



Appendix 4E

Preliminary Final Report

30 June 2023

ABN 18 074 969 056

FORESTA GROUP HOLDINGS LIMITED

ABN 18 074 969 056

1.

Reporting period: Year ended 30 June 2023

Previous reporting period: Year ended 30 June 2022

2.

Results for announcement to the market

Key information				\$'000
Revenue from ordinary activities	Down	91%	to	16
(Loss) from ordinary activities after tax attributable to members	Down	36%	to	(8,207)
(Loss) for the period attributable to members	Down	36%	to	(8,207)

Foresta Group Holdings Limited's operating loss for the year ended 30 June 2023 amounted to \$8,206,788 (30 June 2022: Loss of \$6,032,263).

	Amount per ordinary share	Franked amount per ordinary share
Dividends	\$	\$
Final	N/A	N/A
Interim	N/A	N/A

Record date for determining entitlements: N/A

3. - 6.

Additional Appendix 4E disclosures for items 3 to 6 can be found in the accompanying financial statements and notes for the year ended 30 June 2023.

7.

No dividends or distributions payments have been made during the year.

8.

No dividend or distribution reinvestment plans are in operation.

9.

Net tangible assets per security

	30 June 2023	30 June 2022
Net tangible assets per ordinary share	0.39 cents	0.42 cents



10.

Details of entities over which control has been gained or lost:

	30 June 2023	30 June 2022
	\$	\$
Foresta (NZ) Limited - Control gained on 8 December 2022.		
(Loss) contribution to the reporting entity from ordinary activities	(131,478)	-

11.

Details of associates and joint venture entities N/A

12.

The financial report has been prepared on a going concern basis.

Since the end of the reporting period, the Group has:

- Filed a new technology patent with IP Australia to protect its integrated process for organic solvents extraction with wood pellets and torrefied wood pellets production, as announced on 28 July 2023. The integration synergies enable lower production and capital costs. The Group will be using the technology in the soon to be developed Rotorua factory.
- On 7 August 2023, shareholders approved the name change of the Group's parent company from Leaf Resources Limited to Foresta Group Holdings Limited. The name change is the start of a new chapter for the Group as it looks to position itself as a global leader in manufacturing.
- On 11 August 2023, the Company announced that it signed a term sheet with Tailored Energy Resources Limited in relation to an offtake agreement to supply up to 400,000 tonnes per annum of torrefied wood pellets. The initial term is for eight years, commencing at the commissioning of the Rotorua factory.

13.

Accounting standards used in compiling financial reports for foreign entities:

Foreign entity	Country of incorporation	Accounting standards
Leaf Resources USA, LLC	USA	International Financial Reporting Standards
Leaf Development LLC	USA	International Financial Reporting Standards
Leaf Malaysia OpCo Sdn. Bhd.	Malaysia	International Financial Reporting Standards
Foresta (NZ) Limited	New Zealand	International Financial Reporting Standards

14.

1. Earnings per share

Reconciliation of earnings used in calculating earnings per share	2023	2022
	\$	\$
Loss attributable to the owners of Foresta Group Holdings Limited used in the calculation of basic and dilutive EPS	(8,206,788)	(6,032,263)
Loss attributable to the owners of Foresta Group Holdings Limited	(8,206,788)	(6,032,263)
Weighted average number of ordinary shares	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,855,062,114	1,573,774,514
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per shares	1,855,062,114	1,573,774,514
Loss per share and Diluted loss per share (cents)	0.44	0.38

2. Returns to shareholders including distributions and buy backs - N/A

3. Significant features of operating performance - Refer to above and to shareholder update.



4. The results of segments that are significant to an understanding of the business as a whole are disclosed in Note 6 of the accompanying financial reports and notes.

5. A discussion of trends and performance - Refer to above and to shareholder update.

6. Unless otherwise explicitly stated above or in the notes to the financial statements, there are no other significant factors that could not be quantified.

15.

This report is based on the financial statements which are in the process of being audited; it is anticipated that the Audit Opinion will note that material uncertainty exists in respect to the Group's going concern basis.



31 August 2023

Australian Securities Exchange Announcement

Shareholder update

Dear Shareholders,

2023 was a very special and important year for the history of the company.

During the year we have welcomed new significant shareholders to invest in our company via our capital-raising efforts. On 6 April 2023, we formed a new board, followed by the appointment of a new Company Secretary on 1 July 2023.

One of the most exciting developments is that the company name has changed officially to Foresta Group Holdings Limited (ASX: FGH) as of 7 August 2023 following the tremendous support of shareholders at the Extraordinary General Meeting (EGM) in which shareholders voted as high as 95.25% in favour of the resolution. It is really gratifying at a personal level to witness such overwhelming support from company shareholders.

This is indeed the brand-new chapter in the history of the company. We will now be operating under the new company name and corporate image. Moreover, we have a newly designed company logo, slogans, business cards, marketing materials as well as a new company website, together with the recent establishment of new offices in New Zealand.

In addition to the abovementioned activities, we have been fortunate to recruit a few very experienced, talented and highly skilled people to join our operations team in New Zealand.

With the hard work and positive momentum of our strengthened operations team, Foresta recently signed a Term Sheet with Ground Base Solutions Ltd ("GBS") for the supply of approximately 100,000 tonnes of stumps per annum for our proposed integrated manufacturing facility at Rotorua, New Zealand on 13 June 2023.

The Term Sheet will be conditional upon the company constructing and commissioning the manufacturing facility (Condition Precedent) and the term of the Term Sheet will be five (5) years from the date of satisfaction or waiver of the Condition Precedent.

This supply arrangement represents approximately 50% of Foresta's required annual feedstock for the Rotorua processing plant. The remaining 50% of feedstock is expected to come from logs sourced from annual harvesting in the local region.

Furthermore, we have filed a new technology patent with IP Australia (Australian Provisional Patent Application 2023902101) on 28 July 2023. This patent application protects the invention that integrates the company's patented organic solvent extraction process together with its wood pellet and torrefied wood pellet production process.

This exciting development underpins the technologies that the company has developed for its initial integrated processing plant in Rotorua, New Zealand, that will enable the manufacture of torrefied wood pellets alongside the natural rosins and terpene chemicals.

