



East 33 Limited
ABN 70 636 173 281

Interim Financial Statements 31 December 2022

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East 33 Limited
Appendix 4D
Interim report

1. Company details

Name of entity: East 33 Limited
 ABN: 70 636 173 281
 Reporting period: For the half-year ended 31 December 2022
 Previous period: For the half-year ended 31 December 2021

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	up	24%	to	13,736
Loss from ordinary activities after tax attributable to the owners of East 33 Limited	up	185%	to	(3,264)
Loss for the half-year attributable to the owners of East 33 Limited	up	185%	to	(3,264)

Comments

The loss for the Group after providing for income tax and non-controlling interest amounted to \$3,263,959 (31 December 2021: \$1,146,172).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.56</u>	<u>1.00</u>

4. Control gained over entities

Entity or previous business owner	Date Acquired	Percentage
-----------------------------------	---------------	------------

	\$'000
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	Nil
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	Nil

5. Audit qualification or review

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

6. Attachments

The Interim Report of East 33 Limited for the half-year ended 31 December 2022 is attached.

7. Signed

Signed _____



Date: 27 February 2023

Sarah Courtney
Director
Adelaide

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East 33 Limited

ABN 70 636 173 281

Interim Report – 31 December 2022

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East 33 Limited
31 December 2022
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Directors

Guy Burnett
Sarah Courtney
Gary Higgins
Ben Cameron
Michael Ryan

Company Secretary

Guy Burnett

Registered office

12 Point Road
Tuncurry, NSW 2428

Principal place of business

12 Point Road
Tuncurry NSW 2428

Auditor

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

Solicitors

Thomson Geer Law
Level 28, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Bankers

NAB
Level 3, 2 Carrington Street
Sydney NSW 2000

Share registry

Link Market Services Ltd
QV1 Building, Level 12, 250 St George's Terrace
Perth, WA 6000

Stock exchange listing

East 33 Limited shares are listed on the Australian Securities Exchange
(ASX code: E33)

Website

<https://east33.sydney>

Corporate Governance Statement

<https://east33.sydney/asx-info/>

East 33 Limited
31 December 2022
Director's Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of East 33 Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of East 33 Limited during the financial half-year and up to the date of this report. Directors were in office for this entire period unless otherwise stated:

James Garton (resigned 16 January 2023)
Mark Nagy (resigned 29 November 2022)
Guy Burnett
Sarah Courtney (appointed 12 December 2022)
Gary Higgins (appointed 29 November 2022)
Ben Cameron (appointed 29 November 2022)
Michael Ryan (appointed 29 November 2022)

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of oyster farming and sales.

Review of operations

The loss for the Group after providing for income tax amounted to \$3,264,000 (2021: \$1,146,000). Total revenue amounted to \$13,736,000 (2021: \$11,038,000).

The oysters losses incurred around April 2022 have negatively impacted the harvest of our own oysters and hence the farming segment generated a loss before interest, tax, depreciation, amortization and impairment of \$0.022 million. The distribution segment achieved a significant improvement in year-on-year revenue and a positive distribution segment earnings before interest, tax, depreciation, amortization and impairment of \$1.109 million, with corporate and sundry costs of \$1.474 million, resulting in a group loss before interest, tax, depreciation, amortization and impairment of \$0.38 million.

Significant changes in the state of affairs

Share capital funding

On 12 October 2022, the group successfully completed an Entitlement Issue and raised \$7.97 million in equity before costs.

Loan interest cover

The Group has a loan from NAB, secured over the assets of the Group which required an interest cover ratio at 31 December 2022 of 3:1 of EBIT. Due to the loss for the six months to 31 December 2022, the group has not met this covenant and in accordance with Australian Accounting Standards the loan has been required to be classified as current.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

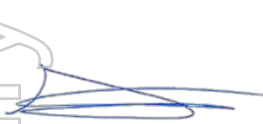
Auditor's independence declaration

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

East 33 Limited
31 December 2022
Director's Report

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

On behalf of the directors



Sarah Courtney
Director

27 February 2023
Adelaide

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of East 33 Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
27 February 2023

