Health and Plant Protein Group Limited

ABN 68 010 978 800

ASX Code: HPP

Appendix 4E

Listing Rule 4.3A

Preliminary Final Report

Reporting Period: 1 July 2022 to 30 June 2023

Registered address: Level 28, 1 Eagle Street, Brisbane QLD 4000
Postal Address: PO Box 2225, Milton, QLD 4064
Telephone: (07) 3067 4828

Results for announcement to the market

Summary of financial information

	30/06/2023 $'000	30/06/2022 $'000	Increase / Decrease	Movement $'000	%
Revenues from continuing operations	**-**	-	Nil	-	-
Revenues from discontinued operations	**27,894**	42,250	Decrease	(14,356)	-34.0%
Total revenue	**27,894**	42,250	Decrease	(14,356)	-34.0%
Net profit/(loss) after tax from continuing operations	**(6,433)**	(2,222)	Decrease	(4,211)	-189.5%
Net profit/(loss) after tax from discontinued operations	**(10,396)**	2,887	Decrease	(13,283)	-460.1%
Net profit/(loss) after tax attributable to members	**(16,829)**	665	Decrease	(17,494)	-2,630.7%

Refer to the attached consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and significant notes identified in the consolidated notes to the financial statements for further detail of the aforementioned results. Refer to Health and Plant Protein Group Limited Directors' Report and Financial Statements for commentary on the above results.

Dividends (Distributions)

No dividend has been paid or declared for the years ended 30 June 2023 and 30 June 2022. No dividend or distribution reinvestment plans were in operation during the year.

Earnings per share

	30/06/2023	30/06/2022
Net profit/(loss) after tax attributable to ordinary shareholders of parent ($'000)	**(16,829)**	665
Weighted average number of ordinary shares on issue	**122,820,738**	122,820,738
Basic and diluted earnings per share (cents per share)	**(13.70)**	0.54

Basic earnings per share amounts are calculated by dividing net profit / (loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Health and Plant Protein Group Limited has no potential ordinary shares but did have at 30 June 2022, in the form of convertible notes and options, which were antidilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of calculating diluted earnings per share. Refer to note 3 on page 22 of the consolidated financial statements for further information.

Details of entities over which control has been gained or lost

On 22 February 2023 a Share Sale and Purchase agreement for Hawaiian Host LLC and HPP Acquisition LLC (together the "**Buyer**") to acquire HPP America, Inc. (the United States-based holding company of MacFarms, LLC) was signed for consideration of US$26.0 million gross of debt. This sale was completed on 14 April 2023 and net funds of c.US$3.7 million were received from the buyer on 18 April 2023. On 1 August 2023 the Group finalised and paid the final working capital and price adjustments of US$430,000 of the sale with the Buyer. Outstanding at 30 June 2023 is the escrowed amount of US$3.9 million, awaiting clearance from the Internal Revenue Service (IRS) of the United States, subject to relevant withholding taxes.

This resulted in a loss of control over the following entities:

Name	Country of incorporation	30/06/2023 %	30/06/2022 %
HPP America, Inc.	United States	-	100
MacFarms, LLC	United States	-	100

Results for announcement to the market

Details of associates and joint venture entities

None.

Net tangible assets

	30/06/2023	30/06/2022
Net tangible asset backing per ordinary share (cents per share)	**5.9**	18.8
Number of shares on issue at 30 June	**122,820,738**	122,820,738

*Net tangible assets (NTA) are calculated excluding the Group's right-of-use (ROU) assets at each year end.

Accounting standards

The Group has not early adopted any accounting standards that are issued but not yet effective.

Results of significant segments of the business

Refer to note 2 of the attached notes to the consolidated financial statements for results of operating segments.

Additional Appendix 4E disclosure requirements can be found in the Annual Report for the year ended 30 June 2023, including the Executive Chair's message, Director's report, financial statements, and notes to the financial statements.

Audit Status

The information in this Appendix 4E is based on the financial statements which have been audited by Ernst & Young. The financial statements include an independent auditor's report to the members of Health and Plant Protein Group Limited (refer to page 60 of the Annual Report).

Deane Conway
Company Secretary
Brisbane, 31 August 2023

Health and Plant Protein Group Limited
ABN 68 010 978 800

Annual Report

30 June 2023

FINANCIAL STATEMENTS

These financial statements are consolidated financial statements for Health and Plant Protein Group Limited and its subsidiaries (the "**Group**"). A list of subsidiaries is included in note 25.

The financial statements are presented in Australian dollars which is Health and Plant Protein Group Limited's functional and presentation currency.

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Health and Plant Protein Group Limited is a company limited by shares, incorporated and domiciled in Australia.

Registered office:	Principal place of business:
c/-Thomson Geer	Level 26
Level 28, 1 Eagle Street	1 Bligh Street
Brisbane QLD 4000	Sydney NSW 2000

The financial statements were authorised for issue by the Directors on 31 August 2023.

All press releases, financial reports and other information are available at www.hppgroup.com

EXECUTIVE CHAIR’S MESSAGE

Dear Shareholders,

On behalf of the Health and Plant Protein Group Limited’s (HPP) Board, I am pleased to present the annual report for the financial year ended 30 June 2023. This is the final report that will be issued to include the Macadamia division, which was successfully divested in April 2023 on the back of overwhelming shareholder support. The business will move into a different phase in the coming months as we finalise the remaining cashflows from the transaction and put forward our business proposition for your review.

For the financial year ended 30 June 2023, the Group has posted a Net Loss After Tax of $16.8 million compared with a $0.7 million profit in the prior year. The Group has ended the financial year with a negative net operating cashflow of $7.3 million (mainly as a result of the business’s financial performance and costs associated with the divestment), cash at bank of $3.7 million and maintains a debtor balance of US$3.9 million remaining in escrow, awaiting clearance from the Internal Revenue Service (IRS) in the United States to finalise the withholding tax payments required. On 1 August 2023, the Group finalised and paid the final working capital amount of US$0.4 million to the Buyer. Importantly, the Group has no external debt at 30 June 2023.

From close of business on 28 August 2023, trading in HPP’s shares has been suspended by ASX in accordance with listing rule 17.3. It is ASX's opinion that the level of HPP's operations is not sufficient to warrant the continued quotation of its securities, despite the ongoing work to finalise the transaction payments outlined above. The Board believes suspension is not in best interest of shareholders and HPP made various submissions to ASX requesting longer extensions to the date of suspension, but these were not accepted.

I would like to thank the Board, management team and staff for all their hard work in what has been an incredibly challenging year.

Albert Tse
Executive Chair

DIRECTORS' REPORT

The Directors of Health and Plant Protein Group Limited present their report on the consolidated entity consisting of Health and Plant Protein Group Limited ("the Company") and its controlled entities ("the Group") for the financial year ended 30 June 2023.

BOARD OF DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Albert Tse (Executive Chair) (appointed 19 July 2022)
- Qi (Christina) Chen
- Hugh Robertson (appointed 19 July 2022)
- Peter O'Keeffe (resigned effective 26 February 2023)
- Andrew Bond (resigned effective 11 November 2022)
- Dennis Lin (resigned effective 19 July 2022)

Albert Tse	**Executive Chair** (Appointed 19 July 2022)
Qualifications	B.BUS, CA, Solicitor of the Supreme Court of Queensland
Experience	Mr Tse was appointed Executive Chair on 19 July 2022, having also been a Director of the business between February 2017 and February 2019. Mr Tse is the founder of Wattle Hill Capital, a leading mid-market private equity fund based in Sydney. Mr Tse was the former Legal Representative of Macquarie Group in Beijing and led transactions including the historic $22.1bn Hong Kong and Shanghai initial public offering of the Agricultural Bank of China in 2010.
Interest in shares and options	50,000 ordinary shares held directly
Special responsibilities	None
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None

Qi (Christina) Chen	**Non-Executive Director**
Qualifications	B.A. Econ, B.Com Fin (University of Manitoba)
Experience	Ms Chen was appointed a Director on 28 July 2017. Ms Chen is a Director of ChaCha Food Co. Ltd and a Director and Vice Chairman of Hefei Huatai Group Co. Ltd. She has relevant experience in fast moving consumer goods, E-commerce, and equity investment. Ms Chen has held a number of senior positions previously including, CEO of Hefei ChaCha Weileyuan E-Commerce Co. Ltd, Assistant President, Vice President of Anhui Huayuan Financial Group Co. Ltd. and as an Investment Manager and a partner in Harvest Capital Co. Ltd. Ms Chen is also on the Board of the International Nut & Dried Fruit Council (INC).
Interest in shares and options	None
Special responsibilities	None
Other current directorships in listed entities	ChaCha Food Co. Ltd (SHE: 002557)
Other directorships in listed entities held in the previous three years	None

Hugh Robertson	**Non-Executive Director** (Appointed 19 July 2022)
Qualifications	B.BUS, B.AG.SCI (HONS)
Experience	Mr Robertson has over 15 years of advisory and board experience across a range of industries including FMCG, Food and Agriculture, Technology and Financial and Professional Services. Mr Robertson has worked with HPP as a corporate advisor since 2017. Mr Robertson is currently a Director, Corporate Finance at Bell Potter Securities Ltd and supports emerging private and ASX listed company's in raising capital, strategy as well as mergers and acquisitions. Prior to Bell Potter, Mr Robertson was a Director of Bubs Australia (ASX:BUB), Agersens (cattle tracking technology) and Truffle and Wine Company (worlds largest farmed black perigord truffle producer) and was a founder of a start-up financial services business providing cash flow based debt solutions to Australian agribusinesses.
Interest in shares and options	None
Special responsibilities	None
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None

Andrew Bond	**Non-Executive Director** (Resigned effective 11 November 2022)
Qualifications	B.BUS ACC, GAICD, CA
Experience	Mr Bond has over twenty five years of broad corporate leadership experience across a range of industries. Qualifying as a Chartered Accountant whilst with KPMG, before moving to commerce, Mr Bond has held a number of senior roles both domestically and internationally across a variety of industries, predominantly FMCG, including senior roles with Capilano Honey, Medihoney and Buderim Foods. Mr Bond acted as CEO of ASX Listed Buderim Group Limited from the 16 December 2017 to 30 September 2020. After the sale of the Ginger business on 30 September 2020, the business rebranded and changed its name from Buderim Group Limited to Health and Plant Protein Group Limited on the 21 December 2020. Mr Bond became the CEO of Buderim Ginger (now owned by a private family) and a Non-Executive Director of ASX HPP (Health and Plant Protein Group Limited) on the 1 October 2020.
Interest in shares and options	None
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None

Peter Francis O'Keeffe	**Non-Executive Director** (Resigned effective 26 February 2023)
Experience	Mr O'Keeffe was appointed a Director on 31 October 2014. Mr O'Keeffe is an accounting professional, with both public practice and commercial accounting experience, within Australia and overseas, across the full range of small and medium to large sized business structures. Recent industry involvement includes manufacturing, wholesale and distribution within the food industry, service industries, IT services and database development and contract accounting services to a variety of enterprises.
Interest in shares and options	None
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None

Dennis Lin	**Executive Chair** (Appointed 4 August 2021. Resigned as Executive Chair effective 30 June 2022 and as Director on 19 July 2022)
Qualifications	CA, Solicitor of the Supreme Court of Queensland
Experience	Mr Lin was appointed an Executive Chair on 4 August 2021, an Executive Director on 1 July 2020 and a Non-Executive Director on 3 November 2017. Mr Lin was Executive Chairman of Bubs Australia Limited and a Chair of Synertec Corporation Limited. He is also co-founder and Chairman of Cortina Capital, an independent private equity fund.
Interest in shares and options	100,945 ordinary shares held directly
Other current directorships in listed entities	Synertec Corporate Limited (ASX: SOP)
Other directorships in listed entities held in the previous three years	eCargo Holdings Limited (ASX:ECG); Bubs Australia Limited (ASX: BUB)

COMPANY SECRETARY	
Deane Conway	(Appointed 19 June 2023)
Qualifications	M.Com (UCT), FCA (ICAEW), CFA
Experience	Mr Conway is a chartered accountant and funds management executive with over 25 years of investment banking and corporate advisory experience in Australia and the UK. Mr Conway is a Fellow of the Institute of Chartered Accountants in England & Wales, a CFA charterholder, and holds a Masters Degree in Commerce from the University of Cape Town.
Lisa Davis	(Until 19 June 2023)
Qualifications	B.Com, GradDip Bus, CA
Experience	Ms Davis holds a Bachelor of Commerce (Accounting and IT), a Graduate Diploma in Business and is a qualified Chartered Accountant member of the Chartered Accountants Australia and New Zealand Institute. Ms Davis has over 15 years of experience leading high performing teams, focusing on driving financial transformation, process improvement, offshoring, strategic business planning and systems improvement. Ms Davis has worked with multinational organisations across New Zealand, India and Australia and joined the Group as Finance Manager in June 2019 and Chief Financial Officer on 1 July 2020.

CORPORATE INFORMATION

<u>Corporate Structure</u>

Health and Plant Protein Group Limited is a company limited by shares that is incorporated and domiciled in Australia. As the ultimate parent entity, it has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in note 25 of the financial statements.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

For the first 9½ months of the financial year ended 30 June 2023, prior to the disposal of its main business undertaking, the Group was engaged in the production and processing in Hawaii of macadamia products, and marketing to wholesale and retail customers in the North American market. Following the disposal on 14 April 2023, the Group has no material operations that generate cash surpluses for the shareholders.

The principal activities of the Group during the financial year were:

<u>Continuing Operations – Corporate</u>

- The corporate segment includes head office corporate management in Australia and oversight of the Group’s financing, legal and structural arrangements.
- The continuing operations comprise the consolidated results of Health and Plant Protein Group Limited and its 100% subsidiary, HPP Group (Overseas) Holdings Pty Ltd.