The integration of these processes continues to strengthen the company's position as a global leader in extracting the highest value from sustainably grown pine plantations as well as developing commercially viable decarbonisation projects. A third-party assessment indicates that there is a 95% reduction in greenhouse gas emissions, when coal is replaced with torrefied wood pellets. This demonstrated our integrated total solution green supply chain business model and the opportunities available herein.

Most recently on 11 August 2023, our wholly owned subsidiary Foresta NZ Limited and Tailored Energy Resources Limited signed a Term Sheet in relation to an offtake agreement for the supply of up to 400,000 tonnes per annum of torrefied wood pellets. The initial term is for a period of eight (8) years and supply of approximately 2,400,000 tonnes of torrefied wood pellets in total, commencing at the commissioning of the proposed integrated manufacturing facility at Rotorua, New Zealand.



Tailored Energy Resources Limited is an energy distribution company based in the South Island, New Zealand, supplying solid fuels, mainly coal and wood pellets, for raw resource processing such as milk, meat and wool as well as energy supply for industrial heating of schools, hospitals and horticulture since 1936.

Tailored Energy Resources Limited wish to offer their South Island client base an alternative energy fuel source that fits with their current infrastructure and reduces the burden of the Emissions Trading Scheme on their business.

The Company is also in similar discussions with other key domestic end users on a confidential basis.

At an international level, the company is in advanced discussions under our consideration with a couple of large corporations about offshore offtake arrangements in relation to the supply of organic pine chemicals. We will be pleased to make any such related announcements to the market in due course.

Personally, I am delighted and deeply honoured to assume the role as the Chairman of the company. The board and management are aiming to shape the strategic direction of the company in building the leading international biomass supply chain and fulfill the business aspirations of the company in the near future.

Yours sincerely,

Henry Cheng

Executive Chairman

Foresta Group Holdings Limited (ASX: FGH)

31 August 2023



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue			
Revenue from contracts with customers	6	15,792	181,121
Insurance recoveries		403,136	1,400,000
Government grants		-	20,000
R & D tax incentive		-	2,015,825
Other income	8	39,340	1,515
Expenses			
Plant operating expenses		(603,736)	(1,720,531)
Depreciation and amortisation	9	(616,646)	(701,181)
Employee and consultant expenses	9	(3,357,597)	(3,550,495)
Other expenses		(1,057,615)	(944,859)
Finance expense	9	(499,853)	(759,594)
Share based payments		(112,339)	(268,633)
Loss on write-off of fixed assets		(2,196,693)	(1,621,929)
Impairment of assets	9	(105,666)	-
Foreign currency gain / (loss)		(114,911)	(83,502)
Loss before income tax		(8,206,788)	(6,032,263)
Income tax expense		-	-
Loss for the year after income tax expense		(8,206,788)	(6,032,263)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(8,206,788)	(6,032,263)
Earnings per share from continuing operations			
		Cents	Cents
Basic loss per share	7	(0.44)	(0.38)
Diluted loss per share	7	(0.44)	(0.38)

Note: This statement should be read in conjunction with the notes to the financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 \$	2022 \$
Current Assets			
Cash and cash equivalents	11	1,439,582	745,320
Trade and other receivables	12	532,140	2,202,321
Inventories	14	34,203	77,354
Non-current assets held for sale	13	1,250,173	-
Other current assets	15	211,286	117,734
Total Current Assets		3,367,384	3,142,729
Non-Current Assets			
Property, plant and equipment	16	7,420,154	9,467,301
Other non-current assets	17	37,970	132,035
Total Non-Current Assets		7,558,124	9,599,336
Total Assets		10,925,508	12,742,065
Current Liabilities			
Trade and other payables	18	360,862	1,062,577
Borrowings	19	44,627	2,165,808
Derivative liability	20	-	167,777
Lease liability	21	109,464	186,970
Provisions	22	150,036	169,515
Liabilities directly associated with non-current assets held for sale	13	778,676	-
Total Current Liabilities		1,443,665	3,752,646
Non-Current Liabilities			
Borrowings	23	-	655,083
Lease liability	24	1,447,020	1,626,724
Provisions	25	36,816	18,898
Total Non-Current Liabilities		1,483,836	2,300,705
Total Liabilities		2,927,501	6,053,351
Net Assets		7,998,007	6,688,714
Equity			
Issued capital	26	32,406,009	23,146,672
Reserves	27	1,185,296	928,552
Accumulated losses	28	(25,593,298)	(17,386,510)
Total Equity		7,998,007	6,688,714

Note: This statement should be read in conjunction with the notes to the financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Issued Capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Total Equity \$
Balance at 1 July 2021	15,335,496	(11,354,247)	536,119	4,517,368
Loss after income tax expense for the year	-	(6,032,263)	-	(6,032,263)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	(6,032,263)	-	(6,032,263)
Transactions with owners in their capacity as owners				
Shares issued (note 26)	8,000,000	-	-	8,000,000
Share issue transactions costs (note 26)	(480,000)	-	-	(480,000)
Shares issued - exercise of options (note 26)	291,176	-	-	291,176
Share-based payments (note 33)	-	-	392,433	392,433
Balance as at 30 June 2022	23,146,672	(17,386,510)	928,552	6,688,714
Balance at 1 July 2022	23,146,672	(17,386,510)	928,552	6,688,714
Loss after income tax expense for the year	-	(8,206,788)	-	(8,206,788)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	(8,206,788)	-	(8,206,788)
Transactions with owners in their capacity as owners				
Shares issued (note 26)	8,124,000	-	-	8,124,000
Share issue transactions costs (note 26)	(542,440)	-	-	(542,440)
Shares issued - convertible notes (note 26)	1,677,777	-	-	1,677,777
Share-based payments – options & rights (note 33)	-	-	256,744	256,744
Total transactions with owners	9,259,337	-	256,744	9,516,082
Balance as at 30 June 2023	32,406,009	(25,593,298)	1,185,296	7,998,007

