Results for announcement to the market

We have provided this results announcement to the market in accordance with Australian Securities Exchange (ASX) Listing Rule 4.2A and Appendix 4D for the Consolidated Group ('Beston') comprising Beston Global Food Company Limited ('the Company') [ABN: 28 603 023 383] and its controlled entities ('the Group') for the half-year ended 31 December 2020 compared to the half-year ended 31 December 2019.

Consolidated results, commentary on results and outlook.

	31 December 2020	31 December 2019	Movement ($'000)	Movement %
Revenue from ordinary activities	52,838	51,056	1,782	3.490%
Profit/(loss) before tax attributable to equity holders	(12,517)	(5,593)	(6,924)	123.80%
Income tax (expense)/benefit	3,692	2,297	1,395	60.73%
Profit/(loss) after tax attributable to equity holders	(8,825)	(3,296)	(5,529)	167.75%

The commentary on the consolidated results and outlook, including the change in state of affairs and likely developments of the Group, are set out in the Review of Operations section of the Financial Report.

Net tangible assets per share

	31 December 2020	31 December 2019
	$ per share	$ per share
Net tangible assets per share	$ 0.108	$ 0.140

In accordance with Chapter 19 of the ASX Listing Rules, net tangible assets per share represents the total asset, including right-of-use assets, less intangible assets, less liabilities ranking ahead of, or equally with, ordinary share capital and divided by the number of ordinary shares on issue at the end of the year.

Distributions

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

Independent auditor's report

The Consolidated Interim Financial Statements upon which this announcement of the results to the market is based have been reviewed and the Independent Auditor's Review Report to the members of Beston Global Food Company Limited is included in the attached Financial Report.

Financial report

for the half-year ended 31 December 2020

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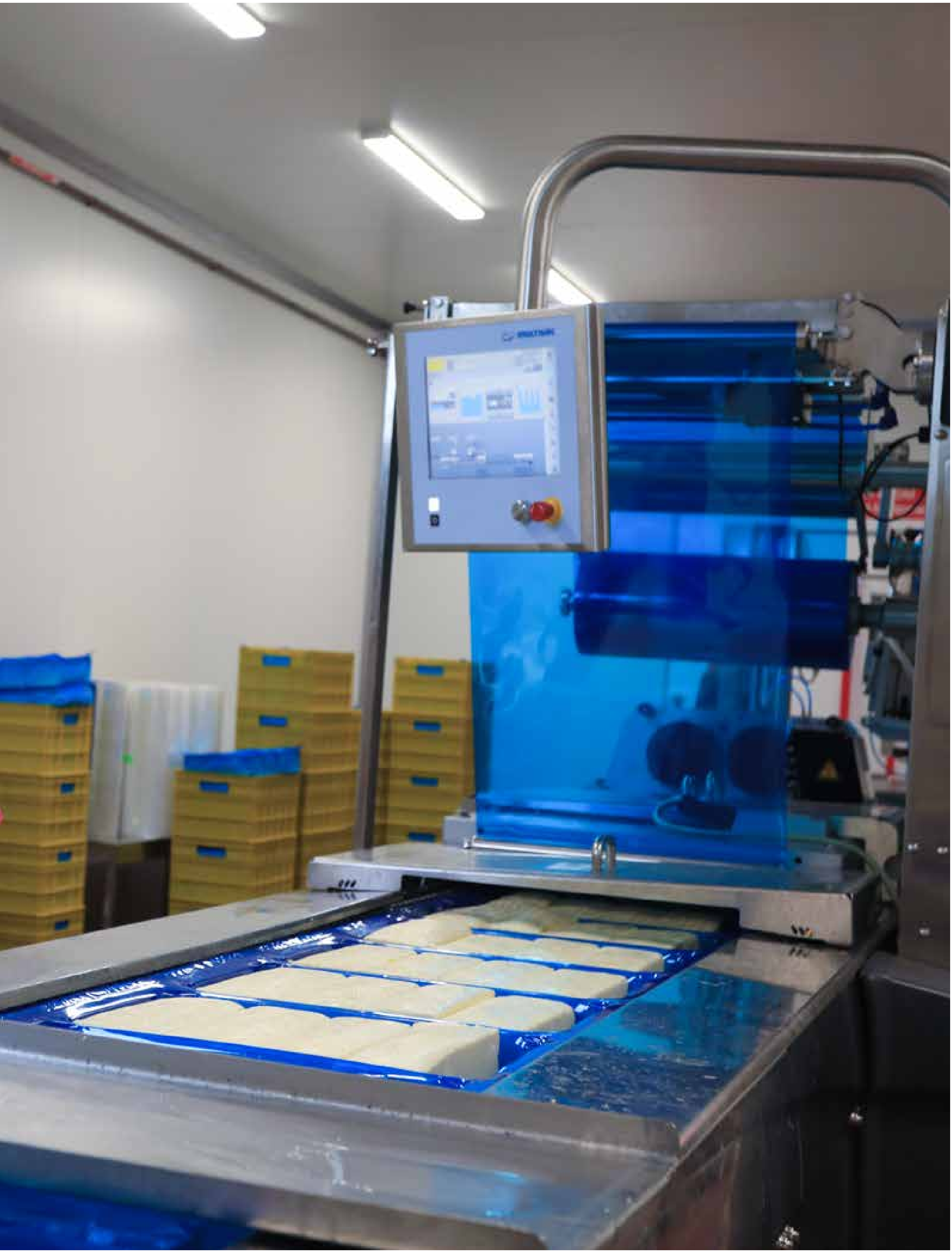
BESTON
GLOBAL FOOD COMPANY



Letter from the Chairman and Chief Executive Officer

Dear Valued Shareholder,

As we release this report, we are a matter of days away from commissioning our new lactoferrin plant. This is a very exciting time because in about two weeks we will be producing our first lactoferrin from our new facility which is the latest of its kind globally. The significant increase in lactoferrin production will transform the dairy operations at Jervois, delivering increased revenue and higher margins from our milk throughput.

First half highlights

The last few months have been extremely busy across the Company. We have now successfully completed a $15.6 million capital raising (Entitlement Offer) and with the adjourned AGM and the Takeovers Panel processes behind us, we will fully focus on our growing business in 2H21 and beyond.