B G McVeigh
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

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East 33 Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	Consolidated	
		31 Dec 2022	31 Dec 2021
		\$'000	\$'000
Revenue	3	13,736	11,038
Cost of sales	5	(9,512)	(8,851)
Gross profit		4,224	2,187
Biological assets change in fair value		2,442	2,359
Other income	4	161	687
Expenses			
Employee benefits expense		(5,533)	(4,284)
Marketing expense		(111)	(386)
Occupancy expense		(225)	(201)
Legal expenses		(43)	(12)
Share-based payments	5	-	(15)
Administration expense		(1,174)	(981)
Total operating expenses		(7,086)	(5,879)
Fair value adjustments of financial liabilities	16	(128)	704
Earnings before interest, tax, depreciation and impairment		(387)	58
Goodwill impairment	11	(1,443)	-
Depreciation and amortisation expense		(977)	(793)
Earnings before interest and tax		(2,807)	(735)
Finance costs	5	(456)	(411)
Net loss before tax		(3,263)	(1,146)
Income tax expense		(1)	-
Loss after income tax expense for the half-year		(3,264)	(1,146)
Other comprehensive income		-	-
Total comprehensive loss for the half-year		(3,264)	(1,146)
		Cents	Cents
Loss per share attributable to the owners of East 33 Limited			
Basic loss per share		(0.86)	(0.46)
Diluted loss per share		(0.86)	(0.46)

East 33 Limited
Statement of financial position
As at 31 December 2022

	Note	Consolidated 31 Dec 2022 \$'000	30 Jun 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	6	6,767	3,408
Trade and other receivables	7	4,396	1,670
Biological assets		1,995	2,017
Inventories		345	235
Assets held for sale	8	-	650
Total current assets		<u>13,503</u>	<u>7,980</u>
Non-current assets			
Biological assets		3,824	3,192
Property, plant, and equipment	9	10,963	11,464
Right-of-use assets	10	1,684	1,811
Intangible assets	11	28,851	30,152
Deferred tax assets		1,188	609
Total non-current assets		<u>46,510</u>	<u>47,228</u>
Total assets		<u>60,013</u>	<u>55,208</u>
Liabilities			
Current liabilities			
Trade and other payables	12	2,551	2,024
Deferred acquisition consideration	13	1,739	680
Borrowings	14	9,088	502
Lease liabilities		318	314
Total current liabilities		<u>13,696</u>	<u>3,520</u>
Non-current liabilities			
Trade and other payables	12	400	926
Lease liabilities		1,555	1,726
Borrowings	14	204	8,802
Deferred acquisition consideration	13	250	1,129
Deferred tax liability		1,120	541
Financial liabilities at fair value	16	5,788	5,660
Total non-current liabilities		<u>9,317</u>	<u>18,784</u>
Total liabilities		<u>23,013</u>	<u>22,304</u>
Net assets		<u>37,000</u>	<u>32,904</u>
Equity			
Issued capital	17	56,644	49,284
Reserves		30	30
Accumulated losses		(19,674)	(16,410)
Total equity		<u>37,000</u>	<u>32,904</u>

East 33 Limited
Statement of changes in equity
For the half-year ended 31 December 2022

Consolidated	Issued capital \$'000	Share based payment Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021	12,728	-	(7,448)	5,280
Loss after income tax expense for the half-year	-	-	(1,146)	(1,146)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,146)	(1,146)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of ordinary shares	36,050	-	-	36,050
Notes converted to equity	5,185	-	-	5,185
Share-based payments	-	15	-	15
Capital raising costs	(4,726)	-	-	(4,726)
Balance at 31 December 2021	49,237	15	(8,594)	40,658

Consolidated	Issued capital \$'000	Share based payment Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	49,284	30	(16,410)	32,904
Loss after income tax expense for the half-year	-	-	(3,264)	(3,264)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(3,264)	(3,264)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of ordinary shares	7,967	-	-	7,967
Share-based payments	-	-	-	-
Capital raising costs	(607)	-	-	(607)
Balance at 31 December 2022	56,644	30	(19,674)	37,000