Note: This statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Net cash flows from operating activities			
Receipts from customers		70,361	173,562
Insurance recoveries		3,136	240,000
Government grants		-	20,000
Payments to suppliers & employees		(5,180,416)	(6,928,077)
Interest received		4,991	419
Interest paid		(264,032)	(457,490)
R&D tax incentive refund		1,904,849	2,771,632
Net cash used in operating activities	36(b)	(3,461,111)	(4,179,954)
Cash flows from investing activities			
Payment for property, plant and equipment		(2,525,303)	(3,986,474)
Receipts on sale of property, plant and equipment		148,182	-
Proceeds from insurance recoveries		-	1,160,000
Net cash used in investing activities		(2,377,121)	(2,826,474)
Cash flows from financing activities			
Proceeds from issue of share capital		8,124,000	8,291,176
Share issue transaction costs		(542,440)	(480,000)
Proceeds from borrowings		198,079	2,320,782
Repayment of borrowings		(888,783)	(2,912,958)
Payment of principal portion of lease costs		(296,784)	(188,194)
Net cash provided by (used in) financing activities		6,594,072	7,030,806
Net increase in cash and cash equivalents		755,840	55,288
Foreign exchange losses		(61,578)	(52,568)
Cash and cash equivalents at the beginning of the period		745,320	742,600
Cash and cash equivalents at the end of the period	36(a)	1,439,582	745,320

Note: This statement should be read in conjunction with the notes to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

This preliminary final report has been prepared in accordance with ASX listing rule 4.3A and the disclosure requirements of ASX Appendix 4E. The preliminary final report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the last annual report issued for the period ended 30 June 2022 and any public announcements made by Foresta Group Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

2. Revenue from contracts with customers

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

Consolidated	Woodchip	Terpenes	Total
	\$	\$	\$
30 Jun 2022			
Timing of revenue recognition			
Goods transferred at a point in time	163,143	17,978	181,121
Total Revenue	163,143	17,978	181,121
30 Jun 2023			
Timing of revenue recognition			
Goods transferred at a point in time	15,792	-	15,792
Total Revenue	15,792	-	15,792

3. Earnings per share

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the parent company as the numerator.

Reconciliation of earnings used in calculating earnings per share	2023 \$	2022 \$
Loss attributable to the owners of Foresta Group Holdings Limited used in the calculation of basic and dilutive EPS	(8,206,788)	(6,032,263)
Loss attributable to the owners of Foresta Group Holdings Limited	(8,206,788)	(6,032,263)
Weighted average number of ordinary shares	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,855,062,114	1,573,774,514
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per shares	1,855,062,114	1,573,774,514
Loss per share and Diluted loss per share (cents)	0.44	0.38

Calculation of dilutive EPS

As at 30 June 2023 there were:

- 193,212,987 unlisted options on issue which have vested; and
- 16,500,000 unlisted performance rights on issue which have not yet vested.

The 193,212,987 unlisted options that have vested were excluded from the calculation of diluted earnings per share due to the group being in a loss position.

As at 30 June 2022, there were 39,879,170 unlisted options on issue which had vested and were excluded from the calculation of diluted earnings per share due to the group being in a loss position. There were also 35,000,000 unlisted performance rights on issue which have not yet vested.

4. Other Income

Consolidated	2023 \$	2022 \$
Interest income	4,991	419
Other revenue	23,338	1,096
Gain on disposal of assets	11,011	-
Total	39,340	1,515

5. Expenses

Loss before income tax from continuing operations includes the following specific expenses:

Consolidated	Note	2023 \$	2022 \$
Depreciation expense			
Depreciation of property, plant and equipment		501,807	593,523
Depreciation of right of use assets		114,840	107,658
Total	12	616,647	701,181

Employee and consultant expenses			
Salaries and wages		2,150,739	2,688,002
Superannuation		179,097	264,532
Payroll tax		36,526	109,591
Staff training		1,362	15,900
Recruitment costs		37,930	3,504
Other employee cost		55,986	-
Consultant fees		895,957	468,964
Total		3,357,597	3,550,495

Finance expenses			
Finance costs on borrowings		211,311	459,553
Interest on leases		141,571	110,908
Finance costs on convertible notes		20,234	188,196
Other finance expenses		126,737	937
Total		499,853	759,594

Impairment of assets			
Impairment of fixed assets		(94,005)	-
Impairment of right-of-use assets		(11,661)	-
Total	12	105,666	-

6. Income Tax

Reconciliation between the income tax benefit and the expected tax expense (income) based on the Group's applicable income tax rate is as follows:

	2023 \$	2022 \$
Loss before income tax	(8,206,788)	(6,032,264)
Income tax at 25%	(2,051,697)	(1,508,066)
Loss relating to foreign subsidiary	33,044	155
Expenditure not allowable for income tax purposes	28,162	98,442
Movements in deferred tax balance as a result of change in tax rate	-	-
Movement in unrecognised tax losses and temporary differences	1,990,491	548,748
Net expenditure incurred in relation to R&D tax incentive	-	860,721
Actual income tax benefit	-	-
Income tax refund comprises:		
Current tax expense (income)	-	-
Deferred tax expense (income)	-	-
Income tax benefit	-	-

Deferred income tax	2023 \$	2022 \$
Deferred tax assets		
-Provisions	59,120	76,911
-Share capital costs	279,216	216,717
-Patents	97,611	113,051
-Right of use leases	354,572	373,902
-Tax losses	8,758,684	7,358,350
Total deferred tax asset	9,549,204	8,138,931
Deferred tax liabilities		
-Trade and other payables	(100,000)	-
-Property, plant and equipment	(865,391)	(1,535,159)
-Prepayments and other assets	(16,601)	(27,052)
Total deferred tax liability	(981,992)	(1,562,210)
Net deferred tax asset/ (liability)	8,567,212	(6,576,720)
Deferred tax asset not recognised	(8,567,212)	(6,576,720)
Net deferred tax asset/ (liability) recognised	-	-

Deferred income tax (continued)	2023 \$	2022 \$
Carried forward tax losses	35,034,738	29,433,400
Unused tax losses for which no deferred tax asset has been recognised	34,268,847	26,306,882
Potential tax benefit at 25%	8,567,212	6,576,721

Losses

At 30 June 2023, the Group has carried forward tax losses of \$35,034,738 (2022: \$29,433,400) of which \$34,268,847 (2022: \$26,306,882) has no deferred tax asset recognised. The deferred tax asset which may be derived from these tax losses, has not been carried forward as an asset in the balance sheet and will only be recognised if:

- i. The Group derives assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- ii. the Group continues to comply with the conditions for deductibility imposed by law; and
- iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

Offsetting within a tax consolidated group

Foresta Group Holdings Limited and its wholly owned subsidiaries form a consolidated tax group, whereby the entities are taxed as a single entity. Accordingly, the deferred tax assets and deferred tax liabilities have been offset in the consolidated financial statements.

