



**NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND
SUBSIDIARIES**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 JULY 2023**

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CONTENTS

FOR THE SIX MONTHS ENDED 31 JULY 2023

	Page
Corporate directory	3
Interim consolidated statement of comprehensive income	4
Interim consolidated statement of financial position	5
Interim consolidated statement of changes in equity	6
Interim consolidated statement of cash flows	7
Notes to the interim consolidated financial statements	8

NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES

CORPORATE DIRECTORY

BOARD OF DIRECTORS

John William Dudley Ryder
Independent Non-Executive Chairman
(Resigned 14 June 2023)

Mark Dewdney
Independent Non-Executive Chairman
(Appointed 14 June 2023)

Jack Lee Porus

Non-Executive Director

Paul James Steere

Independent Non-Executive Director

Chiong Yong Tiong

Non-Executive Director

Catriona Macleod

Independent Non-Executive Director

Carol Chen

Non-Executive Director

Victoria Taylor

Independent Non-Executive Director

Audit and Finance Committee

Paul Steere (Chair)

Jack Porus

Mark Dewdney (Appointed 14 June 2023)

John Ryder (resigned 14th June 2023)

Nominations and Remuneration Committee

Victoria Taylor (Chair)

Jack Porus

Mark Dewdney (Appointed 14 June 2023)

Health, Safety and Risk Committee

Catriona Macleod (Chair)

Chiong Yong Tiong

Mark Dewdney (Appointed 14 June 2023)

Fish Farming Review Committee

Jack Porus (Chair)

Catriona Macleod

Mark Dewdney (Appointed 14 June 2023)

BANKERS

The Bank of New Zealand

Deloitte Centre

Level 6, 80 Queen Street

Auckland

New Zealand

Kiwibank

Level 9, 20 Customhouse Quay

Wellington

New Zealand

AUDITOR

Ernst & Young (EY)

Level 4, 93 Cambridge Terrace

Christchurch

New Zealand

LAWYERS

Chapman Tripp

Level 34, 15 Customs Street West

Auckland

New Zealand

Gascoigne Wicks

79 High Street

Blenheim

New Zealand

Duncan Cotterill

197 Bridge Street

Nelson

New Zealand

NEW ZEALAND KING SALMON INVESTMENTS LIMITED

Ticker: NZK

Listed on the NZX Main Board and as a Foreign Exempt Listing on the ASX

NZ Company number: 2161790

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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 JULY 2023

	Note	UNAUDITED 31 July 2023 \$000	UNAUDITED 31 July 2022 \$000
Revenue from contracts with customers	14	91,561	80,033
Cost of goods sold including fair value uplift at point of harvest	6	(84,435)	(89,921)
Fair value gain on biological transformation	7	31,189	13,222
Freight costs to market		(11,205)	(11,379)
Gross profit		27,110	(8,046)
Other income		3,974	3,312
Sales, marketing and advertising expenses		(5,229)	(6,324)
Distribution overheads		(1,675)	(1,818)
Corporate expenses		(5,721)	(5,109)
Other expenses		-	-
Earnings before interest, tax, depreciation and amortisation		18,459	(17,985)
Depreciation and amortisation expense		(3,852)	(4,359)
Finance income		457	116
Finance expenses		(183)	(1,276)
Profit / (Loss) before tax		14,881	(23,504)
Income tax credit / (expense)		(4,251)	(984)
Profit / (Loss) after tax		10,630	(24,487)
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		175	674
Movement on cash flow hedges		(2,687)	(1,543)
Release of early closed out foreign exchange contracts		(3,551)	(3,044)
Deferred tax on early closed out foreign exchange contracts		994	852
Income tax effect of movement on cash flow hedges		747	154
Net other comprehensive income/ (loss)		(4,322)	(2,907)
Total comprehensive income / (loss)		6,308	(27,394)

		UNAUDITED 31 July 2023	UNAUDITED 31 July 2022
Earnings per share			
Basic earnings per share	4	\$ 0.02	\$ (0.05)
Diluted earnings per share	4	\$ 0.02	\$ (0.05)