East 33 Limited
Statement of cash flows
For the half-year ended 31 December 2022

	Note	Consolidated 31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities			
Receipts from customers		11,489	8,982
Receipt of Government Grants		-	639
Payment of legal settlement		(400)	(420)
Payments to suppliers and employees		(14,861)	(11,232)
Interest and other finance costs paid		(296)	(127)
Income taxes paid		-	(268)
		<u>(4,068)</u>	<u>(2,426)</u>
Net cash used in operating activities			
Cash flows from investing activities			
Settlement of vendor finance	21	(30)	(9,725)
Payment for business acquisitions, net of cash acquired	21	-	(11,100)
Receipts from sale of assets		774	-
Payments for intangible assets		(150)	-
Payments for property, plant, and equipment		(204)	(2,135)
		<u>390</u>	<u>(22,960)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Repayment of lease liabilities		(194)	(242)
Net proceeds from convertible note		-	-
Net proceeds from share issuance		7,360	29,910
Net proceeds from borrowings		224	9,502
Repayment of borrowings		(353)	(9,115)
		<u>7,037</u>	<u>30,055</u>
Net cash provided by financing activities			
Net increase in cash and cash equivalents		3,359	4,669
Cash and cash equivalents at the beginning of the financial half-year		<u>3,408</u>	<u>849</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>6,767</u></u>	<u><u>5,518</u></u>

Note 1. Significant accounting policies

East 33 Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

The financial statements cover East 33 Limited as a Group consisting of East 33 Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is East 33 Limited's functional and presentation currency.

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

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2023.

New or amended Accounting Standards and Interpretations adopted

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

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

Going Concern

Notwithstanding the fact that the Group incurred earnings before interest, tax, depreciation, amortisation and impairment loss of \$0.387 million (2021: \$0.058 million profit) for the half year ended 31 December 2022 has a net cash outflow from operating activities amounting to \$4.06 million (2021: \$2.43 million), and has a working capital deficit of \$0.19 million at 31 December 2022 (2021: \$4.46 million surplus), the Directors are of the opinion that the Group is a going concern because:

- They have reasonable grounds to expect that the Group will generate future cash flow from operations, along with an ability to adjust operating expenses.
- The Group has embarked on identifying cost saving opportunities including but not limited to labour workforce optimisation, reducing discretionary expenditure and other overheads.
- The Group is expected to be able to raise further capital from equity or debt sources as needed.
- The Group has a loan from NAB, secured over the assets of the Group which required an interest cover ratio at 31 December 2022 of 3:1 of EBIT. Due to the loss for the six months to 31 December 2022, the Group has not met this covenant and in accordance with Australian Accounting Standards, the loan is classified as current (refer to note 14 for further details). The Group received a letter from NAB before the date of signing this financial report that confirms that they will not be taking action at this time in respect to the covenant breach.

Should a combination of the revenue expected not be generated, costs savings not be achieved, or a capital raising not be completed or further debt not be obtained, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will be able to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments relative to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Note 2. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments based on differences in products and services provided: oyster farming, oyster distribution and corporate and sundry segment. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews earnings before interest, tax, depreciation, amortisation, and impairments. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Oyster farming	The farming and wholesaling of oysters in Australia,
Oyster distribution	The wholesaling and retailing of shucked and un-shucked oysters in Australia,
Corporate and Sundry	The provision of corporate services to the Group, restaurant, and online services in Australia.

Intersegment transactions

All intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables, and loans

Intersegment loans are initially recognised at the consideration received and do not incur interest/penalties. Intersegment loans are eliminated on consolidation.

