

Pure Foods Tasmania Limited (PFT)

Appendix 4E

Preliminary Final Report

1 Company Details

Name of Entity:	Pure Foods Tasmania Limited
Reporting Period:	For the year ended 30 June 2020
Previous Period:	For the year ended 30 June 2019

2 Results for Announcement to The Market

2.1 Revenue from ordinary activities	\$4,279,764	13%	↑
2.2 Loss from ordinary activities after tax attributable to PFT Limited	\$196,480	40%	↓
2.3 Loss for the year attributable to the owners of PFT Limited	\$196,480	40%	↓

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

2.5 Not applicable

2.6 Woodbridge Smokehouse saw a slight reduction in gross sales. This was mainly due to a restructure which involved deleting unprofitable products produced exclusively for some customers. We have since moved the unprofitable customers into other products which has resulted in a positive return.

Tas Pate experienced strong growth with an increase of 21% in gross sales. This was driven by NPD for retail customers. Free Range Chicken Pate contributed to 80% of the increase in gross sales.

**3 Statement of Comprehensive Income**

Refer attached

**4 Statement of Financial Position**

Refer attached

**5 Statement of Cash Flows**

Refer attached

**6 Statement of Changes in Equity**

Refer attached

**7 Dividends**

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

**8 Dividend Reinvestment Plan**

Not applicable

**9 Net Tangible Assets**

Net Tangible Assets per Ordinary Security

**Reporting**

*Period Cents*

0.119

**Previous**

*Period Cents*

0.715

**10 Details**

Not Applicable

**11 Details of Associates and Joint Ventures**

Not Applicable

**12 Significant Information**

Not Applicable

### 13 Foreign Entities

Not applicable

### 14 Commentary on the Results

Pure Foods Limited (ASX:PFT) is pleased to announce its full year results for the year ended 30 June 2020 (FY20).

PFT had an **EBITDA of \$41,009 for FY20** compared to \$(189,975) for FY19. The FY20 year includes listing expenses of \$193,861 and FY19 Impairment Loss of \$334,000.

#### Tasmanian Pate

- Delivered record sales, up 21%
- This growth was supported by NPD (New Product Development)
- A new Factory was also commissioned in October 2019,

#### Woodbridge Smokehouse

- New sales account manager hired to service growing IGA business
- Export sales continue to develop with new customers activated
- New packaging launched July 2019
- A full review conducted with the re-alignment of all products completed.

FY20 was a strong year for PFT with a relocation of Tasmanian Pate's facilities to a new factory, commissioned in October 2019. This facility increases Tasmanian Pate production capacity by over 300% and will underpin our forecasted growth for FY21 and beyond.

During FY20, Tasmanian Pate also launched two new products (Free Range Cracked Pepper & Woodbridge Spread Twin Pack). Tasmanian Pate sales grew 21% (on FY19) and growth is forecasted to continue with further NPD recently launched into the market.

Woodbridge Smokehouse has invested in sales and production capability with a consolidation of products to ensure we optimise our sales and production mix.



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New packaging was also introduced in FY20 for Woodbridge Smokehouse, including the launch of our twin (200g pack) for both salmon and ocean trout.

The focus will continue in FY21 driving cost efficiencies and new product development, working with our customers to support growth in both domestic and export sales.

### 15 Financial Statements

The report is based on accounts which are in the process of being audited.





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**PURE FOODS TASMANIA LIMITED**

**ABN 112 682 158**

**Appendix 4E Preliminary Final Report - 30 June 2020**

**Provided to ASX under Listing Rule 4.3A**

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## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue from operations	6	4,279,764	3,789,405
Other income		255,041	30,203
Cost of goods sold	7	2,992,479	2,478,721
Employment expenses		673,732	600,736
Occupancy, electricity & telephone costs		127,677	156,598
Bad debts		30,129	3,023
Depreciation and amortisation		193,087	94,991
Impairment loss		-	334,000
ASX listing fees and expenses		193,861	-
Finance costs		46,644	42,988
Insurance		81,292	81,955
Legal and professional fees		129,365	69,858
Marketing expenses		33,476	40,045
Motor vehicle expenses		20,090	30,401
Repairs and maintenance		65,905	31,705
Research, development & quality		37,300	30,785
Other expenses		106,248	145,960
<b>Net profit/(loss) before income tax</b>		<b>(196,480)</b>	<b>(322,158)</b>
<b>Income tax benefit/(expense)</b>	8	(6,924)	164,283
<b>Net Profit/(Loss) after tax for the year</b>		<b>(203,404)</b>	<b>(157,875)</b>
<b>Other comprehensive income</b>			
Other comprehensive loss net of tax		-	-
<b>Total comprehensive income</b>		<b>(203,404)</b>	<b>(157,875)</b>
Net profit for the period attributable to:			
Non-controlling interest		-	-
Owners of Pure Foods Tasmania Limited		(203,404)	(157,875)
		<b>(203,404)</b>	<b>(157,875)</b>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	-
Owners of Pure Foods Tasmania Limited		(203,404)	(157,875)
		<b>(203,404)</b>	<b>(157,875)</b>
Basic loss per share (cents per share)	4	(0.002)	(0.089)
Diluted loss per share (cents per share)	4	(0.002)	(0.089)

The above statement should be read in conjunction with the accompanying notes.