We remain energised by the opportunities and challenges ahead. The Board and management team have maintained a strict focus on delivering our strategic imperatives whilst managing the business through the daily challenges of the reporting period, including COVID-19.

Highlights from the progress made in the first half of FY21 ("1H21") include:

- Initiating Stage 1 of the lactoferrin expansion project.
- Sale of the dairy farms and redeployment of capital to pay down debt.
- Commencement of new milk supply from Aurora Dairies on 1 September 2020.
- Employment of Frank Baldi as General Manager, Operations and Supply Chain for the dairy business.
- Initiating Stage 2 of the lactoferrin project expansion on award of the $2 million South Australian government grant and securing of the second column required for this stage.
- Employment of Tina Li as General Manager, Nutritionals.
- Completing a review of Jervois infrastructure requirements to enable the facility to operate more reliably as it moves toward 24/7 operations.
- Implementing a rights issue of $15.6m to provide the funds for accelerating Stage 2 of the lactoferrin expansion, and further upgrades of infrastructure across the Jervois site.
- Agreement reached in principle to terminate the Investment Management Agreement, subject to shareholder approval at an Extraordinary General Meeting to be held 28 May 2021.

These achievements have positioned Beston well for a strong FY22. We are seeking to again increase milk supply to around 160ML as we continue to grow mozzarella production and sales, generating increased returns through the investment made in our expanded lactoferrin production capacity.

Strategic Imperatives

The following table details progress against our five strategic imperatives:

Strategic Imperative	Status
Grow Milk Supply	138ML milk supply contracted for FY21 likely to be exceeded and targeting c. 160ML for FY22
Capacity Utilisation	Nearly all milk received being processed to cheese. Mozzarella plant capacity utilisation increased from 49% in FY20 to 56% in 1H21, and expected to increase to ~70% for 2H21.
Sales Pipeline	Sales of mozzarella domestically and internationally growing. COVID-19 continues to impact domestic food services customers but signs of recovery in the near term are emerging.
Product Mix	Mozzarella sales expected to be >95% of total FY21 cheese volumes. Lactoferrin upgrade project expected on-line March 21 and expected to add significantly to margins.
Dairy Nutraceuticals	Lactoferrin output from acceleration of skim milk based production capacity expected to increase earnings and margins.

Lactoferrin

The decision to bring forward the Stage 2 lactoferrin plant expansion project, previously planned for late FY22, was triggered following the award of a Regional Development grant of $2 million from the South Australian Government. The SA Government recognised the employment benefits expected from the lactoferrin production capacity expansion as well as the broader economic benefits to the State. Accelerating the delivery of those benefits in the current economic climate will not only benefit shareholders, but will also support the Company's dairy farmer suppliers, as well as the biosecurity interests of the nation.

We have published a significant amount of information about the lactoferrin expansion project already, but in summary:

- Stage 1 expansion will increase lactoferrin production capacity from 3 tonnes per annum ("Tpa") to 12 Tpa. Expansion works commenced last July and remain on track for completion at the end of February, with first production expected in March. The works comprise replacing the "old technology column" with a new lactoferrin extraction column, which will deliver higher capacity, new milk separation and handling equipment, associated civil works and an additional freeze dryer.
- Stage 2 expansion has two key components, being the installation of a:
  - Second lactoferrin extraction column alongside the first column; and
  - Spray dryer, planned to be on-line in December 2021.

At the conclusion of all commissioning activities over March-April 2021, we will have:

- Two new lactoferrin columns and the required upfront skim milk processing facilities to produce up to 25 Tpa of liquid lactoferrin; and
- Capacity to freeze dry up to 12 Tpa of liquid lactoferrin.

With ~160ML of milk supply planned for FY22, we anticipate production of approximately 20T of liquid lactoferrin, some of which will be sold as liquid lactoferrin until the spray dryer is commissioned later in the year. Once the spray dryer is commissioned around December 2021, our total nutritionals drying capacity will be approximately 30 Tpa.

Beston was fortunate with the timing of the grant announcement in that it enabled us to move quickly to acquire the second lactoferrin column, which will be installed at the same time as the first one, saving on installation costs.

With our new General Manager, Operations and Supply Chain (Frank Baldi) and General Manager, Nutitionals (Tina Li) in their roles, along with a number of other key technical appointments which have been made over the last six months to bolster the experience in our leadership team, we will have the people capability in place to deliver on the results expected from the new facilities. We will continue to further strengthen the depth of talent at Jervois as and when required.

The old lactoferrin plant that is being replaced has been in production decline, with the quality of lactoferrin produced becoming increasingly inconsistent. That plant has now been shut down to facilitate the new construction works and pending the imminent start-up of production from the expanded facility with its two new extraction columns.

Impact of COVID-19

Whist COVID-19 continues to be a serious problem in many parts of the world, and world politics continue to create more uncertainty than less, we in Australia are blessed with a culture and geography supported by stable political, social and economic systems that have seen us fare better than most. There are still many challenges ahead to manage the risks of COVID-19, although, it appears that the country is slowly moving back to normality.

We have been fortunate to have had minimal impact from COVID-19 on our employees and their immediate families, and have maintained a heightened level of food safety and quality control procedures across all of our operations. The Government classified our Beston businesses as essential services throughout the COVID-19 lockdown periods, and for good reasons, given the essential nature of the products manufactured at our South Australian and Victorian factories. This meant that we were able to stay in production during all of calendar 2020 and retain all of our staff in productive employment.

The main impact of COVID-19 on our business continues to be on the demand side. Although we had some issues with our supply chain for goods and services, these have been relatively minor and well managed with assistance from our suppliers.

The general business environment continues to be negatively impacted by the slower pace of business activity in Australia and around the world. We continue to feel this slow down through softer demand and lower pricing on some sales of certain products.

Producers' inventory backlogs from earlier periods have started to find their way onto the market, compounding the price pressure from softer demand. While we have not seen a complete "collapse" in prices, as may have been a possible outcome, in a relatively low margin business (without significant value adding from nutraceuticals such as lactoferrin), a softening of prices has impacted profitability at Beston in the first half. We have experienced a few "open-up, lock-down, open-up cycles" over the last few months, resulting in changes to customer buying patterns. Customers buying spot volumes have been hesitant to over-commit their orders, while those customers buying under long-term contracts have occasionally called for lower volumes on their contracts, or even cancelled forward purchase orders, due to shortfalls in demand.

