Financial Statements
For the Year Ended
31 March 2020

MOUNT COOK ALPINE SALMON LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 31 March 2020

MOUNT COOK ALPINE SALMON LIMITED
DIRECTORY

Nature of Business:	Producers, processors and marketers of Freshwater King Salmon.
Business Locations:	Twizel, Timaru, Christchurch, Auckland and Queenstown
Registered Office:	Level 3, 26 Hawthorne Drive Frankton Queenstown 9300
Company Number	2225082
Board of Directors	Sir Simon William English KNZM (Chairman) Earl Cameron Gray James Barrie Burns Hamish Eion Sinclair Edgar Mark James O'Connor Sarah Christine Ottrey
Solicitors	Simpson Grierson RVG Law Ltd
Bankers	Westpac Bank ANZ National Bank
Auditors	Deloitte Limited

MOUNT COOK ALPINE SALMON LIMITED
Annual Report
For the Year Ended 31 March 2020

Results The Company result for the year ended 31 March 2020 was a net loss of $884,528. This compares to a net surplus last year of $132,932.

Dividends The Directors recommend that no dividend be declared.

Auditors The Company's audit is undertaken by Deloitte Limited.

Interests Register The Board received no notices during the year from Directors that they had an interest in any transactions or proposed transactions by the Company, other than those disclosed in Note 23 to the financial statements.

Use of Information The Board received no notices during the year from Directors requesting to use Company information received in their capacity as Directors which would not have otherwise been available to them.

General There has been no change in the main activities of the Company during the period under review. The results for the year and the state of the Company's affairs are set out in the attached consolidated financial statements.

Directors' Interest In Contracts Details of contracts involving Directors' interest entered into during the year under review are provided in the notes to the Consolidated Financial Statements. All transactions were conducted on an arm's length basis.

Directors' Remuneration Directors' remuneration paid during the period or due and payable is as follows:

	2020	**2019**
Sir Simon William English KNZM (Chairman)	$20,000	$20,000
Earl Cameron Gray	$15,000	$15,000
James Barrie Burns	$15,000	$15,000
Hamish Eion Sinclair Edgar	$15,000	$15,000
Mark James O'Connor	$15,000	$15,000
Sarah Christine Ottrey	$15,000	$15,000

Approval by Directors The Directors have approved and issued the Consolidated Financial Statements of Mount Cook Alpine Salmon Limited for the year ended 31 March, 2020.

Employee Remuneration Grouped below, in accordance with s.211(1)(g) of the Companies Act 1993, are the number of employees or former employees of the Company, excluding Directors, who received remuneration and other benefits in their capacity as employees, totalling $100,000 or more during the year:

	Number of Employees	
	2020	**2019**
$240,000 pa - $249,999 pa	1	0
$230,000 pa - $239,999 pa	0	1
$180,000 pa - $189,999 pa	2	1
$170,000 pa - $179,999 pa	1	0
$160,000 pa - $169,999 pa	1	1
$150,000 pa - $159,999 pa	0	2
$110,000 pa - $119,999 pa	2	1
$100,000 pa - $109,999 pa	4	5

Bill English

Director

Director

Date 2 July 2020

MOUNT COOK ALPINE SALMON LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
For the Year Ended 31 March 2020

	Notes	2020 $	2019 $
Revenue	2	21,097,496	27,296,895
Cost of Sales		16,311,358	22,364,439
Gross Profit		**4,786,138**	**4,932,456**
Other Income	5	503,065	518,929
Sales and Marketing Expenses		2,106,547	2,217,792
Administration Expenses		1,648,907	1,624,821
Total Operating Expenses	3	**3,755,454**	**3,842,613**
EBITDA - Earnings Before Interest, Taxation, Depreciation, Amortisation		**1,533,749**	**1,608,772**
Depreciation	11, 12	2,046,171	1,130,408
Amortisation	14	161,451	159,811
Total Depreciation & Amortisation		**2,207,622**	**1,290,219**
EBIT - Earnings Before Interest and Taxation		**(673,873)**	**318,553**
Interest (net)	6	623,000	258,352
Share of profit from associates	13	85,179	108,365
Net Surplus/(Loss) Before Taxation		**(1,211,694)**	**168,566**
Taxation Expense / (Benefit)	7	(327,166)	35,634
Net Surplus/(Loss) for the Year after Taxation		**(884,528)**	**132,932**

These statements should be read in conjunction with the Notes to the Consolidated Financial Statements

MOUNT COOK ALPINE SALMON LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the Year Ended 31 March 2020

	2020	2019
	$	$
Net Surplus/(Loss) for the Year after Taxation	**(884,528)**	**132,932**
Other Comprehensive Income		
Items that may Subsequently be Reclassified to Profit or Loss:		
Fair Value Gain/(Loss) on Foreign Exchange Contracts	(824,932)	(17,414)
Income Tax Relating to Items that may be Reclassified Subsequently	239,276	4,876
Total Other Comprehensive Income after Taxation	**(1,470,184)**	**120,394**

These statements should be read in conjunction with the Notes to the Consolidated Financial Statements

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MOUNT COOK ALPINE SALMON LIMITED
CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY
For the Year Ended 31 March 2020

