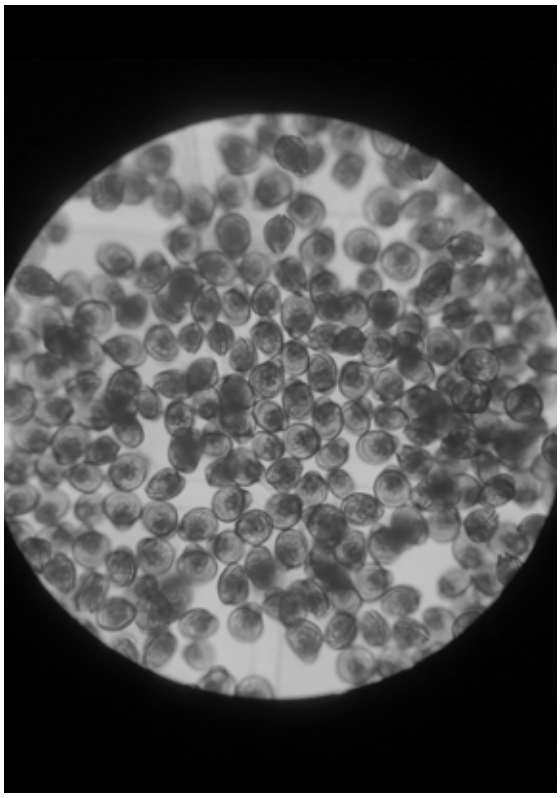
Given that it is no longer possible to move genetically improved ASI oysters into South Australia from Tasmania, production of ASI oyster families in South Australia became an absolute imperative. The CRC-P again provided this opportunity. The family lines were produced at the South Australian Research and Development Institute (SARDI) West Beach facility in January 2017.

In total 19 families were produced. The aim of the first production cycle was to produce elite POMS families to be used as commercial broodstock, given the limited amount of stock in South Australia. These oyster families are being grown out for ASI by growers in Cowell, Smoky Bay and Coffin Bay and will be available for hatcheries in Autumn 2018. SARDI will again be producing the families this year before we seek to engage with a commercial partner the following year.

The obvious end point to our research is commercial production of POMS resistant broodstock. Over the course of this year over 10,000 broodstock were distributed to commercial hatcheries. The best crosses are projected to produce oysters with survival rates following POMS challenge as 1-year old's, of over 90% in Tasmania and 70% in South Australia. The hatcheries were also provided with a software tool developed by Peter Kube and his team at CSIRO. The tool allows hatcheries to calculate performance and manage inbreeding in their commercial crosses.

This year saw the first structured 2015-year class POMS exposure trials in Tasmania. The trials allow us to account for the spatial nuances of POMS and allow us to more accurately measure the genetics of resistance. The trials proved to be very successful with high quality data collected.

The take home message is that everything we learnt about POMS resistance in our 2015-year class population in New South Wales trials has been confirmed by our Tasmania trial results. In addition to our POMS exposure trials on 1-year old animals, this year also saw the first 2016-year class Tasmania trial with very young (2-3 months) animals.



2016-year class bred at the IMAS facility in Tasmania.

The results were encouraging with the best family showing 40% survival. This was just one trial at one site so we need to run more trials over the coming season to be able to make robust predictions of performance. Our attention has naturally already turned to improving resistance levels in younger animals and communicating the results to industry.

Whilst much has been achieved in the past year, we still have a lot of work to do in the coming year to continue to pay back the industry's investment in ASI. The role of selective breeding has been critical in the response to POMS and will remain critical in ensuring the ongoing sustainability of the Pacific Oyster industry in Australia.

Matt Cunningham
General Manager

// GENETIC PROGRESS //

Over the summer of 2016/17 ASI carried out the largest set of oyster family trials in its history producing the largest ever data set on which to base its selection decisions. All these data have been generated and analysed for the single purpose of selecting for POMS resistance.

Last summer five field trials were conducted over two-year classes and in two states. Three laboratory challenge trials have been conducted at the Elizabeth McArthur Agricultural Institute (EMAI) in New South Wales; and a total of 60,000 oysters have been assessed for a range of traits. This adds to our pre-existing data set now amounting to a grand total of six-year classes; 13 field trials; 395 families; and 170,000 oysters – all measured for POMS resistance as well as growth rate, shell shape and meat condition. The data collected from trials over last summer again demonstrated that there is a very strong response to POMS resistance breeding, and that resistance continues to accumulate and improve with every year of breeding.

The 2015-year class was tested over three sites, one in New South Wales and two in Tasmania, and these data have shown that we now have an elite group of families with POMS survival of more than 80% as one-year old's. This is shown diagrammatically in Figure 1, where the family performance is compared from the first generation of POMS resistance oysters (2011-year class) to the current 2015-year class.

The blue bars are the expected survival for each family, and the increasing height of those blue bars over each year class shows how that resistance accumulates over four generations of breeding. The top families from this year class will be those available for commercial production.

Another way of demonstrating the accumulation of POMS resistance is the annual genetic trend which is shown in Figure 2. This indicates that, with the present ASI breeding strategy, resistance improves by about 10% per