Our observation is that consumer confidence appears to be returning as we progress into the 2021 year. Our most recent pricing engagements indicate a firming of prices which is indicative of some recovery in demand. A sustained period of minimal COVID-19 impacts in Australia is likely to see a strong general economic response and an expected return to more normal and predictable activity levels month to month.

Review of operations

Operational performance

Dairy Facilities

In the second quarter, milk supply increased by around a third from the first quarter, with supply slightly ahead of our forecasts, peaking at 14.5 ML in October. Mozzarella production increased from around 180T per week in July to around 250T per week through the peak milk supply period ("spring flush") which is reflected in the chart below. Mozzarella production increased to 5,646T for 1H21, up 29% from 1H20.

While we are pleased with the overall progress made in 1H21, not everything has gone to plan.

Although sales growth has been held back by COVID-19, as noted above, we have succeeded in growing monthly sales from around $6.5 million in July 2021 to nearly $10 million in December 2021, an increase of approximately 55% per month. This strong growth was enabled by increased milk supply and hard work by the sales team. However, these efforts were still approximately $2 million below our budget target and well below margin expectations.

Note: Production volumes in the chart is production of mozzarella plus cheddar.

Production of Mozzarella and associated by-products (particularly powder and lactoferrin) was impacted by several months of poor performance at the Jervois facility. A 30% increase in milk supply from 1 September 2020 exposed some weaknesses in the operating practices and infrastructure capabilities at Jervois, (as discussed further below). These issues were reported in the October CEO letter and worsened through November to early December as milk supply ramped up.

The key operational issues which materialised at Jervois during this period were:

- Deterioration of the Teflon coating inside some of the major pipework in the mozzarella facility.
  - Following a detailed investigation, it was determined that Teflon coating in some sections of the mozzarella facility's pipework was deteriorating. This could not be addressed without a complete shut-down of the facility. The week-long shut-down was undertaken in early December.
  - The impact of this problem, until rectified, was poor yields and a higher level of downgraded product (which resulted in lower prices and margins).
  - The problem was rectified in December with the re-coating and re-installation of the affected pipework.
  - Risk Mitigation Actions: Spare parts (Teflon coated pipe work for critical areas) have been procured to enable quick turnaround should the problem re-occur.
- Unreliable operation of the main boiler providing steam to the production processes.
  - A number of problems with the boiler operations caused several site shut-downs during the second quarter of FY21. Inconsistent steam availability caused temperature control issues in the production processes. Availability of suitable spares delayed repair and replacement work.
  - While shorter term measures have been taken to improve boiler performance, the aged equipment needs to be replaced.
  - Risk Mitigation Actions: Funding of $2.25m for a second boiler was included in the recent capital raising.
- Breakdowns of the Multivac packaging machine
  - The existing Multivac was unable to cope with the higher throughput and suffered several breakdowns. Availability of suitable spares caused delays in rectifying issues.
  - Risk Mitigation Actions: A retro-fit package was purchased to improve the performance of the existing machine. A second Multivac will be required to ensure reliable performance at higher volumes, with funding of $0.75m for a second Multivac included in the recent capital raising.

The performance issues in the infrastructure which supports the mozzarella plant had a knock-on effect on powder and lactoferrin production due to the inconsistent supply and quality of the whey feed stream. Powder production in the first half was 2,622 T, approximately 29% below budget.

Lactoferrin production was also impacted by the performance of the ageing plant. In the first half lactoferrin production was 640kg, 860kg below budget.

While it was disappointing to encounter these issues, especially through the peak milk supply period, the problems are fixable and to a large degree have already been resolved (see above). Under the new leadership of the General Manager, Operations and Supply Chain, the factory operations team are working through several area-based improvement reviews to remediate any remaining plant reliability issues and tighten controls over cheese and powder production processes.

The impact of these issues is shown in the chart on page 7. During 2Q21, the factories were not able to convert all milk supplied into cheese production and were forced to sell at short notice approximately 7ML of milk, approximately 16% of milk supply in the period, at low prices (with little or no margin). Some milk was diverted to cheddar production, which totaled 474T, 354T more than planned. Further, the operational issues also impacted the quality of some batches resulting in the sale of 220T of low-grade product as processing cheese at reduced prices. As a consequence, while Mozzarella production for the first half increased to 5,646T, this was still approximately 23% below budget.

These operational issues were addressed expeditiously and successfully as they occurred. Mozzarella production since the shut-down in early December is now running at acceptable levels in terms of volume and quality. Indeed, January 2021 mozzarella production of 1,189T is a record production volume despite the seasonally lower milk intake in January. Solid production performance has continued in February. With further improvements to be implemented over the next three to six months, we are expecting factory performance going forward to be commensurate with those of a modern world class mozzarella plant as is in place at Jervois. These upgrades have also made the facility ready and reliable ahead of the FY22 "spring flush" period and will support its move to reliable 24/7 operations.

Despite the production issues encountered in 1H21, the strong January and February production performance has resulted in unchanged FY21 guidance for mozzarella production, although we are more likely to be in the lower half of the guidance range depending on milk supply for the remainder of FY21.

Meat Business

Provincial Food Group ("PFG") has performed broadly in line with expectations during the first half, despite operating under the more stringent COVID-19 restrictions in place throughout Victoria during the period. The PFG management team, supported by the factory personnel, has done a commendable job to maintain operations through the period of COVID-19 restrictions.

The stricter operating protocols in place has added to the costs of production although the PFG team has maintained most of our activities and, importantly, jobs which in the Victorian community context is significant. Sales in 1H21 total $4.3 million which, in addition to COVID-19 demand impacts, were negatively impacted when a major customer suffered industrial action which saw approximately $0.4 million of sales lost over two months.

Guidance

The key outcomes for the 1H21 and FY21 Guidance are summarised in the table below.

Beston remains on track to deliver FY21 operating outcomes consistent with the guidance previously released. The impacts of accelerating Stage 2 of the lactoferrin plant expansion and other capital expenditure, partly funded by the recent capital raising, are reflected in the updated guidance for capital expenditure and gearing.