7. Current assets - cash and cash equivalents

Cash and cash equivalents include the following components:	2023 \$	2022 \$
Cash at bank and in hand	1,439,582	745,320
Cash and cash equivalents	1,439,582	745,320

8. Current assets - trade and other receivables

	2023 \$	2022 \$
Trade receivables	22,257	43,855
Allowance for expected credit losses	-	-
Net trade receivables	22,257	43,855
R&D tax incentive receivable	-	1,942,832
Insurance receivable	400,000	-
GST receivable	109,883	215,634
Total Trade and other receivables	532,140	2,202,321

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

9. Non-current assets held for sale

Non-current asset held for sale:

Consolidated	2023 \$	2022 \$
Asset held for sale (Note 12)	1,250,173	-
Total assets held for sale	1,250,173	-

Liabilities directly associated with non-current assets held for sale:

Consolidated	2023 \$	2022 \$
Liabilities directly associated with non-current assets held for sale (Note 15)	778,676	-
Total liabilities directly associated with non-current assets held for sale	778,676	-

10. Current assets - inventories

Consolidated	2023 \$	2022 \$
Stumps	-	33,988
Diesel	4,128	10,156
Light fuel oil	30,075	33,210
Inventories	34,203	77,354

Inventory consists of raw materials stated at the lower of cost and net realisable value on an average cost basis.

11. Current assets - other

Consolidated	2023 \$	2022 \$
Prepayments	104,948	116,054
Deposits	6,338	1,680
Security deposits (bank guarantees)	100,000	-
Other current assets	211,286	117,734

12. Non-current assets - property, plant and equipment

Property, plant and equipment are included in the accounts, at cost, on the following basis:

Consolidated	Plant & Equipment \$	Motor Vehicles \$	Leasehold Improve- ments \$	Property Leases – Right of use \$	Work in Progress \$	Total \$
Cost	5,847,661	77,232	78,829	1,643,319	3,120,395	10,767,436
Accumulated depreciation	(880,821)	(61,884)	(5,181)	(352,249)	-	(1,300,135)
Closing balance at 30 June 2022	4,966,840	15,348	73,648	1,291,070	3,120,395	9,467,301
Cost	1,386,482	141,436	78,829	1,742,997	4,984,757	8,334,502
Accumulated depreciation and impairment	(434,685)	(40,324)	(13,064)	(426,274)	-	(561,685)
Closing balance at 30 June 2023	951,797	101,112	65,765	1,316,723	4,984,757	7,420,154

Movements in carrying amounts for each class of property, plant and equipment

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

Consolidated	Plant & Equipment*	Motor Vehicles	Leasehold Improvements	Property Leases – Right of use	Work in Progress	Total
	\$	\$	\$	\$	\$	\$
Opening written down value 1 July 2021	6,062,767	30,649	-	1,034,629	-	7,128,045
Additions	1,099,043	-	78,829	364,099	3,120,395	4,662,366
Disposals	(1,621,929)	-	-	-	-	(1,621,929)
Depreciation	(573,041)	(15,301)	(5,181)	(107,658)	-	(701,181)
Closing balance at 30 June 2022	4,966,840	15,348	73,648	1,291,070	3,120,395	9,467,301
Opening written down value 1 July 2022	4,966,840	15,348	73,648	1,291,070	3,120,395	9,467,301
Additions	143,582	105,012	-	152,155	1,864,362	2,265,111
Impairment	(94,005)	-	-	(11,661)	-	(105,666)
Disposals	(2,339,018)	(753)	-	-	-	(2,339,771)
Transfer of assets held for sale	(1,250,173)	-	-	-	-	(1,250,173)
Depreciation	(475,429)	(18,495)	(7,883)	(114,840)	-	(616,647)
Closing balance at 30 June 2023	951,797	101,112	65,765	1,316,723	4,984,757	7,420,154

* Plant and equipment are pledged as security under the Altor Pty Ltd loan facility as detailed in Note 15.

Leased assets

The Group leases land and buildings for its offices, motor vehicles and plant and equipment used in its operations. The lease terms consist of:

Operational site - Isis Central	17 years
Corporate office - Maryborough	3 years
Corporate office - Landsborough	5 years
Corporate office - Papamoa	3 years
Plant and equipment	1-5 years

Additions to the right of use asset during the period relates to the corporate office at Papamoa.

The operational site lease includes an option in favour of the Group for an additional 10 years, and the corporate office include options for an additional 3, 5 and 3 years respectively. The right of use assets included above for the operational site, the Maryborough corporate office, and the Papamoa corporate office have been calculated on the fixed lease period and do not include the potential option period. For the Landsborough lease, the fixed lease period with an additional 5-year extension has been included. This is based on management's best estimate on whether options are likely to be exercised.

The Group's obligations under its leases are secured by the lessor's title to the leased assets.

Impairments Testing of Non-Financial Assets

After the Board's decision on 29 November 2022 to move the production facility from Queensland to New Zealand, the planned effective use of the Isis Central operation site and the Maryborough office has changed. The Company has vacated the Maryborough premises and advertised it for lease, and as the future economic benefit of the Right of Use Asset have changed, management has determined it appropriate to impair the value of the asset to \$nil.

Management is, at the time of this report, considering several options in relation to the future use of the Isis Central site. Management believes the site still carries future economic benefits and have thus decided to not account for any impairment on the Right of Use Asset.

In April 2024, Management contracted a valuations agency to conduct a valuation on the plant and equipment held at the operational site. As a result, a small number of assets have been identified with a market value less cost of disposal below their individual written down book values. The Group has accounted for an impairment on the relevant assets in line with AASB 136 *Impairment of Assets*.

Assets held for sale

The Group has identified several assets located at the Isis Central operational site which would be uneconomical to transport to New Zealand. The Group is currently actively advertising the assets for sale.

Disposals

The Group has started disposing of assets from the Isis Central operational site. Transporting the specified assets to New Zealand is deemed uneconomical and other assets have been decommissioned due to it not meeting the Group's requirements for the Rotorua New Zealand factory.