## Statement of Financial Position As at 30 June 2020

	Note	2020 \$	2019 \$
<b>Current Assets</b>			
Cash and cash equivalents	19	4,134,867	1,388,806
Trade and other receivables	9	482,929	424,208
Inventory	10	312,965	181,135
Other assets		147,244	63,324
<b>Total Current Assets</b>		<u>5,078,005</u>	<u>2,057,473</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	1,310,986	556,436
Right of use assets	12	430,941	-
Intangible assets	13	738,837	782,402
Deferred tax assets	8	380,300	173,920
<b>Total Non-Current Assets</b>		<u>2,861,064</u>	<u>1,512,758</u>
<b>Total Assets</b>		<u>7,939,069</u>	<u>3,570,231</u>
<b>Current Liabilities</b>			
Trade and other payables	14	541,251	397,792
Lease Liabilities	12	89,107	-
Provisions	15	85,732	97,780
Borrowings	16	164,165	47,496
<b>Total Current Liabilities</b>		<u>880,255</u>	<u>543,068</u>
<b>Non-Current Liabilities</b>			
Lease Liabilities	12	356,224	-
Provisions	15	20,749	5,448
Borrowings	16	419,156	147,903
Deferred tax liabilities	8	222,942	9,637
<b>Total Non-Current Liabilities</b>		<u>1,019,071</u>	<u>162,988</u>
<b>Total Liabilities</b>		<u>1,899,236</u>	<u>706,056</u>
<b>Net Assets</b>		<u>6,039,743</u>	<u>2,864,175</u>
<b>Equity</b>			
Contributed Equity		6,872,110	3,535,898
Accumulated Profits/(Losses)		(832,367)	(671,723)
<b>Total Equity</b>		<u>6,039,743</u>	<u>2,864,175</u>

The above statement should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity For the year ended 30 June 2020

	<b>Contributed Equity</b>	<b>Accumulated Profits/(Losses)</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2018</b>	3,541,398	(513,848)	3,027,550
Loss for the year	-	(157,875)	(157,875)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	3,541,398	(671,723)	2,869,675
Share issue costs	(5,500)	-	(5,500)
<b>As at 30 June 2019</b>	3,535,898	(671,723)	2,864,175
<b>At 1 July 2019</b>	3,535,898	(671,723)	2,864,175
Loss for the year	-	(203,404)	(203,404)
Other comprehensive income	-	-	-
Total comprehensive income for the year	3,535,898	(875,127)	2,660,771
Issue of shares	4,043,498	-	4,043,498
Share issue costs	(707,286)	-	(707,286)
Reverse listing	-	42,760	42,760
<b>As at 30 June 2020</b>	<b>6,872,110</b>	<b>(832,367)</b>	<b>6,039,743</b>

The above statement should be read in conjunction with the accompanying notes.

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## Statement of Cash Flows

### For the year ended 30 June 2020

	2020	2019
Not e	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	4,457,757	3,732,404
Payments to suppliers and employees	(4,482,374)	(3,625,728)
Interest received	18,327	589
Finance costs	(21,182)	(37,845)
Income taxes received/paid	-	-
<b>Net cash used in operating activities</b>	<b>19 (27,469)</b>	<b>69,420</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(866,613)	(35,403)
<b>Net cash used in investing activities</b>	<b>(866,613)</b>	<b>(35,403)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	3,298,661	1,606,400
Proceeds from borrowings	(387,922)	(346,734)
Principle elements for lease payments	(46,440)	-
<b>Net cash provided by financing activities</b>	<b>3,640,143</b>	<b>1,259,666</b>
Net (decrease)/increase in cash held	2,746,061	1,293,683
Cash and cash equivalents at the beginning of the year	1,388,806	95,123
<b>Cash and cash equivalents at the end of the year</b>	<b>19 4,134,867</b>	<b>1,388,806</b>

The above statement should be read in conjunction with the accompanying note

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# Notes to the Financial Statements

## For the year ended 30 June 2020

### 1. General information

The consolidated financial statements and notes represent those of Pure Foods Tasmania Limited and its Controlled Entities. Pure Foods Tasmania is a company incorporated in Australia, and whose shares are publicly traded on the Australian Securities Exchange (ASX).

### 2. Significant changes in the current reporting period

On 30 April 2020, Pure Foods Tasmania Pty Ltd listed on the ASX via a reverse acquisition of Bunji Corporation Limited.