	FY21 Guidance	2Q21	1H21	1H20	1H21 v 1H20
Milk Supply – ML	131-145	42.0	73.7	57.4	+28%
Mozzarella Production – T	12,600 – 14,700	2,954	5,646	4,393	+29%
Lactoferrin Production – T	4.0 – 6.0	0.13	0.64	0.64	–
Revenue – $ million	130-145	30	53	51	+3%
Gearing – %	23-30[1]	N/A	34	62	-28%pts
Capital Expenditure – $ million	23-28[2]	3	8	3	+5m

1. Was 8-16 prior to the decision to bring forward Stage 2 of the Lactoferrin plant expansion

2. Was 17-22 prior to the decision to bring forward Stage 2 of the Lactoferrin plant expansion

Financial Result

The group financial result for the six months to 31 December 20 was a loss of $8.8 million after tax. The majority of the reported loss is from the dairy business which accounted for approximately $6.0 million of the group's loss, largely driven by the impacts of the poor operational performance of the Jervois facility, particularly in the October-December period.

The financial impact of the poor operational performance at the Jervois dairy facility and lower sales and margins total $10.3 million as summarised in the table below.:

	$m
Plant operations:	
Lower sales due to lower production (lost margin)	(2.1)
Losses on disposal of milk	(0.8)
Production/yields below expectations	(3.1)
Losses on sale of down-graded product	(0.9)
Higher repairs and maintenance and quality control costs	(0.3)
Existing lactoferrin plant performance	(1.1)
	(8.3)
Demand/COVID-19:	
Lower sales prices	(1.6)
Lower demand	(0.4)
Total pre-tax impacts	(10.3)
Total after-tax impacts	(7.2)

The dairy factories were on-track to report a profit for the half-year of around $1 million before the issues outlined above pulled the result down by approximately $7 million to the reported loss of $6 million.

As noted in the explanation above, operations at the Jervois facility are largely back in line with expected performance levels. Accordingly, the dairy business and the Company's overall second half result is anticipated to be a significant improvement over the first half result, especially as it is also expected to benefit from increased lactoferrin sales following commissioning of the new plant.

It is also worth noting that the sales prices of our products have increased in the early months of 2H21. This early improvement in sales prices, along with improved plant performance, gives us confidence that an improved result will be realised in 2H21.

The meat division reported a loss of $0.8 million primarily because of the impacts of COVID-19 on operating costs and sales. Other costs, including business support, corporate and international costs were in line with expectations.

Closing comments

The first half financial results were disappointingly short of management budget expectations, primarily due to the operational performance of the Jervois facility and the sales challenges arising from COVID-19. That said, our dairy business is now well positioned for growth and profitability as a result of increased milk supply, an upgraded Jervois facility and a growing sales pipeline. It now has a clear path to a more profitable future through a much higher margin product mix.

Increasing production of lactoferrin, along with a continued focus on efficient and reliable mozzarella production, is expected to deliver increased returns for every litre of milk processed in 2H21 and future periods. The performance of our meat business continues to improve as it pursues its growth plan towards higher sales and margins.

A “look through” of the results for the first half shows the increases in earnings that can be achieved from having newer and more efficient plant and equipment infrastructure in place to support the mozzarella plant. The unforeseen plant breakdowns which occurred in the October-December period as the throughput of milk increased at Jervois with the “spring flush” imposed stresses on the Jervois facility which, while being frustrating and challenging, provided insights into the “weak points” in the facility. Management was able to pin point the root causes of the plant failures and fix the underlying problems. The rectification work has involved the implementation of substantive changes (rather than “quick fixes” or work arounds) in order to minimize the risk of future equipment breakdowns and production downtime.

Close to 50% of the funds raised from the recently completed rights issue (Entitlement Offer) will be devoted to improving the reliability of the Jervois operations and improving the efficiencies of milk handling at this facility. As a result of the risk mitigation actions which have been implemented (as outlined above), Management is confident that the Jervois facility is fit for purpose as the new, expanding lactoferrin plant comes on stream and mozzarella production increases in line with the expected increases in milk receivals to around 160 million litres in FY22.

The alignment of staff with preventative and long term maintenance practices, as part of the changes which have been introduced, will also help to ensure the stability of operations in the manufacture of mozzarella and lactoferrin, along with related by-products, as the facility moves to a 24/7 production cycle.

Our workforce remains committed to producing premium quality dairy and meat products for Australian and international consumers. Our Company is proud to be an essential contributor, via these products, to the health and wellbeing of the Australian population and with the expansion of our lactoferrin production facility, to be an important contributor to the biosecurity of our nation.

We would again like to acknowledge the effort and contribution that our employees have made over this challenging period. The continued strong support of our dairy farm suppliers is also acknowledged and very much appreciated.

Roger Sexton
Chairman

Jonathan Hicks
Chief Executive Officer

Directors' report

The Directors present their report on the consolidated entity consisting of Beston Global Food Company Limited ('the Company') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020. Throughout the report, the consolidated entity is referred to as the Group.

Directors

The following persons were Directors of Beston Global Food Company Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

- **R N Sexton**
- **S Gerlach**
- **P Coventry**
- **I McPhee**
- **C Cooper** (resigned 4 December 2020)
- **J Kouts** (resigned 31 December 2020)
- **J Andrew** (appointed 7 December 2020)
- **N Longstaff** (appointed 1 January 2021)

Principal activities

During the year the principal continuing activities of the Group consisted of:

a. Production of dairy, meat, and water products for sale into local and international markets.

b. Development and production of health and well-being focused food, beverage and pharmaceutical products.

c. Development and commercialisation of end-to-end food traceability and anti-counterfeit technology.

Dividends - Beston Global Food Company Limited

There were no dividends provided for during the half-year ended 31 December 2020 (31 December 2019: nil).

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations and activities on pages 7 to 10.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the year other than those outlined in the review of operations on pages 7 to 10.

Events since the end of the financial year

On the 17th December 2020, Beston Global Food Company announced the launch of a rights offer to raise $15.6 million through a pro-rata non-renounceable entitlement to shareholders. The rights issue was closed on 3rd February 2021. $15.6 million was raised and approximately 240 million new shares were issued at 6.5 cents in accordance with the terms and conditions of the rights issue.

Other than the rights issue noted above, no matter or circumstance has occurred subsequent to the period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

Likely developments and expected results of operations

Refer to the review of operations on pages 7 to 10 for information on likely developments and future prospects of the Group.