13. Non-current assets - other

Consolidated	2023 \$	2022 \$
Security deposits (bank guarantees)	-	100,000
Other deposits	37,970	32,035
Other non-current assets	37,970	132,035

14. Current liabilities - trade and other payables

Trade and other payables consist of the following:

Consolidated	2023 \$	2022 \$
Trade payables	215,611	850,885
Accruals	145,251	211,692
Total trade and other payables	360,862	1,062,577

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial reporting period and which are unpaid. Due to their short-term nature, they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

15. Current liabilities - borrowings

Consolidated	2023 \$	2022 \$
Altor Pty Ltd loan ^A	-	632,783
Convertible notes ^B	-	1,467,409
Other loans	44,627	65,616
Current borrowings	44,627	2,165,808

- A. The Altor Pty Ltd facility has been reclassified to liabilities directly associated with non-current assets held for sale (Note 13) as a result of the Company's commitment to sell the assets held as security under the agreement.

On 29 April 2021 the Company executed a loan facility agreement with Altor Capital Pty Ltd. The key terms of the loan agreement are:

- Loan amount: \$2,000,000

- Loan term: 29 April 2024
 - Interest rate: 11% per annum
 - Security: a general security charge over the assets of the Company
 - No equity conversion rights
 - Monthly repayments of Principal and Interest with the balance repayable by the Company at any time (during the loan term)
 - An amendment was executed on 5 May 2022 for an advance of \$500,000 on the facility. The advance was repaid on 25 May 2022.
 - As part of the original transaction Altor Capital Pty Ltd received 4,000,000 share options. These options vested immediately, and the fair value was offset against the carrying amount of the Altor loan and are recognised as borrowing costs in the statement of profit or loss over the term of the loan.
 - As a result of the amendment, the 4,000,000 options were cancelled, and 10,000,000 share options were issued in return. The original 4,000,000 options vested immediately therefore the fair value of these options has remained in equity. The 10,000,000 options vested immediately, and the fair value was offset against the carrying amount of the loan advance and recognised as borrowing costs in the statement of profit or loss over the term of the advance. Refer to Note 33 for valuation considerations of the options.
 - At 30 June 2023 there is a total of \$6,287 accrued interest on the Altor loan included in accruals.
- B. On 5 May 2022, the Company issued 1,510,000 convertible notes to investors as part of its capital raising activities. The key terms of the agreements are:
- Total subscription sum: \$1,510,000
 - Term: 3 months
 - Interest rate: 1% per month
 - Security: a general security charge over the assets of the Company
 - Conversion price: \$0.027 per share
 - On 3 July 2022 a variation to the convertible notes was approved by the Company and the noteholders. The variation provided the noteholders with one free-attaching option for every two shares acquired through the conversion of the notes. The options were to vest at conversion date, are exercisable at \$0.045 each and has an expiry date of 31 August 2023.
 - On 20 July 2022, 1,510,000 notes were converted into 55,925,935 ordinary shares, at a total value of \$1,677,777.

16. Current liabilities - derivative financial instruments

Consolidated	2023 \$	2022 \$
Derivative on convertible notes	-	167,777
Current derivative financial instruments	-	167,777

17. Current liabilities - lease liabilities

Consolidated	2023 \$	2022 \$
Lease liabilities	109,464	186,970
Current lease liabilities	109,464	186,970

18. Current liabilities - provisions

Consolidated	2023 \$	2022 \$
Employee leave entitlements ^A	86,581	119,515
Mining rehabilitation provisions ^B	50,000	50,000
Provision for make good ^C	13,455	-
Total current provisions	150,036	169,515

- A. These liabilities represent the Group's obligations to its current employees that are expected to be settled within the 12 months after reporting date.
- B. Foresta Group Holdings Limited's subsidiary AQL Mining Pty Ltd is required to restore the mining leases held in Karratha, Western Australia, to the extent required by the mining approvals. A provision for rehabilitation has been recognised for the present

value of the estimated expenditure required to restore the ground site on cessation of mining. Restoration of the mining leases is progressing, and the provision is still considered an accurate estimate of the remaining liability.

- C. The Group is in the process of rebuilding fixtures to the Isis Central site which were originally constructed by the landowner and provision has been made to anticipate future costs.

19. Non-current liabilities - borrowings

Consolidated	2023 \$	2022 \$
Altior Pty Ltd loan (Note 15)	-	655,083
Non-current borrowings	-	655,083

20. Non-current liabilities - lease liabilities

Consolidated	2023 \$	2022 \$
Lease liabilities	1,447,020	1,626,724
Non-current lease liabilities	1,447,020	1,626,724

Refer to Note 25 for details of future lease payments.

21. Non-current liabilities - provisions

Consolidated	2023 \$	2022 \$
Employee leave entitlements ^(a)	32,222	18,898
Provision for make good ^(b)	4,594	-
Total non-current provisions	38,816	18,898

- (a) These liabilities represent the Group's obligations to its current employees in relation to long service leave that are expected to be settled greater than 12 months after reporting date.

- (b) The Group entered into a new lease agreement for corporate offices in Papamoa New Zealand.

22. Equity - issued capital

The current issued share capital of Foresta Group Holdings Limited consists only of fully paid ordinary shares; the shares do not have a par value. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Group, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

	2023 Number	2023 \$	2022 Number	2022 \$
Movements in ordinary share capital				
Balance at beginning of financial year	1,582,112,943	23,146,672	1,492,407,082	15,335,496
Shares issued (a)	-	-	80,000,000	8,000,000
Options exercised (b)	-	-	9,705,861	291,176
Shares issued (c)	156,666,667	4,700,000	-	-
Conversion of notes (d)	55,925,935	1,677,777	-	-
Rights exercised (e)	2,000,000	-	-	-
Shares issued (f)	13,333,333	400,000	-	-
Shares issued (g)	252,000,000	3,024,000	-	-
Transaction costs	-	(542,440)	-	(480,000)
Total contributed equity	2,062,038,878	32,406,009	1,582,112,943	23,146,672

Notes for the above table, relating to the year ended 30 June 2022, are:

- (a) On 23 July 2021, Foresta Group Holdings Limited successfully completed a placement raising \$8,000,000 through the issue of 80,000,000 ordinary shares.
- (b) On 1 November 2021, Director Ken Richards exercised 9,075,861 options with an exercise price of \$0.03 per option.