The above interim consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION


AS AT 31 JULY 2023

ASSETS	Note	UNAUDITED 31 July 2023 \$000	AUDITED 31 January 2023 \$000
Current assets			
Cash and cash equivalents		28,666	19,221
Trade and other receivables	5	14,740	16,573
Taxation receivable		-	164
Inventories	6	26,817	29,729
Biological assets	7	70,206	60,348
Derivative financial assets	10	1,423	1,906
Total current assets		141,852	127,941
Non-current assets			
Property, plant and equipment		46,949	48,176
Biological assets	7	10,304	12,344
Derivative financial assets	10	2,555	4,106
Intangible assets		3,398	3,486
Right-of-use assets		3,907	4,316
Deferred tax asset		-	919
Total non-current assets		67,113	73,347
TOTAL ASSETS		208,965	201,288
LIABILITIES			
Current liabilities			
Trade and other payables	9	13,468	13,662
Employee benefits		3,362	3,465
Borrowings	8	750	750
Lease liabilities		1,007	1,191
Other financial liabilities	13	269	278
Derivative financial liabilities	10	4,018	3,112
Taxation payable		998	-
Total current liabilities		23,872	22,458
Non-current liabilities			
Employee benefits		480	501
Borrowings	8	2,750	2,750
Lease liabilities		3,109	3,328
Deferred tax liabilities		449	-
Derivative financial liabilities	10	4,073	4,345
Total non-current liabilities		10,861	10,924
TOTAL LIABILITIES		34,733	33,382
NET ASSETS		174,232	167,906
EQUITY			
Share capital	12	180,143	180,143
Reserves		3,119	7,423
Retained earnings		(9,030)	(19,660)
TOTAL EQUITY		174,232	167,906

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

For and on behalf of the Board, who authorised the issue of these financial statements on 20 September 2023


Director
 20 September 2023


Director
 20 September 2023

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 JULY 2023

	Share Capital	Foreign Currency Translation Reserve	Hedge Reserve	Share Based Payment Reserve	Retained Earnings	Total Equity
UNAUDITED	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 February 2023	180,143	(614)	7,209	828	(19,660)	167,906
Profit / (loss) for the period	-	-	-	-	10,630	10,630
Other comprehensive income/(loss)	-	175	(4,497)	-	-	(4,322)
Total comprehensive income/(loss) for the period	-	175	(4,497)	-	10,630	6,308
Share based payment expense	-	-	-	18	-	18
Balance as at 31 July 2023	180,143	(439)	2,712	846	(9,030)	174,232
UNAUDITED						
Balance as at 1 February 2022	122,606	(948)	10,003	1,120	(21,551)	111,230
Profit / (loss) for the period	-	-	-	-	(24,487)	(24,487)
Other comprehensive income/(loss)	-	674	(3,581)	-	-	(2,907)
Total comprehensive income/(loss) for the period	-	674	(3,581)	-	(24,487)	(27,394)
Issue of Share Capital (net of costs)	57,537	-	-	-	-	57,537
Share based payment expense	-	-	-	(153)	-	(153)
Balance as at 31 July 2022	180,143	(274)	6,422	967	(46,038)	141,220

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 JULY 2023

	UNAUDITED 31 July 2023 \$000	UNAUDITED 31 July 2022 \$000
Operating activities		
Receipts from customers	92,282	85,959
Payments to suppliers	(61,118)	(54,578)
Payments to employees	(19,849)	(20,809)
Interest received	457	116
Interest paid	(126)	(1,037)
Insurance and settlement income	-	2
Government grants received	99	162
Income tax paid/(received)	23	(533)
Net cash flows (used in) / from operating activities	11,768	9,282
Investing activities		
Proceeds from sale of property, plant and equipment	17	13
Purchase of property, plant and equipment	(1,573)	(4,560)
Purchase of intangible assets	(129)	(20)
Net cash flow (used in) / from investing activities	(1,685)	(4,567)
Financing activities		
Proceeds from borrowings	-	51,500
Repayment of borrowings	-	(96,023)
Gross proceeds from share issue	-	57,536
Payment of lease liabilities	(726)	(877)
Net cash flows (used in) / from financing activities	(726)	12,136
Net increase / (decrease) in cash and cash equivalents	9,357	16,851
Net foreign exchange difference	88	36
Cash and cash equivalents at 1 February	19,221	2,913
Cash and cash equivalents at 31 July	28,666	19,800

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JULY 2023

1. CORPORATE INFORMATION

The condensed interim consolidated financial statements of New Zealand King Salmon Investments Limited (the Company) and its subsidiaries (together the Group) for the six months ended 31 July 2023 were authorised for issue by the Directors on 20 September 2023.