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 on page 14.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

R N Sexton
Chairman
Adelaide

Auditor’s independence declaration

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Auditor’s Independence Declaration to the Directors of Beston Global Food Company Limited

As lead auditor for the review of the financial report of Beston Global Food Company Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Beston Global Food Company Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

BJ Pollock

BJ Pollock
Partner
Melbourne
26 February 2021

Beston Global Food Company Limited
ABN 28 603 023 383

Interim financial report

31 December 2020

Financial statements

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These interim financial statements are the consolidated interim financial statements for the Group consisting of Beston Global Food Company Limited and its subsidiaries.

The financial statements are presented in the Australian currency.

Beston Global Food Company Limited is a company limited by shares, incorporated, and domiciled in Australia.

Its registered office is:

Beston Global Food Company Limited
Level 9, 420 King William Street
Adelaide South Australia 5000

Its principal place of business is:

Beston Global Food Company Limited
Level 9, 420 King William Street
Adelaide South Australia 5000

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations on page 7 and in the directors' report on page 12, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on the 26th February 2020. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: **bestonglobalfoods.com.au**

Consolidated statement of comprehensive income

For the year ended 31 December 2020

	Notes	31 December 2020 $'000	31 December 2019 $'000
Revenue from continuing operations			
Sale of goods	2	52,838	51,056
Other revenue	2	24	117
		52,862	51,173
Other income	4(a)	87	4,133
Expenses			
Cost of sales of goods	4(b)	(52,227)	(47,667)
Other expenses from ordinary activities			
Operating overheads	4(b)	(5,864)	(4,773)
Selling and distribution	4(b)	(1,852)	(1,708)
Corporate overheads and business support		(4,951)	(5,967)
Loss from operations		(11,945)	(4,809)
Finance income		3	4
Finance expenses		(575)	(788)
Net finance income		(572)	(784)
Loss before income tax		**(12,517)**	**(5,593)**
Income tax benefit	5	3,692	2,297
Loss for the period		**(8,825)**	**(3,296)**
Item that may be reclassified to the profit or loss			
Exchange differences on translation of foreign operations		233	(19)
Items that will not be reclassified to the profit or loss			
Changes in the fair value of equity instruments at FVOCI		–	300
Other comprehensive gain for the period, net of tax		**233**	**281**
Total comprehensive loss or the period		**(8,592)**	**(3,015)**
Loss is attributable to:			
Owners of Beston Global Food Company Limited		(8,806)	(3,091)
Non-controlling interests		(19)	(205)
		(8,825)	**(3,296)**
Total comprehensive loss for the period is attributable to:			
Owners of Beston Global Food Company Limited		(8,573)	(2,810)
Non-controlling interests		(19)	(205)
		(8,592)	**(3,015)**
Loss per share attributable to the ordinary equity holders			
Basic earnings/(loss) per share	14(a)	(1.47)	(0.60)
Diluted earnings/(loss) per share	14(a)	(1.47)	(0.60)

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

Consolidated balance sheet
As at 31 December 2020

	Notes	31 December 2020 $'000	30 June 2020 $'000
Current assets			
Cash and cash equivalent	6(a)	4,591	10,556
Trade and other receivables	6(b)	18,198	13,286
Inventories		16,825	12,631
Assets held for sale		–	38,565
		39,614	**75,038**
Non current assets			
Receivables	6(b)	150	150
Right-of-use assets		233	311
Property, plant and equipment		48,877	41,762
Deferred tax assets	7(c)	23,145	19,453
Intangible assets		8,515	8,634
		80,920	**70,310**
Total assets		**120,534**	**145,348**
Current liabilities			
Trade and other payables	6(c)	16,405	13,784
Borrowings		5,704	26,221
Employee benefit obligations		620	585
		22,729	**40,590**
Non-current liabilities			
Borrowings		23,971	23,429
Employee benefit obligations		390	299
Deferred tax liabilities		1,045	1,045
		25,406	**24,773**
Total liabilities		**48,135**	**65,363**
Net assets		**72,399**	**79,985**
Contributed equity	8(a)	160,343	159,337
Other reserves	8(b)	(8,659)	(8,892)
Accumulated losses		(78,518)	(69,712)
		73,166	**80,733**
Non-controlling interests		(767)	(748)
Total equity		**72,399**	**79,985**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half-year ended 31 December 2020

	Attributable to the owners of Beston Global Food Company Limited					
	Share capital $'000	Other reserves $'000	Accum losses $'000	Total $'000	NCI $'000	Total equity $'000
Balance at 1 July 2019	**147,535**	**(9,135)**	**(58,133)**	**80,267**	**(154)**	**80,113**
Profit/(loss) for the period	–	–	(3,091)	(3,091)	(205)	(3,296)
Other Comprehensive Income	–	281	–	281	–	281
Total Comprehensive income for the period	–	281	(3,091)	(2,810)	(205)	(3,015)
As at 31 December 2019	**147,535**	**(8,854)**	**(61,224)**	**77,457**	**(359)**	**77,098**
Balance at 1 July 2020	**159,337**	**(8,892)**	**(69,712)**	**80,733**	**(748)**	**79,985**
Profit/(loss) for the period	–	–	(8,806)	(8,806)	(19)	(8,825)
Other Comprehensive Income	–	233	–	233	–	233
Total Comprehensive income for the period	–	233	(8,806)	(8,573)	(19)	(8,592)
Issue of share capital	1,006	–	–	1,006	–	1,006
As at 31 December 2020	**160,343**	**(8,659)**	**(78,518)**	**73,166**	**(767)**	**72,399**