Notes for the above table, relating to the year ended 30 June 2023, are:

- (c) On 20 July 2022, Foresta Group Holdings Limited successfully completed a placement raising \$4,700,000 through the issue of 156,666,667 ordinary shares.
- (d) On 20 July 2022, 1,510,000 notes were converted into 55,925,935 ordinary shares, at a total value of \$1,677,777. The convertible notes were issued to external investors in May 2022.
- (e) On 20 July 2022, Drew Speedy exercised his performance rights after meeting the performance requirements.
- (f) On 9 September 2022, Foresta Group Holdings Limited successfully completed a placement raising \$400,000 through the issue of 13,333,333 ordinary shares. The placement was agreed to along with the July 2022 placement, with deferred settlement terms.
- (g) On 5 April 2023, Foresta Group Holdings Limited successfully completed a placement raising \$3,024,000 through the issue of 252,000,000 ordinary shares.

23. Equity - reserves

	2023 \$	2022 \$
Share based payments reserve		
Movements:		
Balance at beginning of the financial year	928,552	536,119
Share based payment expense	112,339	268,633
Borrowing costs on convertible notes	-	-
Share based payment capitalised transaction costs – Altor loan facility	144,405	123,800
Balance at the end of the financial year	1,185,296	928,552

The reserve records the value of equity benefits, i.e. share based payments, provided to employees and directors as part of their remuneration, as well as to suppliers. Refer to Note 29 Share Based Payments for further details of these plans.

24. Equity - accumulated losses

Consolidated	2023 \$	2022 \$
Balance at beginning of the financial year	(17,386,510)	(11,354,247)
Loss after income tax for the year	(8,206,788)	(6,032,263)
Balance at the end of the financial year	(25,593,298)	(17,386,510)

25. Financial instruments

The Group's principal financial instruments comprise of lease liabilities, borrowings, receivables, payables, derivatives, and cash and short-term deposits.

Primary responsibility for the identification and control of financial risks rests with Board. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecast for interest rate and foreign exchange. The Group manages credit risk by only dealing with recognised, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a change in interest rate will affect future cash flows. The Group's exposure to the risk of changes in market interest

rates relates primarily to the Group's cash investments. Surplus funds are invested in interest bearing deposits and are managed by the directors and monitored on a regular basis.

At reporting date, the Group had the following exposure to variable interest rate risk:

Financial assets	2023 \$	2022 \$
Cash at bank	1,439,582	745,320
Security deposits (bank guarantees)	100,000	100,000
	1,539,582	845,320

Borrowings disclosed in Notes 15 and 19 have not been included in the above table as the applicable interest rates are fixed.

The following table summarises the impact of reasonably possible changes in interest rates for the Group at 30 June 2023. The sensitivity is based on the assumption that interest rate changes by 50 basis points (2022: 50 basis points) with all other variables held constant. The 50-basis points sensitivity is based on reasonably possible changes over the reporting period.

Impact on post tax profit and equity Higher / (lower)	2023 \$	2022 \$
50bp increase (2022: 50bp)	7,698	4,227
50bp decrease (2022: 50bp)	(7,698)	(4,227)

The analysis above excludes borrowings and lease liabilities as both are contracted under fixed interest rates.

Foreign currency risk

The Group has foreign currency risk exposure on cash reserves and has transactional exposures arising from the payment of foreign currency invoices. The Company is exposed to movements in US dollar and NZ dollar on cash reserves.

At the reporting date the Group had the following exposure to foreign currencies.

Financial assets	2023 \$	2022 \$
<i>Cash and cash equivalents</i>		
- USD	176	28,016
- NZD	53,172	6,349
	53,348	34,365

The following table summarises the impact of reasonably possible changes in foreign currency exchange rates for the Group at 30 June 2023 on recognised financial assets at the reporting date. The sensitivity is based on the assumption that the exchange rates change by increasing 10% or decreasing 10% with all other variables held constant. These 10% sensitivities are based on reasonably possible changes over the reporting period, using the observed range of actual historical rates for the preceding three-year period. The analysis is performed on the same basis for the comparative period.

Impact on post tax profit and equity Higher / (lower)	2023 \$	2022 \$
- AUD/USD +10% (2022: +10%)	(16)	(2,521)
- AUD/USD -10% (2022: +10%)	19	3,082
- AUD/NZD +10% (2022: +10%)	(4,785)	(571)
- AUD/NZD -10% (2022: +10%)	5,849	698

Credit risk

Credit risk arises in the event that a counterparty will not meet its obligations under a financial instrument leading to financial losses. The Group is exposed to credit risk from its operating activities and financing activities including deposits with banks.

The credit risk control procedure adopted by the Group is to assess the credit quality of the institution with which funds are deposited or invested, taking into account its financial position and past experiences. The limits are assigned to minimise concentration of risks and mitigate financial loss through potential counterparty failure. The compliance with credit limits is regularly monitored as part of day-to-day operations. Any credit concerns are highlighted to the Board.

Credit Quality of Financial Assets	S&P Credit Rating	
	A1+ \$	Unrated \$
30 June 2022		
Cash and cash equivalents	745,320	-
Receivables	-	259,489
Number of Counterparties	2	5
Largest counterparty (%)	96%	83%

Credit Quality of Financial Assets	S&P Credit Rating	
	A1+ \$	Unrated \$
30 June 2023		
Cash and cash equivalents	1,439,582	-
Receivables	-	532,140
Number of Counterparties	2	8
Largest counterparty (%)	97%	75%

Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors.

The Group manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments. The Group's liquidity needs can be met through a variety of sources, including:

- cash generated from operations and the sale of assets,
- short- and long-term borrowings, and
- issue of equity instruments.

Alternatives for sourcing the Group's future capital needs include current cash position, future operating cash flow, debt financings and equity raisings. These alternatives are evaluated to determine the optimal mix of capital resources.

The following table details the Group's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows. As a result, these balances may not agree with the amounts disclosed in the statement of financial position.

As at 30 June 2022	Less than 12 months \$	1-5 years \$	More than 5 years \$
Trade and other payables	1,062,577	-	-
Lease Liabilities	418,991	601,405	1,022,497
Borrowings	2,165,808	655,083	-
Total	3,647,376	1,256,488	1,022,497
As at 30 June 2023	Less than 12 months \$	1-5 years \$	More than 5 years \$
Trade and other payables	360,862	-	-
Lease Liabilities	160,488	605,049	1,030,955
Borrowings	699,710	-	-
Total	1,221,060	605,049	1,030,955

Capital risk management

When managing capital (being equity and long-term debt) management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits to other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity reflecting the current business status of the entity.

Management constantly adjusts the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group does not currently have a dividend policy.