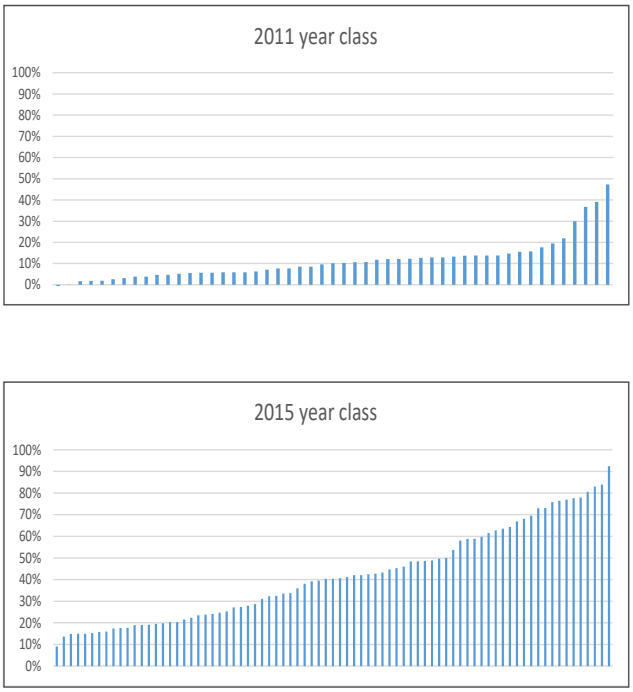


Figure 1: Comparison of POMS resistant in the first-year class for POMS resistance breeding (2011-year class) to the 2015-year class. The blue bars are the individual family performance, and the increasing height of those blue bars over each year class shows the accumulation of resistance over four generations of breeding. Graphs courtesy of CSIRO.

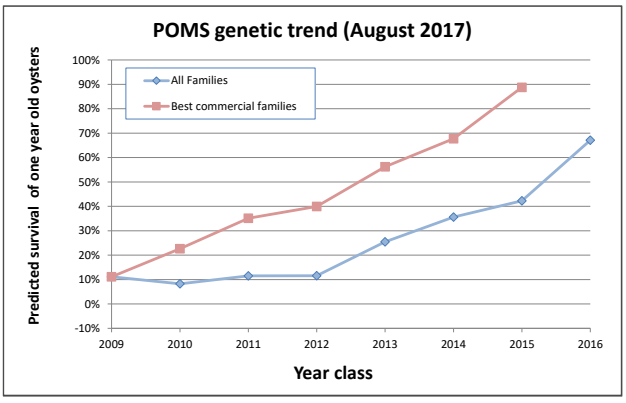


Figure 2: POMS resistance genetic trend. The blue line represents the average performance over all families within a year class. The red line is the performance of the best families which are made available for commercial production. Tasmania has access to 2015 year class as broodstock, South Australia has access to 2014 only. Graph courtesy of CSIRO.

Importantly for Tasmania, this increases to at least 15% per year from 2015 due to the ability to breed from survivors of POMS.

When ASI made the case for industry to support the POMS breeding levy, we set the target of being able to provide broodstock in 2018 whose progeny would achieve 70% POMS resistance as 1-year old animals. This target has already been achieved with broodstock supplied to hatcheries being capable of producing 70% POMS resistance in South Australia and 90% in Tasmania.

The reason why South Australia has a lower level of POMS resistance is due to restrictive biosecurity regulations. This made it impossible to move the latest generation of 2016-year class broodstock from Tasmania once POMS was diagnosed there. Through the CRC-P ASI was able to set up a new breeding node in South Australia producing a separate 2016-year class. This year class would have similar resistance levels to the 2015-year class animals in Tasmania.

There is also an additional benefit in that ASI oysters in Tasmania were challenged with POMS last year which assisted the selective breeding process. We were able to collect POMS resistance data for the cial broodstock to be chosen from the 2016 families.

The challenge is that the mortality rates of two-three-month old animals are much higher than those for one-year old stock. This effect can be seen in Figure 3, which is a bar chart that follows the same format as Figure 1, where each bar represents the survival of the 2016-year class from two-three-month old animals.

The average survival for these trials was 16% and the survival of the best families was 40%, which is much lower than we see for one-year old stock. It is more difficult to get precise measures of family differences in two-three-month animals because there are many other non-POMS factors influencing mortality. A much higher survival is expected when these same families are tested as one-year old stock next summer.

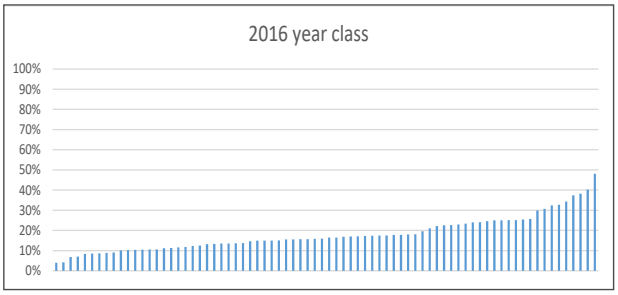


Figure 3: POMS resistance for each ASI family as two-three-month-old animals in the 2016-year class. The blue bars are the individual family performance. Performance is inherently lower than that of one-year old stock (compare to Figure 1). Graph courtesy of CSIRO.

Clearly, we need to keep shift our focus more onto the trait of two-three-month old animal's survival and this is a priority for next summer. Their trials have been harder to manage and we will be looking at ways to make improvements. We suspect that it will take at least another POMS season to get more accuracy around the levels of resistance for this age bracket.

Geneticist Peter Kube (CSIRO) assisting ASI with its breeding work.

// ASI GROWER NETWORK //

As ASI does not lease its own water for oyster production, we rely on support from a network of growers to enable us to maintain broodstock and conduct various performance trials. The growers contribute lease space, land based facilities and logistical support to allow these very important activities to occur. The growers receive nothing in return other than a few excess Oysters on occasion. We would like to acknowledge the following growers for the work they are doing on behalf of industry.

- Shellfish Culture – Chumpy and the team
- Oyster Bay Oysters – Hayden Dyke
- Estuarine Oysters- Josh Poke
- Barilla Bay – Justin Goc
- Lease 65 – Craig Lockwood and Anthony Blunt
- Marine Culture – Peter Kosmeyer
- Pristine Oysters – Brendy Giudera
- Zippel Enterprises – Gary, Bruce and Ash Zippel
- Tondari Fisheries – Buddy and Jazz Shutz
- Cowell Seafood Producers - Carl Jaeschke

// STRENGTH IN COLLABORATION //

In a small organisation like ASI it is not possible to have the diverse range of skills required to manage a sophisticated breeding program within our workforce. ASI's approach has been to build a network of collaborating researchers who enable the breeding program to function. We have contractual arrangements with many organisations through research projects or as core business costs which allow us to fill the required skill sets. Below is a description of our research partners.