Discontinued Operations – Macadamia division

- The Macadamia division engaged in the production and processing in Hawaii of macadamia products, and marketing to wholesale and retail customers in the North American market.
- Our previously reported Kapua Orchard Review led to a decision to enter into a Share Sale and Purchase agreement to sell the macadamia business.
- Transaction advisors were engaged in October 2021 to conduct a selected targeted asset sale process and although there were a number of parties interested, an agreement was not executed.
- Upon the appointment of Albert Tse, Executive Chair, in July 2022, an alternative process was undertaken which resulted in interest and the subsequent signing of a Share Sale and Purchase Agreement on 27 January 2023 and an offer of US $23.0 million.
- On 22 February 2023 the Group entered into a new Share Sale and Purchase Agreement, accepting a higher offer of US $26.0 million for the Macadamia business.
- On 14 April 2023 the transaction completed and on 1 August 2023 the completion statement and net working capital adjustments were finalised.
- At the date of this Report, the Group is awaiting tax clearance from the US Internal Revenue Service (IRS) in order to return funds from escrow to the continuing operations in Australia.

There were no other significant changes in the nature of the Group's principal activities during the financial year.

EMPLOYEES

The Group employed 1 non-director employee as at 30 June 2023 (2022:169). The number of employees reduced due to the divestment of the Macadamia division and consequential redundancies in the Australian Corporate team.

MEETING OF DIRECTORS

During the financial year, 22 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Director's meetings		**Audit Committee Meetings**		**Total**	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
A Tse [1]	21	21	1	1	**22**	**22**
Q Chen	21	20	-	-	**21**	**20**
H Robertson [2]	21	21	1	1	**22**	**22**
P O'Keeffe [3]	15	14	-	-	**15**	**14**
A Bond [4]	5	5	-	-	**5**	**5**
D Lin [5]	-	-	-	-	**-**	**-**

*See footnotes at the end of this directors' report.

OPERATING RESULTS AND REVIEW

On 14 April 2023, the Group's principal business undertaking, the Macadamia division, was disposed of. The continuing operations of the Group are the corporate head office and finance function. The continuing operations have no revenue derived from external customers in either the current or prior year. The Group recorded a net loss after tax of $6.4 million from continuing operations for the year ended 30 June 2023 compared to a net loss of $2.2 million after tax last year. The results can be summarised as follows:

	CONSOLIDATED	
	2023	2022
	$'000	$'000
Continuing operations (loss)/gain after income tax	**(6,433)**	(2,222)
Discontinued operations (loss)/gain after income tax	**(3,564)**	2,877
Loss on disposal of discontinued operations	**(6,832)**	-
Other comprehensive income net of tax	**(928)**	3,453
Total profit/(loss) attributable to members	**(17,757)**	4,118

REVIEW OF FINANCIAL CONDITION

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders. The capital structure of the Group consists of no debt (disclosed in note 14), only cash and cash equivalents, and equity attributable to the equity holders of the parent (comprising issued capital, reserves and retained earnings as disclosed in note 18, and on the face of the Consolidated Statement of Changes in Equity). There are no externally imposed capital requirements. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Liquidity and capital resources

The Consolidated Statement of Cash Flows shows an increase in cash and cash equivalents for the year ended 30 June 2023 of $0.27 million (2022: $0.75 million).

As at 30 June 2023 the Group had $3.7 million cash and cash equivalents available, as set out in note 7 to the financial statements.

	CONSOLIDATED	
	2023	2022
Asset and capital structure	**$'000**	$'000
NET GEARING		
Debt		
Interest-bearing liabilities	**-**	19,936
Less: Cash and cash equivalents	**(3,738)**	(3,470)
Net (cash)/debt	**(3,738)**	16,466
Add: Total equity	**7,287**	25,043
Total capital employed	**3,549**	41,509
	-	*39.67%*
DEBT/EQUITY		
Total equity	**7,287**	25,043
Less: Intangibles	**-**	(753)
Net tangible assets	**7,287**	24,290
Interest-bearing liabilities	**-**	19,936
	-	*82.07%*

As at 30 June 2023, the Group held no finance facilities (2022: US$7.68 million (A$11.11 million)) nor any convertible notes (2022: A$10 million).

Profile of debts

The Group has no debt finance as at 30 June 2023. The profile of the Group's debt finance below reflects the classification of the bank facilities as at 30 June 2022 as current on the basis of terms of the facility agreement in place at 30 June 2022. The carrying amount of the convertible notes are split between interest-bearing liabilities for the host debt liability and other financial liabilities for the derivative component. Refer to note 14 and note 15 for further information.

	CONSOLIDATED	
	2023	2022
	$'000	$'000
CURRENT		
Working capital financing facilities	**-**	-
Bank loans	**-**	1,004
Convertible notes	**-**	359
	-	1,363
NON-CURRENT		
Working capital financing facilities	**-**	11,084
Bank loans	**-**	153
Convertible notes	**-**	7,336
	-	18,573
TOTAL	**-**	19,936

DIVIDENDS PAID OR PROPOSED

No dividends have been paid during the year ended 30 June 2023 (2022: nil). No dividend has been declared for the year ended 30 June 2023 (2022: nil).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

It is the opinion of the Directors that there have been no other significant changes in the state of affairs of the Group during the financial year under review other than those already disclosed in this report or the financial report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 1 August 2023, the final Net Working Capital figure on the divestment of the Macadamia division was agreed with the buyer as US$430,000 payable by the Group. Remaining in escrow at the date of this report is US$3.9 million, pending review by the IRS, confirmation of the US withholding tax payable by the Group, and the finalisation of taxes payable in the United States.

The divestment of the Macadamia division on 14 April 2023 resulted in the Group disposing of its main undertaking per the ASX Listing Rules. The ASX's default position where an entity disposes its main undertaking in return for cash is to suspend the entity's shares from trading unless within a 6 month period from the initial announcement date the entity:

- completes the disposal; and
- either winds up operations / delists, or provides detailed disclosure on the next phase of business.

Between 9 August 2023 and 16 August the Group made multiple submissions to the ASX requesting a delay on the automatic suspension of shares, which was scheduled for 23 August 2023, being 6 months after the transaction announcement date. Reasons for the request included:

- the sale transaction had not yet been finalised (with the Group awaiting release of escrow monies and finalisation of tax adjustments), so there are still material expected cash inflows; and
- for those investors who may have bought in after the announcement in the expectation of a return, it would be unfair to prevent them from trading out before the sale had been finalised.

These submissions were rejected by the ASX and on 21 August 2023 the Group announced trading in its securities would be suspended by the ASX from close of business on 28 August 2023.

The wind up process of the Group's main undertaking is on-going and the Group's intention remains to return surplus capital to shareholders as soon as practicable or secure other opportunities to drive shareholder value.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Since the divestment of the Macadamia division, Management has been focusing on finalisation of net sale proceeds and also future plans in relation to the Group's main business undertaking. Once there is clarity on the monies currently escrowed, a shareholder meeting will be called to confirm next steps – either a return of capital or a recapitalisation for the new operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

Prior to the divestment of its Macadamia division, the Group was subject to local environmental laws and controls in respect of its overseas operations. There have been no known reportable breaches of the Group's licence conditions.

CLIMATE RELATED RISKS

Prior to the divestment of its Macadamia division, the Group operated in markets exposed to agricultural risk and climatic factors. Post the divestment, the Group is not expected to suffer directly from any material adverse impact from climate related events.

CORPORATE GOVERNANCE

The Corporate Governance Statement is provided on the corporate website www.hppgroup.com under the Corporate Governance tab to inform shareholders and other stakeholders of the governance arrangements in the Group.

ROUNDING

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, issued by the Australian Securities and Investment Commissions (ASIC), relating to the "rounding off" of amounts in the Directors report. Amounts in the consolidated financial statements and directors' report have been rounded off in accordance with the ASIC instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Footnotes:

(1) A Tse appointed 19 July 2022.
(2) H Robertson appointed 19 July 2022.
(3) P O'Keeffe resigned effective 26 February 2023.
(4) A Bond resigned effective 11 November 2022.
(5) D Lin was appointed Executive Chair 4 August 2021. D Lin resigned as Executive Chair effective 30 June 2022 and as Director on 19 July 2022.
(6) N Anderson resigned on 4 August 2021.
(7) A Cunningham resigned due to redundancy effective 19 June 2023.
(8) L Davis resigned due to redundancy effective 19 June 2023.
(9) D Conway appointed 19 June 2023.

Employment details of members of key management personnel

The remuneration report outlines the remuneration arrangements in place for the key management personnel, comprising Directors and senior executives of the Group.

The key management personnel of the Group consisted of the following Directors and senior executives of Health and Plant Protein Group Limited:

Directors	Position held
A Tse(1)	Executive Chair
Q Chen	Non-Executive Director
H Robertson(2)	Non-Executive Director
P O'Keeffe(3)	Non-Executive Director
A Bond(4)	Non-Executive Director
D Lin(5)	Executive Chair

Senior executives	Position held
A Tse(1)	Executive Chair
D Lin(5)	Executive Chair
A Cunningham(7)	Chief Operating Officer
L Davis(8)	Chief Financial Officer and Company Secretary
D Conway(9)	Company Secretary

*See footnotes at the end of this remuneration report for each of the key management personnel.

Board of Directors

The Board of Directors is collectively responsible for determining and reviewing compensation arrangements for the Directors, the Executive Director and the executive team. The Board of Directors assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team. The Board of Directors meet at least once a year and more often as required.

Voting and comments made at the last AGM

The remuneration report resolution in regards to the remuneration report for the 2022 financial year was carried at the 2022 AGM. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Link between remuneration and the Group's performance

The table below indicates the earnings and shareholder value against the remuneration of key management personnel:

	2023	2022	2021	2020	2019
Earnings/(losses) ($'000)	**(16,829)**	665	(10,112)	(7,566)	(235)
Basic earnings/(losses) per share (cents)	**(13.70)**	0.54	(9.45)	(8.80)	(0.27)
Dividend paid per share (cents)	**-**	-	-	-	-
Net asset value ($'000)	**7,287**	25,043	20,925	26,389	32,259
Net tangible asset backing per share (cents)	**6**	19	15	28	48
Share price (cents)	**5**	7	27	22	17
KMP remuneration ($)	**1,835,820**	841,147	1,032,797	916,840	1,550,298
KMP remuneration excluding long-term incentive and share-based payments ($)	**1,835,820**	841,147	1,032,797	916,840	1,094,298

*Comparative figures have been restated to present the impacts of the current year discontinued operations as outlined in note 27

Non-Executive Director remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. Non-Executive Directors do not receive any share-based remuneration.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 30 October 2015 when shareholders approved an aggregate remuneration of $300,000 per year. Actual fees paid to Non-Executive Directors during the year totalled $95,922 (2022: $106,571).

The amount of aggregate remuneration approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers external remuneration surveys as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

The normalised annual salary/fees for the year ended 30 June 2023, as compared with the year ended 30 June 2022, are outlined below:

	2023	2022
Executive Chair	**157,552**	266,433
Non-Executive Directors	**31,974**	48,173

Executive remuneration

Salary packages are measured by the Company as Total Employment Cost (TEC). TEC includes all costs associated with employment, which may include, but is not limited to, PAYG salary, FBT, superannuation, salary sacrifice arrangements, and any other approved expenditure, excluding employment oncosts such as payroll tax and workers compensation. Fringe benefits or non-deductible expenditure is grossed up to include the tax effect as part of the cost of providing such benefits in a salary package. The Group aims to reward executives with a level and mix of TEC remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for the Group and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

In determining the level and make-up of Executive TEC remuneration, the Board of Directors makes reference to external remuneration surveys detailing market levels of remuneration for comparable executive roles, and internal relativities.

Depending upon the particular role undertaken by Executives, remuneration consists of one or all of the following key elements:

- Base salary and benefits;
- Short term incentives; and
- Long term incentives.

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board of Directors and the process consists of a review of companywide, business division and individual performance, relevant comparative remuneration in the market, internal relativities and, where appropriate, external advice on policies and practices. There is no guaranteed base remuneration increases included in contracts.

Variable Remuneration

The objective of the short-term incentive program (STI) is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances. At this stage, the Board of Directors have determined that this variable remuneration component is only offered to Executive officers where direct performance linkages can be established. This policy is reviewed annually.

Short-term incentives payable for executives are capped at a maximum, depending on seniority, of their fixed component of salary. STI payments in the form of retention payments were offered to Australian based staff due to the divestment of the Macadamia division, as per ASX announcement dated 30 January 2023. STI's are payable at the Board's discretion.

No long-term incentive (LTI) plans were on issue during the year ended 30 June 2023 (2022: nil).

Service agreements

It is the Board of Director's policy that employment contracts are entered into with executives to protect the interests of both the Group and the employee. Details of the key terms of these agreements are as follows:

Executive	**Position held**	**Term**	**Notice period**
A Tse[(1)]	Executive Director	-	1 month
D Lin[(5)]	Executive Director	Terminated	1 month
A Cunningham[(7)]	Chief Operating Officer	Terminated	1 month
L Davis[(8)]	Chief Financial Officer	Terminated	3 months
D Conway[(9)]	Company Secretary	-	4 weeks

*See footnotes at the end of this remuneration report for each of the key management personnel.

Amounts paid to key management personnel are disclosed in the relevant section below. Service agreements for key management personnel include statutory leave entitlements and redundancy payments for the notice periods outlined above.