The Group monitors its capital through monthly Board reporting including management accounts and forecasts combined with appropriate external financial, corporate and legal advice when required. Due to the nature of the operations of the Group and its financial position, Management does not have a target debt/equity ratio. Management prefers to maintain a flexible financing structure.

The Group is not subject to any externally imposed capital requirements.

26. Key management personnel disclosures

Key management personnel compensation:

Consolidated	2023 \$	2022 \$
Short-term employee benefits	826,527	993,923
Post-employment benefits	42,459	74,221
Share based payments	80,890	266,898
Total	949,876	1,335,042

27. Remuneration of auditors

	2023 \$	2022 \$
Audit and review of financial statements	95,825	80,500
Taxation compliance services	13,900	11,897
Total auditor's remuneration	109,725	92,397

28. Related party transactions

Parent Entity

The Parent entity within the Group is Foresta Group Holdings Limited. The Company is listed on the Australian Securities Exchange with no shareholders exerting significant influence, other than those that are also key management personnel.

Subsidiaries

Interests in subsidiaries are set out in subsidiaries Note 34.

Key Management Personnel

Disclosures relating to remuneration of key management personnel are set out in Note 26 and also further details are included in the Remuneration Report contained in the Directors' Report.

Transactions with related parties

The following transactions occurred with related parties:

Consolidated	2023 \$	2022 \$
Payment for services:		
Payment for corporate advisory services from Tegis Pty Ltd (Director related entity of T Gray)	60,000	120,000
Payment for corporate advisory services from The Trustee for the Formosa Coal Unit Trust (Director related entity of H Cheng and M Fabiani)	199,725	-
Payment for corporate advisory services from Formosa Executive Pty Ltd (Director related entity of M Fabiani)	49,725	-

There are no outstanding amounts receivable or payable at the reporting date in relation to transactions with related parties.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

29. Share-based payments

For the share options granted in the current period, the valuation model inputs used to determine the fair value at grant date are as follow:

	Share Options
Exercise Price	\$0.045
Grant Date	07 Sep 2022
Expiry Date	31 Aug 2023
Risk-free rate	2.86%
Volatility	75.00%
Value per option	\$0.00516
Number of options	27,962,985
Total value of options	\$144,405
Amount expensed in prior years	-
Amount expensed in current period	\$144,405
Amount to be expensed in future periods	-

The fair value of the equity-settled share options and performance rights is estimated at the date of grant using an appropriate option pricing model taking into account the terms and conditions upon which the equity securities were granted and any non-market-based performance conditions.

Share based payment expense

Total expenses arising from share-based payment transactions recognised during the period as part of total comprehensive income for the year were as follows:

	2023 \$	2022 \$
Share-based payments reserve		
Movements:		
Balance at beginning of the financial year	928,552	536,119
Cost of share-based payment	112,339	268,633
Share based payment capitalised transaction costs	144,405	123,800
Balance at the end of the reporting period	1,185,296	928,552

Outstanding performance rights

The outstanding balance of performance rights as at 30 June 2023 is represented below:

Grant Date	Expiry Date	Exercise Price	Performance rights 2023	Performance rights 2022
27-Nov-2020	03-08-2023	\$Nil	16,500,000	33,000,000
16-Sep-2021	30-09-2022	\$Nil	-	2,000,000
Total			16,500,000	35,000,000

Option summary and weighted average exercise prices

Share options and weighted average exercise prices "WAEP" are as follows for the reporting periods presented:

	Number of options 2023	WAEP \$ 2023	Number of options 2022	WAEP \$ 2022
Outstanding at the beginning of the year	39,879,170	0.051	49,158,526	0.072
Granted during the year	364,962,985	0.045	10,000,000	0.04
Exercised during the year	-	-	(9,705,861)	0.03
Expired during the year	(1,629,168)	0.211	(5,573,495)	0.201
Forfeited during the year	-	-	(4,000,000)	0.13
Outstanding at the end of the year	403,212,987	0.045	39,879,170	0.051

There are no options that were issued but not vested at 30 June 2023 (nil unvested at 30 June 2022).

Outstanding options

The outstanding balance of options as at 30 June 2023 is represented below.:

Grant Date	Expiry Date	Exercise Price	Share options 2023	Share options 2022
16 June 2017	3 July 2022	\$0.259	-	680,000
22 May 2018	19 March 2023	\$0.177	-	283,334
22 May 2018	22 May 2023	\$0.177	-	665,834
14 September 2018	14 September 2023	\$0.177	1,275,000	1,275,000
20 December 2018	1 February 2024	\$0.177	1,275,000	1,275,000
20 December 2018	1 April 2024	\$0.294	850,002	850,002
17 February 2020	1 March 2025	\$0.023	24,750,000	24,750,000
29 April 2021	29 April 2024	\$0.13	100,000	100,000
5 May 2022	30 June 2025	\$0.04	10,000,000	10,000,000
7 September 2022	31 August 2022	\$0.045	112,962,985	-
5 April 2023	31 December 2025	\$0.045	42,000,000	-
15 June 2023	31 December 2025	\$0.045	210,000,000	-
Total			403,212,987	39,879,170
The weighted average remaining life of the options outstanding at year end.			1.77 years	2.56 years

Employee share option plan (ESOP)

A share option plan and performance rights plan has been established and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board, grant options and performance rights over ordinary shares in the company to eligible employees and consultants.

Options and rights may not be issued under the plans if the aggregate of the number of shares issued during the preceding five years under any company employee incentive scheme (including the company's existing option plan), disregarding excluded shares, and the number of shares which would be issued if each outstanding option issued under an plans were exercised, would exceed 5% of the total number of shares on issue at the time of the proposed offer.

30. Contingent assets

Insurance Claim

During February 2022, the insurance underwriter confirmed indemnity over the property claim in connection with assets damaged in the Apple Tree Creek incident. Insurance proceeds of \$1,400,000 have been received to date and the Group has recognised a receivable of \$400,000 in the current period for additional proceeds that are virtually certain based on current settlement offers.

The Group is currently working with third-party claims preparation experts to assess and contest the insurer's assessment of its claim for repairs and replacement of damaged machinery and equipment. The Group believes that insurance proceeds above the \$400,000 recognised as a receivable at period end, are probable.