Peter Kube and Curtis Lind - CSIRO
Peter has been a mainstay of the ASI program for over ten years and is an integral part of our operation. Peter provides the high end quantitative genetics support required to run the program and has played a large part in the design of the program that has delivered the outcomes it has. Peter is a valuable sounding board for all things genetics and is always available for support. More recently Curtis Lind has become increasingly involved in the Oyster program.

Mike Dove – New South Wales DPI
Mike has also been involved heavily in the breeding program over a number of years. Recently Mike has been responsible for managing the New South Wales POMS trials in the Georges River. Prior to POMS in Tasmania this was our only source of POMS data and the success of these trials formed the basis for the genetic gains that have been achieved in POMS resistance. Mike is ably supported by his team at Port Stephens Fisheries Institute.

Greg Smith and Andrew Trotter – IMAS
ASI has been successfully conducting it's family line production at IMAS for a number of years. The relationship has been strengthened since the Tasmania POMS incursion. The CRC-P has allowed a significant increase in the Oyster R&D conducted by IMAS. Significant contributions have been made in the development of the facility at IMAS which resulted in this season's successful family line production. In addition to this Andrew is conducting research into factors influencing vertical transmission of the POMS virus. It has been a pleasure to work with Andrew and Greg and ASI would also like to note the contributions of Craig Thomas, Alan Beech and Bill Wilkinson.

Xiaoxu Li – SARDI
Xiaoxu's links to the breeding program have been strengthened recently through the CRC-P allowing South Australian family line production to occur which is critical to ensuring that the benefits of the selective breeding program are realised in South Australia. Xiaoxu has a wealth of experience in Pacific Oyster research and is ably supported by his team at SARDI which includes Mark Gluis and Penny Miller.

Peter Kirkland – EMAI
Peter is a senior scientist with New South Wales DPI and manages the virology unit at Elizabeth Macarthur Agriculture Institute in Menangle. Peter's role in the breeding program has been the development of a laboratory based POMS challenge model. The lab model was developed as part of previous R&D projects and the CRC-P has provided the opportunity for further work to refine the model. The model is very important as stock can be sent from anywhere in Australia due to the biosecurity status of the facility. In addition to this working with Peter gives ASI access to high end virology expertise. Peter is supported by Xingnian Gu and a large team of highly skilled staff.

Industry meeting with representatives from New South Wales, South Australia and Tasmania.

Australian Seafood Industries is proprietary company limited by shares and is structured for profit, on which company tax is paid.

There are two equal shareholders:
• Tasmania Oyster Research Council
• South Australian Oyster Research Council / South Australian Oyster Growers Association
The Board is structured as follows:
• One Director nominated by TORC
• One Director nominated by SAORC/SAOGA
• Two independent Directors
• An independent Chairperson

There are no Board subcommittees.

// GOVERNANCE //

The General Manager of the company is responsible for its overall management and attends all Board meetings.

The ASI Industry Technical Reference Group (ITRG) provides industry input and advice to the company on the design and execution of the Pacific Oyster breeding program and research programs. The ITRG is chaired by Prof Graham Mair and is composed of representatives of the major oyster production states, hatcheries and research providers.

// THE ASI LEVY //

The capacity for ASI to collect levies from growers is derived first and foremost from the industry's willingness to be levied. The levy was introduced in December 2015 after the State industry associations, who are the shareholders of the company, decided that a secure source of revenue was required to maintain the oyster breeding program for the benefit of the whole industry.

As with all primary industry levies, it was important to identify the most cost-effective method of collection of the levy. For the oyster industry, the logical answer was to implement the levy on spat sold by hatcheries. After considerable industry consultation is was agreed that the levy would be set at $2.80 per thousand spat on all spat sold by all hatcheries.

An application was then made to the Australian Competition and Consumer Commission (ACCC) to enable the hatcheries to collect the levy from all growers. On the basis of the public good that would be derived from the production of POMS resistant oysters, the ACCC made a Determination (Number A91444), which allows "ASI to make and give effect to arrangements, with TORC, SAOGA, SAORC and Pacific Oyster hatcheries for the collection of a levy from oyster growers" with effect for 10 years.

A condition of the Determination is that the levy must be reviewed every three years. The first review is due in December 2017.

Determination

Application for authorisation

lodged by

the Australian Seafood Industries Pty Ltd

in respect of

the collection of a levy on purchases of Pacific oyster spat to address the POMS virus

Date: 3 December 2014

Authorisation number: A91444

Commissioners: Sims
Rickard
Cifuentes
Court
Featherston
Walker

ASI endeavoured, within a restricted budget, to maintain a meaningful flow of information about the company's activities to all relevant stakeholders, especially during the POMS active season. The methods by which this was done were through both online and traditional communication tools. Examples of online communication tools were:

- The company website (www.asioysters.com.au)
- ASI quarterly newsletters
- Contributing to monthly POMS newsletters

Traditional communication methods included the use of:
- Presentations to industry meetings and conferences
- Radio and TV interviews

// COMMUNICATION //

- Annual editions of the breeding catalogue.
- Hatcheries and industry associations to communicate ASI information to growers

Consultation with industry also proved crucial when determining breeding objectives. The main forum for this was the Industry Technical Reference Group, (ITRG) meeting held July 2016 and May 2017. It included nationwide industry representatives (hatchery and growers) and key researchers involved in the breeding program.

ASI future communications plan involves increasing the frequency of communication through online tools such as social media. ASI is currently pursuing a social media strategy and examining human resources to implement it.