### 3. Segment Information

The operating segments are based upon the units identified in the operating reports reviewed by the Board and executive management, and are used to make strategic decisions, in conjunction with the quantitative thresholds established by *AASB 8 Operating Segments*. As such, there are three identifiable and reportable segments:

- Tasmanian Pate segment
- Woodbridge Smokehouse segment
- The Corporate and other segment, which comprises corporate costs that are not directly attributable to the operational business units.

Management measures the performance of the segments identified at the 'net profit before tax' level.

	<b>Tasmanian Pate</b>	<b>Woodbridge Smokehouse</b>	<b>Corporate and other</b>	<b>Total</b>
<b>Consolidated 2020</b>	\$	\$		\$
<b>Revenue</b>				
Total segment sales	3,190,689	1,089,075		4,279,764
Other income	153,462	34,874	66,705	255,041
Segment profit/(loss)	682,450	(128,875)	(750,055)	(196,480)
Profit/(loss) before income tax				(6,924)
Income tax (expense)/benefit				
<b>Profit/(loss) after income tax</b>				<b>(203,404)</b>
<b>Assets</b>				
Segment assets	3,327,821	709,102	3,902,146	7,939,069
<b>Total Assets</b>	<b>3,327,821</b>	<b>709,102</b>	<b>3,902,146</b>	<b>7,939,069</b>
<b>Liabilities</b>				
Segment liabilities	1,119,161	2,331,584	(1,551,509)	1,899,236
<b>Total liabilities</b>	<b>1,119,161</b>	<b>2,331,584</b>	<b>(1,551,509)</b>	<b>1,899,236</b>

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## Notes to the Financial Statements

### For the year ended 30 June 2020

	Tasmanian Pate	Woodbridge Smokehouse	Corporate and other	Total
Consolidated 2019	\$	\$		\$
<b>Revenue</b>				
Total segment sales	2,630,606	1,158,799		3,789,405
Other income		28,737	1,466	30,203
	2,630,606	1,187,536	1,466	3,819,608
Segment profit/(loss)	404,866	(441,779)	(285,245)	(322,158)
Profit/(loss) before income tax				(322,158)
Income tax (expense)/benefit				164,283
<b>Profit/(loss) after income tax</b>				<b>(157,875)</b>
<b>Assets</b>				
Segment assets	2,167,699	761,668	640,864	3,570,231
<b>Total Assets</b>	<b>2,167,699</b>	<b>761,668</b>	<b>640,864</b>	<b>3,570,231</b>
<b>Liabilities</b>				
Segment liabilities	641,484	2,255,275	(2,190,703)	706,056
<b>Total liabilities</b>	<b>641,484</b>	<b>2,255,275</b>	<b>(2,190,703)</b>	<b>706,056</b>

#### 4. Earnings per share

	<b>2020</b>	<b>2019</b>
Basic earnings per share	(0.002)	(0.089)
Diluted earnings per share	(0.002)	(0.089)

#### Basic

Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	44,406,577	2,911,391
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#### Diluted

Weighted average number of ordinary shares and convertible redeemable preference shares outstanding and performance rights during the period used in the calculation of basic earnings per share	44,406,577	2,911,391
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#### 5. Dividends to shareholders

No dividends have been paid or declared during the year ended 30 June 2020 (30 June 2019: nil).

## Notes to the Financial Statements

### For the year ended 30 June 2020

#### 6. Revenue

	<b>2020</b>	<b>2019</b>
Revenue from continuing operations	\$	\$
Sales	4,279,764	3,789,405
Other Income		
Interest received	18,327	589
Sundry income	6,178	4,600
Subsidies and grants	230,536	25,014
	<b>4,534,805</b>	<b>3,819,608</b>

#### Recognition and measurement

The sale of goods is measured at the fair value of the consideration received net of any trade discounts and volume rebates allowed. The sale of goods represents a single performance obligation and accordingly, revenue is recognised in respect of these sales of goods at the point in time when control over the corresponding goods are transferred to the customer (i.e. at a point in time for sale of goods when the goods are delivered to the customer or transferred to the freight forwarder).

Delivery occurs when the products have been shipped to the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products, the acceptance provisions have lapsed, or the Group has objective evidence that all the criteria for acceptance have been satisfied.

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

#### Interest revenue

Interest revenue is recognised on a proportional basis using the effective interest rate method.

#### 7. Expenses

	<b>2020</b>	<b>2019</b>
Profit before income tax expense includes the following expenses:	\$	\$
Cost of goods sold	2,992,479	2,478,721
Salaries and wages	520,601	451,785
Share based payments	37,551	42,498
Total employee benefits	3,550,631	2,973,004

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# Notes to the Financial Statements

## For the year ended 30 June 2020

### 8. Income tax expense

	2020	2019
<b>Income tax recognised in profit or loss:</b>	\$	\$
Tax expense/(benefit) comprises:		
Current tax (benefit)/expense	-	-
Deferred tax movements	6,924	(164,283)
	<u>6,924</u>	<u>(164,283)</u>