East 33 Limited
Notes to the financial statements
31 December 2022

Operating segment information

	Oyster Farming	Corporate and Sundry	Oyster Distribution	Total
Consolidated - 31 Dec 2022	\$'000	\$'000	\$'000	\$'000
Revenue				
Sales to external customers	1,050	822	11,864	13,736
Intersegment sales	2,131	-	257	2,388
Total segment revenue	3,181	822	12,121	16,124
Intersegment eliminations				(2,388)
Total revenue				13,736
Fair value of liabilities through profit and loss				(128)
Earnings before Interest, Tax, Depreciation, Amortization and Impairment	(22)	(1,474)	1,109	(387)
Depreciation and amortisation				(977)
Goodwill impairment				(1,443)
Finance costs				(456)
Loss before income tax expense				(3,263)
Income tax expense				(1)
Loss after income tax expense				(3,264)
Assets				
Segment assets	27,065	2,461	20,848	50,374
Intersegment eliminations				
<i>Unallocated assets:</i>				
Cash and cash equivalents				6,767
Right of use assets				1,684
Deferred tax asset				1,188
Total assets				60,013
Liabilities				
Segment liabilities	702	8,665	962	10,329
Intersegment eliminations				
<i>Unallocated liabilities:</i>				
Lease liabilities				1,872
Borrowings				9,292
Other liabilities				400
Deferred tax liability				1,120
Total liabilities				23,013

East 33 Limited
Notes to the financial statements
31 December 2022

	Oyster Farming	Corporate and Sundry	Oyster Distribution	Total
	\$'000	\$'000	\$'000	\$'000
Consolidated - 31 Dec 2021				
Revenue				
Sales to external customers	1,404	1,159	8,475	11,038
Intersegment sales	1,763	-	449	2,212
Total segment revenue	<u>3,167</u>	<u>1,159</u>	<u>8,924</u>	<u>13,250</u>
Intersegment eliminations				<u>(2,212)</u>
Total revenue				<u>11,038</u>
Fair value of liabilities through profit and loss				704
Earnings before interest, tax, depreciation, amortization and impairment	<u>485</u>	<u>(2,311)</u>	<u>1,180</u>	<u>(646)</u>
Depreciation and amortisation	(647)	(66)	(80)	(793)
Finance costs				<u>(411)</u>
Loss before income tax expense				(1,146)
Income tax expense				<u>-</u>
Loss after income tax expense				<u>(1,146)</u>
Consolidated – 30 June 2022				
Assets				
Segment assets	<u>28,899</u>	<u>2,021</u>	<u>18,460</u>	<u>49,380</u>
Intersegment eliminations				
<i>Unallocated assets:</i>				
Cash and cash equivalents				3,408
Right of use assets				1,811
Deferred tax asset				<u>609</u>
Total assets				<u>55,208</u>
Liabilities				
Segment liabilities	<u>586</u>	<u>10,425</u>	<u>648</u>	<u>11,659</u>
Intersegment eliminations				
<i>Unallocated liabilities:</i>				
Lease liabilities				
Borrowings				9,304
Other liabilities				800
Deferred tax liability				<u>541</u>
Total liabilities				<u>22,304</u>

East 33 Limited
Notes to the financial statements
31 December 2022

Note 3 Revenue

Disaggregation of revenue

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

	Oyster Farming	Corporate and Sundry	Oyster Distribution	Total
Consolidated - 31 Dec 2022	\$'000	\$'000	\$'000	\$'000
<i>Major product lines</i>				
Oyster sales (includes restaurant and online sales)	3,181	-	12,121	15,302
Less intersegment sales	(2,131)	-	(257)	(2,388)
Oyster sales to external customers	1,050	-	11,864	12,914
Other sundry sales	-	822	-	822
Group revenue	1,050	822	11,864	13,736
<i>Geographical regions</i>				
Australia	1,050	822	11,864	13,736
Other	-	-	-	-
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	1,050	822	11,864	13,736
Services transferred over time	-	-	-	-
	1,050	822	11,864	13,736
	Oyster Farming	Corporate and Sundry	Oyster Distribution	Total
Consolidated - 31 Dec 2021	\$'000	\$'000	\$'000	\$'000
<i>Major product lines</i>				
Oyster sales (includes restaurant and online sales)	3,167	470	8,924	12,561
Less intersegment sales	(1,763)	-	(449)	(2,212)
Oyster sales to external customers	1,404	470	8,475	10,349
Other sundry sales	-	689	-	689
Group Revenue	1,404	1,159	8,475	11,038
<i>Geographical regions</i>				
Australia	1,404	1,155	8,475	11,034
Other	-	4	-	4
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	1,404	1,159	8,475	11,038
Services transferred over time	-	-	-	-
	1,404	1,159	8,475	11,038