	Notes	Share Capital $	Cash Flow Hedging Reserve $	Equity Settled Employee Benefit Reserve $	Retained Earnings $	Total $
Balance at 1 April 2018		**47,824,071**	**(17,091)**	**110,079**	**(22,464,680)**	**25,452,379**
Net Surplus for the Year after Taxation		-	-	-	132,932	132,932
Other Comprehensive Income		-	(12,538)	-	-	(12,538)
Issue of Ordinary Shares		-	-	-	-	-
Fair Value of Equity Settled Employee Share Scheme		-	-	189,191	-	189,191
Balance at 31 March 2019		**47,824,071**	**(29,629)**	**299,270**	**(22,331,748)**	**25,761,964**
Adjustment on Initial Application of IFRS 16	18	-	-	-	(366,465)	(366,465)
Net Surplus/(Loss) for the Year after Taxation		-	-	-	(884,528)	(884,528)
Other Comprehensive Income		-	(585,656)	-	-	(585,656)
Issue of Ordinary Shares	19	5,997,528	-	-	-	5,997,528
Fair Value of Equity Settled Employee Share Scheme	20	-	-	-	-	-
Balance at 31 March 2020		**53,821,599**	**(615,285)**	**299,270**	**(23,582,741)**	**29,922,843**

These statements should be read in conjunction with the Notes to the Consolidated Financial Statements

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MOUNT COOK ALPINE SALMON LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 March 2020

	Notes	2020 $	2019 $
Current Assets			
Cash and Cash Equivalents		100,901	573,367
Trade and Other Receivables	8	1,468,641	2,462,625
Income Tax Receivable	7	5,649	878
GST Receivable		194,519	152,964
Prepayments		188,551	86,447
Inventories	10	3,981,320	2,092,509
Biological Assets (2020/21 harvest)	9	9,573,348	6,931,598
Other Financial Assets	21	5,416	7,486
Total Current Assets		**15,518,345**	**12,307,873**
Non-Current Assets			
Property, Plant and Equipment	11	17,143,204	13,283,951
Right of Use Assets	12	5,356,459	-
Investments	13	227,234	142,055
Intangible Assets	14	2,577,522	2,695,368
Biological Assets (2021/22 harvest and beyond)	9	3,492,043	2,367,828
Goodwill		473,313	473,313
Related Party Advance	23	-	15,125
Deferred Tax	7	2,702,299	2,004,864
Total Non-Current Assets		**31,972,074**	**20,982,504**
Total Assets		**47,490,419**	**33,290,377**
Current Liabilities			
Overdraft		1,041,587	1,311,470
Trade Payables		2,938,632	1,730,736
Accruals and Other Payables	15	980,156	996,275
Lease Liabilities	16	437,223	-
Term Loans - Current Portion	17	1,279,485	745,374
Asset Funding Loans – Current Portion	17	63,314	53,874
Other Current Liabilities	20	71,116	71,116
Revenue Received in Advance		174,489	-
Other Financial Liabilities	21	1,041,068	183,957
Total Current Liabilities		**8,027,070**	**5,092,802**
Non-Current Liabilities			
Lease Liabilities	16	5,492,178	-
Term Loans – Non-Current Portion	17	3,915,342	2,265,541
Asset Funding Loans – Non-Current Portion	17	132,986	170,070
Total Non-Current Liabilities		**9,540,506**	**2,435,611**
Net Assets		**29,922,843**	**25,761,964**
Shareholders' Equity			
Share Capital	19	53,821,599	47,824,071
Retained Earnings - Deficit		(23,582,741)	(22,331,748)
Cash Flow Hedging Reserve		(615,285)	(29,629)
Equity Settled Employee Benefit Reserve		299,270	299,270
Total Shareholders' Equity		**29,922,843**	**25,761,964**

These statements should be read in conjunction with the Notes to the Consolidated Financial Statements

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MOUNT COOK ALPINE SALMON LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 March 2020

	Notes	2020 $	2019 $
Cash Flows from Operating Activities			
Receipts from Customers		22,835,345	28,006,754
Payments to Suppliers and Employees		(24,974,637)	(24,123,554)
Interest Paid		(623,000)	(258,352)
Proceeds from Sale of Financial Instruments		182,609	110,329
Net Cash Generated from Operating Activities	24	**(2,579,683)**	**3,735,177**
Cash Flows from Investing Activities			
Payments for Property Plant and Equipment		(5,462,122)	(3,981,919)
Payments for Intangible Assets		(43,605)	(17,577)
Proceeds from Repayments of Related Party Advance		15,125	-
Net Cash Generated from Investing Activities		**(5,490,602)**	**(3,999,496)**
Cash Flows from Financing Activities			
Proceeds from Share Issue		5,997,528	-
Proceeds from Borrowings		3,000,000	-
Repayment of Term Loans		(816,088)	(660,827)
Repayment of Lease Liabilities		(436,093)	-
Proceeds from Government Subsidy		150,000	-
Net Cash Generated from Financing Activities		**7,895,347**	**(660,827)**
Net Increase/(Decrease) in Cash and Cash Equivalents		**(174,938)**	**(925,146)**
Cash and Cash Equivalents at the Beginning of the Year		(962,048)	(36,902)
Cash and Cash Equivalents at End of the Year	24	**(1,136,986)**	**(962,048)**

These statements should be read in conjunction with the Notes to the Consolidated Financial Statements

Notes Index

1. Basis of Preparation

a) Reporting Entity
Mount Cook Alpine Salmon Limited is a profit orientated company that is domiciled and incorporated in New Zealand. The Company is registered under the Companies Act 1993 and was incorporated on 17 April 2009.

b) Statutory Base
The consolidated financial statements are prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 2013.

c) Statement of Compliance
The consolidated financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). For the purpose of complying with NZ GAAP, the Company is a for-profit entity. These financial statements comply with New Zealand International Financial Reporting Standards – Reduced Disclosure Regime (‘NZ IFRS RDR’).

d) Reporting Framework
The Company has adopted External Reporting Board Standards A1 Accounting Standards Framework (For-profit Entities Update) (XRB A1). The Company qualifies to apply ‘NZ IFRS RDR’ as it does not have public accountability and is not a large for-profit public-sector entity.

e) Basis of Consolidation
The consolidated financial statements incorporate the financial statements of the Group entities (including structured entities) controlled by the group and its subsidiaries. Control is achieved when the Group has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

f) Basis of Measurement
The consolidated financial statements have been prepared on the basis of historical cost, except for biological assets which are measured at fair value less costs to sell, and the revaluation of certain assets and liabilities as identified in the following accounting policies. Cost is based on the fair values of the consideration given in exchange for assets.

g) Foreign Currency
The financial statements are presented in New Zealand dollars (NZD), the Group’s functional currency.