	2020	2019
<b>Deferred income tax (benefit)/expenses included in income tax expense comprises:</b>	\$	\$
(Increase)/decrease in deferred tax assets	(206,381)	(173,920)
Increase/(decrease) in deferred tax liabilities	213,305	9,637
	<u>6,924</u>	<u>(164,283)</u>

	2020	2019
<b>Reconciliation of income tax expenses to prima facie tax on accounting profit:</b>	\$	\$
Profit/(loss) before income tax expense	(196,480)	11,842
Tax at 27.5% tax rate	(54,032)	3,257
Tax effect of amounts which are not deductible	(28,423)	60
Initial recognition of deferred tax	-	(167,600)
Listing costs recognised in equity	(23,072)	-
Reset cost bases due to consolidation	112,451	-
	<u>(6,924)</u>	<u>(164,283)</u>

	Opening balance	Charged to income	Charged to equity	Closing balance
<b>Deferred tax</b>				
<b>Gross deferred tax assets:</b>	\$	\$	\$	\$
Provisions	28,389	895	-	29,284
Trade and other payables	3,730	(3,730)	-	0
Accruals	9,054	(1,746)	-	7,308
Right of use leases	-	3,957	-	3,957
Share issue expenses	-	23,731	-	23,731
Tax losses	132,747	183,273	-	316,020
	<u>173,920</u>	<u>206,380</u>	<u>-</u>	<u>380,300</u>
<b>Gross deferred tax liabilities</b>				
Prepayments	9,637	2,604	-	12,241
Fixed assets	-	105,140	-	105,140
Trading Stock	-	18,541	-	18,541
Goodwill & Trademarks	-	87,020	-	87,020
Net deferred tax asset (liability)	9,637	213,305	-	222,942

## Notes to the Financial Statements For the year ended 30 June 2020

	2020	2019
<b>Tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised:	-	-
	-	-

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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## Notes to the Financial Statements

### For the year ended 30 June 2020

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### Tax consolidation

The company and its wholly-owned Australian resident entities have formed a tax-consolidated Group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated Group is PFT Limited. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated Group are recognised by the Company (as head entity in the tax-consolidated Group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated Group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the Parent Entity and the other members of the tax-consolidated Group in accordance with the arrangement.

#### 9. Trade and other receivables

	2020	2019
	\$	\$
Trade receivables	482,929	422,998
Less allowance	-	-
Other receivables	-	1,210
	482,929	424,208

	2020	2019
	\$	\$
<b>Loss allowance</b>		
Movements in loss allowance are as follows:		
Carrying value at beginning of the year	-	-
Increase/(decrease) in loss allowance	29,269	3,023
Receivables written off as uncollectable	(29,269)	(3,023)
Unused amount reversed	-	-
	-	-

	2020	2019
	\$	\$
<b>Trade receivables past due but not impaired</b>		
Under one month	323,490	353,939

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## Notes to the Financial Statements

### For the year ended 30 June 2020

One to three months	151,290	34,372
Over three months	8,149	35,897
	482,929	424,208

#### Recognition and measurement

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2020 is determined as follows; the expected credit losses also incorporate forward-looking information.

The "amounts written off" are all due to customers declaring bankruptcy, or term receivables that have now become unrecoverable.

30 June 2020	Current	30 days	60 days	90+ days	Total
Expected loss rate	0%	0%	0%	0%	
Trade receivables Gross carrying amount	323,490	68,971	82,318	8,150	482,929
Loss allowance	-	-	-	-	-

30 June 2019	Current	30 days	60 days	90+ days	Total
Expected loss rate	0%	0%	0%	0%	
Trade receivables Gross carrying amount	353,939	13,186	20,496	36,587	424,208
Loss allowance	-	-	-	-	-

#### Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is approximate to fair value.

#### Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within the loss allowance. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group. On a geographical basis, the Group has significant credit risk exposures in Australia.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables 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 debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.



## Notes to the Financial Statements

### For the year ended 30 June 2020

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

#### 10. Inventory

	2020	2019
	\$	\$
Stock on hand	312,965	181,135
	312,965	181,135

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads.

#### 11. Property, plant and equipment

	2020	2019
	\$	\$
Buildings at cost	876,794	326,583
Less accumulated depreciation	(37,145)	(18,548)
	839,649	308,035
Plant and equipment at cost	940,933	624,541
Less accumulated depreciation	(469,596)	(376,140)
	471,337	248,401
<b>Total property, plant and equipment</b>	<b>1,310,986</b>	<b>556,436</b>

#### Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the financial year set out below:

Carrying value	Buildings at cost	Plant & equipment at cost	Total
	\$	\$	\$
<b>As at 1 July 2018</b>	325,074	328,984	654,058
Additions	1,508	6,258	7,766
Disposals	(10,397)	-	(10,397)
Depreciation expense	(8,150)	(86,841)	(94,991)
<b>Balance as at 30 June 2019</b>	<b>308,035</b>	<b>248,401</b>	<b>556,436</b>