// CRC-P //

In mid 2016 ASI was invited by Oysters Australia to become the lead agent for a proposal to the Commonwealth new program for CRC Projects. CRC-Projects are like mini Cooperative Research Centres focussed on quite specific industry issues.

The Future Oysters CRC-P was developed to conduct the research required to assist the industry in living with POMS, to underpin the recovery of the industry from the spread of POMS to best prepare the industry for further spread of the disease.

The proposal was funded for a three year period up to August 2019, with the Commonwealth government providing $3M to match funding of $2M from research providers and industry.

For a relatively small project the Future Oysters CRC-P has a large cast of players. The oyster industry is represented by Oysters Australia, ASI and Soco and is supported by eleven research provider partners. The project is also supported by FRDC who have provided cash and in-kind support including access to its project management systems. The CRC-P has three research themes covering Better Oysters (breeding disease resistant oysters), Healthy Oysters (developing improved health monitoring and management) and More Oysters (supporting improved husbandry and alternative species diversification).

After receiving the approval for the Future Oysters CRC-P, a management group has established robust governance procedures centred around a small executive team including Graham Mair, Wayne Hutchinson and Matt Cunningham supported by a management committee of participant representatives.

We have designed, approved and contracted seven research projects which have been underway for several months. Projects are now starting to report on the achievement of their first research milestones.

An extension, education, training and communication project is currently under development which will complete the full portfolio of activities for the 3-year duration of the CRC-P.

// OUR BOARD //

Dr. Len Stephens - Independent Chairman
Len was the Managing Director of the Seafood CRC for 9 years up to 2016. Prior to that he was the CEO of Australian Wool Innovation, General Manager R&D for Meat & Livestock Australia and Director of the Victorian Institute of Animal Science. Len is also a Director of the Rural Industry R&D Corporation and Animal Health Australia Ltd. He has experience in corporate governance, shareholder communication and commercialisation of services resulting from research.

Nick Burrows - Independent Director
Nick was Chief Financial Officer and Company Secretary for Tassal Group Ltd for many years and he now runs an active advisory business based in Hobart dealing with corporate governance, finance and business restructuring. He is an experienced senior executive in the aquaculture industry and currently sits on numerous other boards, including Clean Seas Tuna Limited. Nick's experience embraces a broad spectrum encompassing all aspects of Board and corporate governance, company secretarial, corporate treasury, strategic management, risk management, M&A, business restructuring, and investment evaluation

Dr. Graham Mair - Independent Director
Graham was a Program Manager with the Seafood CRC until 30 June 2015, at which time he returned to his role as a Professor at Flinders University. Graham has had close involvement with ASI over the life of the CRC, particularly in the last year assisting with the introduction of the POMS breeding program and levy arrangements. Graham is an expert in aquaculture genetics, has a Masters in Business Administration and has previous experience as an executive director of an aquaculture genetics commercialisation business.

Carl Jaeschke - Independent Industry Director
Carl has a background in Bachelor of Technology (Aquaculture) and has been a board member of South Australian Oysters Growers Association (SAORC) since 2008 and chairman since 2015. He is the Farm Manager of Corwell Seafood Producers in South Australia.

Ian Duthie - Independent Industry Director
Ian is Managing Director of SeaPerfect Pty Ltd a new shellfish hatchery business. He was there at the birth of the selective breeding program running the larvae for the then University of Tasmania project, and has maintained a strong interest in the program since that time. He has worked extensively within the shellfish aquaculture industry establishing a small grow out farm, but predominately within the hatchery sector. He has also travelled extensively with a Nuffield Scholarship investigating shellfish businesses around the globe. His previously held the position of Chair of TSEC and TORC, and is currently a director of Oysters Tasmania.

Graham Marshall - Company Secretary/Finance Manager
Graham is the Managing Director of Corporate & Business Development Services Pty Ltd, specialising in risk management and compliance services (RiskComply). He has now joined ASI as Company Secretary and Finance Manager on a contractual basis. Graham is a Fellow of the Australian Institute of Company Directors and was a member of the Board for nine years, a Fellow of CPA Australia, a Member of the Risk Management Institute of Australasia and a Certified Risk Management Technician. He has held several Senior Management positions and has more than 20 years' experience in risk management & compliance related positions.

// OUR STAFF //

General Manager
Matt Cunnigham is responsible for all aspects of the Pacific Oyster selective breeding program. Management entails all aspects of the company's business from achieving the company's objectives to fostering positive relationships with stakeholders relevant to the core business of ASI. It also includes the creation and maintenance of a positive, fair and safe working environment which complies with all relevant legislative requirements.

Research and Operations Coordinator
Lewa Pertl is responsible for assisting Matt in the successful operation of the ASI selective breeding program. Research and operations refer to the coordination and management of all field work associated with the Pacific oyster selective breeding program, research projects and data management. This role also includes developing and maintaining a communication strategy such as newsletters, website, catalogues and IT systems and other core administration activities.

Production and Systems Officer
Nick Griggs assists both Matt and Lewa in ensuring the successful operation of ASI's selective breeding program from hatchery spawning to general field work. One main aspect of this role is systems and quality, which focuses on continuous improvements on stock handling within the framework of biosecurity protocols.

Research Assistants
Since the POMS outbreak in Tasmania, ASI work load increased five-fold. Two main casuals were hired for summer 16/17 - Sophie Broomhall and Tommy Males – to assist in achieving ASI core objectives as well as CRC-P projects. Specifically, this entailed the larval rearing of 80 families; nursery rearing of 80 families; distributing families to progeny test sites in accordance with various state and biosecurity protocols, and stock and manual handling and assisting with experimental trials.

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Thoroughbred Oysters

AUSTRALIAN SEAFOOD INDUSTRIES
PROPRIETARY LIMITED
ACN 095 165 165

Annual Financial Report
For the Year Ended
30 June 2017

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AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED
ACN 095 165 165
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Your directors present their report on the company for the financial year ended 30 June 2017.