Remuneration details for the year ended 30 June 2023

Details of the remuneration of the directors and other key management personnel are set out in the following tables. The amounts shown are equal to the amount expensed in the Group's financial statements:

2023	**Short Term Benefits**			**Post Employment Benefits**	**Long Term Benefits**		**Termination Benefits**	**Total**	***Proportion of remuneration that is performance based***
	Salary and fees[(10)]	Short-term incentives	Non-monetary benefits[(11)]	Super-annuation	Long service leave	Long-term incentives	Redundancy benefits		
	$	$	$	$	$	$	$	$	*%*
Directors									
Q Chen	-	-	-	-	-	-	-	-	
H Robertson[(2)]	41,675	-	-	4,376	-	-	-	46,051	
P O'Keeffe[(3)]	29,196	-	-	3,066	-	-	-	32,262	
A Bond[(4)]	15,936	-	-	1,673	-	-	-	17,609	
Total directors	86,807	-	-	9,115	-	-	-	95,922	
Executives									
A Tse[(1)]	121,331	363,586	-	17,947	-	-		502,864	*72.3%*
D Lin[(5)]	21,250	-	-	-	-	-	-	21,250	
A Cunningham[(7)]	221,233	144,958	790	32,154	38,324	-	207,197	644,656	*22.5%*
L Davis[(8)]	218,125	144,958	-	35,789	-	-	158,546	557,418	*26.0%*
D Conway[(9)]	12,407	-	-	1,303	-	-	-	13,710	
Total executives	594,346	653,502	790	87,193	38,324	-	365,743	1,739,898	
Total Remuneration	**681,153**	**653,502**	**790**	**96,308**	**38,324**	**-**	**365,743**	**1,835,820**	

2022	Short Term Benefits			Post Employment Benefits	Long Term Benefits		Total	Proportion of remuneration that is performance based
	Salary and fees[10]	Short-term incentives	Non-monetary benefits[11]	Super-annuation	Long service leave	Long-term incentives		
	$	$	$	$	$	$	$	%
Directors								
P O'Keeffe[3]	43,794	-	-	4,379	-	-	48,173	
A Bond[4]	43,794	-	-	4,379	-	-	48,173	
Q Chen	-	-	-	-	-	-	-	
N Anderson[6]	9,295	-	-	930	-	-	10,225	
Total directors	96,883	-	-	9,688	-	-	106,571	
Executives								
D Lin[5]	253,750	-	-	25,375	-	-	279,125	
A Cunningham[7]	203,000	-	745	20,300	4,655	-	228,700	
L Davis[8]	203,000	-	668	20,300	2,783	-	226,751	
Total executives	659,750	-	1,413	65,975	7,438	-	734,576	
Total Remuneration	**756,633**	**-**	**1,413**	**75,663**	**7,438**	**-**	**841,147**	

*See footnotes at the end of this remuneration report for each of the key management personnel.

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

The relative proportion of those elements of remuneration of key management personnel that are linked to performance are as follows:

	Fixed remuneration		At risk STI		STI forfeited		LTI forfeited	
Executive	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
A Tse[1]	***17.7%***	-	***72.3%***	-	-	-	-	-
D Lin[5]	***100%***	*100%*	-	-	-	-	-	-
A Cunningham[7]	***77.5%***	*100%*	***22.5%***	-	-	-	-	-
L Davis[8]	***74.0%***	*100%*	***26.0%***	-	-	-	-	-
D Conway[9]	***100%***	-	-	-	-	-	-	-

*See footnotes at the end of this remuneration report for each of the key management personnel.

Share-based payments

During the year, there have been no issues of options.

In October 2018 the Group agreed to a Long-Term Incentive Scheme with the previous CEO (Andrew Bond) for 3 million options at an exercise price of $0.40 per share. The options consisted of three tranches of one million options subject to the satisfaction of EBIT-related performance targets. The conditions relating to the first two tranches were met during the period ending 30 June 2019. On 9 November 2020, the third tranche was cancelled. All remaining options lapsed on 31 December 2022.

Shareholdings of Directors

The number of ordinary shares held in Health and Plant Protein Group Limited during the financial year held by each Director and other members of key management personnel of the Group at 30 June 2023 is set out below:

30 June 2023

Directors	Interest	Balance at beginning of year	Received as part of remuneration	Market acquisition / (sale)	Other	Balance at end of year
A Tse[(1)]	Direct	50,000	-	-	-	50,000
A Bond[(4)]	Indirect	967,444	-	(967,444)	-	-
D Lin[(5)]	Direct	100,945	-	-	-	100,945

30 June 2022

Directors	Interest	Balance at beginning of year	Received as part of remuneration	Market acquisition / (sale)	Other	Balance at end of year
A Bond[(4)]	Indirect	967,444	-	-	-	967,444
D Lin[(5)]	Direct	100,945	-	-	-	100,945
N Anderson[(6)]	Direct	37,000	-	-	-	37,000

*See footnotes at the end of this remuneration report for each of the key management personnel.

All equity transactions with Directors and executives have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Other transactions and balances with directors and executives

Transactions between related Directors and executives are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The Karand Family Trust

In October 2018, 3 million options at an exercise price of $0.40 were granted to the Karand Family Trust, a related party of the CEO, for $3,600 consideration. The first two tranches had vested during the period ending 30 June 2019. On 9 November 2020 one million options were cancelled following a change of employment status of the CEO. All remining options lapsed on 31 December 2022.

Loans made to KMP

There were no loans made to key management personnel during the year or prior year and there were no loans outstanding as at 30 June 2023.

Footnotes:

(1) A Tse appointed 19 July 2022.
(2) H Robertson appointed 19 July 2022.
(3) P O'Keeffe resigned effective 26 February 2023.
(4) A Bond resigned effective 11 November 2022.
(5) D Lin was appointed Executive Chair 4 August 2021. D Lin resigned as Executive Chair effective 30 June 2022 and as Director on 19 July 2022.
(6) N Anderson resigned on 4 August 2021.
(7) A Cunningham resigned due to redundancy effective 19 June 2023.
(8) L Davis resigned due to redundancy effective 19 June 2023.
(9) D Conway appointed 19 June 2023.
(10) 'Salary and fees' include annual leave entitlements taken during the reporting period.
(11) 'Non-monetary benefits' includes the value of any non-cash benefits provided, such as fully maintained motor vehicle, insurance and/or professional membership subscriptions.

END OF AUDITED REMUNERATION REPORT

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

Health and Plant Protein Group Limited and its subsidiaries have entered into Deeds of Indemnity, Insurance and Access. These deeds provide that the company indemnify all current and future directors and secretaries in accordance with the provisions of the Corporations Act 2001, and provide them with access to the company books and records for a period of seven years after they cease to be a director or secretary of the company.

During the financial year, the Group has paid premiums in respect of a contract insuring all the directors and officers of Health and Plant Protein Group Limited against a liability incurred in their role as directors of the company, except where:

(a) the liability arises out of conduct involving a wilful breach of duty; or
(b) there has been a contravention of sections 232(5) or (6) of the Corporations Act 2001; and
(c) as permitted by section 199B of the Corporations Act 2001.

The Directors have not included details of the amount of the premium paid in respect of the Directors and Officers and Supplementary Legal Expenses policies as such disclosure is prohibited under the terms of the contract.

The Group has not, during or since the end of the financial year indemnified or agreed to indemnify the auditor of the Group against a liability incurred as auditor.

OPTIONS

No options over unissued shares or interests in the company or a controlled entity were granted during or since the end of the financial period.

AUDITOR INDEPENDENCE

The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001 for the year ended 30 June 2023 can be found on page 15 of the consolidated financial report.

NON-AUDIT SERVICES

The non-audit services were provided by the entity's auditor, Ernst & Young Australia. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young Australia received or are due to receive $40,000 (2022: $29,000) for the provision of non-audit services.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Albert Tse
Executive Chair
Brisbane, 31 August 2023

Building a better
working world

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Auditor's independence declaration to the directors of Health and Plant Protein Group Limited

As lead auditor for the audit of the financial report of Health and Plant Protein Group Limited for the financial year ended 30 June 2023, 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 audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Health and Plant Protein Group and the entities it controlled during the financial year.

Ernst + Young.

Ernst & Young

Susie Kuo
Partner
31 August 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	CONSOLIDATED 2023 $'000	2022 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**3,738**	3,470
Trade and other receivables	8	**4,816**	2,183
Inventories	10	**-**	16,262
Prepayments		**3**	1,255
Biological assets	11	**-**	355
TOTAL CURRENT ASSETS		**8,557**	23,525
NON-CURRENT ASSETS		**-**	
Property, plant and equipment	12	**-**	31,860
Intangible assets	13	**-**	753
TOTAL NON-CURRENT ASSETS		**-**	32,613
TOTAL ASSETS		**8,557**	56,138
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	**1,258**	4,106
Interest-bearing liabilities	14	**-**	1,363
Lease liabilities	16	**-**	261
Employee entitlements	17	**12**	957
Provisions		**-**	3
TOTAL CURRENT LIABILITIES		**1,270**	6,690
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	14	**-**	18,573
Other financial liabilities	15	**-**	327
Deferred tax liabilities	6	**-**	4,486
Lease liabilities	16	**-**	979
Employee entitlements	17	**-**	40
TOTAL NON-CURRENT LIABILITIES		**-**	24,405
TOTAL LIABILITIES		**1,270**	31,095
NET ASSETS		**7,287**	25,043
EQUITY			
Contributed equity	18	**60,613**	60,613
Reserves	19	**-**	15,894
Accumulated losses		**(53,326)**	(51,464)
TOTAL EQUITY		**7,287**	25,043

The accompanying notes form
part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2023

	Note	CONSOLIDATED 2023 $'000	2022 $'000
INCOME			
Sale of goods from continuing operations	4	**-**	-
Cost of sales		**-**	-
Gross profit		**-**	-
Other income	4	**1,318**	3,201
Administration expenses		**(4,670)**	(3,020)
Selling and distribution expenses		**-**	-
Marketing expenses		**-**	(305)
Impairment		**(258)**	(3,740)
Other expenses	5	**(4)**	(156)
LOSS BEFORE INCOME TAX AND FINANCE INCOME/(COSTS)		**(3,614)**	(4,020)
Finance income	4	**698**	2,657
Finance costs	5	**(3,517)**	(1,169)
PROFIT/(LOSS) BEFORE INCOME TAX		**(6,433)**	(2,532)
Income tax (expense)/benefit	6	**-**	310
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**(6,433)**	(2,222)
Profit/(loss) from discontinued operations	27	**(3,564)**	2,887
Gain/(loss) on disposal of discontinued operations	27	**(6,832)**	-
Income tax (expense)/benefit from discontinued operations	27	**-**	-
NET PROFIT/(LOSS) FOR THE YEAR		**(16,829)**	665
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified subsequently to profit or loss			
Changes in fair value of land for continuing operations, net of tax		**-**	2,838
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations, net of tax		**(928)**	615
Total other comprehensive income for the year, net of tax		**(928)**	3,453
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(17,757)**	4,118
Total profit/(loss) is attributable to:			
Equity holders of Health and Plant Protein Group Limited		**(16,829)**	665
		(16,829)	665
Total comprehensive income/(loss) attributable to:			
Equity holders of Health and Plant Protein Group Limited		**(17,757)**	4,118
		(17,757)	4,118
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company:			
Basic and diluted earnings per share from continuing operations (cents)	3	**(5.24)**	(1.81)
Basic and diluted earnings per share (cents)	3	**(13.70)**	0.54

*Comparative figures have been restated to present the impacts of the discontinued operations as outlined in note 27.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2023

		CONSOLIDATED	
	Note	**2023 $'000**	2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		**27,389**	44,488
Payments to suppliers and employees (inclusive of GST)		**(34,094)**	(42,736)
Other receipts		**114**	71
Finance costs		**(748)**	(421)
Income taxes (paid)/received		**-**	(4)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES	7	**(7,339)**	1,398
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**-**	(822)
Proceeds from sale of plant and equipment		**17**	18
Acquisition of associate		**-**	(144)
Investment income		**108**	-
Proceeds from sale of business, net of cash sold		**16,586**	-
NET CASH PROVIDED FROM/(USED IN) INVESTING ACTIVITIES		**16,711**	(948)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**-**	-
Payment of transaction costs		**-**	-
Proceeds from borrowings		**3,384**	3,224
Repayment of borrowings		**(12,043)**	(2,427)
Principal elements of lease payments		**(183)**	(500)
NET CASH PROVIDED FROM/(USED IN) FINANCING ACTIVITIES		**(8,842)**	297
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**530**	747
Cash and cash equivalents at beginning of year		**3,470**	2,725
Cash transferred on disposal of business		**(1,391)**	-
Foreign exchange difference on cash holdings		**1,129**	(2)
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	7	**3,738**	3,470

*Cash flows from discontinued operations have been included above, refer to note 27 for breakdown.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2023

	CONSOLIDATED				
	Contributed Equity $'000	Asset Revaluation Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2022	**60,613**	**14,966**	**928**	**(51,464)**	**25,043**
Total comprehensive income/(loss) for the year					
Net profit/(loss) from operations	-	-	-	(16,829)	**(16,829)**
Other comprehensive income/(loss) for the year					
Loss on land revaluation	-	(1,173)	-	1,173	**-**
FCTR recycling to profit and loss	-	-	(1,418)	-	**(1,418)**
FCTR movement to the date of disposal	-	-	490	-	**490**
Total comprehensive income/(loss) for the year	**-**	**(1,173)**	**(928)**	**(15,656)**	**(17,757)**
Transfer to retained earnings from reserves	-	(13,793)	-	13,793	**-**
Balance at 30 June 2023	**60,613**	**-**	**-**	**(53,326)**	**7,287**

	CONSOLIDATED				
	Contributed Equity $'000	Asset Revaluation Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2021	**60,613**	**12,128**	**313**	**(52,129)**	**20,925**
Total comprehensive income for the year					
Net profit for the year	-	-	-	665	**665**
Other comprehensive income for the year	-	2,838	615	-	**3,453**
Total comprehensive income/(loss) for the year	**-**	**2,838**	**615**	**665**	**4,118**
Balance at 30 June 2022	**60,613**	**14,966**	**928**	**(51,464)**	**25,043**

The accompanying notes form
part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial report of the Group also complies with the International Financial Reporting Standards (“IFRS") issued by the international Accounting Standards Board.

The consolidated financial statements have also been prepared on an accruals basis and are based on historical costs, except for investments, land, biological assets and derivative liabilities that have been measured at fair value. The consolidated financial statements are presented in Australian dollars, which is the Company’s functional and presentation currency.