Carrying value	Buildings at cost	Plant & equipment at cost	Total
	\$	\$	\$
<b>As at 1 July 2019</b>	308,035	248,401	556,436
Additions	550,211	316,402	866,613

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## Notes to the Financial Statements

### For the year ended 30 June 2020

Disposals			
Depreciation expense	(18,597)	(93,466)	(112,063)
<b>Balance as at 30 June 2020</b>	<b>839,649</b>	<b>471,337</b>	<b>1,310,986</b>

#### Recognition and measurement

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

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

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

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2%
Plant and equipment	5–33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

## 12. Right of use assets and lease liabilities

#### Right of use assets

<b>2020</b>	<b>1 July 2019</b>
\$	\$

## Notes to the Financial Statements For the year ended 30 June 2020

Buildings	430,941	511,965
<b>Total right of use assets</b>	<b>430,941</b>	<b>511,965</b>

Set out below are the carrying amounts of the Group's right of use assets and the movements during the period:

<b>Carrying value</b>	<b>Buildings</b>	<b>Total</b>
	\$	\$
<b>As at 1 July 2019</b>	511,965	511,695
Additions	-	-
Depreciation expense	(81,024)	(81,024)
<b>Balance as at 30 June 2020</b>	<b>430,941</b>	<b>430,941</b>

### Lease liabilities

	<b>2020</b>	<b>1 July 2019</b>
	\$	\$
Current	89,107	80,688
Non-current	356,224	321,998
<b>Total right of use assets</b>	<b>445,331</b>	<b>402,686</b>

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

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## Notes to the Financial Statements For the year ended 30 June 2020

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

### 13. Intangible Assets

	2020	2019
	\$	\$
Intangibles	738,837	782,402
	<u>738,837</u>	<u>781,749</u>

<u>Carrying value</u>	<u>Total</u>
	\$
<b>As at 1 July 2019</b>	782,402
Additions	-
Disposal	(43,565)
<b>Balance as at 30 June 2020</b>	<u>738,837</u>

Goodwill relates to the acquisition of the assets of Tasmanian Pate and the Woodbridge Smokehouse.

### Recognition and measurement

#### Goodwill

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred at fair value;
- any non-controlling interest (determined under either the fair value or proportionate interest method); and
- the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received

## Notes to the Financial Statements For the year ended 30 June 2020

and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139:

Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Impairment losses for goodwill are not subsequently reversed.

### Recoverable amount of goodwill

Impairment testing has been undertaken at 30 June 2020 for all groups of cash generating units (CGU) for goodwill or where there is an indication of impairment. The Group has two CGU's for which impairment testing has been completed for goodwill which are as follows (note in 2019 the Woodbridge Smokehouse was fully impaired hence no testing required in 2020 for this CGU).

### Tasmanian Pate CGU

The recoverable amount of the Tasmanian Pate CGU has been determined based on a value-in-use calculation which uses cash flow projections based on financial budgets and forecasts approved by management. Key assumptions used in the value-in-use calculations for the Tasmanian Pate CGU is

	Growth Rate	Discount Rate
Tasmanian Pate	3%	9.00%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

### 14. Trade and other liabilities

	2020	2019
	\$	\$
Trade and other payables	541,251	397,792
	<u>541,251</u>	<u>397,792</u>

### Recognition and measurement

Trade and other payables represent liabilities for goods and services received by the Group which remain unpaid at the end of the reporting period. The balance is recognised as a current liability with

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## Notes to the Financial Statements

### For the year ended 30 June 2020

amounts paid in accordance with supplier trading terms. Due to the short-term nature of trade and other payables, the carrying value is reflective of fair value.

#### 15. Provisions

	2020	2019
Current	\$	\$
Employee benefits	85,732	97,780
	<u>85,732</u>	<u>97,780</u>
Non-current		
Employee benefits	20,749	5,448
	<u>20,749</u>	<u>5,448</u>

#### Recognition and measurement

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

#### 16. Borrowings

	2020	2019
Current	\$	\$
Borrowings	164,165	47,496
	<u>164,165</u>	<u>47,496</u>
Non-current		
Borrowings	419,156	147,903
	<u>419,156</u>	<u>147,903</u>

## Notes to the Financial Statements

### For the year ended 30 June 2020

#### 17. Backdoor listing

The Company entered into a Share Sale Agreement and Ancillary SSA's with the shareholders of Pure Foods Tasmania Pty Ltd to acquire 100% of the issued capital in Pure Foods Tasmania Pty Ltd. The Share Sale Agreement and Ancillary SSAs were completed contemporaneously. Under the Share Sale Agreement and Ancillary SSA's, the Company acquired all of the issued shares in Pure Foods Tasmania Pty Ltd in consideration for the issue of 23,500,000 new Company shares and 6,000,000 options, each with an exercise price of \$0.30 and expiring on 8 November 2021 to the Pure Foods Tasmania vendors.