East 33 Limited
Notes to the financial statements
31 December 2022

4. Other income

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Adjustments on prior year acquisitions	65	16
Government grants	25	639
Other sundry income	71	32
	<u>161</u>	<u>687</u>

Note 5. Expenses

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	<u>9,512</u>	<u>8,851</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	403	362
Interest and finance charges paid/payable on lease liabilities	<u>53</u>	<u>49</u>
Finance costs expensed	<u>456</u>	<u>411</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>479</u>	<u>347</u>
<i>Share-based payments expense</i>		
Share-based payments expense	<u>-</u>	<u>15</u>

Note 6. Cash and cash equivalents

	Consolidated	
	31 Dec 2022	30 June 2022
	\$'000	\$'000
Cash on hand	206	220
Cash at bank	<u>6,561</u>	<u>3,188</u>
	<u>6,767</u>	<u>3,408</u>

Note 7. Trade and other receivables

	Consolidated	
	31 Dec 2022	30 June 2022
	\$'000	\$'000
Trade receivables	3,770	1,335
Prepaid expenses and deposits	626	335
	<u>4,396</u>	<u>1,670</u>

Note 8. Assets held for sale

	Consolidated	
	31 Dec 2022	30 June 2022
	\$'000	\$'000
Buildings and improvements	-	650
	<u>-</u>	<u>650</u>

The sale of the Manning property was completed in August 2022 with sale proceeds of \$674,398 (net of GST) being received.

Note 9. Property, plant, and equipment

	Consolidated	
	31 Dec 2022	30 June 2022
	\$'000	\$'000
Plant and equipment - at cost	7,083	7,064
Less: Accumulated depreciation	(1,341)	(1,027)
	<u>5,742</u>	<u>6,037</u>
Buildings and improvements - at cost	5,072	5,078
Less: Accumulated depreciation	(295)	(201)
	<u>4,777</u>	<u>4,877</u>
Motor Vehicles - at cost	496	607
Less: Accumulated depreciation	(131)	(124)
	<u>365</u>	<u>483</u>
Office Equipment - at cost	53	51
Less: Accumulated depreciation	(26)	(21)
	<u>27</u>	<u>30</u>
Computer Equipment - at cost	90	65
Less: Accumulated depreciation	(38)	(28)
	<u>52</u>	<u>37</u>
Total	<u>10,963</u>	<u>11,464</u>

East 33 Limited
Notes to the financial statements
31 December 2022

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

31 December 2022 Consolidated	Plant and equipment \$'000	Building and improvements \$'000	Motor Vehicles	Office Equipment	Computer equipment \$'000	Total \$'000
Balance at 1 July 2022	6,037	4,877	483	30	37	11,464
Additions	182	-	-	2	34	218
Disposals	(98)	19	(58)	-	(5)	(142)
Depreciation expense	(379)	(119)	(60)	(5)	(14)	(577)
Balance at 31 December 2022	<u>5,742</u>	<u>4,777</u>	<u>365</u>	<u>27</u>	<u>52</u>	<u>10,963</u>

Refer to note 19 for further information on fair value measurement.

Note 10. Right-of-use assets

	Consolidated	
	31 Dec 2022	30 June 2022
	\$'000	\$'000
Oyster and crown leases – right-of-use	1,697	1,697
Property leases	409	424
Less: Accumulated amortisation	(422)	(310)
	<u>1,684</u>	<u>1,811</u>

Note 11. Intangible assets

	Consolidated	
	31 Dec 2022	30 June 2022
	\$'000	\$'000
Goodwill	17,758	17,758
Less: Impairment	(1,443)	-
	<u>16,315</u>	<u>17,758</u>
Oyster/Crown leases	13,059	13,059
Less: Accumulated amortisation	(1,031)	(755)
	<u>12,028</u>	<u>12,304</u>
Software - at cost	562	112
Less: Accumulated amortisation	(54)	(22)
	<u>508</u>	<u>90</u>
Total	<u>28,851</u>	<u>30,152</u>

Note 11. Intangible assets (continued)

Impairment testing

Goodwill from current and past business combinations has been allocated to cash generating units (CGU) as follows:

- Oyster Farming CGU \$1,443k
- Oyster Distribution CGU \$16,315k

As the fair value of assets and liabilities allocated to the CGU's could not be determined based on market observable inputs, the Value in Use approach was adopted for the purposes of estimating the recoverable amount of such assets and liabilities.