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currencies that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at balance date are translated to NZD at the closing rate. Foreign exchange differences arising on translation are recognised in the reported statement of profit and loss.

h) Goods and Services Tax (GST)
All items in the statement of financial position are stated exclusive of GST, with the exception of receivables and payables, which include GST. All items in the statement of profit of loss are stated exclusive of GST.

i) Significant Accounting Policies
Accounting policies are disclosed within each of the applicable notes to the financial statements. The Group’s accounting policies have been applied consistently to all periods presented in these financial statements, except as detailed below.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. Where necessary, certain prior year comparatives have been reclassified to achieve consistency with disclosure in the current year.

j) New and Amended Accounting Standards and Interpretations Adopted by the Group

All mandatory new or amended accounting standards were adopted in the current year. This included NZ IFRS 16 *Leases.*

Impact of initial application of NZ IFRS 16 *Leases*

IFRS 16 introduces new requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease requirements and requires the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. The date of initial application of IFRS 16 for the Group is 1 April 2019. The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

IFRS 16 allows the use of a practical expedient not to reassess all contracts for a lease. Leases captured under IFRS 16 have been obtained from all those previously reported as an operating lease under IAS 17. Going forwards contracts entered for the Group will be assessed as to whether they are a lease for the purposes of IFRS 16.

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet. Applying IFRS 16, for all leases (except as noted below), the Group:

- Recognises right-of-use assets and lease liabilities in the consolidated statements of financial position, initially measured at the present value of future lease payments
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as office printers), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the consolidated statement of profit or loss.

k) Critical Accounting Estimates and Judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts in the consolidated financial statements. Accounting policies, and information about judgements, estimates and assumptions that have had a significant impact on the amounts recognised in the financial statements are disclosed in the relevant notes as follows:

- Valuation of biological assets (note 9)
- Recognition of deferred tax assets (note 7)

l) Standards and Interpretations in Issue Not Yet Adopted

All mandatory new or amended accounting standards or interpretations were adopted in the current year.

2. Revenue

Revenue from contracts with customers is recognised at the fair value of consideration to which the Group expects to be entitled in exchange for goods sold to customers in the normal course of business. All revenue from contracts with customers is recognised at a point in time.

The Group sells product to export and domestic customers. In addition, the Group arranges delivery of the products to its customers.

For export sales which are delivered by container, control of the product passes to the customer on departure, as such the delivery services represent a separate performance obligation. The Group are an agent in the performance of the delivery service and the allocated revenue is recognised net of delivery costs.

Revenue from the sale of goods domestically and air freighted product is recognised when the Group has transferred control of the product to the customer, which is at the point the customer receives the product. For these customers, revenue is recognised at the date the goods are delivered, the costs associated with delivering the product are part of fulfilling the contract and recognised as an expense.

The Group provides settlement discounts to certain customers. Settlement discounts are offset against revenue. To estimate the variable consideration for the expected discount, the Group applies the expected value method.

	2020	**2019**
Segments:	**$**	**$**
Sale of goods - national and air freight	14,030,558	19,619,029
Sale of goods – export containers	7,066,938	7,677,866
Total revenue from contracts with customers	**21,097,496**	**27,296,895**
Geographical Markets:		
New Zealand	10,889,229	13,558,188
Australia Pacific	1,110,003	1,499,678
Asia	1,866,609	2,906,727
United States	7,231,655	9,332,302
Total revenue from contracts with customers	**21,097,496**	**27,296,895**

3. Operating Expenses

The following items were expensed within the operating surplus/loss for the year:

	2020	**2019**
	$	**$**
Directors Fees	105,000	107,500
The auditor of the Company is Deloitte Limited. Fees comprise:		
Statutory Audit	35,000	35,000
Taxation & Other Professional Services	13,775	16,435
Other Assurance Services	5,000	6,000
Other Non-Assurance Services	-	3,000

4. Key Management Personnel

The compensation of the Directors and Executives, being the key management personnel of the entity, is set out below:

	2020	**2019**
	$	**$**
Employee Remuneration	950,001	889,600
Other (Directors Fees)	105,000	107,500
	1,055,001	997,100

5. Other Income

Other income comprises government grants, government subsidies, insurance settlements, warranty claims and directors' fees. Government grants are recognised in profit or loss when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in the same period as the related costs for which the grants are intended to compensate. Government subsidies are recognised in the period to which the subsidy relates. Insurance settlements, warranty claims and directors' fees are recognised in the period in which the income was received.

	2020	2019
	$	$
Government Grants	160,874	266,042
Government Subsidy	16,071	-
Contributions – Other	326,120	252,887
	503,065	**518,929**

6. Interest Income and Expense

Interest income is recognised as it accrues, using the effective interest method.

	2020	2019
	$	$
Interest Income	17,170	5,730
Interest Expense – bank lending	303,654	264,082
Interest Expense – lease liabilities	336,516	-
Interest (Net)	**623,000**	**258,352**

7. Taxation Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised in other comprehensive income (OCI) in which case it is recognised in OCL. Current tax is the expected tax payable on the taxable income for the year based on the income tax rate.