New Zealand King Salmon Investments Limited is a profit-orientated company incorporated and domiciled in New Zealand. The Company is registered under the Companies Act 1993 and listed on the NZX Main Board ("NZX") and the Australian Securities Exchange ("ASX"). The Company is an FMC reporting entity under the Financial Markets Conduct Act 2013. The Group is principally engaged in the farming, processing and sale of premium salmon products.

2. BASIS OF PREPARATION

The condensed interim consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as appropriate for interim financial statements. They have been prepared in accordance with NZ IAS 34 *Interim Financial Reporting*. The interim financial statements and the comparative information for the six months ended 31 July 2022 are unaudited. The comparative information for the year ended 31 January 2023 are audited.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 January 2023.

The Group's business is seasonal with higher sales in the summer months and higher mortality rates are typically highest in the January to April period due to higher water temperatures at that time. This impacts on month to month profitability.

3. NEW STANDARDS, INTERPRETATIONS, AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the interim condensed financial statements are consistent with those applied in the annual financial statements as at 31 January 2023. Management have applied the same principles and used the same key sources of estimation in the preparation of the interim financial statements as those applied in the consolidated financial statements for the period ended 31 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JULY 2023

4. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares on issue during the year. Diluted earnings per share assumes conversion of all potential ordinary shares in determining the weighted average number of ordinary shares on issue.

	UNAUDITED 31 July 2023	UNAUDITED 31 July 2022
	\$000	\$000
Earnings per share		
Profit / (loss) attributable to ordinary equity holders	10,630	(24,487)
	# of Shares 000	# of Shares 000
Weighted average number of ordinary shares for diluted earnings per share	541,455	541,455
Basic earnings per share	\$ 0.02	\$ (0.05)
Diluted earnings per share	\$ 0.02	\$ (0.05)

5. TRADE AND OTHER RECEIVABLES

	UNAUDITED 31 July 2023	AUDITED 31 January 2023
	\$000	\$000
Trade and other receivables		
Trade receivables	13,512	13,492
Allowance for expected credit losses	(446)	(63)
Prepayments	1,201	2,518
Other receivables	473	626
Total trade and other receivables	14,740	16,573

6. INVENTORIES

	UNAUDITED 31 July 2023	AUDITED 31 January 2023
	\$000	\$000
Inventories		
Raw materials	7,070	6,419
Work in progress	1,966	1,554
Finished goods	17,781	21,756
Total inventories	26,817	29,729
	UNAUDITED 31 July 2023	UNAUDITED 31 July 2022
	\$000	\$000
Amount of inventories recognised as an expense in the statement of comprehensive income		
Cost of inventories recognised as an expense	86,148	91,243
Movement in net realisable value provision	(1,713)	(1,322)
Total cost of goods sold including fair value uplift at point of harvest	84,435	89,921

The cost of inventories recognised as an expense for the period ended 31 July 2023 includes a fair value uplift at point of harvest of \$27,510k (31 July 2022: \$23,240k). This cost is included in cost of goods sold in the Statement of Comprehensive Income.

The cost of inventory includes fish harvested at the fair value less cost to sell at harvest date, based on management's expected future sales pricing and mix of product ("deemed cost"). As at 31 July 2023 no volumes were forecasted to be sold at returns materially below deemed cost plus further manufacturing costs. As a result, the overall deemed cost of inventory on hand takes this into account and therefore increases the carrying value by the impact of the higher expected sales prices.

7. BIOLOGICAL ASSETS

The Group has two hatcheries (31 July 2022: three hatcheries) in the South Island and six operational (31 July 2022: nine operational) marine salmon farms in the Marlborough Sounds. The fish livestock typically grow for up to 31 months before harvest.

UNAUDITED	Cost	Fair value	Total
Biological assets	\$000	\$000	\$000
As at 1 February 2023	42,881	29,811	72,692
Increase due to biological transformation ¹	41,869	28,719	70,588
Decrease due to harvest ²	(30,874)	(26,561)	(57,435)
Decrease due to mortality ³	(7,806)	-	(7,806)
Changes in fair value ⁴	-	2,471	2,471
As at 31 July 2023	46,070	34,440	80,510
	Cost	Fair value	Total
	\$000	\$000	\$000
As at 1 February 2022	50,575	24,386	74,961
Increase due to biological transformation ¹	35,476	11,725	47,201
Decrease due to harvest ²	(25,833)	(20,385)	(46,218)
Decrease due to mortality ³	(22,258)	-	(22,258)
Changes in fair value ⁴	-	1,498	1,498
As at 31 July 2022	37,960	17,224	55,184