Key inputs in estimating VIU for each cash generating unit are as follows:

	Oyster Farming CGU	Oyster Distribution CGU
Discount rate	13%	11%
Intangible assets allocated to CGU (\$Millions)	13.62	16.30
Tangible assets allocated to CGU (\$Millions)	8.66	0.70
Average oyster price (\$)	0.96	1.33
Average volume increase p.a. in the next two years (%)	35% *	5%

*Oyster Farming volume increase estimate is based on timing of biological stock maturity and seasonal trade patterns.

For impairment testing purposes, biological assets have been excluded as such assets are recorded at fair value under AASB 141.

Based on the above inputs, the directors determined the following:

- record a full goodwill impairment of the oyster farming CGU in the amount of \$1,442,781 as the carrying amount of goodwill exceeded its recoverable amount with the primary driver of impairment being an increase in the discount rate.
- record no impairment at the oyster distribution CGU level as the carrying amount of goodwill did not exceed its recoverable amount.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill \$'000	Oyster/Crown Leases \$'000	Software \$'000	Total \$'000
Balance at 1 July 2022	17,758	12,304	90	30,152
Additions	-	-	450	450
Impairment	(1,443)	-	-	(1,443)
Amortisation expense	-	(276)	(32)	(308)
Balance at 31 December 2022	<u>16,315</u>	<u>12,028</u>	<u>508</u>	<u>28,851</u>

East 33 Limited
Notes to the financial statements
31 December 2022

Note 12. Trade and other payables

	Consolidated	
	31 Dec 2022	30 June 2022
<i>Current</i>	\$'000	\$'000
Trade payables	1,554	991
Employee benefits	515	426
Accrued expenses	82	153
Settlement of legal claim	400	400
Other payables	-	54
	<u>2,551</u>	<u>2,024</u>

	Consolidated	
	31 Dec 2022	30 June 2022
<i>Non-current</i>	\$'000	\$'000
Settlement of legal claim	400	800
Provisions	-	126
	<u>400</u>	<u>926</u>

During last year an out of court settlement with a former shareholder was reached by the Group totaling \$1.62 million. Two payments totaling \$0.82 million were made in July 2021 and July 2022, with a further \$0.4 million due in July 2023 and \$0.4 million due in July 2024.

Note 13. Deferred Acquisition Consideration

	Consolidated	
	31 Dec 2022	30 June 2022
<i>Current</i>	\$'000	\$'000
Cash deferred consideration for business and asset acquisitions	1,739	680
Amounts payable for business acquisitions	1,739	680
	<u>1,739</u>	<u>680</u>

The Group has deferred consideration on the Troup acquisition completed on 21 July 2021 of \$1.35 million (30 June 2022 \$1.35 million).

During the December 2022 half year the Group acquired Oystercloud software asset for \$0.45 million. At 31 December 2022 the deferred consideration payable is \$0.325 million with \$0.075 million payable within 12 months.

	Consolidated	
	31 Dec 2022	30 June 2022
<i>Non-Current</i>	\$'000	\$'000
Cash deferred consideration for business and asset acquisitions	250	1,129
	<u>250</u>	<u>1,129</u>

Note 14. Borrowings

	Consolidated	
	31 Dec 2022	30 June 2022
	\$'000	\$'000
<i>Current</i>		
NAB facility	8,865	502
insurance finance	223	-
	<u>9,088</u>	<u>502</u>
	Consolidated	
	31 Dec 2022	30 June 2022
	\$'000	\$'000
<i>Non-Current</i>		
NAB facility	-	8,563
Other equipment finance loans	204	239
	<u>204</u>	<u>8,802</u>
Total borrowings	<u>9,292</u>	<u>9,304</u>
	Consolidated	
	31 Dec 2022	30 June 2022
	\$'000	\$'000
Reconciliation of loans		
Opening balance	9,304	8,675
Loan facility drawdown	-	10,000
Insurance finance	223	-
Asset finance loan drawdown	-	406
Borrowing costs	-	(629)
Amortisation of borrowing costs	104	192
Loan interest accrued	14	317
Loan repayments	(353)	(9,657)
Closing balance	<u>9,292</u>	<u>9,304</u>

The Group has a loan from NAB, secured over the assets of the Group which required an interest cover ratio at 31 December 2022 of 3:1 of EBIT.