(a) Income tax expense recognised in profit or loss

The income tax expense on pre-tax accounting surplus/loss reconciles to the income tax expense in the consolidated financial statements as follows:

	2020	2019
	$	$
Net Surplus/(Loss) for the Year before Taxation	(1,211,694)	168,566
Income tax expense calculated at 28%	(339,274)	47,199
Non-deductible expenses	22,180	67,409
Non-assessable income	(33,158)	(49,718)
Non-assessable equity accounted profit	(23,850)	(30,342)
Deferred tax relating to the origination and reversal of timing differences	46,936	1,086
Taxation Expense	(327,166)	35,634

Refund for taxation represented by:		
Opening Balance	878	2,177
Residents withholding tax paid	4,771	878
Refunds received	-	(2,177)
	5,649	878

(b) Deferred Tax Asset

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, based on when the assets are recovered, or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The Directors believe it is more likely than not, when carefully considering the strategic direction of the Company, that profits will be available to utilise unused tax losses and shareholder continuity (greater than 49% continuity of voting interests) will be maintained over the period tax losses are utilised. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. If insufficient future taxable amounts are available, the Directors could be overstating the deferred tax asset and consequently net profit after tax.

2020	**Opening Balance**	**Charge to Profit Loss**	**Charge to OCI**	**Deferred tax arising on adoption of IFRS 16**	**Closing Balance**
	$	**$**	**$**	**$**	**$**
Property, Plant & Equipment	61,454	3,531	-	-	64,985
Intangible Assets	(627,002)	37,718	-	-	(589,284)
Accruals	(10,400)	10,353	-	-	(47)
Biological Assets	(152,228)	(320,214)	-	-	(472,442)
WIP	(12,373)	(42,590)	-	-	(54,963)
Lease Liability & Right of Use Asset	-	17,910	-	142,514	160,424
Foreign Exchange Contracts	11,522	-	227,755	-	239,277
Sub Total	(729,027)	(293,292)	227,755	142,514	(652,049)
Tax Losses	2,733,889	620,459	-	-	3,354,348
	2,004,864	**327,166**	**227,755**	**142,514**	**2,702,299**

2019	**Opening Balance**	**Charge to Profit Loss**	**Charge to OCI**	**Deferred tax arising on adoption of IFRS 16**	**Closing Balance**
	$	**$**	**$**	**$**	**$**
Property, Plant & Equipment	66,051	(4,597)	-	-	61,454
Intangible Assets	(663,885)	36,883	-	-	(627,002)
Accruals	54,124	(64,524)	-	-	(10,400)
Biological Assets	20,975	(173,203)	-	-	(152,228)
WIP	(12,373)	-	-	-	(12,373)
Foreign Exchange Contracts	6,646	-	4,876	-	11,522
Sub Total	(528,462)	(205,441)	4,876	-	(729,027)
Tax Losses	2,564,084	169,806	-	-	2,733,889
	2,035,622	**(35,635)**	**4,876**	**-**	**2,004,864**

8. Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses. These financial instruments are short term in nature and the carrying amounts are considered to be a reasonable approximation of fair values.

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance. The expected credit losses are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

	2020	**2019**
	$	**$**
Gross Trade and Other Receivables	1,473,089	2,462,625
Less: Allowance for Doubtful Debts	(4,448)	-
Trade Receivables	**1,468,641**	**2,462,625**

9. Biological Assets

Biological assets represent live fish prior to harvest. Live fish inventories are measured at fair value less costs to sell, with any change therein recognised in the statement of profit and loss. Biological assets are transferred to inventory at the date of harvest. Biological assets are separated into current assets (those expected to be harvested within 12 months) and non-current assets (those expected to be harvested beyond 12 months).

As a result of the fish harvest cycle, significant biological transformation is yet to occur for most fish in the canals between balance date and harvest. Fair value is determined with reference to the price that would be received in an orderly transaction between market participants for the fish in their current stage of their life cycle. In determining fair value in such market transactions, the pre-harvest live fish stock value has regard to the cost incurred to bring the fish to their current state, their stage of development, the length of the growth cycle, number of fish in the water, and biomass. For the fish where sufficient transformation has occurred, and the salmon can be considered ready for harvest, fair value can be assessed with reference to selling margins.

Biomass calculation is based on live fish numbers and average fish weights. Historically, there have been incurred losses during the growth cycle of the fish. The company uses an expected loss model to provide for fish losses throughout the growth cycle. Any provision recognised is based on historical loss rates and an ongoing review is performed based on actual counts and other specific provisions upon considering empirical evidence and inventory management practices.

a) Reconciliation of Movements	**2020**	**2019**
	$	**$**
Opening Balance	9,299,426	11,390,560
Biological Transformation	10,253,902	9,759,438
Extraordinary Livestock Write-Down (i)	-	(1,576,215)
Livestock Harvested	(8,175,230)	(10,818,028)
Biological Assets – Fish Stock Losses & Impairment Provision (ii)	(153,770)	(482,039)
Changes in Biological Assets Fair Value Less Selling Costs	1,841,063	1,025,710
	13,065,391	**9,299,426**

(i) There was no livestock write-down recorded in the current year.
(ii) There was a quality impairment provision recognised in the current year in relation to returned fish at harvest. There was no fish stock loss provision recognised in the current year (2019: $482,039).

b) Split of Current and Non-Current Biological Asset	**2020**	**2019**
	$	**$**
Live Fish on Hand (2020/21 harvest)	9,573,348	6,931,598
Live Fish on Hand (2021/22 harvest and beyond)	3,492,043	2,367,828
	13,065,391	**9,299,426**

10. Inventories

Finished goods inventories are valued at the lower of cost and net realisable value. Cost is calculated as fair value of the biological asset at harvest, plus the processing costs incurred to bring the inventory to its saleable state.