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

Consolidated statement of cash flows

For the half-year ended 31 December 2020

	31 December 2020 $'000	31 December 2019 $'000
Cash flows from operating activities		
Receipts from customers	49,488	45,596
Payments to suppliers and employees	(66,968)	(56,257)
Interest received	3	4
Interest paid	(498)	(782)
Net cash outflow from operating activities	**(17,975)**	**(11,439)**
Cash flows from investing activities		
Payments for PP&E	(8,187)	(3,382)
Payments for intangibles	(352)	(48)
Proceeds on disposal of seafood assets (net of costs)	–	7,767
Proceeds on disposal of Dairy Farms (net of costs)	39,004	–
Proceeds on disposal of livestock	279	369
Net cash inflow/(outflow) from investing activities	**30,744**	**4,706**
Cash flows from financing activities		
Proceeds from the issue of shares	1,006	–
Proceeds from borrowings	543	6,279
Repayment of borrowings	(20,517)	–
Payment of lease liabilities	78	–
Proceeds from government grants	–	–
Loans from related parties	–	33
Cash inflows/(outflows) from financing activities	**(18,890)**	**6,312**
Net increase/(decrease in cash and cash equivalents	**(6,121)**	**(421)**
Cash and cash equivalents at the beginning of the period	10,556	1,920
Net foreign exhange differences	156	(25)
Cash and cash equivalents at the end of period	**4,591**	**1,474**

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

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1 Segment information

(a) Description of segments

The Group's executive management committee, consisting of the Chief Executive Officer and the Chief Financial Officer, examines the Group's performance both from a product and geographic perspective and has identified five reportable segments of its business:

- The Australian Dairy segment which owns production plants and uses milk to produce cheese and other dairy products.
- The Australian Meat segment is focused on production of high quality and innovative meat and related products for expanding domestic and export markets.
- The Australian Other segment includes other Australian domiciled businesses developing technological software for tracking the provenance and authenticity of goods, as well as the production of spring water and related products.
- The International Other segment includes foreign entities providing sales support and customer support for customers of the consolidated entity.
- The Corporate segment provides business support to the operating segments.

(b) Management Analysis

The Group maintains a detailed financial model that it uses to forecast the future performance of each of its segments, and the Group. This model was updated for the latest available information as at 31 December 2020. Key uses of the financial model include understanding expected financial performance, capital expenditure, cash-flow and capital and debt management requirements of the Group. The financial model is also the key input for valuation purposes, including impairment assessments. Significant assumptions that drive the forecast outcomes are subject to detailed review for reasonableness by management, and approval by the Board. Reasonable estimates have been applied to ensure each of the segments are robust in their assessment of future cash flows.

At 31 December 2020, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of intangible assets. Accordingly, the Group updated the impairment assessment performed as at 30 June 2020, using a consistent approach applied to the latest available forecast information. As discussed further below, the outcome of this assessment is that there is no impairment loss recognised as at 31 December 2020.

(i) Australian Dairy

The recoverable amount of the Australian Dairy segment, $101 million as at 31 December 2020, has been determined based on a fair value less cost to sell calculation using cash flow projections from financial budgets and forecasts covering a five year period, with input from an independent valuation specialist, and approved by the Group. The impacts of COVID-19 on future cash flows were considered when determining inputs for the fair value less cost to sell calculations. The carrying value of goodwill allocated to the Australian Dairy segment is $1,092,067.

Key drivers which impact the recoverable amount of the Australian Dairy segment include:

- The price of milk paid to farmers and other suppliers;
- The volume of milk obtained from farmers and other suppliers;
- Production yields of mozzarella, cream, whey powder and lactoferrin (after completion of the expansion project); and
- The prices of products sold to customers, primarily mozzarella, cream, whey powder, and lactoferrin.
- Discount rate applied to its cash flow projections

The Group has determined that a reasonable possible change in the key assumptions of the recoverable amount calculation would not cause the carrying amount to exceed the recoverable amount of the Dairy segment. As a result of this analysis the Group did not identify impairment for this segment.

(ii) Australian Meat

The recoverable amount of the Australian Meat segment, $11 million as at 30 June 2020, has been determined based on a fair value less cost to sell calculation using cash flow projections from financial budgets and forecasts covering a five year period, with input from an independent valuation specialist, and approved by the Group. The impacts of COVID-19 on future cash flows were considered when determining inputs for the fair value less cost to sell calculations. The carrying value of goodwill allocated to the Australian Meat segment is $6,313,242.

Key drivers which impact the recoverable amount of the Australian Meat segment include:

- Real sales growth;
- Gross margin; and
- Inflation.
- Discount rate applied to its cash flow projections

The Group has determined that a reasonable possible change in the key assumptions of the value in use calculation would not cause the carrying amount to exceed the recoverable amount of the Australian Meat segment. As a result of this analysis the Group did not identify impairment for this segment.

(c) Segment results

The segment information for the half-year ended 31 December 2020 and the year ended 31 December 2019 provided to the executive management committee for the reportable segments are as follows:

31 December 2020	Australian Dairy	Australian Meat	Australian Other	International	Corporate	Total
Revenue						
Contracts with customers	48,473	4,281	84	–	–	52,838
Other revenue	18	–	6	–	–	24
Other income	86	–	1	–	–	87
Finance income	–	–	–	–	3	3
Total revenue	**48,577**	**4,281**	**91**	**–**	**3**	**52,952**
Expenses						
Cost of Sales	(47,990)	(4,185)	(52)	–	–	(52,227)
Other operating costs	(4,848)	(707)	(233)	–	(76)	(5,864)
Selling and distribution	(1,824)	(14)	(14)	–	–	(1,852)
Business support	(1,892)	(490)	(20)	(122)	(2,427)	(4,951)
Finance costs	–	–	–	–	(575)	(575)
Corporate allocation	(519)	(48)	(2)	–	569	–
Total expenses	**(57,073)**	**(5,444)**	**(321)**	**(122)**	**(2,509)**	**(65,469)**
Operating result before tax	**(8,496)**	**(1,163)**	**(230)**	**(122)**	**(2,506)**	**(12,517)**
Attributable to owners of Beston	(8,496)	(1,163)	(211)	(122)	(2,506)	(12,498)
Attributable to NCI	–	–	(19)	–	–	(19)