As part of the acquisition and to implement a more appropriate capital structure for the Company moving forward, Shareholders at the Annual General meeting approved the consolidation of the Company's issued capital on a 10 to 1 basis, and the cancellation of 46,043,213 Advisor Shares which were issued to Otsana Nominees as part of the recapitalisation proposal. The Otsana Nominees separately approved the cancellation of these Advisor Shares at a meeting on 30 January 2020.

Following an extraordinary general meeting conducted on 30 April 2020 and relevant capital transactions completed on 30 April 2020, the Company issued 23,500,000 million ordinary shares and 6,000,000 million options (on a post-consolidation basis) to the vendors of Pure Foods Tasmania in consideration for the acquisition of 100% of the issued share capital in Pure Foods Tasmania. In addition, the Company issued another 17,500,000 million ordinary shares to raise \$3.5 million capital.

With nominal assets, Bunji Corporation Limited (the Company) acted as a non-operating public shell in the Capital Transaction. Under Australian Accounting Standards, the acquisition is accounted for as a continuation of Pure Foods Tasmania Pty Ltd which has become a listed company by exchanging equity interest with Bunji Corporation Limited. Based on the Capital Transaction, Pure Foods Tasmania Pty Ltd would have had to issue 107,472 shares to give Bunji Corporation vendors the same percentage equity interest in the new group. The deemed shares are recognised as a share-based payment expense.

Apart from the deemed shares, as part of the backdoor listing, Pure Foods Tasmania Pty Ltd took over the monetary assets/(liabilities) transferred from Bunji Limited as at the transaction date as follows:

Details	\$
Cash	3,657,577
Prepayments	29,558
Loans and payables	(969,376)
<b>Net monetary assets</b>	<b>2,717,759</b>

#### 18. Issued capital

	2020		2019	
	Number of shares	\$	Number of shares	\$
Fully paid ordinary shares (post-consolidation)	44,406,577	6,872,110	2,911,391	3,535,898

#### Movements in ordinary share capital

Date	Details	Ordinary Share	Price	\$
1 July 2019	Balance at beginning of period	2,911,391		3,535,898

## Notes to the Financial Statements For the year ended 30 June 2020

Issue of shares	41,495,186	4,043,498
Issue costs	-	(707,286)
	<u>44,406,577</u>	<u>6,872,110</u>

### Terms and conditions of issued capital

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

### Share options and performance rights

Share options and performance rights do not entitle the holder to participate in dividends and the proceeds on winding up the Company. The holder is not entitled to vote at General Meetings.

There were 12,800,000 share options issued as at 30 June 2020.

	Number of Options	
	2020	2019
Movement in options:	\$	\$
Balance at beginning of year	-	-
Options granted to raise capital	4,120,000	-
Options issued	-	-
<b>Balance at end of year</b>	<u>4,120,000</u>	<u>-</u>

### Recognition and measurement

Ordinary shares are classified as equity, with ordinary share capital being recognised at fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the shares proceeds received. Ordinary share capital bears to special terms of conditions affecting income or capital entitlements of the shareholders.

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## Notes to the Financial Statements

### For the year ended 30 June 2020

#### 19. Cash flow reconciliation

	2020	2019
	\$	\$
Cash and cash equivalents	4,134,867	1,388,806
	4,134,867	1,388,806

#### Recognition and measurement

Cash and cash equivalents include cash on hand and at banks and short-term deposits with an original maturity of three months or less held at call with financial institutions.

#### (a) Reconciliation of cash and cash equivalents to the statement of cash flows:

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and short-term deposits at call, net of outstanding bank overdrafts. Cash and cash equivalents as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2020	2019
	\$	\$
Profit/(loss) after tax	(203,404)	(157,875)
<b>Adjustments for non-cash items</b>		
Depreciation	193,087	94,991
Share based payment	37,551	42,498
Interest on leased assets	23,220	-
Impairment of goodwill	-	324,000
<b>Changes in assets/liabilities</b>		
(Increase)/Decrease in trade & other receivables	(99,729)	(86,615)
(Increase)/Decrease in inventories	(131,830)	(29,482)
(Increase)/Decrease in deferred taxes	(6,925)	(164,283)
Increase/(Decrease) in trade payables & other liabilities	146,712	36,186
<b>Net Cash provided by (used in) Operating Activities</b>	<b>(27,469)</b>	<b>69,420</b>
	)	

#### 20. Financial risk management

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for commodity prices. Ageing analyses and monitoring of specific credit allowances

## Notes to the Financial Statements

### For the year ended 30 June 2020

are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised in the following. Primary responsibility for identification and control of financial risks rests with the Managing Director under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including, interest rate risk, credit allowances, and future cash flow forecast projections.

The carrying amounts of the Group's financial assets and liabilities at balance date were equal to their fair value.

#### Recognition and measurement

##### Classification

The Group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial instruments at the time of initial recognition.