	2020 $	2019 $
Processed Fish on Hand	1,946,691	1,522,498
Shop Stock and Materials on Hand	330,956	320,171
Feed on Hand	1,243,939	249,840
Feed in transit	459,734	-
	3,981,320	**2,092,509**

11. Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Cost includes the value of consideration paid on acquisition of the asset plus costs directly attributable to bringing the item to working condition for its intended use.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised to the initial cost of the item when the expenditure increases the economic benefits over the life of the item and the expenditure would have been included in the initial cost of the item had the expenditure been incurred at the time of acquisition. All other subsequent expenditure is expensed in the period in which it is incurred.

Property, plant and equipment are depreciated at rates which will write off their cost amount less estimated residual value, over their expected useful lives. The method and rates applied are as follows:

Asset Class	**Method**	**Rate**
Buildings	Diminishing Value	0 – 3%
Office Equipment	Diminishing Value	11 – 67%
Plant & Equipment	Diminishing Value	5 – 67% (weighted average 10%)
Motor Vehicles	Diminishing Value	13 – 30%

a) Impairment

Property, plant and equipment are assessed for indicators of impairment at each reporting date. They are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

b) Commitments

At balance date, the Company has committed to build a new farm on the Ohau C Canal in Twizel.

11. Property, Plant and Equipment Cont.

	Opening Cost	Additions	Disposals	Transfers from Capital Work in Progress	Closing Cost	Opening Accumulated Depreciation	Depreciation Expense	Accumulated Depreciation Reversed on Disposal	Closing Accumulated Depreciation	Closing Carrying Value
2020										
Buildings	868,009	-	-	-	868,009	(162,040)	(33,358)	-	(195,398)	672,611
Office Equipment	424,283	46,874	-	-	471,157	(228,939)	(76,582)	-	(305,521)	165,636
Plant & Equipment	15,432,040	668,354	-	2,854,324	18,954,718	(5,864,038)	(1,349,703)	-	(7,213,741)	11,740,977
Motor Vehicle	609,760	47,001	-	-	656,761	(294,572)	(86,472)	-	(381,044)	275,717
Capital Work in Progress	2,499,448	4,699,894	(56,754)	(2,854,324)	4,288,263	-	-	-	-	4,288,263
Total Property, Plant & Equipment	**19,833,540**	**5,462,122**	**(56,754)**	**-**	**25,238,908**	**(6,549,589)**	**(1,546,115)**	**-**	**(8,095,704)**	**17,143,204**
2019										
Buildings	787,696	-	-	80,313	868,009	(124,776)	(37,264)	-	(162,040)	705,969
Office Equipment	383,465	84,819	(44,001)	-	424,283	(198,997)	(73,238)	43,296	(228,939)	195,344
Plant & Equipment	12,136,428	434,784	(18,870)	2,879,698	15,432,040	(4,936,550)	(943,703)	16,215	(5,864,038)	9,568,002
Motor Vehicle	449,727	168,821	(8,788)	-	609,760	(224,097)	(76,203)	5,728	(294,572)	315,188
Capital Work in Progress	2,226,621	3,293,495	(60,657)	(2,960,011)	2,499,448	-	-	-	-	2,499,448
Total Property, Plant & Equipment	**15,983,937**	**3,981,919**	**(132,316)**	**-**	**19,833,540**	**(5,484,420)**	**(1,130,408)**	**65,239**	**(6,549,589)**	**13,283,951**

12. Right of Use Assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether the contract involves the use of an identified asset, the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use, and the Group has the right to direct the use of the asset.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the administrative expenses line in the statement of profit or loss.

The Group leases several assets including factory land and buildings, office buildings, canal water spaces, IT equipment and machinery.

Right of use Assets	Buildings	Canal Water Space	Total
	$	**$**	**$**
Initial Recognition 1 April 2019	3,780,097	1,936,500	5,716,597
Less: Depreciation	(392,924)	(107,132)	(500,056)
Plus: Remeasurement – lease payment change	139,918	-	139,918
Balance 31 March 2020	**3,527,091**	**1,829,368**	**5,356,459**

Amounts recognised in profit and loss	2020	2019
	$	**$**
Depreciation expense on right-of-use assets	500,056	-
Interest expense on lease liabilities	336,516	-
Expense relating to short-term leases	209,842	-
Expense relating to leases of low value assets	24,746	-
Expenses relating to variable lease payments not included in the measurement of lease liability	21,607	-
Operating lease expense classified under IAS 17	-	801,923
	1,092,767	**801,923**

Critical judgements required in the application of IFRS 16 included:
- Determining whether it is reasonably certain that an extension or termination option will be exercised
- Determination of whether variable payments are in-substance fixed

Key sources of estimation uncertainty in the application of IFRS 16 included:
- Estimation of the lease term
- Determination of the appropriate rate to discount lease payments
- Assessment of whether a right-of-use asset is impaired

The Group also leases IT equipment, portacoms and machinery with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise the right-of-use assets and lease liabilities for these leases.

13. Investments

The Company's investments in associates is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. The results of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss of the associate.