31 December 2019	Australian Dairy	Australian Meat	Australian Other	International	Corporate	Total
Revenue						
Contracts with customers	45,481	5,410	57	108	–	51,056
Other revenue	27	–	6	–	84	117
Other income	1,084	16	2,574	299	160	4,133
Finance income	4	–	–	–	–	4
Total revenue	**46,596**	**5,426**	**2,637**	**407**	**244**	**55,310**
Expenses						
Cost of Sales	(41,984)	(5,342)	(30)	(311)	–	(47,667)
Other operating costs	(2,461)	(1,888)	(413)	(11)	–	(4,773)
Selling and distribution	(1,586)	(112)	(10)	–	–	(1,708)
Business support	(1,981)	(520)	(21)	(276)	(3,169)	(5,967)
Finance costs	–	–	–	–	(788)	(788)
Corporate allocation	(1,928)	(225)	(3)	(17)	2,173	–
Total expenses	**(49,940)**	**(8,087)**	**(477)**	**(615)**	**(1,784)**	**(60,903)**
Operating result before tax	**(3,344)**	**(2,661)**	**2,160**	**(208)**	**(1,540)**	**(5,593)**
Attributable to owners of Beston	(3,344)	(2,661)	2,365	(208)	(1,540)	(5,388)
Attributable to NCI	–	–	(205)	–	–	(205)

1 Segment information continued

(d) Segment assets and liabilities

The information on segment assets and liabilities provided to the Executive Management Committee for reportable segments as at 31 December 2020 and 30 June 2020 is as follows:

	Australian Dairy	Australian Meat	Australian Other	International	Corporate	Total
As at 31 December 2020						
Total segment assets; including	73,487	13,273	1,803	(150)	32,121	120,534
Capital expenditure	8,153	905	138	–	101	9,297
Total segment liabilities	(35,586)	(5,231)	(505)	57	(6,870)	(48,135)
As at 30 June 2020						
Total segment assets; including	93,306	12,374	1,830	(89)	37,927	145,348
Capital expenditure	4,796	1,100	83	–	9	5,988
Total segment liabilities	(52,837)	(5,596)	(520)	48	(6,458)	(65,363)

2 Revenue

The Group derives the following types of revenue:

	31 December 2020 $'000	31 December 2019 $'000
Sale of goods	52,838	51,056
Other revenue		
Leasing income	24	117
Total revenue	**52,862**	**51,173**

The Group derives revenue from the sale of goods in the following major geographical regions:

Sale of goods	31 December $'000 Dairy	31 December $'000 Meat	31 December $'000 Other	31 December $'000 Total
2020				
Australia	38,129	4,281	84	42,494
Asia	7,606	–	–	7,606
Europe	1,051	–	–	1,051
North America	1,687	–	–	1,687
Total	**48,473**	**4,281**	**84**	**52,838**
2019				
Australia	40,487	5,410	57	45,954
Asia	3,430	–	108	3,538
Europe	1,564	–	–	1,564
North America	–	–	–	–
Total	**45,481**	**5,410**	**165**	**51,056**

3 Disposal of Dairy Farms

On 31 August 2020, Beston Farms Pty Ltd sold its farming assets, including the farms, related property, plant and equipment, and biological assets which had been reclassified as Assets held for sale as at 30 June 2020. In addition to these assets, the sale inventory consisting of mainly stock feed was finalised on 31 August 2020.

	31 December 2020 $'000
Cash Received	40,128
Total disposal consideration	40,128
Less: Assets held for sale disposed	
Property, plant and equipment	(28,318)
Biological assets	(5,658)
Intangible assets	(4,589)
	(38,565)
Less: Other assets disposed	
Inventory	(675)
Add: Liabilities disposed	
Payroll liabilities	132
Gain on disposal of assets	1,020
Less: disposal related costs	(1,124)
Net loss on disposal of assets	**(104)**

4 Other income and expenditure

(a) Other income	31 December 2020 $'000	31 December 2019 $'000
Net profit/(loss) on disposal of assets	(104)	2,531
Fair value adjustments to biological assets	–	795
Other items	12	666
Government grants	179	141
	87	4,133

(b) Break down of expenses by nature

Changes in inventories of finished goods and work in progress	(4,960)	(6,815)
Raw materials and consumables used	49,365	42,768
Employee benefits expense	7,142	11,995
Depreciation and amortisation	1,544	1,634
Management fee	772	1,250
Other expenses	1,799	(2,543)
Consultancy expenses	662	963
Occupancy expenses	235	309
Rates and taxes	1,811	1,655
Repairs and maintenance	1,075	1,425
Insurance expenses	1,189	1,107
Logistics and marketing expenses	4,260	3,281
	64,894	60,115

5 Income tax benefit

	31 December 2020 $'000	31 December 2019 $'000
Deferred income tax		
Deferred tax	(3,692)	(2,297)
Total income tax benefit	(3,692)	(2,297)
Income tax is attributable to:		
Loss from continuing operations	(3,692)	(2,297)

6 Financial assets and financial liabilities

(a) Cash and cash equivalents

	31 December 2020 $'000	30 June 2020 $'000
Cash at bank and in hand	4,591	10,556

(b) Trade and other receivables

	31–Dec–20			30–Jun–20		
	Current $'000	Non–current $'000	Total $'000	Current $'000	Non–current $'000	Total $'000
Trade receivables	13,031	–	13,031	10,636	–	10,636
Provision for impairment	(254)	–	(254)	(254)	–	(254)
	12,777	**–**	**12,777**	**10,382**	–	**10,382**
Other receivables	1,044	150	1,194	699	150	849
Prepayments	3,171	–	3,171	1,365	–	1,365
Goods and services tax (GST) receivable	1,206	–	1,206	840	–	840
	18,198	**150**	**18,348**	**13,286**	150	**13,436**

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For non-current receivables, the fair values are also not significantly different to their carrying amounts.

(c) Trade and other payables

	31 December 2020 $'000	30 June 2020 $'000
Current liabilities		
Trade payables	11,098	11,204
Goods and service tax (GST) payable	687	–
Accrued expenses	3,744	1,157
Deferred grant income	15	193
Payroll liabilities	611	773
Other creditors	250	457
	16,405	**13,784**

7 Non-financial assets and liabilities

(a) Property, plant and equipment

During the half-year ended 31 December 2020, the Group acquired assets with a cost of $8.2m (half-year ended 31 December 2019: $3.8m).

(b) Intangible assets

During the half-year ended 31 December 2020, the Group acquired assets with a cost of $0.2m (half-year ended 31 December 2019: $0.2m).

(c) Deferred tax balances

As at 31 December 2020, the Group has deferred tax assets totalling $23.1m, mostly comprising of carried forward tax losses. The Group's detailed financial model, referred to in Note 1 (b), indicates that it is probable that the Group will generate sufficient future taxable profit against which the tax losses can be utilised within a 5-year period.