31. Commitments and contingent liabilities

WorkSafe Queensland Penalty

As a result of the incident at the Apple Tree Creek plant, the Group understands that WorkSafe QLD may raise a penalty as is standard in similar scenarios. Confirmation on the timing and extent of the penalty have not yet been provided. The Group has insurance coverage under its management liability in relation to penalties and fines.

Public Liability Claim

The contractor that was injured during the explosion at the Apple Tree Creek plant on 12 November 2021 has lodged a liability claim against the Group for medical costs incurred as a result of the injury. The claim is currently administrated on behalf of the Group by the Group's public liability insurer. The Group has insurance cover which is expected to cover any potential claim in full.

32. Notes to the statement of cash flows

a) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks, net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the year as shown in the statement of cash flow is reconciled to the related item in the statement of financial position as follows:

	2023 \$	2022 \$
Cash and cash equivalents	1,439,582	745,320

b) Reconciliation of net loss for the period to cash flows provided by operating activities

	2023 \$	2022 \$
Net loss for the period	(8,206,788)	(6,032,264)
Adjustments for:		
Depreciation	616,646	701,181
Share based payments	112,339	268,633
Finance costs on borrowing	244,585	286,668
Insurance recoveries related to property, plant and equipment	(400,000)	(1,160,000)
Loss on disposal and impairment of property plant and equipment	2,293,620	1,621,929

Unrealised loss on foreign exchange	61,578	52,568
Net changes in working capital:		
Change in trade and other receivables	26,797	643,505
Change in other assets	1,986,496	(2,426)
Change in trade and other payables	(190,228)	(563,705)
Change in provisions	(6,156)	3,957
Net cash provided/(used) in operating activities	(3,461,111)	(4,179,954)

c) Non-cash investing and financing activities

Settlement of executive and supplier payments by options and performance rights issued are non-cash transactions excluded from the statement of cash flows.

The Group has entered into a property lease agreement for corporate offices in Papamoa New Zealand. The lease commenced in May 2023 for a three-year term, with the option to renew for an additional three years.

33. Parent entity information

Impairment testing

At each reporting date the parent assesses whether there is any indication that an investment in a subsidiary may be impaired. If any such indication exists, the Group estimates the recoverable amount of the investment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

An impairment loss of \$12,055,426 was recognised by the parent entity in operating loss for the year ended 30 June 2023 to adjust for recoverability of loans to and investments in subsidiaries. This impairment loss reduced the carrying value of the line-item investment in subsidiaries and loans to subsidiaries for the parent entity financial information but eliminates on consolidation.

- Loan to Leaf Sciences Pty Ltd – impairment expense \$18,774
- Loan to Leaf Research Pty Ltd – impairment expense \$4,656
- Loan to Leaf Malaysia OpCo Sdn. Bhd. – impairment expense \$12,850
- Loan to Farmacule Bioindustries Pty Ltd – impairment expense \$6,465
- Loan to Leaf Resources USA, LLC – impairment expense \$5,407
- Loan to Essential Queensland Pty Ltd – impairment expense \$12,007,274

The parent entity does not have any guarantees held over debts of the subsidiaries, contingent liabilities or contractual commitments as at 30 June 2023. Contingencies and commitments at Note 31 relate to Essential Queensland Pty Ltd.

The individual financial statements for the parent entity show the following aggregate amounts:

	2023	2022
	\$	\$
Financial Position		
Assets		
Current assets	1,377,226	2,734,645
Non-current assets	5,255,984	12,405,636
Total assets	6,633,210	15,140,281
Liabilities		
Current liabilities	897,440	2,707,428
Non-current liabilities	349,932	1,018,306

Total liabilities	1,247,372	3,725,734
Equity		
Issued capital	77,115,701	17,134,150
Share based payments reserve	2,020,387	836,103
Retained losses	(73,750,249)	(6,555,706)
Total equity	5,385,839	11,414,547
Financial Performance		
Profit/(loss) before income tax	(15,544,789)	2,880,341
Income tax expense	-	-
Total comprehensive loss for the year	(15,544,789)	2,880,341

34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy on consolidation. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the parent of the Group, and the proportion of ownership interests held equal the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name Unlisted:	Principal activities	Country of incorporation	Class of shares	Ownership interest	
				2023 %	2022 %
<i>Essential Queensland Pty Ltd</i>	<i>Chemicals extraction</i>	<i>Australia</i>	Ord	100	100
<i>AQL Mining Pty Ltd</i>	<i>Mining of gravel and general fill</i>	<i>Australia</i>	Ord	100	100
<i>Farmacule BioIndustries Pty Ltd</i>	<i>Research & development</i>	<i>Australia</i>	Ord	100	100
<i>Leaf Sciences Pty Ltd</i>	<i>Intellectual property owner</i>	<i>Australia</i>	Ord	100	100
<i>Leaf Research Pty Ltd</i>	<i>Research & development</i>	<i>Australia</i>	Ord	100	100
<i>Leaf Performance Plan Pty Ltd</i>	<i>Trustee of employee share trust</i>	<i>Australia</i>	Ord	100	100
<i>Leaf Resources USA, LLC</i>	<i>Investor in Leaf Development, LLC</i>	<i>USA</i>	Ord	100	100
<i>Leaf Development LLC</i>	<i>Investment Company</i>	<i>USA</i>	Ord	80	80
<i>Leaf Malaysia OpCo Sdn. Bhd.</i>	<i>Investment Company</i>	<i>Malaysia</i>	Ord	100	100
<i>Foresta (NZ) Limited^A</i>	<i>Project company</i>	<i>New Zealand</i>	Ord	100	-

A. Foresta (NZ) Limited was established in December 2022.

35. Events after the reporting period

Since 30 June 2023, the following matters have arisen which may significantly affect the operations of the Group:

- The Company filed a new technology patent with IP Australia to protect its integrated process for organic solvents extraction with wood pellets and torrefied wood pellets production, as announced on 28 July 2023. The integration synergies enable lower production and capital costs. The Group will be using the technology in the soon to be developed Rotorua factory.
- On 7 August 2023, shareholders approved the name change of the Group's parent company from Leaf Resources Limited to Foresta Group Holdings Limited. The name change is the start of a new chapter for the Group as it looks to position itself as a global leader in manufacturing.
- On 11 August 2023, the Company announced that it signed a term sheet with Tailored Energy Resources Limited in relation to an offtake agreement to supply up to 400,000 tonnes per annum of torrefied wood pellets. The initial term is for eight years, commencing at the commissioning of the Rotorua factory.