	2020	2019
	$	$
Salmon Smolt New Zealand Limited – Opening Balance	141,698	33,333
Salmon Smolt New Zealand Limited – Share of Profit	85,179	108,365
Total Investment in Associates	226,877	141,698
Farmlands Co-operative Society Limited – Fair Value	357	357
Total Investments	**227,234**	**142,055**

14. Intangible Assets

The Company's intangible assets comprise trademarks, consents, and leases. Trademarks represent names and logos reserved by the Company to be used for marketing purposes. Trademarks are recognised at cost less accumulated amortisation and accumulated impairment losses in the statement of financial position. Leases and consents represent the cost of establishing renewals of consents (discharge and resource) and leases. These are recognised at cost in the statement of financial position. Amortisation is charged on a straight-line basis over the estimated life of the trademark, leases and consents.

Intangibles assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

	Opening Cost	Additions	Closing Cost	Opening Accumulated Amortisation	Amortisation Expense	Closing Accumulated Amortisation	Closing Carrying Value
2020							
Trademarks	125,714	4,037	129,751	(37,519)	(6,387)	(43,906)	85,845
Leases	295,646	-	295,646	(77,903)	(14,078)	(91,981)	203,665
Resource Consents	2,810,446	39,568	2,850,014	(421,016)	(140,986)	(562,002)	2,288,012
Total Intangible Assets	**3,231,806**	**43,605**	**3,275,411**	**(536,438)**	**(161,451)**	**(697,889)**	**2,577,522**
2019							
Trademarks	108,137	17,577	125,714	(31,673)	(5,846)	(37,519)	88,195
Leases	295,646	-	295,646	(63,825)	(14,078)	(77,903)	217,743
Resource Consents	2,810,446	-	2,810,446	(281,130)	(139,887)	(421,017)	2,389,430
Total Intangible Assets	**3,214,229**	**17,577**	**3,231,806**	**(376,628)**	**(159,811)**	**(536,438)**	**2,695,368**

a) Goodwill
Goodwill arising on an acquisition is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

b) Impairment
Determining whether goodwill or intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which the intangible assets or goodwill has been allocated. The value in use calculation requires the company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. No impairment was identified in respect of any goodwill held by the Group (2019: Nil).

15. Accruals and Other Payables

Accruals and other payables are financial liabilities, classified and measured at amortised cost. As these are short term in nature, the carrying amount is considered to be a reasonable approximation of fair value. Employee entitlements are measured on an undiscounted bases and are expensed as the related service is provided.

	2020	2019
	$	$
Employee Entitlements – Leave Accruals	424,341	434,437
Employee Entitlements – Wage Accruals	265,234	186,754
PAYE Payable	98,855	94,035
Operating Expense Accruals	191,726	281,049
	980,156	**996,275**

16. Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest the lessee would have to pay to borrow over a similar term and with a similar security of funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever the lease term has changed, the lease payments changes due to changes in an index or a change in expected payment, or the lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Split of Current and Non-Current Lease Liabilities	2020	2019
	$	$
Amounts due for settlement within 12 months	437,223	-
Amounts due for settlement after 12 months	5,492,178	-
	5,929,401	**-**

The Group does not face a significant liquidity risk in relation to its lease liabilities.

Reconciliation of lease commitments to opening lease liability as at 1 April 2019	2020	2019
	$	$
Operating lease commitments at 31 March 2019	4,522,342	-
Plus: Leases not contained in the lease commitments schedule	108,235	-
Plus: Extension options reasonably certain to be exercised	4,384,741	-
Less: Effect of discounting using incremental borrowing rates at 1 April 2019	(2,760,343)	-
Less: Recognition exemption for short term leases	(29,400)	-
	6,225,575	**-**

17. Loans

Loans are recognised initially at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

a) Term Loans	2020	2019
	$	$
Current	1,279,485	745,374
Non-current	3,915,342	2,265,541
	5,194,827	**3,010,915**

a) Term Loans Cont.

The Company has three term loans with Westpac New Zealand Limited. These loans are secured over the assets of Mount Cook Alpine Salmon Limited and its subsidiaries. All borrowings are subject to borrowing covenants. The interest rate on the principal outstanding on these loans range from 5.20% to 6.65% per annum (2019: 6.65%). At balance date, two of the three loans are fixed rate loans to 28 February 2021 and 31 January 2023. The final expiry dates of the loans range from 10 December 2022 to 31 January 2023. The Group does not face a significant rollover risk in relation to its maturing loans.

The lines of funding available at balance date include $1,458,413 of the Company's $2,500,000 bank overdraft facility not drawn.

b) Asset Funding Loans	**2020**	**2019**
	$	**$**
Current	63,314	53,874
Non-current	132,986	170,070
	196,300	**223,994**

The Company has a number of short-term asset funding loans with Westpac New Zealand Limited. These loans are secured over vehicles purchased by of Mount Cook Alpine Salmon Limited and its subsidiaries. The interest rate on the principal outstanding is 6.70% - 7.15% per annum. The Company also has a vehicle facility which pays an equal amount off the principal outstanding each month, and is on a floating interest rate of 5.60%.

18. Retained Earnings

	2020	**2019**
	$	**$**
Balance at Beginning of Year – Deficit	(22,331,748)	(22,464,680)
Adjustment on Initial Application of IFRS 16 (i)	(366,465)	-
Net Surplus/(Loss) for the Year after Taxation	(884,528)	132,932
Balance at End of Year - Deficit	**(23,582,741)**	**(22,331,748)**

(i) The Company applied the modified retrospective approach for transition to IFRS 16 Leases. This resulted in an adjustment to opening retained earnings on initial application, as it requires the right of use asset to be recognised as if IFRS 16 has always been applied.