Certain comparative amounts have been reclassified to conform with the current year’s presentation.

GOING CONCERN

The aggregated financial statements have been prepared on the going concern basis, which assumes the Group will be able to realise its assets and settle its liabilities in the normal course of business and at amounts stated in the financial report.

As at 30 June 2023, the Group recorded a net loss of $16.8 million (2022: gain $0.7 million). The financial position and performance of the Group included the following events and transactions during the reporting period:

- the divestment of the Macadamia division in April 2023 (see note 27)

The funds received from the sale, net of the Macadamia division debt, amounted to US$16 million. This was mainly applied to:

- repayment of the existing convertible note debt obligations of A$10 million (plus accrued interest),
- transactions costs,
- working capital and financing adjustment costs, and
- Australia-based employee entitlements and costs.

The remainder of the funds (US$3.9 million) are held in escrow until US withholding tax obligations are finalised by the Internal Revenue Service (IRS). In addition to the funds in escrow, the Group holds cash at bank at 30 June 2023 of A$3.7 million (2022: A$3.5 million). As at 30 June 2023, the Group held no external debt facilities (2022: American AgCredit, FLCA of US$10,000,000 (A$14,467,593)) nor any convertible notes (2022: Asia Mark Development Limited (AMD) A$10 million).

The Directors, in their consideration of the appropriateness of the going concern basis for preparation of the financial statements, have prepared a cash flow forecast through to August 2024 which indicates the Group will have sufficient cash to continue as a going concern.

Accordingly, at the date of signing, the financial report has been prepared using the going concern basis of accounting. No adjustments have been made to the amounts and classifications of recorded assets and liabilities should the entity be unable to continue as a going concern.

BASIS OF CONSOLIDATION

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, excluding intercompany loans denominated in foreign currencies, have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

OTHER ACCOUNTING POLICIES

Significant and other accounting policies relevant to gaining an understanding of the financial statements have been grouped with the relevant notes to the financial statements.

KEY JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the use of certain critical accounting estimates, judgements in the process of applying the Group's accounting policies. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are outlined in the following notes:

		PAGE
Note 1	Going Concern	21
Note 8	Trade and other receivables	30
Note 27	Discontinued operations	54

2 SEGMENT INFORMATION

Accounting Policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Chair.

Description of segments

The Group's main operating business prior to 14 April 2023 was the Macadamia segment run through the HPP America, Inc and MacFarms LLC subsidiaries. The Macadamia segment has been accounted for as discontinued operations, following its divestment by way of sale, refer to note 27. The remaining division, labelled "Corporate" comprises the continuing operations of the Group after 14 April 2023.

The operating businesses were organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offered different products and serves different markets, and thus form the basis of the reports reviewed by the Board and the executive management committee. The Chief Executive Officer reviews each segment's performance and is the Chief Operational Decision Maker (CODM).

The reportable segment for the year ended 30 June 2023 was as follows:

- **Corporate** – Australian Head Office, foreign exchange, investment in associates/subsidiaries, and leases recognised during the year ended 30 June 2023. This division is the only remaining segment at year end.

The Group generally accounts for inter-segmental sales and transfers as if the sales or transfers were to third parties at current market prices. This results in transfer pricing between business segments, being set on an arm's length basis. Revenues are attributed to geographic areas based on the location of the assets producing the revenues.

Segment accounting policies are the same as the Group's policies described in each note. There were no other changes in segment accounting policies that had a material effect on the segment information.

Segment information provided to the Board and executive management committee for the years ended 30 June 2023 and 30 June 2022 are as the same as the results of the continuing operations shown throughout these statements.

3 EARNINGS PER SHARE

Accounting Policy

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

The following reflects the income and share data used in the basic earnings/(losses) per share computations:

	CONSOLIDATED	
	2023	2022
Net profit/(loss) after tax attributable to ordinary shareholders of Health and Plant Protein Group Limited used in the calculation of basic and diluted earnings per share		
From continuing operations ($'000)	**(6,433)**	(2,222)
From discontinued operations ($'000)	**(10,396)**	2,887
Weighted average number of ordinary shares on issue used in calculation of basic and diluted earnings/(losses) per share	**122,830,738**	122,830,738
Basic and diluted earnings/(losses) per share attributable to ordinary shareholders of Health and Plant Protein Group Limited (cents per share)		
From continuing operations (cents per share)	**(5.24)**	(1.81)
From discontinued operations (cents per share)	**(8.46)**	2.35
Total (cents per share)	**(13.70)**	0.54

	CONSOLIDATED	
	2023 Number of Notes	2022 Number of Notes
CEO options issued on 29 October 2018	**-**	2,000,000
Convertible notes issued on 15 February 2017	**-**	38,895,152
	-	40,895,152

The CEO options issued in 2018 expired during 2023. The Convertible Notes issued were repaid during 2023.

4 REVENUE AND OTHER INCOME

Accounting Policy

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally at the time of shipment or on delivery of the goods depending on agreed trading terms.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. freight). In determining the transaction price for the sale of product, the Group considers the effects of variable consideration, freight revenue, and principal versus agent relationship.

If the consideration in a contract includes a variable amount, the Group estimates at the time of recognition of the sale to the customer the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. Certain promotions, or discounts, are provided for at the time of recognition of the sale to the customer based off historical and forecast promotional activities.

The Group concluded that it is the principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer.

No contract assets and liabilities existed at 30 June 2023 or 30 June 2022.

Interest income

Revenue is recognised as the interest accrues using the effective interest method.

Rental income

Rental income is recognised on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

Revenue from continuing operations

	CONSOLIDATED	
	2023 $'000	2022 $'000
Sale of goods from continuing operations		
At a point in time	**-**	-
Total sale of goods from continuing operations	**-**	-
Finance income		
Gain on extinguishment adjustment of host liability	**698**	2,657
Total finance income	**698**	2,657
Other income		
Net loss on disposal of property, plant and equipment (excluding property, plant and equipment sold as part of the discontinued operation)	**3**	18
Net foreign exchange gains	**599**	2,440
Rental and sub-lease rental income	**4**	19
Fair value gain on derivative financial liabilities	**328**	714
Sundry income	**384**	315
Total other income	**1,318**	3,506

5 RESULT FOR THE YEAR

The result for the year includes the following specific expenses:

	CONSOLIDATED	
	2023 $'000	2022 $'000
(a) Other expenses		
Foreign exchange losses	**4**	137
Loss on disposal of property, plant and equipment	**-**	2
Sundry expenses	**-**	1
Total other expenses	**4**	140
(b) Depreciation and Amortisation		
Buildings	**-**	-
Bearer plant	**-**	-
Property, plant and equipment	**53**	61
Right-of-use assets	**78**	148
Total depreciation	**131**	209
Relationships	**-**	-
Trade marks	**-**	-
Total amortisation	**-**	-
Total depreciation and amortisation	**131**	209
(c) Finance costs		
Convertible notes	**3,494**	1,107

	CONSOLIDATED	
	2023 $'000	2022 $'000
Bank loans and overdraft	**-**	13
Working capital financial facilities	**-**	-
Interest on lease liabilities	**23**	49
Total finance costs	**3,517**	1,169
(d) Employee benefit expenses		
Employee benefit expensed (excluding superannuation expenses)	**2,302**	1,369
Superannuation expenses	**147**	125
Total employee benefit expenses	**2,449**	1,494
(e) Inventory (reversal)/write-downs	**-**	-

6 INCOME TAX

Accounting Policy

Current tax assets and liabilities

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss (except for transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as recognition of an ROU Asset and a lease liability);
- when the taxable temporary differences are associated with investments in subsidiaries, associates and interest in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax losses and unused tax credits can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss (except for transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as recognition of an ROU Asset and a lease liability); or
- when the deductible temporary differences are associated with investments in subsidiaries, associates and interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Current and deferred tax is recognised in profit or loss, except to the extent it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation

Health and Plant Protein Group Limited and its wholly owned Australian resident subsidiaries are a tax consolidated group. All members of the tax consolidated group are taxed as a single entity from the date they enter the group. Members of the group apply the group allocation approach in determining the amount of current tax and deferred taxes recognised by members of the tax consolidation group. The head entity and other members of the tax consolidated group have entered into a tax sharing agreement. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Health and Plant Protein Group Limited.

Major components of income tax expense/(benefit) for the years ended 30 June 2023 and 30 June 2022 are:

	CONSOLIDATED	
	2023	2022
Current income tax	**$'000**	$'000
Current income tax (expense)/benefit	-	-
Adjustments of current income tax of previous years	-	-
Deferred income tax		
Deferred income tax (expense)/benefit	-	310
Tax (expense)/benefit	-	310
Income tax (expense)/benefit is attributable to:		
Profit/(loss) from continuing operations	-	310
Profit/(loss) from discontinued operations	-	-
	-	310

A reconciliation of income tax expense/(benefit) to accounting loss before income tax at the statutory rate for the years ended 30 June 2023 and 30 June 2022 is as follow:

	CONSOLIDATED	
	2023	2022
	$'000	$'000
Accounting loss before tax from continuing operations	(6,433)	(2,532)
Accounting profit/(loss) before tax from discontinued operations	(3,564)	3,118
	(9,997)	586
At the statutory income tax rate of 25% (2022: 25%)	(2,499)	(146)
Deferred tax assets recognised in the year	-	310
Deferred tax assets not brought to account for the year	(2,499)	-
Other	-	(146)
Tax (expense)/benefit	-	310

Deferred tax benefits are recognised for deductible temporary differences and accumulated differences losses incurred in the Macadamia segment in the current and preceding year to the extent they are available to be offset with deferred tax liabilities.

Tax on Other Comprehensive Income

	CONSOLIDATED	
	2023 $'000	2022 $'000
Income tax on other comprehensive income	**-**	980

Movement in deferred tax balances for the years ended 30 June 2023 and 30 June 2022:

	CONSOLIDATED					
	Revaluation of Land $'000	**Accelerated Depreciation $'000**	**Employment Benefits $'000**	**Accruals and Provisions $'000**	**Tax Losses to Offset / Other $'000**	**Total $'000**
Deferred tax assets						
As at 1 July 2022	-	-	265	688	2,735	**3,688**
Recognised in profit/(loss)	-	-	-	-	-	**-**
Transferred to assets held for sale	-	-	(265)	(688)	(2,735)	**(3,688)**
As at 30 June 2023	**-**	**-**	**-**	**-**	**-**	**-**
Deferred tax liabilities						
As at 1 July 2022	(6,867)	(635)	-	-	(672)	**(8,174)**
Recognised in equity	-	-	-	-	-	**-**
Recognised in profit/(loss)	-	-	-	-	-	**-**
Transferred to assets held for sale	6,867	635	-	-	672	**8,174**
As at 30 June 2023	**-**	**-**	**-**	**-**	**-**	**-**
Set-off deferred tax assets pursuant to set-off provisions	-	-	-	-	-	**-**
Net deferred tax liabilities at 30 June 2023						**-**

	CONSOLIDATED					
	Revaluation of Land $'000	**Accelerated Depreciation $'000**	**Employment Benefits $'000**	**Accruals and Provisions $'000**	**Tax Losses to Offset / Other $'000**	**Total $'000**
Deferred tax assets						
As at 1 July 2021	-	-	199	2,118	238	**2,555**
Recognised in profit/(loss)	-	-	66	(1,430)	2,497	**1,133**
As at 30 June 2022	-	-	265	688	2,735	**3,688**
Deferred tax liabilities						
As at 1 July 2021	(4,798)	(644)	-	-	(118)	**(5,560)**
Recognised in equity	(2,069)	-	-	-	-	**(2,069)**
Recognised in profit/(loss)	-	9	-	-	(554)	**(545)**
As at 30 June 2022	(6,867)	(635)	-	-	(672)	**(8,174)**
Set-off deferred tax assets pursuant to set-off provisions						**3,688**
Net deferred tax liabilities at 30 June 2022						**(4,486)**

Unrecognised deferred tax assets

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been brought to account is as follows:

	CONSOLIDATED	
Tax losses	**2023 $'000**	2022 $'000
Temporary differences from operating losses	**49,103**	41,779

The benefits of the above temporary differences and unused tax losses will only be realised if the conditions for deductibility occur. These amounts have no expiry date.

7 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand including deposits with an original maturity of three months or less. Short-deposits consists of deposits with an original maturity of more than three months.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Cash at bank earns interest at floating rates based on daily bank deposit rates. The cash balance comprises:

	CONSOLIDATED	
	2023 **$'000**	2022 $'000
Cash at bank and in hand	**3,738**	3,470[(i)]
Total cash and cash equivalents	**3,738**	3,470

(i) Included in the 2022 balance is $121,000 relating to a bank guarantee the Group provides in support of its tenancy agreement for the Corporate Office at Level 3, 159 Coronation Drive, Milton Queensland.