8 Equity

(a) Contributed equity

	31 December 2020	30 June 2020	31 December 2020	30 June 2020
	Shares	Shares	$'000	$'000
Ordinary shares - fully paid	602,514,074	588,842,084	160,343	159,081

9 Dividends

There were no dividends provided for during the half- year ended 31 December 2020 (2019: $nil).

10 Interests in other entities

Name of entity	Country of incorporation and operation	% of ownership interest 2020 %	% of ownership interest 2019 %	Measurement method	Carrying amount 2020 $'000	Carrying amount 2019 $'000
Ferguson Australia Pty Ltd	Australia	–	32	FVOCI	–	–
Neptune Bio-Innovations Pty Ltd	Australia	10	10	FVOCI	–	–
Total investments					–	–

11 Contingent liabilities and contingent assets

On 11 December 2020, the Company announced the in-principle agreement with Beston Pacific Asset Management ("BPAM") to terminate the Investment Management Agreement ("IMA"). The termination is contingent upon a resolution being passed by shareholders at an EGM to be held on 28 May 2021. The terms of the termination payment are fixed and will not change.

The termination fee was independently verified and will be payable by way of a cash payment of $1,130,000, and the issue of 21,125,000 new shares in Beston Global Food Company Limited that will settle on 28 August 2021.

The Group had no other contingent assets or liabilities at 31 December 2020.

12 Commitments

At 31 December 2020, the Group had entered into multi-year milk supply contracts which have terms of between 1 and 10 years. The estimated amounts that would be payable in respect of forecast volumes is $229,096,253 over this period.

At 31 December 2020, the Group had capital expenditure commitments of $6.8 million relating to the expansion of the lactoferrin production plant at Jervois.

13 Events occurring after the reporting period

On the 17th December 2020, Beston Global Food Company announced the launch of a rights offer to raise $15.6 million through a pro-rata non-renounceable entitlement to shareholders. The rights issue was closed on 3rd February 2021. $15.6 million was raised and approximately 240 million new shares were issued at 6.5 cents in accordance with the terms and conditions of the rights issue.

Other than the rights issue noted above, no matter or circumstance has occurred subsequent to the period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

14 Earnings per share

(a) Basic earnings/(loss) per share

	31 December 2020 Cents	31 December 2019 Cents
From continuing operations attributable to the ordinary equity holders	(1.47)	(0.60)
From discontinued operations	–	–
Total basic earnings/(loss) per share attributable to the ordinary equity holders	(1.47)	(0.60)

(b) Diluted earnings/(loss) per share

	31 December 2020 Cents	31 December 2019 Cents
From continuing operations attributable to the ordinary equity holders	(1.47)	(0.60)
From discontinued operations	–	–
Total diluted earnings/(loss) per share attributable to the ordinary equity holders	(1.47)	(0.60)

(c) Weighted average number of shares used as the denominator

	2020 Number	2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings/(loss) per share	600,210,641	443,315,867

15 Related party transactions

(a) Transactions with other related parties

The following transactions occurred with related parties:

	31 December 2020	31 December 2019
Sales of goods and services		
Sale of goods to investee entities	106	97
Interest income from investee companies	111	80
Purchases of goods and services		
Management fee for Directors interests via the investment manager	810	1,250
Re-imbursement to investment manager for costs related to the capital raise	–	–

(b) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	31 December 2020 $'000	30 June 2020 $'000
Outstanding balances receivable/(payable)		
Current receivables	105	101
Current payables	(228)	(532)

(c) Terms and conditions

Per the disclosure made in Note 11, there exists and in-principle agreement to terminate the IMA. This is contingent upon a resolution being passed by shareholders at an EGM to be held on 28 May 2021.

For details on the terms and conditions on transactions with the Investment Manager and other related parties, please refer to the 30 June 2020 Annual Report. For the half-year ended 31 December 2020, the Investment Manager was not entitled to receive a performance fee in respect of the Company's out-performance of the benchmark index.

16 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Beston Global Food Company Limited and its subsidiaries.

(a) Basis of preparation

This interim report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Beston Global Food Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(b) New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020, except for the adoption of new standards effective for reporting periods commencing on or after 1 July 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

(c) Key judgements, estimates and assumptions

The preparation of financial statements requires the use of certain key judgements, estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(i) Financial forecasting

Management maintains a detailed financial model that it uses to forecast the future performance of each of its segments within the Group, and the Group. This model was updated for the latest available information as at 31 December 2020. Key uses of the financial model include understanding expected financial performance, capital expenditure, cash-flow and capital and debt management requirements of the Group. The financial model is also the key input for valuation purposes, including impairment assessments. Significant assumptions that drive the forecast outcomes are subject to detailed review for reasonableness by management, and approval by the Board.

By their nature, financial forecasts are inherently uncertain and dependent upon realisation of critical assumptions. Should expected future business conditions change, this could lead to a change in these critical assumptions which could have a material impact on the forecast financial performance of the Group, assessment of the recoverable amount of assets for impairment purposes, and recognition of deferred tax assets.

(ii) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less cost to sell calculation is based on the detailed financial model as discussed in 16(c)(i), with cash flows derived from the forecast for the next five years. The key drivers used to determine the recoverable amount for the different CGUs are disclosed and further explained in note 1(b).

(iii) Recoverability of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax asset that can be recognised, based on the likely timing and the level of future taxable profits, together with future tax planning strategies. Per the discussion in note 7(c), the assessment of utilisation of the deferred tax assets relies upon the forecasts derived from the detailed financial model as discussed in 16(c)(i).

Directors' declaration

In the Directors' opinion:

In the Directors' opinion:

(a) the financial statements and notes set out on pages 15 to 28 are in accordance with the Corporations Act 2001, including:

- **(i)** complying with Accounting Standards AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
- **(ii)** giving a true and fair view of the consolidated entity's financial position as of 31 December 2020 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

R N Sexton
Director
Adelaide

Independent Auditor's Report to the Members of Beston Global Food Company Limited

Building a better working world

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Independent auditor's review report to the members of Beston Global Food Company Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Beston Global Food Company (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial 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*.

Directors' responsibility for the half-year 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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*.

Ernst & Young

Ernst & Young

BJ Pollock

BJ Pollock
Partner
Melbourne
26 February 2021