19. Share Capital

	Number of Shares		**Value**	
	2020	**2019**	**2020**	**2019**
			$	**$**
Balance at Beginning of Year	89,219,419	88,414,419	47,824,071	47,824,071
Ordinary Shares issued during the year	10,904,596	-	5,997,528	-
Ordinary Shares issued – Employee Share Scheme	-	805,000	-	-
Balance at End of Year	**100,124,015**	**89,219,419**	**53,821,599**	**47,824,071**
Represented by:				
Fully Paid	99,124,015	88,219,419	53,821,544	47,824,016
Partly Paid	1,000,000	1,000,000	55	55
	100,124,015	**89,219,419**	**53,821,599**	**47,824,071**

All shares have equal voting rights and share equally in dividends. During the year a special resolution was passed at the 2019 AGM and all preference shares were converted to ordinary shares.

19. Share Capital Cont.

In relation to the partly paid shares, in the event of a call-up there is no requirement for the shareholders to make further payments on the shares. To the extent payment received is less than the outstanding issue price for the shares, such payment will be applied to fully pay up the maximum number of unpaid shares able to be fully paid, rather than being applied pro-rata to only partly pay up the shares. The Company does not recognise the unpaid balance of partly paid shares as an asset, and there is no obligation on the holders of partly paid shares to pay interest on any amount remaining unpaid.

20. Share Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the equity instrument that will eventually vest, with a corresponding instruments' increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity expected to vest. The impact of the revision of the original estimates, if any, is recognised in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of the settlement, the fair value of the liability is re-measured, with the changes in fair value recognised in the profit or loss for the year.

a) Shares granted under Employee Share Scheme

The Company has three Employee Share Schemes in place. During the year, no new ordinary shares were granted under the Company's Employee Share Scheme (2019: 805,000).

The Schemes set out a four-year interest free period for repayment, and the only form of recourse over the loan is the shares themselves. The agreements are recognised as a cash-settled share-based payment until the two-year service period has been completed at which point they become equity-settled. The two-year service period for the first scheme was completed on 31 March 2019 and the entire fair value was reclassified as an equity-settled share-based payment and recognised in the employment benefit reserve. The remaining two schemes have not reached the two-year service period and are recognised as a current liability.

The total fair value of the ordinary shares previously issued under the scheme have been valued at $260,307 (2019: $260,307) using a Black Scholes option pricing model. The assumptions used include volatility 25%, risk-free rate 2.75%, and expiry date 31 March 2021, 1 June 2022 and 29 March 2023 respectively. There was no change in fair value from prior year to current year, so no employee related expenditure recognised during the year.

21. Financial Instruments

Financial assets and liabilities are measured at amortised cost, fair value through profit or loss or fair value through OCI on the basis of the Group's business model for managing the financial instrument and the contractual cash flow characteristics of the financial instrument.

The Group enters a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks and designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). Other than derivatives, the Group's financial assets and liabilities include cash and cash equivalents, trade and other receivables, trade and other payables, and bank debt and are continued to be measured at amortised cost as they meet the conditions under NZ IFRS 9.

The impairment model requires the recognition of impairment provisions based on expected credit losses of financial assets classified at amortised cost. The Group has applied this to trade and other receivables using a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

21. Financial Instruments Cont.

	2020 $	2019 $
Financial assets at amortised cost:		
Trade and other receivables	1,381,324	2,463,503
Financial assets at fair value through profit or loss:		
Foreign exchange forward contracts (i)	-	-
Other Financial Assets	5,416	7,486
Financial liabilities at fair value through profit or loss:		
Foreign exchange forward contracts (i)	844,750	35,876
Foreign exchange sell options (ii)	196,318	148,081

(i) The foreign exchange forward contracts are designated as effective cash flow hedges and carried at fair value. The fair value change in the forward contract and the forward points is recognised in other comprehensive income and reclassified through profit or loss over the hedged period.

(ii) The foreign exchange sell options are carried at fair value. The fair value change of the time value component of the option contracts is recognised in other comprehensive income to the extent that it relates to the hedged item. For transaction related hedged items the fair value change is recognised in profit or loss at the same time as the hedged item.

a) Derivative Financial Instruments and Hedging Activities

The Group documents at the inception of the transaction the economic relationship between the hedged item and the hedging instruments, considers that the effect of credit risk does not dominate the value changes that result from the economic relationship, the hedge ratio of the hedging relationship is the same as that actually used in the economic hedge, as well as its risk management objective and strategy for undertaking various hedge transactions.

The cash flow hedge reserve comprises the effective portion of changes in the fair value of derivative contracts that are designated and qualify as cash flow hedges, being for highly probable forecast transactions. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss. Amounts recognised in the hedge reserve are reclassified from equity to profit or loss in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). When a hedging instrument expires or is sold or terminated, or when a derivative instrument no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

22. Group Entities

The Group accounts for business combinations using the acquisition method. The consideration transferred is measured at fair value, calculated as the sum of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed (excluding acquisition-related costs which are recognised in profit or loss as incurred).

Subsidiaries are entities controlled by the Group.

Name of Subsidiary	Principal Activity	Date of Acquisition	Place of Incorporation	Proportion of Ownership Interest held by the Group	
				31/03/2020	31/03/2019
Aoraki Smokehouse Salmon Ltd	Holding Company	1 Sept 2016	New Zealand	100%	100%
Benmore Salmon Ltd	Holding Company	1 Sept 2016	New Zealand	100%	100%
Hutton Salmon Ltd	Holding Company	1 Sept 2016	New Zealand	100%	100%

23. Related Party Transactions

All transactions with related parties have been entered into in the ordinary course of business and undertaken on normal commercial terms.

a) Related Party Advances	**2020**	**2019**
	$	**$**
Related Party Advance – Salmon Smolt New Zealand	-	15,125

Salmon Smolt New Zealand Limited, an entity for which the Company is a shareholder and Antony Stokes (Mount Cook Alpine Salmon Limited CFO and Shareholder) is a Director, repaid the advance in full in the current year (2019: $15,125).

b) Transactions with Directors, Shareholders and Key Management Personnel

During the year the Company traded with the following organisations and individuals, which are entities associated with certain directors and shareholders, in the ordinary course of business.