All cash and cash equivalents are categorised as financial assets as amortised cost. They are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Reconciliation of net income to net cash provided by operating activities:

	CONSOLIDATED	
	2023 **$'000**	2022 $'000
Net profit/(loss)	**(16,829)**	665
Depreciation and amortisation	**1,220**	1,505
Impairment expenses	**980**	3,740
Interest expense on convertible notes debt-host liability	**917**	1,107
Modification on convertible note debt-host liability	**1,857**	-
Change in fair value of biological assets	**(3,298)**	(4,129)
Fair value (gain)/loss on derivative financial liabilities	**(328)**	(714)
Net (Profit)/loss on disposal	**6,832**	28
Net exchange differences	**(1,509)**	(729)
Inventory (reversal)/write downs	**1,627**	1,262
Escrowed amount subject to US taxes	**(5,719)**	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(2,633)**	263
(Increase)/decrease in inventories	**16,262**	(3,258)
(Increase)/decrease in prepayments	**1,251**	234
(Increase)/decrease in biological assets	**355**	302
(Increase)/decrease in current tax asset	**-**	-
Increase/(decrease) in income tax provisions	**-**	(219)
Increase/(decrease) in trade and other payables	**(2,849)**	(52)
Increase/(decrease) in employee benefits	**(985)**	22
Increase/(decrease) in deferred tax liability	**(3)**	1,481
Increase/(decrease) in other provisions	**(4,487)**	(110)
Net cashflows from operating activities	**(7,339)**	1,398

Changes in liabilities arising from financing activities

	CONSOLIDATED			
	Other assets	**Liabilities from financing activities**		
	Cash/bank overdraft $'000	**Borrowings due within 1 year $'000**	**Borrowings due after 1 year $'000**	**Total $'000**
Net cash/(debt) as at 1 July 2022	3,470	(1,363)	(18,573)	**(16,466)**
Cash flows	(861)	1,353	5,862	**6,354**
Foreign exchange adjustments	1,129	(8)	(200)	**921**
Other non-cash movements	-	18	12,911[(1)]	**12,929**
Net cash/(debt) as at 30 June 2023	**3,738**	**-**	**-**	**3,738**

[(1)] As part of the disposal of the Macadamia division, $1.4 million of cash (shown under cash flows) and $14.8 million of borrowings (shown under non-cash movements) was transferred out at 14 April 2023. There was also a $1.9 million loss on the convertible notes within the continuing operations.

	CONSOLIDATED			
	Other assets	**Liabilities from financing activities**		
	Cash/bank overdraft $'000	**Borrowings due within 1 year $'000**	**Borrowings due after 1 year $'000**	**Total $'000**
Net debt as at 1 July 2021	2,725	(18,405)	(225)	**(15,905)**
Cash flows	747	(1,780)	983	**(50)**
Foreign exchange adjustments	(2)	(905)	**-**	**(907)**
Other non-cash movements	-	19,727	(19,331)	**396**
Net debt as at 30 June 2022	3,470	(1,363)	(18,573)	**(16,466)**

8 TRADE AND OTHER RECEIVABLES

Accounting Policy

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group’s business model for managing the financial assets and the contractual terms of the cash flows. The Group’s principal financial assets comprise cash and short-term deposits and receivables, which meet the conditions for classification and measurement at amortised cost. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the Group’s financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest rate method. The trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less any provision for impairment.

The derecognition of a financial asset takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the contractual rights to the cash flow expire, the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party and the relevant derecognition criteria are satisfied.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised costs. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group applies the simplified approach to measuring expected credit losses for all trade receivables. To measure the expected losses, trade receivables have been grouped based on days past due. Expected loss rates are based on the payment profiles of sales over a period of 12 months and the corresponding historical default experience within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

	CONSOLIDATED	
	2023 $'000	2022 $'000
Trade receivables[(i)]	**-**	2,059
Deposits and other loans	**7**	10
Other receivables	**4,809**	116
Less: Allowance for expected credit losses	**-**	(2)
Total trade and other receivables	**4,816**	2,183

(i) Trade receivables are non-interest bearing and are generally on 30-60 days terms.

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade receivables:

	Current $'000	**> 30 days past due $'000**	**> 60 days past due $'000**	**> 90 days past due $'000**	**Total $'000**
Loss allowance at 30 June 2023					
Expected loss rate (%)	-	-	-	-	
Gross carrying amount	-	-	-	-	**-**
Total loss allowance	**-**	**-**	**-**	**-**	**-**
Loss allowance at 30 June 2022					
Expected loss rate (%)	0.03%	0.16%	1.42%	0.81%	
Gross carrying amount	1,644	262	50	103	**2,059**
Total loss allowance	**0.4**	**0.4**	**0.7**	**0.8**	**2.0**

9 TRADE AND OTHER PAYABLES

Accounting Policy

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows. Commitments and contingencies are disclosed net of the amounts of GST recoverable from, or payable to, the taxation authority.

	CONSOLIDATED	
	2023 $'000	2022 $'000
Trade payables	**-**	2,377
Other payables	**1,258**	1,687
Interest payable	**-**	42
Total trade and other payables	**1,258**	4,106

- Trade and other payables are non-interest bearing and are normally settled on 30-45 day terms. The net of GST payable and GST received is remitted to the appropriate tax body on a monthly basis.
- The carrying amounts of trade and other payables are assumed to approximate their fair values due to their short term nature.
- All trade and other payables are categorised as "other financial liabilities". They are initially recognised and subsequently carried at amortised cost using the effective interest method.
- For terms and conditions relating to related parties refer to note 29

10 INVENTORIES

Accounting Policy

Inventories are valued at the lower of cost and net realisable value, except for Macadamia produce, which are measured at fair value less costs to sell at the point of harvest. Macadamias cease to be agricultural produce after picking and are subsequently classified as raw materials, measured at cost.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:
- **Macadamia produce** - fair value less costs to sell at the point the Macadamia crop becomes non-living. This measurement then becomes the cost recognised under raw materials;
- **Raw Materials** - purchase cost on a first-in, first-out basis; and
- **Finished goods and work-in-progress** - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less all estimated costs of completion and the estimated costs necessary to make the sale.

	CONSOLIDATED	
	2023 $'000	2022 $'000
Raw materials (at lower of cost and net realisable value)	**-**	3,786
Finished goods (at lower of cost and net realisable value)	**-**	12,476
Total inventories	**-**	16,262

Refer to note 5 for the recognised expenses for inventories carried at net realisable value. This is recognised in cost of sales in the profit or loss.

11 BIOLOGICAL ASSETS

Accounting Policy

Biological assets comprise of macadamia nuts growing on macadamia trees. During the year ended 30 June 2023, the Group disposed of all assets relating to the Macadamia division, which included all biological assets.

At any time, the current growing macadamia crop is not considered harvested, as this crop is attached to the trees and therefore classified as a biological asset and valued in accordance with *AASB 141 Agriculture*. The fair value of the macadamia nuts on trees takes into account current macadamia selling prices and current growing, processing and selling costs. The calculated crop value is then discounted to take into account that it is only partly developed, and then further discounted by a suitable factor to take into account the agricultural risk until crop maturity. As the macadamia growth cycle is complete within 12 months, no adjustment was made for discounting future harvests to net present value. In applying this standard, the Group has made various assumptions at the reporting date as the selling price of the crop can only be estimated and the actual crop yield will not be known until it is completely processed and sold.

	CONSOLIDATED	
	2023 $'000	2022 $'000
Balance at 1 July	**355**	**657**
Change in fair value due to biological transformation	-	**4,129**
Transfer of harvested Macadamia nuts to inventory	**(341)**	**(4,431)**
Disposal of inventory by way of asset sale	**(14)**	-
Balance as at 30 June	**-**	**355**

Until the divestment of the Macadamia division on 14 April 2023, the Group grew, harvested, processed and sold macadamia nuts as part of its operations. As at 30 June 2023, the Group owns no macadamia orchards (2022: 3,998 acres).

Valuation of macadamia produce

The Group had a team that performed valuations of the Group's biological assets for financial reporting purposes, including Level 3 fair values. The main Level 3 inputs used by the Group were derived and evaluated as follows:

- Volume of macadamia nuts on trees is determined utilising know growth cycles and expected macadamia orchard yields. Expected yields are estimated based upon historical yields and adjusted for climatic conditions and observations of the current crop growing in the orchard.
- Selling prices are based on average trend prices for wet in shell macadamia nuts.
- Growing, processing and selling costs are based on long term average levels.

As the macadamia growth cycle is complete within 12 months, no adjustment was made for discounting future harvests to net present value.

The following table summarises the quantitative information about the significant unobservable inputs used in the Level 3 fair value measure of the macadamia produce:

Valuation inputs	**Relationship of unobservable inputs to fair value**	**2023**	2022
Actual macadamia orchard yield (millions lbs)	The higher the macadamia nut yield, the higher the fair value	**-**	10.02
Selling price of wet in shell macadamia nuts (US $ per lb)	The higher the wet in shell sell price, the higher the fair value	**-**	0.86
Cost of growing (US $ per lb)	The higher the cost of growing, the lower the fair value	**-**	0.19
Cost of disposal including processing and selling (US $ per lb)	The higher the cost of disposal, the lower the fair value	**-**	0.32 - 0.51

Assets pledged as security

Information about assets pledged as security is provided in note 12.

12 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Land

For the basis of the valuations, land is measured at fair value.

Increases in carrying amounts arising on revaluation of land are recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increases reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the land are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the land; all other decreases are charged to profit or loss. Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the lands' fair value at the reporting date. Upon disposal, any revaluation reserve relating to the land being sold is transferred to retained earnings.

Buildings, plant and equipment

Buildings, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, over the estimated useful life of the assets as follows:

Fixed asset class	Useful life
Freehold buildings	50 years
Plant and equipment	3 – 20 years
Bearer plants	65 years

The asset's residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate at each financial year end. The useful lives of assets and major depreciation periods in each year are consistent with those used in the prior year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognised.

Right-of-use assets

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, lease incentives and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*. The costs are included in the right-of-use asset, unless those costs are incurred to produce inventories.

The Group recognises right-of-use assets at the commencement date of the lease i.e. the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprises of the initial lease liability amount, initial direct costs incurred when entering in the lease less lease incentives received and an estimate of the costs to be incurred in dismantling and removing the underlying asset and restoring the site on which it is located, to the condition required by the terms and conditions of the lease. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are amortised on a straight-line basis over the shorter of its estimated useful life and the lease term.

Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An assets recoverable amount is the higher of its fair value less cost of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash generating unit is considered impaired and is written down to its recoverable amount. An assessment is made at each reporting date as to whether a previously recognised impairment loss in respect of non-financial assets other than goodwill, can be reversed.

	CONSOLIDATED	
	2023 $'000	2022 $'000
Freehold land		
At fair value	-	23,220
Total freehold land	-	23,220
Buildings		
At cost	-	1,681
Accumulated depreciation	-	(409)
Total buildings	-	1,272
Capital works in progress		
At cost	-	12
Total capital works in progress	-	12
Plant and equipment		
At cost	-	7,508
Accumulated depreciation	-	(4,910)
Total plant and equipment	-	2,598
Bearer Plants		
At cost	-	4,851
Accumulated depreciation	-	(1,325)
Total Bearer Plants	-	3,526
Right-of-Use		
At cost	-	1,406
Accumulated depreciation	-	(174)
Accumulated impairment	-	-
Total Right-of-Use	-	1,232
Total property, plant and equipment	-	31,860

Reconciliation of the book amounts of each class of property, plant and equipment between the beginning and the end of the financial year is set out below:

Year ended 30 June 2023	CONSOLIDATED						
	Freehold land $'000	**Buildings on freehold land $'000**	**Plant and equipment $'000**	**Capital works in progress $'000**	**Bearer Plants $'000**	**Right-of-use Assets $'000**	**Total $'000**
Opening net book amount	**23,220**	**1,272**	**2,598**	**12**	**3,526**	**1,232**	**31,860**
Exchange differences	317	18	33	-	48	6	**422**
Revaluation increase/(decrease)	(1,173)	-	-	-	-	-	**(1,173)**
Additions	-	-	-	-	-	-	**-**
Disposals	-	-	(4)	(12)	-	(685)	**(701)**
Transfers	-	-	-	-	-	-	**-**
Other adjustment	-	-	(258)	-	-	-	**(258)**
Depreciation expense	-	(54)	(491)	-	(151)	(160)	**(856)**
Discontinued operations	(22,364)	(1,236)	(1,878)	-	(3,423)	(393)	**(29,294)**
Closing net book amount	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Year ended 30 June 2022	CONSOLIDATED						
	Freehold land $'000	**Buildings on freehold land $'000**	**Plant and equipment $'000**	**Capital works in progress $'000**	**Bearer Plants $'000**	**Right-of-use Assets $'000**	**Total $'000**
Opening net book amount	17,657	1,108	2,043	16	3,399	1,635	**25,858**
Exchange differences	1,642	99	131	-	306	41	**2,219**
Revaluation increase/(decrease)	3,921	-	-	-	-	-	**3,921**
Additions	-	124	718	-	-	235	**1,077**
Disposals	-	-	(49)	-	-	(2)	**(51)**
Transfers	-	-	304	(4)	-	(300)	**-**
Other adjustment	-	-	-	-	-	(117)	**(117)**
Depreciation expense	-	(59)	(549)	-	(179)	(260)	**(1,047)**
Closing net book amount	23,220	1,272	2,598	12	3,526	1,232	**31,860**

(A) Fair value of leasehold and freehold land

The Group engages external, independent and qualified valuers to determine the fair value of the Group's leasehold and freehold land at least every three years. An independent valuation of the freehold land in Hawaii was performed on 1 June 2022 by CBRE Valuation and Advisory Services (USA). The independent valuation was determined by the direct comparison approach, utilising recent observable market data for similar properties. Key inputs included the price per square meter. There were no changes during the year in the valuation techniques used by the Group to determine Level 2 fair values of land.

If freehold and leasehold land were stated on the historical cost basis, the carrying amounts would be as follows:

	CONSOLIDATED	
	2023 $'000	2022 $'000
Freehold land	**-**	2,290

(B) Right-of-use assets

The Group leased various properties, equipment and vehicles prior to the divestment of the Macadamia division. The right-of-use assets related to the following types of assets:

Year ended 30 June 2023	CONSOLIDATED Buildings on leasehold land $'000	Plant and equipment $'000	Total $'000
Opening net book amount	**922**	**310**	**1,232**
Exchange differences	(1)	8	**7**
Additions	-	-	**-**
Disposals net of accumulated depreciation	(685)	-	**(685)**
Transfers	-	-	**-**
Other adjustment	-	-	**-**
Depreciation	(134)	(27)	**(161)**
Discontinued operations	(102)	(291)	**(393)**
Closing net book amount	**-**	**-**	**-**

Year ended 30 June 2022	CONSOLIDATED Buildings on leasehold land $'000	Plant and equipment $'000	Total $'000
Opening net book amount	1,009	626	**1,635**
Exchange differences	6	35	**41**
Additions	235	-	**235**
Disposals net of accumulated depreciation	(2)	-	**(2)**
Transfers	-	(300)	**(300)**
Other adjustment	(117)	-	**(117)**
Depreciation	(209)	(51)	**(260)**
Closing net book amount	922	310	**1,232**

Information about the Group's leases are provided in note 16.