##### Financial Assets at Fair Value through Profit or Loss

Upon initial recognition a financial asset or financial liability is designated as at fair value through profit or loss when:

- An entire contract containing one or more embedded derivatives is designated as a financial asset or financial liability at fair value through profit and loss.
- Doing so results in more relevant information, because either:
  - (i) It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising gains or losses on them on different bases.
  - (ii) A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured are not designated as at fair value through profit or loss.

Present investment strategy is to keep assets in a highly liquid state and almost all of the investment assets are held in cash.

A gain or loss arising from a change in the fair value of a financial asset or financial liability classified as at fair value through profit or loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-listed investments, for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

##### Loans and Receivables

## Notes to the Financial Statements For the year ended 30 June 2020

Loan and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

### Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to Director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principle payments and amortisation.

### Risk Exposures and Responses

#### Interest Rate Risk

The Group's exposure to market interest rates is related primarily to the Group's cash deposits. At balance sheet date, the Group had the following mix of financial assets exposed to Australian and variable interest rate risks that are not designated as cash flow hedges:

	2020	2019
	\$	\$
Financial assets	482,929	422,998
Cash and cash equivalents	4,134,744	1,388,806
<b>Net exposure</b>	<b>4,617,796</b>	<b>1,813,014</b>

The Group regularly analyses its interest rate opportunity and exposure. Within this analysis consideration is given to existing positions and alternative arrangements for its deposits.

The following sensitivity analysis is based on the interest rate opportunity/risk relating to cash deposits at balance date.

At 30 June 2020, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	2020	2019
	\$	\$
Judgements of reasonably possible movements		
+ 0.5% (50 basis points)	20,673	6,944
- 0.5% (50 basis points)	(20,673)	(6,944)

#### Liquidity Risk

Liquidity Risk is the risk that the Group, although balance sheet solvent, cannot meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All current liabilities fall due within normal trade terms, which are generally 30 days.

#### Credit Risk

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## Notes to the Financial Statements

### For the year ended 30 June 2020

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. The risks are regularly monitored.

The Group applies the AASB 9 simplified approach to measuring expected credit losses as disclosed in Note 9.

Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

#### **Fair Value**

The method for estimating fair value is outlined in the relevant notes to the financial statements. All financial assets held at fair value are valued based on the principles outlined in AASB 7 in relation to Level 1 of the hierarchy of fair values, being quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

#### **21. Capital Management**

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the Board may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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# Notes to the Financial Statements

## For the year ended 30 June 2020

### 22. Parent entity information

	2020	2019
<b>Financial Position</b>	\$	\$
Current assets	3,630,677	1,234,147
Non-current assets	1,548,051	1,552,828
<b>Total assets</b>	5,680,484	2,786,975
Current liabilities	61,994	64,158
Non-current liabilities	3,444,125	-
<b>Total liabilities</b>	3,506,119	64,158
<b>Net assets</b>	2,174,365	2,722,817
Contributed equity	2,174,365	
<b>Total equity</b>		2,722,817
<b>Financial Performance</b>		
<b>Total revenue</b>	159,620	93,768
<b>Profit/(loss) for the period</b>	(487,294)	(280,586)

### Capital Commitments

There were no non-cancellable capital expenditure contracted for but not in the financial statements.

### Contingent Liabilities

Pure Foods Tasmania Ltd is not subject to any liabilities that are considered contingent upon events known at balance sheet date.

### 23. Subsidiaries

Entity	Country of Incorporation	Equity holding	
		2020	2019
PFT Holdings Pty Ltd	Australia	100%	100%
PFT No 1 Pty Ltd	Australia	100%	100%
PFT No 2 Pty Ltd	Australia	100%	100%
PFT No 3 Pty Ltd	Australia	100%	100%

### 24. Contingent liabilities and assets

There are no matters which the Group consider would result in a contingent liability as at the date of this report.

### 25. Commitments for expenditure

Capital Commitments – Capital Expenditure Projects

There were no non-cancellable capital expenditure contracted for but not in the financial statements.

Other Commitments – Operating Expenditure

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## Notes to the Financial Statements

### For the year ended 30 June 2020

Operating expenditure contracted but not included in the financial statements:

	2020	2019
Payable		
- Not longer than one year	-	-
- longer than one year but no longer than five years	-	-
- Longer than five years	-	-
	-	-

#### 26. Events occurring after balance date

The Board is not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operation of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

#### 27. Related party transactions

Key Management Personnel Compensation

The aggregate compensation of the key management personnel of the entity is set out below:

	2020	2019
	\$	\$
Short term benefits	242,369	59,139
Post-employment benefits	12,025	3,550
Share based payment	3,750	7,499
	254,038	61,886

Transactions with related parties

The Group acquired the following goods and services as follows:

	2020	2019
	\$	\$
Ken Fleming for consultancy services	25,000	-
	25,000	-

#### 28. Auditor's remuneration

	2020	2019
	\$	\$
Auditors of the parent entity	18,000	8,000
Other assurance services	-	-
	18,000	8,000

#### 29. Employee Securities Incentive Plan

The Company has adopted an Employee Securities Incentive Plan (**Plan**), to commence upon Admission. The Plan may be inspected at the registered office of the Company during normal business hours. The purpose of the Plan is to:

- i. assist in the reward, retention and motivation of Eligible Participants;
- ii. link the reward of Eligible Participants to Shareholder value creation; and

## Notes to the Financial Statements

### For the year ended 30 June 2020

- iii. align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

Eligible Participant' means a person that:

- i. is an 'eligible participant' (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an 'Associated Body Corporate' (as that term is defined in ASIC Class Order 14/1000); and
- ii. has been determined by the Board to be eligible to participate in the Plan from time to time.