- Salmon Smolt New Zealand Ltd, an entity for which Mount Cook Alpine Salmon Ltd is a shareholder and Antony Stokes (Mount Cook Alpine Salmon Ltd CFO and shareholder) is a director, provided smolt and transport services of $348,311 (2019: $287,980) during the year, of which $Nil (2019: $142,282) remains unpaid at balance date. The Company received $2,419 in the current year (2019: $2,588) in director fees income for Antony Stokes services as Director of Salmon Smolt New Zealand Ltd.

- Jamestown Holdings Ltd, an entity for which Scott Murray (Mount Cook Alpine Salmon Ltd shareholder) is a director, provided sales support and consulting services of $28,478 (2019: $19,943) during the year, of which $Nil (2019: $Nil) remains unpaid at balance date.

- Chris Ramsay (Mount Cook Alpine Salmon Ltd employee) provided a rental house facility in Twizel of $16,410 (2019: $16,410).

In addition, in the normal course of business, directors, shareholders and key management personnel purchase salmon products from the Company. All transactions between the Company and directors, shareholders and key management personnel were conducted on an arm's length basis. Staff and shareholders are entitled to a discount of 25% for retail purchases.

24. Notes to the Statement of Cash Flows

Operating activities include all principal revenue-producing activities of the company and other activities that are not investing or financing activities. Investing Activities are the activities relating to the acquisition and disposal of long-term assets and other investments not included in cash equivalents that have been made to generate future cash flows. Financing Activities are those activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in bank, overdraft facility drawn, and vehicle financing loan. Cash and cash equivalents at the end of the financial period as shown in the cash flow statements is reconciled to the related items in the Statement of Financial Position as follows:

	2020	**2019**
	$	**$**
Cash and Cash Equivalents - Asset	100,901	573,367
Cash and Cash Equivalents – Overdraft	(1,041,587)	(1,311,470)
Cash and Cash Equivalents – Vehicle Financing Facility	(196,300)	(223,945)
Balance at End of Year	**(1,136,986)**	**(962,048)**

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24. Notes to the Statement of Cash Flows Cont.

b) Reconciliation of Surplus/Loss for the Period to Net Cash Flows from Operating Activities

	2020	2019
	$	$
Net Surplus/(Loss) for the Year after Taxation	(884,528)	132,932
Adjustment for Non-Cash:		
Depreciation	2,046,171	1,130,408
Amortisation	161,451	159,811
Fair Value – Biological Assets	(1,675,421)	(635,178)
Loss on Disposal of Assets	54,728	67,077
Expense Recognised on Employee Share Options	-	105,000
Share of post-tax profits of equity accounted associated	(85,179)	(108,365)
Income tax expense recognised in profit or loss	(327,166)	35,634
Net (gain)/loss arising on financial assets and liabilities designated as FVTPL	709,265	(84,840)
	883,849	669,547
Movements in Working Capital Items:		
(Increase)/Decrease in Trade and Other Receivables	1,086,950	345,471
(Increase)/Decrease in GST Receivable	(41,555)	(172,406)
(Increase)/Decrease in Prepayments	(654,804)	21,857
(Increase)/Decrease in Inventory	(1,429,077)	(62,801)
(Increase)/Decrease in Biological Assets	(3,765,965)	2,634,805
Increase/(Decrease) in Accounts Payable and Accruals	1,191,777	251,443
Increase/(Decrease) in Other Liabilities	1,033,670	(85,671)
	(2,579,004)	2,932,698
Net Cash from Operating Activities	**(2,579,683)**	**3,735,177**

Net Cash from Operating Activities excluding increase (2019: decrease) in Biological Assets is $1,186,961 (2019: $1,644,042).

25. Contingent Liabilities

No contingent liabilities exist at balance date.

26. Subsequent Events

The outbreak of COVID-19 and the subsequent quarantine measures and travel restrictions imposed by the New Zealand government from March 2020 have caused disruption to businesses and economic activity.

At the time of signing these financial statements, New Zealand has come out of the restrictive quarantine measures imposed by the Level 3 and Level 4 COVID 19 restrictions. Throughout the level 3 and 4 period in New Zealand the Company continued to trade as an essential service with limited restrictions in place on operations. However, reduced demand was experienced during April and May with certain customer groups impacted by the restrictions in place resulting in fewer sales than initially forecast. This was able to be supplemented by the wage subsidy along with other measures taken by management to ensure the longevity of the Company.

Upon reviewing the current situation, and the cash reserves of the Company, the Directors are of the opinion the Company is well positioned to remain a going concern.

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Independent Auditor's Report

To the Shareholders of Mount Cook Alpine Salmon Limited

Opinion

We have audited the financial statements of Mount Cook Alpine Salmon Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of movements in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 5 to 26, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for the Group in the area of other assurance services and taxation advice. These services have not impaired our independence as auditor of the Company and Group. In addition to this, partners and employees of our firm deal with the Company and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries. The firm has no other relationship with, or interest in, the Company or any of its subsidiaries.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.

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

Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS RDR, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 ISAs and ISAs (NZ) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 207B of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Deloitte Limited
Dunedin, New Zealand
2 July 2020