(C) Assets pledged as security

At 30 June 2023, none. Until 14 April 2023, American AGCredit, FLCA held a first ranking mortgage over the Group’s property assets in Hawaii. The terms of this first mortgage precluded the assets being sold or being used as security for further mortgages without the permission of the first mortgage holder. The mortgage also required buildings that form part of the security to be fully insured at all times. The convertible noteholders held a second mortgage over the Group’s assets in Hawaii.

(D) Impairment testing

Information about impairment testing of property, plant and equipment is provided in note 13.

13 INTANGIBLE ASSETS

Accounting Policy

Customer relationships

Customer relationships are carried at cost, less any accumulated impairment losses and amortisation. Customer relationships have been assessed as having a finite life from the date of business acquisition and are amortised over a period of between 5 - 8 years.

Trade marks

Trade marks are recognised at cost, less any accumulated losses and amortisation. Separately acquired trademarks and licences through a business combination are recognised at fair value at the acquisition date, they have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Trade marks are assessed for impairment at least annually and is allocated to the cash-generating unit for which they relate. Trademarks are amortised over a period of between 5 - 8 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised. Impairment testing is performed annually for intangible assets where any impairment indicators exist.

	CONSOLIDATED	
	2023 $'000	2022 $'000
Trade marks		
Cost	**-**	1,321
Accumulated amortisation and impairment	**-**	(946)
Net carrying amount	**-**	375
Relationships		
Cost	**-**	1,515
Accumulated amortisation and impairment	**-**	(1,137)
Net carrying amount	**-**	378
Total Intangible assets	**-**	753

Movement in carrying amounts of intangible assets:

	CONSOLIDATED		
Year ended 30 June 2023	**Brand names $'000**	**Relationships $'000**	**Total $'000**
Opening net carrying amount	**375**	**378**	**753**
Exchange differences	6	6	**12**
Additions/(Disposals)	-	-	**-**
Amortisation	(176)	(187)	**(363)**
Discontinued operations	(205)	(197)	**(402)**
Closing carrying amount	**-**	**-**	**-**

	CONSOLIDATED		
Year ended 30 June 2022	**Brand names $'000**	**Relationships $'000**	**Total $'000**
Opening net carrying amount	544	586	**1,130**
Exchange differences	40	41	**81**
Additions/(Disposals)	-	-	**-**
Amortisation	(209)	(249)	**(458)**
Closing carrying amount	375	378	**753**

(A) Assets pledged as security

Information about assets pledged as security is provided in note 12.

(B) Impairment testing

The Group is required to test its intangible assets annually for impairment, along with its other non-financial assets when indications of impairment are identified. Prior to the divestment of the Macadamia division, the nature of the assets held by the Group, including intangible assets and factory plant and equipment which do not generate cash inflows that are largely independent of other assets, meant that the Group had to determine the recoverable amount for the cash-generating unit (CGU) to which the assets belonged.

	Macadamia USA	
	2023 $'000	2022 $'000
Customer relationships	-	378
Trade marks	-	375
Total	-	753

USA Macadamia CGU

The Group identified the following indicators of impairment for the previous financial reporting period, ended 30 June 2022:

- The carrying amount of the net assets of the Group was higher than its market capitalisation; and
- There was evidence available from internal reporting that indicates that the economic performance of the Group's assets is lower than expected.

The Group calculated the recoverable amount for all CGU based on the fair value less cost of disposal (FVLCD). In determining the FVLCD values, the Group obtained an independent valuation of the Macadamia USA CGU on a whole of business basis to represent the fair value and has made an allowance for the cost of disposal of 3% of the fair value.

The basis for the fair value of the land associated with the CGU is outlined in note 12. The FVLCD values were determined using both the income capitalisation approach and the comparable sales approach, some of the inputs utilised within the valuation are unobservable and are therefore deemed to be Level 3 in the fair value hierarchy.

The following table outlines the key assumptions that were made in the determination of the FVCLD recoverable amount.

ASSUMPTIONS	**2023**	2022
INCOME CAPITALISATION APPROACH		
Capitalisation rate (%)	-	13.00
Stabilised orchard yield (m Ibs p/a)	-	9.00
Stabilised price per Ib (US$)	-	1.20
Stabilised operating costs (US$ per planted acre)	-	1,585
COMPARABLE SALES APPROACH		
Sales price per acre (US$ per planted acre)	-	8,800

The carrying amount of the Macadamia USA CGU was determined with reference to the intangible assets and the relevant property, plant and equipment. Having regard to the information above, the Group has concluded that the FVLCD calculation does not result in the recoverable amount for the CGU being lower than its carrying amount.

Sensitivity

The Directors made judgements and estimates in respect of impairment testing of non-financial assets. Should such judgements and estimates not occur the resulting asset carrying amount may decrease. The Group considered and assessed reasonably possible changes in key assumptions and has not identified any instances that could cause the carrying amounts of the CGU’s to exceed their recoverable amounts.

14 INTEREST-BEARING LIABILITIES

Accounting Policy

Financial liabilities, including all loans and borrowings are initially recognised at fair value, net of transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged, cancelled or if the terms are modified resulting in the present value of future cash flow being modified more than 10%. Under the circumstances of modification resulting in derecognition of the liability is recognised at the new present value of the future cash flows under the modified terms. Where the modification results in the present value of future cash flows being modified by less than 10%, any gains or losses on modification are recognised in profit or loss for the period in which the modification occurs.

	CONSOLIDATED	
	2023	2022
	$'000	$'000
CURRENT		
Secured liabilities:		
Working capital financing facilities	-	-
Bank loans	-	1,004
Convertible notes	-	359
Total current interest-bearing liabilities	-	1,363
NON-CURRENT		
Secured liabilities:		
Working capital financing facilities	-	11,084
Bank loans	-	153
Convertible notes	-	7,336
Total non-current interest-bearing liabilities	-	18,573
Total interest-bearing liabilities	-	19,936

Summary of borrowings

A. Bank loans and working capital financing facilities

As a result of the divestment of the Macadamia division on 14 April 2023, the Group holds no bank loans or financing facilities at 30 June 2023.

As at 30 June 2022:

- The Group held a finance facility with American AgCredit, FLCA of US$7,680,000 (A$11,111,111), the undrawn facility available was US$19,079 (A$27,602). On 14 March 2022, American AgCredit, FLCA approved an increase of the facility limit to US$10,000,000 (A$14,467,593), subject to terms and conditions of the loan documents, which were subsequently signed after 30 June 2022. The finance facility had a 25-year term and was secured by a first ranking mortgage over the Hawaiian assets. This facility was assumed by the buyer of the Macadamia division as part of the divestment.

- MacFarms LLC had two financing facilities with John Deere Financial of A$246,000, both secured equipment finance, the first one at 0% interest over 60 months, maturity date 30 October 2024 and the second one at 0% interest over 48 months, maturity date 05 May 2025. These facilities were assumed by the buyer of the Macadamia division as part of the divestment.

- The Group had financing facilities for premium funding, through AFCO (MacFarms LLC), and iQumulate (Corporate). The interest rate for the FY2022/FY2023 insurance period was 4.632% (AFCO) and 2.865% (iQumulate). These facilities were extinguished after the divestment of the Macadamia division.

B. Convertible notes

As a result of the divestment of the Macadamia division on 14 April 2023, the Group holds no convertible notes at 30 June 2023.

On 15 February 2017, the parent entity issued 37,500,000 convertible notes at $0.40 per note with a coupon rate of 4.50% per annum to Asia Mark Development Limited (“**AMD”**). The notes were convertible into fully paid ordinary shares of the parent entity, at the option of the shareholder, or repayable at the maturity date.

The initial fair value of the host debt liability portion of the convertible notes was determined as the residual balance between the face value of the notes issued, being $15,000,000 and the fair value of the derivative liability recognised. The derivative liability represented the value attributable to the potential adjustment to the conversion ratio on the conversion of the notes, the valuation of the derivative liability is outlined in note 15. The host debt liability was subsequently recognised on an amortised cost basis until the debt was extinguished on conversion, repayments or maturity of the notes.

The Group made a payment of $5,000,000 to the notes on the 1 October 2020. After repayment, 25,000,000 notes remained on issue. On 31 December 2021, the terms of the agreement were modified to extend the repayment of the convertible notes to:

- 1.25 million convertible notes (representing a principal amount of $500,000) to be redeemed on 30 September 2022
- 1.25 million convertible notes (representing a principal amount of $500,000) to be redeemed on 31 March 2023;
- 1.875 million convertible notes (representing a principal amount of $750,000) to be redeemed on 30 September 2023
- 1.875 million convertible notes (representing a principal amount of $750,000) to be redeemed on 31 March 2024;
- 2.5 million convertible notes (representing a principal amount of $1,000,000) to be redeemed on 30 September 2024,
- 2.5 million convertible notes (representing a principal amount of $1,000,000) to be redeemed on 31 March 2025;
- 2.5 million convertible notes (representing a principal amount of $1,000,000) to be redeemed on 30 September 2025;
- 2.5 million convertible notes (representing a principal amount of $1,000,000) to be redeemed on 31 March 2026;
- 2.5 million convertible notes (representing a principal amount of $1,000,000) to be redeemed on 30 September 2026;
- 2.5 million convertible notes (representing a principal amount of $1,000,000) to be redeemed on 31 March 2027; and
- 3.75 million convertible notes (representing a principal amount of $1.5 million) on 30 September 2027.

The contract modification at 31 December 2021 when assessed under *AASB9 Financial Instruments* resulted in substantially different future cashflows, and as a result the liability has been extinguished and recognised at the revised present value of the future cashflows. This modification resulted in a gain of $2,656,955 recognised as finance income for the period ended 30 June 2022. The host debt liability portion of the convertible notes was held at amortised cost. This host debt liability represented the 4.50% annual coupon payable and $10 million payable at the maturity of the notes. As at 30 June 2022, the fair value of the host debt liability was considered to be $7,695,000, representing the net present value of future cash flows utilising the effective interest rate of 14.36%.

On 30 September 2022, the terms of the agreement were further modified to extend the repayment of the convertible notes to:

- 1.25 million convertible notes (representing a principal amount of $500,000) to be redeemed on 30 September 2023;
- 1.25 million convertible notes (representing a principal amount of $500,000) to be redeemed on 31 March 2024;
- 1.875 million convertible notes (representing a principal amount of $750,000) to be redeemed on 30 September 2024;
- 1.875 million convertible notes (representing a principal amount of $750,000) to be redeemed on 31 March 2025;
- 2.5 million convertible notes (representing a principal amount of $1,000,000) to be redeemed on 30 September 2025;
- 2.5 million convertible notes (representing a principal amount of $1,000,000) to be redeemed on 31 March 2026;
- 2.5 million convertible notes (representing a principal amount of $1,000,000) to be redeemed on 30 September 2026;
- 2.5 million convertible notes (representing a principal amount of $1,000,000) to be redeemed on 31 March 2027;
- 2.5 million convertible notes (representing a principal amount of $1,000,000) to be redeemed on 30 September 2027;
- 2.5 million convertible notes (representing a principal amount of $1,000,000) to be redeemed on 31 March 2028; and
- 3.75 million convertible notes (representing a principal amount of $1,500,000) to be redeemed on 30 September 2028.

The convertible notes contract modification on 30 September 2022 when assessed under *AASB 9 Financial Instruments* resulted in a non-substantial difference in future cashflows. The gain of $655,000 was recognised in finance income.

As part of the divestment of the Macadamia division, the convertible notes were repaid on 18 April 2023. The early repayment resulted in contract modification of $2,548,089 recognised as finance cost under *AASB9 Financial Instruments*.

	CONSOLIDATED	
	2023 $'000	2022 $'000
Opening balance	**8,022**	11,269
Gain on extinguishment adjustment of host liability	-	(2,657)
Fair value (gain)/loss on derivative	(327)	(714)
Interest expense	917	1,107
Interest paid	(469)	(983)
Modification adjustment on host liability portion	1,857	-
Redemption	(10,000)	-
	-	8,022
Current liability	**-**	359
Non-current liability	**-**	7,663
Total liability	**-**	8,022

- The table above includes the debt host liability and the derivative component of the convertible note. Refer to note 15 in relation to the derivative portion.
- The interest expense is calculated by applying the effective interest rate of 14.45% (2022:14.44%) to the host debt liability component.

15 OTHER FINANCIAL LIABILITIES

Accounting Policy

The initial fair value of the host debt liability portion of the convertible notes was determined as the residual balance between the face value of the notes issued, being $15,000,000 and the fair value of the derivative liability recognised. The derivative liability represents the value attributable to the potential adjustment to the conversion ratio on the conversion of the notes. They are initially recognised at fair value and subsequently remeasured at each reporting date. The Group is required to measure its other financial liabilities, being the derivative liability component of the convertible notes issued at fair value. Refer to note 14 for further information relating to the convertible notes.

	CONSOLIDATED	
	2023 $'000	2022 $'000
Derivative liability component - current	**-**	-
Derivative liability component - non-current	**-**	327
Total other financial liabilities	**-**	327

Fair value of other financial liabilities

In determining the fair value of the derivative liability component, a number of key assumptions are required to be made. The Group engages external, independent and qualified advisors to determine the fair value of the Group's derivative liability component of its convertible notes. The valuation determines the fair value of the derivative component through a Binomial option pricing model.

The following table summarises the quantitative information about the significant unobservable inputs.

Valuation inputs	**Relationship of unobservable inputs to fair value**	**2023**	2022
Historical 3-year volatility of share price (%)	The higher the volatility, the higher the fair value	**80.5**	81.1

The fair value recognised at 30 June 2023 was nil (2022: $327,000) resulting in a fair value gain of $327,000 (2022: $714,000) recognised during the year in the consolidated statement of profit or loss and other comprehensive income.