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JULY 2023

BIOLOGICAL ASSETS (CONTINUED)

AUDITED	Cost	Fair value	Total
Biological assets	\$000	\$000	\$000
As at 1 February 2022	50,575	24,386	74,961
Increase due to biological transformation ¹	77,712	42,967	120,679
Decrease due to harvest ²	(59,463)	(44,203)	(103,666)
Decrease due to mortality ³	(25,943)	-	(25,943)
Changes in fair value ⁴	-	6,661	6,661
As at 31 January 2023	42,881	29,811	72,692

¹ Biological transformation fair value is impacted by volume increases and fish weight at reporting date relative to the target harvest weight of 4 kgs (proportional recognition).

² Harvested fair value is included under cost of goods sold in the statement of comprehensive income and is calculated by multiplying the current period's harvest (biomass) by the prior years expected gross margin per kg (recognised at 100%).

³ Mortality cost is expensed directly to the statement of comprehensive income within the cost of goods sold in the period which it occurs and is not subject to a fair value uplift.

⁴ Changes in fair value are impacted by movements in margin primarily being changes in sales price and costs to sell (fish cost, harvest, processing and freight to market).

	UNAUDITED	UNAUDITED
	31 July 2023	31 July 2022
	\$000	\$000
Fair value gain / (loss) recognised in profit and loss		
Gain arising from growth of biological assets	28,719	11,724
Movement in fair value of biological assets	2,470	1,498
Total fair value gain on biological transformation	31,189	13,222

	UNAUDITED	AUDITED
	31 July 2023	31 January 2023
	\$000	\$000
Biological Assets		
Current	70,206	60,348
Non-current	10,304	12,344
Total Biological Assets	80,510	72,692

	UNAUDITED	UNAUDITED
	31 July 2023	31 July 2022
	tonnes	tonnes
Harvested biomass		
Total live weight harvested for the period	3,401	3,152

	UNAUDITED	AUDITED
	31 July 2023	31 January 2023
	tonnes	tonnes
Estimated closing biomass		
Closing fresh water stocks	111	163
Closing seawater stocks	4,659	4,457
Total estimated closing biomass live weight	4,770	4,620

Fair value measurement

Measurement of fair value is performed using a fair value model. The method of valuation therefore falls into level three of the fair value hierarchy as the inputs are unobservable inputs.

The valuation of biological assets is carried out separately for each site at a brood and strategy level. Estimated actual cost up to the date of harvest per site is used to measure the expected margin at the time the fish is defined as ready for harvest, being 4.0kg live weight. Selling price is estimated at balance date based on the most relevant future market price at expected harvest date. The expected gross margin is recognised proportionately based on average biomass at reporting date. Fair value measurement commences at the date of transfer to sea water as this is considered the point at which the fish commence their grow out cycle.

Fair value risk and sensitivity

The Group is exposed to financial risks relating to the production of salmon stock including increasing climate change volatility, climatic events, disease and contamination of water space.

The Group seeks to produce and market the highest quality salmon products. Extensive monitoring and benchmarking is carried out to provide optimum conditions and diets to maximise fish performance during the grow out cycle. Sales are maintained in a range of brands, products and markets to maximise returns from the quality mix of fish harvested. The Group has insurance to cover some of the risks relating to the livestock.

The estimated unrealised fair value gain from cost at 31 July 2023 has increased due to a decrease in forecasted mortalities and a consequential increase in the forecasted harvest. Mortality assumptions made in the fair value model are in line with the FY24 forecast which sees the lower mortalities experienced at the end of FY23 continue into FY24. Average price increases are forecast due to continuing robust global demand for the product and rising costs of inputs. Changes in these assumptions will impact the fair value calculation. The realised profit which is achieved on the sale of inventory will differ from the calculations of fair value of biological assets because of changes in key factors such as the final market destinations and product mix of inventory sold, changes in price, foreign exchange rates, harvest weight, growth rates, mortality, cost levels and differences in harvested fish quality.

Leaving all other variables constant a 15% increase/decrease in average future sales prices would increase/decrease the fair value of biological assets on hand and profit before tax by \$16.6m (31 January 2023: \$14.6m) (excludes the impact of finished goods), while a 15% increase/decrease in future harvest volume would increase/decrease the fair value of biological assets on hand and profit before tax by \$ 5.2m (31 January 2023: \$2.2m).