Due to the loss for the six months to December 2022, the Group has not met this covenant and in accordance with Australian Accounting Standards, the loan is classified as current. The Group received a letter from NAB before the date of signing of this financial report which confirms that it will not be taking action at this time in respect to the covenant breach.

East 33 Limited
Notes to the financial statements
31 December 2022

Note 15. Financing arrangements

Assets pledged as security

On 21 July 2021, the Group secured a \$10 million loan from NAB payable in full on 21 July 2024. The loan is secured by first mortgages over the Group's assets, and it carries an interest rate of 5.50% + BBSY (currently 3.35%).

During the previous financial year the lender has agreed to defer the October 2022 to July 2023 principal repayments totalling \$2.5 million until the repayments of \$625,000 per quarter commence again in October 2023.

Financing arrangements

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

	Consolidated	
	31 Dec 2022	30 June 2022
	\$'000	\$'000
Total facilities		
Credit stand-by arrangements	1,500	1,500
Redeemable convertible preference shares	9,600	9,600
Bank loans	10,200	10,450
	<u>21,300</u>	<u>21,550</u>
Used at the reporting date		
Bank overdraft	-	-
Credit stand-by arrangements	-	-
Redeemable convertible preference shares	9,600	9,600
Bank loans	9,290	9,610
	<u>18,890</u>	<u>19,210</u>
Unused at the reporting date		
Bank overdraft	-	-
Credit stand-by arrangements ¹	1,500	1,500
Redeemable convertible preference shares	-	-
Bank loans	910	840
	<u>2,410</u>	<u>2,340</u>

¹Restricted for the settlement of vendor liabilities associated with the Troup acquisition completed in the prior year.

As the credit facility is provided by NAB, the availability of such facility should be considered in conjunction with the existing NAB loan and associated covenant breach.

Note 16. Financial liabilities at fair value

	Consolidated	
	31 Dec 2022	30 June 2022
	\$'000	\$'000
Redeemable preference shares -class A	5,555	5,451
Redeemable preference shares -class B	233	209
	<u>5,788</u>	<u>5,660</u>

Last year the Group issued 6,000 redeemable convertible preference shares (class A) with a par value of \$1,000 and 3,600 redeemable convertible preference shares (class B) with a par value of \$1,000. The convertible shares were issued pursuant to share purchase agreements entered into with the owners of CMB Seafoods Pty Ltd and MS Verdich and Sons Pty Ltd.

Both classes of redeemable convertible preference shares have been designated at fair value through profit and loss.

East 33 Limited
Notes to the financial statements
31 December 2022

Note 16. Financial liabilities at fair value (continued)

The redeemable preference shares were valued using Monte Carlo simulation.

Security Class	Class A	Class B
Number of Securities	6,000	3,600
Face Value	\$1,000 each	\$1,000 each
Issue Date	21 July 2021	21 July 2021
Maturity Date	21 January 2024	21 January 2024
Conversion Right	Convertible at election of holder	Convertible at election of issuer
Conversion Price	Conversion price is the higher of: \$0.20 or 25% discount to the 30-day VWAP immediately prior to date of request from the holder to convert	Conversion price is the higher of: \$0.20 or 25% discount to the 30-day VWAP immediately prior to date of request from the issuer to convert
Redemption Price	\$6,000,000 (Face Value)	\$4,140,000 (Face Value plus 15%)

The key inputs to the valuation are as follows:

	Inception	Balance Date
Volatility (%)	54%	122%
Risk free rate (%)	0.07%	3.63%
Share price at this date (\$)	0.245	0.04