16 LEASES LIABILITIES

Accounting Policy

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term.

At the commencement date of the lease, the Group recognises the lease liabilities measured at the present value of the lease payments that are not paid at the commencement date, discounted using either the rate implicit in the lease, or if that rate is not readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments for penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. For leases which contain a lease and a non-lease component, such as maintenance or charges, these are required to be accounted for separately.

After the commencement date, the amount of the lease liability is increased to reflect interest on the lease liability and reduced for the lease payments made. The Group remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate of a change in expected payments under guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Refer to note 12 for the accounting policy for right-of-use assets.

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

	CONSOLIDATED	
	2023 $'000	2022 $'000
Lease liabilities		
Current	-	261
Non-Current	-	979
Total lease liabilities	-	1,240
Maturity analysis	-	261
Not later than one year		
Later than 1 year and not later than 5 years	-	949
Later than 5 years	-	30
Total lease liabilities	-	1,240
Total cash outflow for leases	**146**	565

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Notes	CONSOLIDATED 2023 $'000	2022 $'000
Depreciation charge of right-of-use assets			
Buildings	12	78	148
Plant and equipment	12	-	-
		78	148
Interest expense (included in finance costs)		22	49
Expenses relating to short term lease (included in cost of sales)		-	405

The Group's leasing activities and how these are accounted for

Prior to the divestment of the Macadamia division, the Group leased several assets including office buildings, machinery and equipment and motor vehicles. The average lease term was 2 years but in some cases included extension options and purchase options. The Group made a determination that certain property leases extension options would not be exercised while certain purchase options associated with machinery and equipment leases were likely to be exercised in order to manage the flexibility of managing the assets used in the Group's operations. In determining the lease term, extension option and purchase options, management considers all facts and circumstances that create an economic incentive to exercise an option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

The incremental borrowing rate was determined with reference to the risk-free interest rate adjusted for the credit risk associated with obtaining financing based on recent secured third party financing received by the Group as a lessee and making adjustments specific to the lease such as term, country, currency and security. The lessee's weighted average incremental borrowing rate applied to the lease liabilities at 30 June 2023 is not applicable as no such liabilities remain (2022: 6.0%).

Where the Group is exposed to potential future increases in variable lease payments based on an index or rate, those are not included in the lease liability until they take effect. During the prior year, there was remeasurement of lease liabilities for the reporting period ending 30 June 2022 based on revision of variable lease payments associated with property leases.

17 EMPLOYEE ENTITLEMENTS

Accounting Policy

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and vesting sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using high quality corporate bond rates.

Employee benefits	CONSOLIDATED 2023 $'000	2022 $'000
Current	**12**	957
Non-current	**-**	40
Total employee benefits	**12**	997

The employee benefits cover the Group's liability for annual leave, sick leave and long service leave. The current portion of this liability includes all accrued annual leave, sick leave and unconditional entitlements to long service leave where employees have completed the required period of service and those where employees are entitled to pro-rata payments.

18 CONTRIBUTED EQUITY

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Issued and paid up capital	CONSOLIDATED 2023 $'000	2022 $'000
Fully paid ordinary shares	**60,613**	60,613

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

MOVEMENT IN ORDINARY SHARES ON ISSUE	Date	Issue Price	Number of shares	$'000
Balance as at 1 July 2022 and 1 July 2021			122,820,738	60,613
Shares issued - Placement			-	-
Less transaction costs arising on share issue			-	-
Balance as at 30 June 2023 and 1 July 2022			**122,820,738**	**60,613**

Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group from time to time consists of debt, which includes borrowings disclosed in note 14, cash and cash equivalents, and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 18 and 19 and on the face of the Consolidated Statement of Changes in Equity. There are no externally imposed capital requirements. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by total capital, as demonstrated in the table below. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position
(including minority interest) plus net debt.

Asset and capital structure

	CONSOLIDATED	
	2023 **$'000**	2022 $'000
NET GEARING		
Debts		
Interest-bearing liabilities	**-**	19,936
Cash and cash equivalents	**(3,738)**	(3,470)
Net debt/(cash)	**(3,738)**	16,466
Total equity	**7,287**	25,043
Total capital employed	**3,549**	41,509
	-	*39.67%*
DEBT/EQUITY		
Total equity	**7,287**	25,043
Intangibles	**-**	(753)
	7,287	24,290
Interest-bearing liabilities	**-**	19,936
	-	*82.07%*

19 RESERVES

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements in the fair value of non-current assets. The reserve can only be used to pay dividends in limited circumstances. With the divestment of the Macadamia division in April 2023, the Group's Asset Revaluation Reserve has been transferred to Retained Earnings.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. With the divestment of the Macadamia division in April 2023, the Group's Foreign Currency Translation Reserve has been transferred to Retained Earnings.

20 DIVIDENDS OR PROPOSED

No dividends have been paid during the year ended 30 June 2023 (2022: nil). No dividend has been declared for the year ended 30 June 2023 (2022: nil).

21 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

General objectives, policies and processes

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Group's risk management policies and objectives are established to minimise the potential impacts of these risks to the Group where such impacts may be material. The effectiveness of the processes put in place and the appropriateness of the objectives and policies are discussed regularly at Board level. Management also reviews the risk management policies and processes and reports their findings to the Board.

The overall objective of the Board is to set policies that seek to reduce risk, without unduly affecting the Group's competitiveness and flexibility.

The Group's principal financial instruments comprise bank loans, convertible notes, payables, cash and short-term deposits and receivables. The main purpose of these financial instruments is to raise finance for the Group's operations. It is, and has been throughout the reporting period, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are market risks including interest rate risk and foreign currency risk. Other risks include liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

(A) Interest rate risk

The Group's exposure to market risk for changes in interest rates primarily relates to the Group's term debt obligations, if any. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. As at reporting date the Group had the following variable rate borrowings:

	CONSOLIDATED			
	2023		2022	
	Interest rate %	**Balance $'000**	Interest rate %	Balance $'000
Working capital financing facilities (AUD)	**-**	**-**	4.56%	11,084

An analysis of maturities is provided in section E below.

At reporting date, the effect on profit and equity as a result of a 100 basis points change in the interest rate, with all other variables remaining consistent, would be an increase/decrease by $nil (2022: $111,000). The prior year effect was mainly due to the Group's exposure to variable interest rate on the American AGCredit, FLCA debt facility drawn of US$7,661,000 (A$11,084,000).

(B) Foreign currency risk

As a result of the Group's transactional currency exposures it is affected by movements in USD/AUD exchange rates. Since the divestment of the Macadamia division, such exposures arise from the holding of foreign currency reserves in USD.

Prior to the divestment of the Macadamia division, the Group's statement of financial position was similarly affected by:

- the sale or purchases by the operating unit in currencies other than the unit's functional currency
- other operations in the United States
- Intercompany loans and receivable balances between the Macadamia division and the parent.

As at 30 June 2023, the effect on profit and equity as a result of changes in exchange rates between the AUD/USD currencies, with all other variables remaining constant would be as follows:

	2023			2022		
	Exposure A$'000	**+10% A$'000**	**-10% A$'000**	Exposure A$'000	+10% A$'000	-10% A$'000
Balances held in USD	**4,743**	**(431)**	**527**	30,012	(2,728)	3,335

(C) Commodity risk

The Group was exposed to commodity risk in the Macadamia segment prior to the divestment of that division.

As at 30 June 2023, the effect on profit and equity as a result of an increase/(decrease) in commodity prices by 1% would be $nil (2022: $28,000).

(D) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations to the Group. Credit risk prior to the divestment of the Macadamia division arose principally from trade and other receivables and derivatives. Since the divestment of the Macadamia division, credit risk arises principally from monies escrowed in the USA.

The object of the Group is to minimise risk of loss from credit risk exposure. To achieve this, the Group has established a number of policies and processes to manage credit risk from receivables and derivatives. The Group trades only with recognised, credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the objective that the Group's exposure to bad debts is minimised. Refer to note 8 for further information on the Group's policy for the determination of expected credit losses.

Credit risk from receivables is measured through the use of credit agency reports on worthiness, trading history and days sales outstanding ratios. Credit risk from derivatives is measured through monitoring of foreign exchange and interest rate movements. The Group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial asset, is the carrying amount of those asset as indicated in the consolidated statement of financial position.

(E) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, leases and bill facilities. The Group's policies for determining the level of debt entered into is examined on a yearly basis in conjunction with financiers.

The Group has established a number of policies and processes for managing liquidity risk, these include:

- Continuously monitoring actual and daily cash flows of all Group entities;
- Continuously monitoring long-term forecast cash flow requirements of the Group;
- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows;
- Maintaining adequate borrowing facilities such as unused credit;
- Monitoring measures of borrowing such as EBIT/interest, EBIT/sales, gearing and debt to equity ratios;
- Monitoring liquidity ratios such as working capital;
- Managing the timing of outflows designated for reduction for liabilities in accordance with usual industry practice; and
- Liquidity risk is measured using liquidity ratios such as working capital.

The Group has no access to debt facilities (2022: American AGCredit, FLCA). The facility limits and undrawn balances as at reporting date are outlined in the table below:

Debt facility	2023 Expiry Date $'000	2023 Facility Limit $'000	2023 Undrawn $'000	2022 Facility limit $'000	2022 Undrawn $'000
Working capital facility: American AGCredit, FLCA	Various	-	-	11,111	28
Other facilities (AUD): John Deere Financial	Various	-	-	246	-

Financiers

Westpac Banking Corporation supplies the Group's continuing operations with retail banking facilities such as general operating, dividend, share purchase plan accounts, credit cards, business and corporate on-line facilities.

Prior to the divestment of the Macadamia division, American AGCredit, FLCA was the Group's principal financier while Bank of Hawaii and Key Bank also supplied retail banking facilities to entities within the Group.

Maturity analysis

Financial liabilities have differing maturity profiles depending on contractual term and in the case of borrowings, different repayment amounts and frequency. The periods in which the principal and interest (where applicable) of recognised and unrecognised financial liability balances will be paid based on the remaining period to repayment date assuming contractual repayments are maintained, may vary from carrying amounts due to future interest to be incurred on amortising liability amounts.

The American AgCredit, FLCA facility within the divested Macadamia division had a 25 year term and is not included in the maturity analysis table below as the Group had the ability to repay the principal and interest prior to the maturity date. The carrying amount at 30 June 2023 is $nil (2022: $11,084,000).

2023	Carrying amount $'000	Contractual cash flows $'000	<6 months $'000	6 – 12 months $'000	1 – 3 years $'000	>3 years $'000
Non-derivatives						
Trade and other payables	1,258	1,258	1,258	-	-	-
Interest-bearing liabilities	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Total Non-derivatives	**1,258**	**1,258**	**1,258**	**-**	**-**	**-**

2022	Carrying amount $'000	Contractual cash flows $'000	<6 months $'000	6 – 12 months $'000	1 – 3 years $'000	>3 years $'000
Non-derivatives						
Trade and other payables	4,106	4,106	4,106	-	-	-
Interest-bearing liabilities	8,852	12,768	1,297	1,167	4,374	5,930
Lease liabilities	1,240	1,360	151	155	751	303
Total Non-derivatives	14,198	18,234	5,554	1,322	5,125	6,233

For further information on the Group's interest-bearing liabilities, refer to Note 14.

(F) Foreign currency translation

The functional currency of each entity of the Group is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian Dollars (AUD, or $ or A$), which is the Group's functional and presentational currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of transaction. Foreign monetary assets and liabilities are translated using the exchange rates prevailing as at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate as at the date of the fair value determination.

Exchange differences arising from the translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income. Exchange differences arising from the translation of non-monetary items are recognised in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

22 FAIR VALUE

Accounting Policy

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and assumes that the transaction will take place either; in a principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using fair value hierarchy that reflects the significant of the inputs used in making the measurements, being:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

Classifications are reviewed each reporting period and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison where appropriate, with external source of data.

Fair value hierarchy

The Group’s assets and liabilities, measured or disclosed at fair value using the three-level hierarchy, are as follows:

	Note	Level 1	Level 2	Level 3	Total
30 June 2023					
Non-financial assets					
Freehold land	12	-	-	-	-
Macadamia nuts growing on trees	11	-	-	-	-
Total non-financial assets		**-**	-	-	**-**
Other financial liabilities					
Derivative component of the convertible note	15	-	-	-	-
Total other financial liabilities		**-**	**-**	**-**	**-**

	Note	Level 1	Level 2	Level 3	Total
30 June 2022					
Non-financial assets					
Freehold land	12	-	23,220	-	**23,220**
Macadamia nuts growing on trees	11	-	-	355	**355**
Total non-financial assets		**-**	23,220	355	**23,575**
Other financial liabilities					
Derivative component of the convertible note	15	-	-	327	**327**
Total other financial liabilities		-	-	327	**327**

Transfers between fair value

There were no movements between any of the three-level hierarchy classifications.

Fair value measurements using significant unobservable inputs (Level 3)

The following table present the changes in Level 3 items for the years ended 30 June 2023 and 30 June 2022 for recurring fair value measurements:

	TOTAL OPERATIONS	
	2023 $'000	2022 $'000
Macadamia nuts growing on trees		
Balance at 1 July	**355**	657
Gains recognised in profit or loss	**-**	4,129
Reclassification to inventory	**(355)**	(4,431)
Balance at 30 June	**-**	355
Derivative component of the convertible note		
Balance at 1 July	**328**	1,042
Fair value gain recognised in profit or loss	**(328)**	(714)
Balance at 30 June	**-**	328

23 COMMITMENTS AND CONTINGENCIES

At 30 June 2023 the Group has commitments of $nil (2022: $2,803,000). The prior year commitments principally related to committed supply of manufacturing inputs in relation to the divested Macadamia division. Commitments contracted at reporting date, but not recognised as liabilities are as follows:

	CONSOLIDATED	
	2023 $'000	2022 $'000
Within one year		
Consumables used in production processes	**-**	2,803
	-	2,803

24 INVESTMENT IN ASSOCIATES

Accounting Policy

Interest in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with *AASB 128 Investments in Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

Goodwill forms part of the carrying amount of an investment in equity accounted investees and is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investments is tested for impairment as a single asset when there is objective evidence that the investment may be impaired.