Company Directors

The names of directors in office at any time during or since the end of the year are:

Dr Len Stephens	Chairman
Mr Nick Burrows	Deputy Chairman
Mr Ian Duthie	Director
Mr Carl Jaeschke	Director
Prof Graham Mair	Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:
Mr Graham Eric Marshall Bbus (Acctg & Law), FCPA, FAICD (Dip), MRMIA, CRMT. - Mr Marshall was appointed Company Secretary on 20 April 2016.

Principal Activities

The principal activities of the entity during the financial year were:
Genetic research in relation to the Pacific Oyster; and
Commercialisation of that genetic research.
Conduct of a breeding program for the supply of genetically improved seed to industry.
Ancillary provision of administrative services for the Pacific Oyster industry.

There has been no significant changes in the nature of the principal activities during the financial year.

Operating Results

The profit/(loss) for the entity after providing for income tax amounted to $108 [2016: Loss of $16,143].

Dividends Paid or Recommended, Options

No dividends were paid or declared for payment nor is any recommendation made in respect of dividends as the company is precluded by its Constitution from doing so. No options exist.

Review of Operations

Research Activity

The viral disease known as Pacific Oyster Mortality Syndrome (POMS) was diagnosed for the first time in Tasmania in February 2016. As a result of the high mortality and rate of spread of this disease, Tasmanian oyster production has been severely impacted, resulting in economic loss that will affect the industry for years to come. Oyster production in NSW and SA has also been significantly reduced because quarantine restrictions prevent the movement of oyster spat from Tasmania.

Broodstock progeny are partially resistant to POMS have been produced by the Company and it is widely recognised that these oysters offer the best solution to the industry for restocking following the outbreak of POMS. The Company continues to undertake its own research and management of research contracts to improve these oysters and make them available to the industry. These include:

(a) An agreement with CSIRO, to provide quantitative genetic analysis (Project CRC 2012-760). This project concluded during the year and the service will now continue through the new CRC project, described below.

(b) An agreement with Fisheries R&D Corporation for the provision of $49,700 emergency funding to conduct research into the most appropriate response to POMS (Project 2015-232, *POMS Emergency Response*). This project concluded during the year.

(c) An agreement with Fisheries R&D Corporation for provision of $984,455 (Project 2015-239, *POMS Resistant Oyster Breeding for Sustainable Pacific Oyster Industry in Australia*). This research grant was the outcome of an application to the Australian Government Department of Agriculture and Water Resources for emergency funding to continue ASI operations in the face of the POMS outbreak. The agreement was entered into on 27 May 2016 and is scheduled to conclude on 30 June 2018.

(d) An agreement with the Commonwealth Department of Industry, Innovation and Science for the Company to manage a new CRC project called "*Future Oysters*" on behalf of the Australian Oyster Industry (CRC-P project 20609). The project extends over a three-year period ending in 2019/2020. The total value of the project is $11.4 Million composed of cash amount of $3.0 Million from the Commonwealth, $2.01 million in cash from project participants and 6.29 Million of "In-kind" contribution from participants (These amounts are GST Exclusive).

These research projects are an important components of the Company's business and are critical to advance the breeding program. All of the projects are collaborative with oyster growers, oyster hatcheries and research organisations.

Financial Position

The Company's main source of revenue is a levy on all pacific oyster spat. On the basis of the public good that will be derived from the production of POMS resistant oysters, ACCC has made a Determination (Number A91444), which allows “ASI to make and give effect to arrangements, with TORC, SAOGA, SAORC and Pacific Oyster hatcheries for the collection of a levy from oyster growers” with effect for 10 years beginning on 13 October 2014.

ASI’s shareholders, the South Australian Oyster Research Council, South Australian Oyster Growers Association Ltd and the Tasmanian Oyster Research Council Ltd provided start up contributions totalling $496,000 since 2000/01. These contributions have been recognised as Stakeholder Advances which underpin the costs incurred in developing the selective breeding program. The company has written assurances from the Shareholders that these advances are not repayable until cash flows allow.

ASI and the Hatcheries have agreed to change the methodology of collecting the ASI levy (now known and "Service Fee") from an independent person collecting data from the hatcheries and then ASI billing the Oyster Growers for the Service Fee, to the Hatcheries include the ASI Service Fee as part of their invoice to the growers. This change in the Service Fee collection process is seen to be more efficient for all concerned.

There have been no significant changes in state of affairs, other than POMS mentioned earlier, that have arisen which significantly affected or may significant affect the operations of the company.

After Balance Date Events

There have been no matters or circumstances, other than POMS mentioned earlier, that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future Developments, Prospects and Business Strategies

The detection of POMS in Tasmania has given ASI's breeding program increased focus, support and impetus to assist growers through the recovery program. Resistance to POMS and survivability in general have become the dominant breeding objectives, with selection for other traits of economic significance continuing to the degree possible. This activity will continue to be the main focus for the Company for the coming three years at least.

Environmental Issues

The company's operations are not directly subject to any environmental regulation under the law of the Commonwealth and State.