A reconciliation of the fair value movement is outlined below:

	Class A \$'000	Class B \$'000
Face value on issue date	6,000	3,600
Inception fair value loss/(gain)	(549)	(3,391)
Fair value of instruments at 30 June 2022	5,451	209
Fair value loss/(gain) for the period	104	24
Fair value of instruments at 31 December 2022	<u>5,555</u>	<u>233</u>

East 33 Limited
Notes to the financial statements
31 December 2022

Note 17. Issued capital

	Consolidated			
	31 Dec 2022	30 June 2022	31 Dec 2022	30 June 2022
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	519,088,699	277,651,940	56,644,524	49,283,895

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Ordinary shares				
Balance	1 July 2022	277,651,940		49,283,895
Issue of ordinary shares	13 October 2022	241,436,759	0.033	7,967,413
Less: Capital raising costs				(606,784)
Balance	31 December 2022	<u>519,088,699</u>		<u>56,644,524</u>

Note 18. Dividends

No dividends were paid during the financial half-year.

Note 19. Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 December 2022	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets				
Land and buildings	-	4,777	-	4,777
Intangible leases	-	12,028	-	12,028
Biological assets	-	5,819	-	5,819
Total assets	-	<u>22,624</u>	-	<u>22,624</u>
Liabilities				
Redeemable preference convertible shares class A	-	5,555	-	5,555
Redeemable preference convertible shares class B	-	233	-	233
Total liabilities	-	<u>5,788</u>	-	<u>5,788</u>

East 33 Limited
Notes to the financial statements
31 December 2022

Consolidated - 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Land and buildings	-	4,877	-	4,877
Intangible leases	-	12,304	-	12,304
Biological assets	-	5,209	-	5,209
Total assets	-	22,390	-	22,390
<i>Liabilities</i>				
Redeemable convertible preference shares	-	5,660	-	5,660
Total liabilities	-	5,660	-	5,660

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is derived through a combination of Monte Carlo simulations as well as discounting the remaining contractual maturities at the Group's marginal borrowing rate.

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

The basis of the valuation of land and buildings is cost less accumulated depreciation except for land and buildings acquired under business combinations which are valued at fair value on acquisition in line with AASB3. The directors do not believe that there has been a material movement in fair value since the valuation date. Valuations are based on current prices for similar properties in the same location and condition.

Note 20. Share-based payments

During the current period the Group issued no further shares or performance rights as share-based payments.

East 33 Limited
Notes to the financial statements
31 December 2022

Note 21. Reconciliation of cash paid to settle business acquisitions

31 December 2022	Vendor Finance \$'000	
Payment to settle HR Browne acquisition	30	
Total	<u>30</u>	

31 December 2021	Vendor Finance \$'000	Business Acquisitions \$'000
Payment to settle Sciacca acquisition	2,345	-
Payment to settle Dent acquisition	11	-
Payment to settle MS Verdich and Sons acquisition	4,167	-
Payment to settle J Wilson acquisition	402	-
Payment to settle HR Browne acquisition	2,525	-
Payment to settle Diemar acquisition	275	-
Payment re CMB acquisition	-	10,100
Payment re Troup acquisition	-	1,000
Total	<u>9,725</u>	<u>11,100</u>

Note 22. Related Parties

Parent entity
East 33 Limited is the parent entity.
There were no related party transactions during the period.

Note 23. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	31 Dec 2022	31 Dec 2021
Short-term employee benefits	288,590	565,833
Post-employment benefits	22,225	50,583
Share-based payments	-	15,353
	<u>310,815</u>	<u>631,769</u>

Note 24. Events after the reporting period

James Garton CEO of the Group resigned on 16 January 2023.

The Group received a letter of no action from NAB regarding the breach of covenant.

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

East 33 Limited
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Sarah Courtney
Director

27 February 2023
Adelaide

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of East 33 Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of East 33 Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of East 33 Limited does not comply with the *Corporations Act 2001* including:

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

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

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Auditor's responsibility for the review of the financial report

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
27 February 2023



B G McVeigh
Partner

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