Directors are 'Eligible Participants'. Any issue of Securities to Directors under the Plan will be subject to the receipt of prior Shareholder approval.

#### Plan Administration

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

There are no options for performance rights of the Company, held directly, indirectly or beneficially, by each Director and key management personnel, outstanding as at 30 June 2020.

#### Share options granted

Share options outstanding at 30 June 2020 are as follows:

Grant date	Expiry date	Exercise price \$	Balance at start of year	Granted	Exercised	Expired	Balance at end of year
28/04/2020	30/04/2023	0.40	-	-	-	-	2,800,000
28/04/2020	08/11/2021	0.30	-	-	-	-	10,000,000
							12,800,000

The options hold no voting or dividend rights and are not transferable.

In addition to the above, as at 30 June 2020 the Company entered into a Managing Director Executive Services Agreement. The following incentives were in place as at 30 June 2020:

- Short term incentive plan: an amount equal to \$33,530 if the Company achieved consolidated earnings before interest, tax, depreciation, and amortisation (EBITDA) of \$607,601 or more for the financial year ending 30 June 2020, plus if EBITDA for the financial year ending 30 June 2020 is between:
  - \$670,602 and \$700,000: an additional payment of \$2,939;
  - \$700,001 and \$800,000: an additional payment of \$15,879;
  - \$800,001 and \$900,000: an additional payment of \$35,879; or
  - \$900,001 and \$1,000,000: an additional payment of \$55,879.
- Long term incentive plan: participation in the plan and receipt of 1,300,000 incentive options (included as part of share options granted in the table above).

#### Recognition and measurement

## Notes to the Financial Statements

### For the year ended 30 June 2020

The Group provides benefits to the Directors and the Chief Executive Officer in the form of share-based payment, whereby services are rendered in exchange for rights over shares (performance rights) or options.

The fair value of the performance rights and options is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the performance rights or options granted.

The total expense is recognised over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

#### 30. Summary of significant accounting policies

##### (a) Basis of preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001, as appropriate for profit oriented entities.

The financial statements cover the Company and its controlled entities as a group for the financial year ended 30 June 2020. The Company is a company limited by shares, incorporated and domiciled in Australia.

Separate financial statements for the Company as an individual entity are no longer presented as a consequence of a change to the Corporations Act 2001, however limited financial information for the Company as an individual entity is included in Note 22.

The following is a summary of material accounting policies adopted by the Group in the preparation and presentation of the financial statements not elsewhere disclosed. The accounting policies have been consistently applied, unless otherwise stated.

##### b) Compliance with IFRS

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

##### (c) Historical Cost Convention

The financial statements have been prepared under the historical cost convention. All amounts are presented in Australian dollars unless otherwise noted.

##### (d) Principles of Consolidation

The consolidated financial statements are those of the Group, comprising the parent entity and its controlled entities as defined in Accounting Standard AASB 10 'Consolidated Financial Statements'. Control is achieved when the Company:

- 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 Company reassess 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.

Details of the controlled entities are contained in Note 23.

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## Notes to the Financial Statements For the year ended 30 June 2020

Financial statements for controlled entities are prepared for the same reporting period as the parent entity. Controlled entities are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

Non-controlling interests in the equity and results of the entities that are controlled are shown separately in the consolidated financial statements.

The preparation of the financial statements of the Group requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Areas within the financial report which contain a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be incorrect. Detailed information about each of these estimates and judgements are included in the notes to the financial statements together with the basis of calculation.

The areas involving significant estimates or judgements are:

- Estimated value in use calculations for the assessment of the recoverable amount of goodwill.

Estimates and judgements are continually evaluated. They are based on historical experience, information, and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

### (f) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

### (g) New and Amending Accounting Standards and Interpretations Adopted

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2019:

- AASB 16 Leases

The Group was required to change its accounting policies as a result of adopting AASB 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.5 per cent.

Measurement of lease liabilities:

	<b>2019</b>
Operating lease commitments 30 June 2019	\$ 455,338
Discounted using the lessee's incremental borrowing rate at the date of initial application	52,652

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## Notes to the Financial Statements For the year ended 30 June 2020

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Lease liability recognised as at 1 July 2019

402,686

(i) New Standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not yet been adopted by the Group. There are no standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

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