Information on Directors in Office at 30 June 2017 or at the date of this Report

Dr Len Stephens	— Director and Chairman
Qualifications	— Dip Agr Sci, BVSc, MSc, PhD, GAICD
Experience	— Board member since 4 May 2015. Currently Managing Director, Seafood CRC. Director, Rural Industries R&D Corporation. Director Animal Health Australia Ltd. Former positions include Director, Dairy Australia Ltd, Chief Executive Officer of Australian Wool Innovation Limited, General Manager, Livestock Innovation with Meat and Livestock Australia Ltd, Senior Executive with Agriculture Victoria, founding Director of the Victorian Institute of Animal Science.
Directorships held in listed entities	— Nil
Remuneration	— $16,000 pa payable from 1 July 2016
Mr Nick Burrows	— Deputy Chairman
Qualifications	— B.Com, FAICD, FCA, FGIA, FTIA, F Fin
Experience	— Board member since 4 May 2015. Nick was CFO and Company Secretary for Tassal Group Ltd for 21 years up until 2009, and now runs an active advisory business based in Hobart dealing with corporate governance, finance and business restructuring. He is an experienced senior executive in the aquaculture industry and currently sits on the Board of Clean Seas Tuna Limited. Nick also Chairs TasTAFE and is an independent director of Metro Tasmania and Taswater. Nick's experience embraces a broad spectrum encompassing all aspects of Board and corporate governance, company secretarial, corporate treasury, strategic management, risk management, M&A, business restructuring, and investment evaluation. He is a Fellow of the Australian Institute of Company Directors, the Institute of Chartered Accountants of Australia, the Governance Institute of Australia and of the Financial Services Institute of Australasia.
Directorships held in listed entities	— Clean Seas Tuna Limited
Remuneration	— $8,000 pa payable from 1 July 2016

Mr Ian Duthie	— Director
Qualifications	— Diploma of Applied Science (University of Tasmania) 1994
Experience	— Board member since 23 June 2014; Tasmanian Oyster Research Council Board member since 2002 and Chairman since 2009; Member Oysters Australia R&D Committee; Principal of Sea Perfect Pty Ltd and Montagu Tas Oysters.
Directorships held in listed entities	— Nil
Remuneration	— $8,000 pa payable from 1 July 2016
Mr Carl Jaeschke	— Director (Appointed 20 April 2016)
Qualifications	— Board member since 20 April 2016. B Tech (Aquaculture)
Experience	Board member of SAORC since 2008. Chair SAORC 2015. Farm Manager
Directorships held in listed entities	— Nil
Remuneration	— $8,000 pa payable from 1 July 2016
Prof Graham Mair	— Director, Chair Industry Technical Reference Group
Qualifications	— B.Sc. (Hons), MBA, PhD
Experience	— Board member since May 4, 2015. Graham has been a research scientist and R&D manager specialising in genetics and breeding in aquaculture for over 30 years. Since July 2015 Professor in Aquaculture and Director of Marine Sciences at Flinders University of South Australia. Former positions include Program Manager for Production Innovation at the Australian Seafood CRC, Associate Professor in Aquaculture at Flinders University and Senior Scientist for the UK Governments Dept. for International Development's Fish Genetics Program at the University of Wales (based in Philippines and Thailand). Also has served as elected Director and President of the World Aquaculture Society and was founding director of Fishgen Ltd, a UK aquaculture breeding company and Phil-Fishgen, a not for profit foundation in the Philippines.
Directorships held in listed entities	— Nil
Remuneration	— $8,000 pa payable from 1 July 2016

AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED
ACN 095 165 165
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Board Attendances

Director	Meetings Attended/ Held
Dr Len Stephens	6/6
Mr Nick Burrows	6/6
Mr Ian Duthie	5/6
Mr Carl Jaeschke	5/6
Prof Graham Mair	5/6

Remuneration Report

Details of the nature and amount of remuneration received by directors is included in the Information on Directors.

Indemnifying Officers or Auditor

During or since the end of the financial year the company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

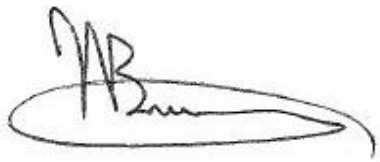
Non-audit Services

During the year Wise Lord Ferguson continued to undertake the role as "Independent Data Collector" in respect of the hatcheries monthly advices on oyster seed sales for the purposes of the POMS Resistance Breeding Levy.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on the following page.

Signed in accordance with a resolution of the Board of Directors.



Dr Len Stephens

Nick Burrows

Dated this 24th day of July 2017

wlf
ACCOUNTING
& ADVISORY

Auditor's Independence Declaration to the Directors of Australian Seafood Industries Pty Ltd

In relation to our audit of the financial report of the abovementioned for the financial year ended 30 June 2017, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

JOANNE DOYLE
Partner
Wise Lord & Ferguson

Dated: 22 August 2017

AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED
ACN 095 165 165
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		$	$
INCOME			
POMS Resistance Breeding Levy		460,737	542,242
Research Grants	2 (a)	687,023	78,000
Bank Interest		5,728	2,200
Total Income		1,153,488	622,442
EXPENSES			
Research Expenditures		(589,510)	(161,536)
Administration and Governance Expenses		(147,121)	(132,718)
Levy Collection Charges and Provisions		(81,358)	(99,775)
Employment Costs		(335,391)	(244,556)
Total Expenses		(1,153,380)	(638,585)
Profit/(Loss) before Income Tax		108	(16,143)
Net Profit/(Loss)		108	(16,143)
Total Comprehensive Income		108	(16,143)

AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED
ACN 095 165 165
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017	2016
		$	$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	1,135,148	762,845
Trade and Other Receivables	6	96,324	85,376
TOTAL CURRENT ASSETS		1,231,472	848,221
NON-CURRENT ASSETS			
Plant & Equipment and Motor Vehicle	7	33,122	33,371
Company Formation Costs		990	990
TOTAL NON-CURRENT ASSETS		34,112	34,361
TOTAL ASSETS		1,265,584	882,582
CURRENT LIABILITIES			
Trade and Other Payables	8	38,790	87,276
Employee Benefits Provision - Annual Leave		17,608	14,586
Employee Benefits Provision - Long Service Leave		26,286	-
TOTAL CURRENT LIABILITIES		82,684	101,862
NON-CURRENT LIABILITIES			
Trade and Other Payables - Stakeholder Advances	8	495,860	495,860
Deferred Income	11	982,565	557,000
Employee Benefits Provision - Long Service Leave		-	23,493
TOTAL NON-CURRENT LIABILITIES		1,478,425	1,076,353
TOTAL LIABILITIES		1,561,109	1,178,215
NET ASSETS		(295,525)	(295,633)
EQUITY			
Capital		50,140	50,140
Retained Earnings / (Losses)		(345,665)	(345,773)
		(295,525)	(295,633)
TOTAL EQUITY		(295,525)	(295,633)

AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED
ACN 095 165 165
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Retained Earnings	Capital	Total
Balance at 30 June 2015	**(329,630)**	**50,140**	**(279,490)**
Profit/(Loss) attributable to members - prior year	(16,143)		(16,143)
Balance at 30 June 2016	**(345,773)**	**50,140**	**(295,633)**
Profit/(Loss) attributable to members - current year	108	-	108
Balance at 30 June 2017	**(345,665)**	**50,140**	**(295,525)**

AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED
ACN 095 165 165
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers - Seed Royalties, Levies and Professional Services		471,685	577,919
Payments to Suppliers and Employees		(1,209,235)	(571,208)
Grants Received		1,112,589	635,000
Interest Received		5,728	2,200
Net Cash Provided by (used in) Operating Activities	9(a)	380,767	643,911
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property, Plant and Equipment		(8,464)	(4,114)
Purchase of Motor Vehicle		-	(10,454)
Net Cash Provided by (used in) Investing Activities		(8,464)	(14,568)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Cash Provided by (used in) Financing Activities		-	-
Net Increase/(Decrease) in Cash Held		372,303	629,343
Cash at Beginning of Financial Year		762,845	133,502
Cash at End of Financial Year	5	1,135,148	762,845

AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED
ACN 095 165 165
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Statement of Significant Accounting Policies

These Financial Statements were authorised for issue by the Directors on 24th July 2017.

The financial report is a special purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Australian Seafood Industries Proprietary Limited. Australian Seafood Industries Proprietary Limited is a non listed private company, incorporated and domiciled in Australia.

The financial report of Australian Seafood Industries Proprietary Limited complies with the measurement and recognition requirements of Australian equivalents to International Financial Reporting Standards (AIFRS).

The financial report is prepared on a going concern basis as the company has confirmed that the stakeholder advances will not be payable until cash flows allow.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. The accounts are prepared on, a going concern basis even though the financial position shows a deficiency of assets over liabilities. This position is held by the directors due to the Stakeholder Advances being "founder loans" and are unsecured, interest free and are only repayable when cashflows so allow.

Accounting Policies

(a) Income Tax

The company is subject to Taxation. The company has accumulated tax losses. Tax losses and other deferred tax balances have not been taken up in the financial statements as their realisation is not virtually certain.

(b) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the amount recoverable from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Computer Equipment	20% - 100%
Laboratory Equipment	5% - 25%
Plant and Equipment	7.5% - 10%
Motor Vehicles	12.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

(d) Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(f) Revenue

Revenue from seed levy's is recognised upon the delivery of spat to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

All revenue is stated net of the amount of goods and services tax (GST).

(g) Project Expenses

The cost for contracted project activity where such activity is for the delivery of a particular outcome or specified deliverable is recognised in full upon the delivery of the outcome or deliverable.

(h) Employee Benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to reporting date. The benefits expected to be settled within one year to employees for their entitlements have been measured at the amounts expected to be paid including on-costs and are disclosed as current liabilities. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made in respect of those benefits. In calculating the present value of future cash flows in respect of long service leave, liability in 2017 is recognised from when employees commenced permanent employment at their respective current rates of remuneration. In the 2017 year employees long service leave liability was recognised only after an employee had attained five years service. This change in policy does not cause a material difference to the 2017 financial statements.

(i) Borrowing Costs

Borrowing costs are recognised in income in the period in which they are incurred.
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(k) Comparative Figures

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

(l) Financial Risk Management

The entity holds no securities and has no price risk in this area.

A credit risk exists in respect of trade and other receivables which arises from potential default of the counter party with a maximum exposure equivalent to the carrying amount of those instruments. Exposure at balance day is addressed in each applicable note. The entity does not hold any credit derivatives to offset its credit exposure. The entity trades only with recognised, creditworthy third parties, and, as such, collateral is not requested nor is it the entity's policy to securitise its trade and other receivables.

Liquidity risk is managed by maintaining a balance between continuity of funding and flexibility in the timing of major disbursements where the entity is able to determine the timing of payments.

(m) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Key estimates — Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(n) Related Parties

There are Directors who act on Boards of organisations, or oyster farmers, and therefore levy payers, or who operate commercial oyster hatcheries that ASI has dealings with, or whom are employees of funding providers to ASI and all such dealings are negotiated and conducted on a commercial arm's length basis.

(o) New Accounting standards for Application in Future Periods

Australian Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by ASI for the annual reporting period ended 30 June 2017. ASI has not yet assessed the impact of these new or amended Accounting Standards or Interpretations.

Note 2 Revenue

		2017 $	2016 $
Operating activities			
—	levies	460,737	542,242
—	research grants	687,023	78,000
—	interest received	5,728	2,200
Total Revenue		1,153,488	622,442

(a) Research Grants are in respect of:

Seafood Project 2012/760 Food Futures Flagship	4,275	
Seafood Project 2015/232 POMS Emergency Response	14,700	35,000
Seafood Project 2015-239 POMS Resistant Oyster Breeding for Sustainable Pacific Oyster Industry in Australia.	281,942	43,000
Seafood Project FRDC 2016-801 - FRDC -Enhancing Pacific Oyster Breeding to Optimise National Benefits	386,106	
	687,023	78,000

Note 3 Director Compensation

(a)

Key Management Person	**Position**
Dr Len Stephens	Chairman
Mr Nick Burrows	Deputy Chairman
Mr Ian Duthie	Director
Mr Carl Jaeschke	Director
Prof Graham Mair	Director
Mr Graham Marshall	Secretary

(b)