A 15% increase/decrease in costs to sell would decrease/increase the fair value of biological assets on hand and profit before tax by \$11.3m (31 January 2023: \$13.6m). Changes in fish health and environmental factors may affect the quality of harvested fish, which may be reflected in realised profit via both achieved sales price and production costs.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JULY 2023

8. INTEREST BEARING LOANS AND BORROWINGS

	UNAUDITED	AUDITED
	31 July 2023	31 January 2023
	\$000	\$000
Current interest bearing loans and borrowings		
Secured bank loans	750	750
Total current interest bearing loans and borrowings	750	750
	31 July 2023	31 January 2023
	\$000	\$000
Non-current interest bearing loans and borrowings		
Secured bank loans	2,750	2,750
Total current interest bearing loans and borrowings	2,750	2,750

The Company has a facility with BNZ for \$6.5m (expiry 30 April 2024), secured by a general security over the assets of the Group. Nothing was drawn as at 31 July 2023 and the facility was cancelled at the request of New Zealand King Salmon in August 2023.

The company also secured a Business Finance Scheme Loan via BNZ for \$5m (expiry October 2025) that arose from the Government providing financial assistance following the pandemic virus Covid-19. At 31 July 2023 the balance drawn on the Business Finance Scheme was \$3.5m.

9. TRADE AND OTHER PAYABLES

	UNAUDITED	AUDITED
	31 July 2023	31 January 2023
	\$000	\$000
Trade payables	11,990	11,327
Other payables	1,478	2,335
Total trade and other payables	13,468	13,662

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and short term deposits, trade receivables, trade payables and other current liabilities is considered a reasonable approximation to their fair value due to the short term maturities of these instruments.

The following financial instruments of the Group are carried at fair value:

	UNAUDITED	AUDITED
	31 July 2023	31 January 2023
	\$000	\$000
Current derivative financial assets		
Forward exchange contracts	999	1,341
Foreign exchange options	424	565
Total Current derivative financial assets	1,423	1,906
Non-current derivative financial assets		
Forward exchange contracts	802	928
Foreign exchange options	1,753	3,178
Total Non-current derivative financial assets	2,555	4,106
Current derivative financial liabilities		
Forward exchange contracts	2,147	2,123
Foreign exchange options	1,871	989
Total Current derivative financial liabilities	4,018	3,112
Non-current derivative financial liabilities		
Forward exchange contracts	872	369
Foreign exchange options	3,201	3,976
Total Non-current derivative financial liabilities	4,073	4,345

Valuation methods

Financial instruments have been categorised into the following hierarchy and valued according to the following definitions, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

All derivative financial instruments for which a fair value is recognised have been categorised within level 2 of the fair value hierarchy. Industry experts have provided the fair values for all derivatives based on an industry standard model. There were no transfers between Level 1 and Level 2 during the period ended 31 July 2023 (31 July 2022 - nil).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JULY 2023

11. COMMITMENTS AND CONTINGENCIES

UNAUDITED

Capital commitments

The Group has entered into agreements to purchase plant and equipment. As at 31 July 2023 the total commitment is \$463k (31 July 2022: \$945k).

Contingencies

The Group has a contingent liability at 31 July 2023 of \$975k in respect of a fish transport contract requiring the Group to purchase four bulk tankers (one tanker purchased late 2021), should the fish transport contract be terminated early (31 July 2022: \$1,121k).

Guarantees

The group has three guarantee facilities at 31 July 2023 totalling \$132k (31 July 2022: \$132k).

12. CAPITAL AND RESERVES

	UNAUDITED 31 July 2023	AUDITED 31 January 2023
Share capital		
Issued shares	000	000
Ordinary shares	541,455	541,455
Total issued shares	541,455	541,455

Ordinary shares are fully paid with no par value. Each ordinary share has an equal right to vote, to participate in dividends and to share in any surplus on winding up of the Company. No dividend was declared nor paid during the 6 months to 31 July 2023 (6 months to 31 July 2022: No dividend was declared or paid).

	# of Shares		Share Capital	
	UNAUDITED 31 July 2023	AUDITED 31 January 2023	UNAUDITED 31 July 2023	AUDITED 31 January 2023
Movement in ordinary share capital	000	000	\$000	\$000
The beginning of the period	541,455	140,638	180,143	122,606
Share issue	-	400,817	-	57,537
Total Share capital as at period end	541,455	541,455	180,143	180,143

Reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange difference arising from the translation of the financial statements of the foreign subsidiary.

Hedge reserve

The hedge reserve represents the unrealised gains and losses on interest rate swaps and foreign currency forward contracts that the Group has taken out in order to mitigate interest rate and foreign currency risks, net of deferred tax. Also included are the realised gains on early closed foreign currency forward contracts where the hedged future cash flows are still expected to occur (net of tax).

	UNAUDITED 31 July 2023	AUDITED 31 January 2023
	\$000	\$000
Unrealised gain / (loss)	(1,940)	2,804
Total gain / (loss) on hedge reserves	(1,940)	2,804

Retained earnings

Retained earnings represents the profits retained in the business.

Share based payment reserve

The share based payment reserve relates to one long term incentive (LTI) scheme and two employee share ownership schemes. All of these schemes involve the Company making interest-free limited recourse loans to selected personnel to acquire shares in the Company. The employees must remain in employment for the duration of the vesting or escrow periods before the employees receive the full benefit of share ownership subsequent to repayment of the loan balance remaining at time of vesting.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JULY 2023

13. RELATED PARTY DISCLOSURES

Subsidiaries

New Zealand King Salmon Investments Limited has the following trading subsidiaries.

<i>Subsidiary</i>	<i>Country of Incorporation</i>	<i>Equity Interest</i>
The New Zealand King Salmon Co. Limited	New Zealand	100%
New Zealand King Salmon Exports Limited	New Zealand	100%
The New Zealand King Salmon Pty Limited	Australia	100%
New Zealand King Salmon USA Incorporated	United States of America	100%

The principal activity of The New Zealand King Salmon Co Limited is the farming and processing of salmon. The activity of New Zealand King Salmon Exports Limited, The New Zealand King Salmon Pty Limited, and New Zealand King Salmon USA Incorporated is the distribution of salmon

Transactions with related parties

The following provides the total amount of transactions that were entered into with related parties for the relevant financial year:

	UNAUDITED 31 July 2023 \$000	UNAUDITED 31 July 2022 \$000
Related party payments		
Goods and services purchased from other related parties	-	-
Directors fees	241	205
Total related party payments	241	205
Related party sales	\$000	\$000
Goods sold to related parties ¹	1,783	-
Total related party sales	1,783	-
	UNAUDITED 31 July 2023 \$000	AUDITED 31 January 2023 \$000
Amounts owing to related parties		
Current amounts owing to related parties		
Other amounts owing to related parties	233	233
Fees payable to directors	36	45
Total current amounts owing to related parties	269	278

¹ During the period NZKS recommenced salmon sales to China through Runkong Food Supply Chain (Guangdong) Co., Ltd., 40% owned by China Resources Enterprise, Limited, who is a shareholder of NZKS. The sales were conducted on the same terms as an arm's length transaction.

14. DISAGGREGATION OF REVENUE

	UNAUDITED 31 July 2023 \$000	UNAUDITED 31 July 2022 \$000
Revenue by Product Group		
Whole Fish	46,443	36,908
Fillet, Steaks & Portions	21,775	18,677
Wood Roasted	3,181	5,702
Cold Smoked	12,585	11,588
Other	7,577	7,158
Total	91,561	80,033
	UNAUDITED 31 July 2023 \$000	UNAUDITED 31 July 2022 \$000
Revenue by Brand		
Ora King	26,553	28,403
Regal	14,650	15,458
Southern Ocean	3,662	3,364
Omega Plus	1,831	2,741
New Zealand King Salmon	44,865	30,067
Total	91,561	80,033
	UNAUDITED 31 July 2023 \$000	UNAUDITED 31 July 2022 \$000
Revenue by Market		
New Zealand	31,131	32,249
North America	37,540	30,079
Australia	10,987	6,872
Japan	2,747	3,109
Europe	2,747	3,705
Other	6,409	4,019
Total revenue	91,561	80,033

Sales net of settlement discounts to one major customer for the period 1 February 2023 to 31 July 2023 totalled \$8.6m, 9.4% of total gross revenue (For six months to 31 July 2022 one major customer totalled \$9.9m or 12.4% of total gross revenue).

15. EVENTS AFTER BALANCE DATE

Dividend

No final dividend was declared in respect of the 6 months ended 31 July 2023 (6 month period to 31 July 2022: Nil).