	Short-term benefits	**Other Benefits**	**Total**	**Performance related**
2017	Fees	Super	$	%
Len Stephens	16,000	1,520	17,520	0.00%
Mr Nick Burrows	8,000	760	8,760	0.00%
Mr Ian Duthie	8,000	760	8,760	0.00%
Mr Carl Jaeschke	8,000	760	8,760	0.00%
Prof Graham Mair	8,000	760	8,760	0.00%
	48,000	**4,560**	**52,560**	
2016				
Steve Bowley	3,334	317	3,651	0.00%
Nick Burrows	8,000	760	8,760	0.00%
Ian Duthie	8,000	760	8,760	0.00%
Carl Jaeschke	5,333	507	5,840	0.00%
Graham Mair	8,000	760	8,760	0.00%
Len Stephens	16,000	1,520	17,520	0.00%
	48,667	**4,624**	**53,291**	

		2017 $	2016 $
Note 4	**Auditors' Remuneration**		
	Remuneration of the auditor of the entity for:		
	— auditing or reviewing the financial report	4,900	4,300
	— undertaking "Independent Data Collector" function re hatcheries spat sales returns	3,997	5,486
		8,897	9,786
Note 5	**Cash and Cash Equivalents**		
	Cash at bank and on hand	1,135,148	762,845
		1,135,148	762,845
	The effective interest rate on short-term bank deposits was 0.5% (2015: 1.2%); these deposits are on call.		
Note 6	**Trade and Other Receivables**		
	CURRENT		
	Trade receivables	222,041	227,520
	Provision for impairment of receivables	(125,717)	(142,144)
		96,324	85,376
Note 7	**Plant & Equipment & Motor Vehicles**		
	Plant and Equipment:		
	At cost	8,464	17,057
	Accumulated depreciation	(3,520)	(17,057)
		4,944	-
	Motor Vehicles:		
	At cost	40,000	40,000
	Accumulated depreciation	(11,822)	(6,629)
		28,178	33,371
		33,122	33,371
Note 8	**Trade and Other Payables**		
	CURRENT		
	Accrued expenses	4,700	4,300
	Trade payables	34,090	82,976
		38,790	87,276
	NON-CURRENT		
	Unsecured liabilities - Stakeholder Advances	495,860	495,860
		495,860	495,860
	The Stakeholder Advances are "founder loans" and are unsecured, interest free and are only repayable when cashflows so allow.		

		2017 $	2016 $
Note 9	**Cash Flow Information**		
(a)	**Reconciliation of Cash Flow from Operations with Profit after Income Tax**		
	Profit/(Loss) after income tax	108	(16,143)
	Non-cash flows in profit		
	Depreciation	8,713	9,962
	Changes in assets and liabilities		
	(Increase)/decrease in trade and term receivables	(10,948)	35,677
	Increase/(decrease) in employee benefits provisions	5,815	(277)
	Increase/(decrease) in trade payables and accruals	(48,486)	57,692
	Cash flow from operations	(44,798)	86,911

Note 10 Events After the Balance Sheet Date

Since the end of the financial year no matters or circumstances have arisen which significantly affect or may significantly effect the operations of the company, the results of those operations, or the state of affairs of the company in the subsequent financial year.

Note 11 Deferred Income

Deferred income is a liability on the balance sheet date related to a revenue producing activity for which income has not yet been recognised. ASI has received a grant as per Directors Declaration, Research Activity note 4 and will record deferred income as income over the period when the related costs are incurred.

Note 12 Economic Dependency

The continued viability of the company is dependent upon the ACCC approved POMS Resistance Breeding Levy and ongoing Shareholder support, including not requiring the advances made to be repaid until such time as there is surplus profits and cash available.

Note 13 Company Details

The registered office of the company is:
Australian Seafood Industries Proprietary Limited
Tech 3, Tasmanian Technopark
Innovation Drive
Dowsing Point, Glenorchy
Tasmania 7010

AUSTRALIAN SEAFOOD INDUSTRIES PROPRIETARY LIMITED
ACN 095 165 165
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 16 are in accordance with the Corporations Act 2001 and:
   (a) Comply with the recognition and measurement requirements of Accounting Standards and the Corporations Regulations 2001; and
   (b) Give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company;

2. The General Manager and Secretary have each declared that:
   (a) The financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   (b) The financial statements and notes for the financial year comply with the recognition and measurement requirements of Accounting Standards; and
   (c) The financial statements and notes for the financial year give a true and fair view.

3. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dr Len Stephens

M r Nick Burrows

Dated this 24th day of July 2017

wlf ACCOUNTING & ADVISORY

INDEPENDENT AUDITOR'S REPORT

The members of Australian Seafood Industries Pty Ltd

Opinion

We have audited the financial report of Australian Seafood Industries Pty Ltd. (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and 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 financial report of Australian Seafood Industries Pty Ltd., is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

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

Emphasis of Matter

Without qualifying our opinion, we draw your attention to Note 8 that identifies Stakeholder Advances as only repayable when cash flows allow. This supports the company trading as a going concern despite being in deficiency of assets.

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 Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, 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 accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

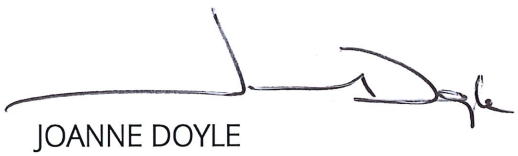
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Entity'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 Entity 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.

We communicate with those charged with governance 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.



JOANNE DOYLE

PARTNER

WISE LORD & FERGUSON

Date: 25 August 2017

wlf
ACCOUNTING
& ADVISORY

Auditor's Independence Declaration to the Directors of Australian Seafood Industries Pty Ltd

In relation to our audit of the financial report of the abovementioned for the financial year ended 30 June 2017, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

JOANNE DOYLE
Partner
Wise Lord & Ferguson

Dated: 22 August 2017