Associates

The Group had no associates during the year ended 30 June 2023.

During the prior year, the Group had an interest in EVR Foods Inc (LAVVA®) which was accounted for using the equity method in the consolidated financial statements. As at 1 July 2021, the carrying value of the investment in the associate was $3,350,000. On 18 October 2021 the Group acquired a further interest in EVR Foods Inc for US$107,083 (AU$143,967). This resulted in the increase in the Group's shareholding in EVR Foods Inc to 17.6%.

At 31 December 2021, an impairment loss was recognised for US$2,237,406 (AU$3,068,723) due to the trading condition of the associate. The net investment in the associate was reduced to nil. On 10 June 2022, EVR Foods Inc was acquired by Regenerative Plant Based, Inc. The Group forfeited their interest in EVR Foods Inc for nil consideration. Dennis Lin resigned as a directors of EVR Foods Inc. at transaction completion. The Group discontinued the equity method on 10 June 2022.

The following table illustrates the summarised financial information of the Group's investment in EVR Foods Inc:

	2023 $'000	2022 $'000
Summarised consolidated statement of financial position	**-**	-
Current assets		
Non-current assets	**-**	-
Current liabilities	**-**	-
Non-current assets	**-**	-
Equity	**-**	-
Summarised consolidated statement of profit or loss and other comprehensive income		
Revenue from contract with customers	**-**	1,266
Cost of sales	**-**	(2,547)
Administrative expenses	**-**	(2,876)
Finance costs	**-**	(44)
Profit/(loss) before tax	**-**	(4,201)
Income tax expense / (income)	**-**	(349)
Profit/(loss) for the year	**-**	(3,852)
Total comprehensive income/(loss) for the year	**-**	(3,852)
Investment percentage	**-**	*17.21%*
Group's share of profit/(loss) for the period	**-**	(663)
Total Group's share of profit/(loss) for the year	**-**	(663)

The associate had no contingent liabilities or capital commitments as at 30 June 2023 (2022: $nil).

25 INVESTMENT IN CONTROLLED ENTITIES

Health and Plant Protein Group Limited	Country of Incorporation	Percentage held by Group 2023 %	2022 %
Invested in			
HPP Group (Overseas) Holdings Pty Ltd	Australia	***100***	*100*
Invested in			
HPP America, Inc.	United States	**-**	*100*
Invested in			
MacFarms, LLC	United States	**-**	*100*

26 PARENT ENTITY INFORMATION

The Corporations Act 2001 requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity (Health and Plant Protein Group Limited). The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policy described throughout this report.

	PARENT ENTITY 2023 $'000	2022 $'000
Current assets	**8,557**	589
Non-current assets	**-**	22,452
Total Assets	**8,557**	23,041
Current liabilities	**1,270**	1,434
Non-current liabilities	**-**	8,374
Total Liabilities	**1,270**	9,808
Net Assets	**7,287**	13,233
Issued capital	**60,613**	60,613
Reserves	**-**	1,324
Accumulated losses	**(53,326)**	(48,704)
Total shareholder's equity	**7,287**	13,233
Net profit/(loss) for the year	**(16,829)**	257
Total comprehensive profit/(loss) for the year	**(17,757)**	257

Guarantees

The parent entity has guaranteed under the terms of ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 any deficiency of funds if HPP Group (Overseas) Holdings Pty Ltd is wound up.

Contractual commitments

The parent entity has no contractual commitments that have not already been provided for (2022: $nil).

Contingent liabilities

The parent entity has no contingent liabilities, other than the guarantees detailed above (2022: $nil).

Intercompany loan forgiveness

There has been no loan forgiveness in the current year (2022: $nil).

27 DISCONTINUED OPERATIONS

Accounting Policy

Non-current assets are classified as held for sale and measured at the lower of carrying amount and fair value less cost to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale. Classification as ‘held for sale’ occurs when management has committed to a plan for immediate sale; the sale is expected to occur within one year from date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets. Immediately before the initial classification of the asset held for sale, a revaluation under the previous standard is required.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less cost to sell in accordance with the requirements of AASB 136 Impairment of Assets, including the treatment of any assets which are held at revalued amounts. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

Change in composition of entity

As previously reported, the Kapua Orchard Review led to the decision to undertake a process to sell the Macadamia division. On 20 December 2022 a non-binding indicative offer was received from MNP Holdings LLC. The Share Sale and Purchase agreement to acquire HPP America Inc (the United States-based holding company of MacFarms, LLC) was then signed on 27 January 2023 for consideration of US$23.0 million gross of debt.

Subsequent to this, a higher offer was received by Hawaiian Host Group and a new Share Sale and Purchase agreement was signed on 22 February 2023 for consideration of US$26.0 million gross of debt. This sale was completed on 14 April 2023 and net funds received from the buyer on 18 April 2023. Outstanding at 30 June 2023 is the escrowed amount of US$3.9 million, awaiting clearance from the Internal Revenue Service (IRS) of the United States, net of relevant taxes.

At 30 June 2023 the Macadamia division is classified as a discontinued operation. The Macadamia division represented all of the Macadamia segment and the Group’s full exposure to the USA, other than the remaining escrowed amounts net of taxes.

Macadamia division financial performance and cash flow information

The financial performance and cash flow information presented were as follows:

	2023 $'000	2022 $'000
Revenue	**27,894**	42,250
Change in fair value of biological assets	**3,298**	4,129
Cost of sales	**(27,888)**	(34,590)
Other income	**322**	305
Operating expenses	**(6,814)**	(8,617)
Finance costs	**(720)**	(359)
Profit/(loss) before income tax	**(3,908)**	3,118
Income tax (expense)/benefit on profit/(loss) from discontinued operations	**344**	(231)
Income tax (expense)/benefit on gain/(loss) from sale of discontinued operations	**-**	-
Profit/(loss) after income tax from discontinued operations	**(3,564)**	2,887
Profit/(loss) on sale after tax (see below)	**(6,832)**	-
Profit/(loss) from discontinued operations	**(10,396)**	2,887

	2023 $'000	2022 $'000
Balance at 1 July	**3,147**	2,085
Net cash inflow/(outflow) from operating activities	**(4,154)**	(82)
Net cash inflow/(outflow) from investing activities	**108**	(773)
Net cash inflow/(outflow) from financing activities	**1,956**	1,919
Net increase/(decrease) in cash generated by the discontinued operations	**(2,090)**	1,064
Cash transferred on disposal of business (14 April 2023)	**(1,391)**	-
Foreign exchange differences on cash holdings	**334**	(2)
Balance at 30 June	**-**	3,147

The carrying value of assets and liabilities of the disposal group as at the date of sale, 14 April 2023, are outlined below:

	14/04/2023 $'000
Current assets disposed of	
Cash and short-term deposits	**1,391**
Trade and other receivables	**2,333**
Inventories	**15,839**
Non-current assets disposed of	
Property, plant and equipment	**29,295**
Intangible assets	**401**
Deferred tax assets	**2,889**
Total assets of disposal group	**52,148**

	14/04/2023 $'000
Current liabilities disposed of	
Trade and other payables	**(44)**
Borrowings transferred on disposal	**(14,871)**
Employee entitlements	**(994)**
Other current liabilities	**-**
Non-current liabilities disposed of	
Borrowings	**(309)**
Deferred tax liabilities	**(6,953)**
Total liabilities of disposal group	**(23,171)**
Net assets of disposal group	**28,977**

Details of the sale of the subsidiary

	2023 $'000
Consideration received net of debt assumed by buyer	**23,258**
Other consideration paid and payable to buyer	**(2,530)**
Carrying amount of net assets sold	**(28,978)**
Gain/(loss) on sale before income tax and reclassification of foreign currency translation reserve	**(8,250)**
Income tax	**-**
Reclassification of foreign currency translation reserve	**1,418**
Gain/(loss) on sale after income tax and reclassification of foreign currency translation reserve	**(6,832)**

28 DIRECTORS AND EXECUTIVE DISCLOSURES

Details of Compensation of Key Management Personnel

Details of the nature and amount of each element of the remuneration of Key Management Personnel (KMP) of the company and the Group for the financial year can be found in the remuneration report in the director's report. Refer to note 29 for other KMP transactions.

	CONSOLIDATED	
	2023 $	2022 $
Short-term employee benefits		
Cash salary and fees	**681,153**	756,633
Short-term incentives	**653,502**	-
Non-monetary benefits	**790**	1,413
Post-employment benefits		
Redundancy	**365,743**	-
Superannuation	**96,308**	75,663

	CONSOLIDATED	
	2023	2022
	$	$
Other long-term employment benefits		
Long service leave	**38,324**	7,438
	1,835,820	841,147

29 RELATED PARTY

Entities subject to class order relief

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, relief has been granted to certain controlled entities of Health and Plant Protein Group Limited from the Corporations Act 2001 requirements for preparation, audit, publication and lodgement of their financial reports. As a condition of the ASIC Instrument, Health and Plant Protein Group Limited and the controlled entities, subject to the ASIC Instrument, entered into a Deed of Indemnity on 22 March 2019.

Members of the closed group include Health and Plant Protein Group Limited and HPP Group (Overseas) Holdings Pty Ltd. The effect of the deed is that Health and Plant Protein Group Limited has guaranteed to pay any deficiency in the event of winding up of the members of the closed group. The members of the closed group have also given a similar guarantee in the event that Health and Plant Protein Group Limited is wound up.

After the divestment of the Macadamia division in April 2023, the "Closed Group" results and financial position are the same as that of the continuing operations.

Subsidiaries

Interest in subsidiaries is set out in note 25.

Key Management Personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the Directors' report.

Transactions with other related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Asia Mark Development Limited

Asia Mark Development Limited, a major shareholder, held 25,000,000 convertible notes as at 30 June 2022. The convertible notes paid an annual coupon of 4.5%. The convertible notes were extinguished on 18 April 2023 as part of the divestment of the Macadamia division. Accrued coupon payable at the reporting date totals nil (2022: $167,671).

MacFarms of Hawaii 401(k) Profit Sharing Plan

The Group elected to make no discretionary contribution during the year (2022: US$203,482) to the accounts of eligible employees under the MacFarms of Hawaii 401(k) Profit Sharing Plan, a self-administered deferred plan for eligible employees of MacFarms, LLC. There were no outstanding contributions payable at reporting date (2022: nil). The Group made payments to Hicks Pension Services on behalf of the MacFarms of Hawaii 401(k) Profit Sharing Plan of US$9,503 (A$13,976) (2022: US$9,206) in relation to administration fees.

Auditors Remuneration

During the year, the following fees were paid or payable for services provided by the Lead Auditor of the consolidated entity:

	CONSOLIDATED	
	2023	2022
Fees to Ernst & Young (Australia)	**$**	$
- Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	**194,000**	209,000
- Fees for other services	**40,000**	29,000
	234,000	238,000

30 EVENTS OCCURRING AFTER THE REPORTING DATE

On 1 August 2023, the final Net Working Capital figure on the divestment of the Macadamia division was agreed with the buyer as US$430,000 (A$630,591) payable by the Group.

Between 9 August 2023 and 16 August the Group made multiple submissions to the ASX requesting a delay on the automatic suspension of shares, which was scheduled for 23 August 2023, being 6 months after the transaction date. These were rejected by the ASX, which granted only a 5 day extension, and on 21 August 2023 the Group announced trading in its securities would be suspended by the ASX from close of business on 28 August 2023. The wind up process of the Group's main undertaking is on-going and the Group's intention remains to return surplus capital to shareholders as soon as practicable.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

The directors of the Company declare that:

(a) the attached financial statements and notes, and the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001 and:

  (i) comply with Accounting Standards and the Corporations Regulations 2001; and

  (ii) give a true and fair view of the Group's financial position as at 30 June 2023 and of the performance for the year ended on that date;

(b) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023;

(c) in the opinion of the Directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) the Directors, confirm that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board;

(e) in the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in note 27 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 27.

Signed in accordance with a resolution of the Directors.

Albert Tse
Executive Chair

Brisbane, 31 August 2023

Building a better
working world

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Independent auditor's report to the members of Health and Plant Protein Group Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Health and Plant Protein Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as 30 June 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 30 in the financial report, which describes events occurring after the reporting date in relation to the ASX trading suspension. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Discontinued operations - MacFarms

Why significant	How our audit addressed the key audit matter
On 14 April 2023 the Group completed the sale of its wholly owned subsidiary, HPP America Inc for USD $15m (A$32m) as disclosed in Note 27. This sale is a significant portion of the business requiring significant audit effort in the assessment and measurement of the discontinued operations and is considered a key audit matter.	Our audit considered the relevant requirements of the Australian Accounting Standard AASB 5 *Non-current assets Held for Sale and Discontinued Operations*. Our audit procedures included: ► Reviewing the share purchase agreement and associated completion documentation including agreeing receipt of sale proceeds to the bank statement. ► Assessing whether the transaction was accounted for in accordance with the requirements of Australian Accounting Standards. ► Assessing the adequacy of the financial report disclosures contained in Note 27.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 13 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Health and Plant Protein Group Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst + Young.

Ernst & Young

Susie Kuo
Partner
Brisbane
31 August 2023

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

For the Year Ended 30 June 2023

Additional information required by the Australian Stock Exchange Ltd and not disclosed elsewhere in this report is set out below. This information is current as at 31 August 2023.

(A) SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders are set out below:

	ORDINARY SHARES
	Number of Shares
Asia Mark Development Limited	42,844,007
Mr John Cheadle	17,428,785

All ordinary shares (all fully paid) carry one vote per share without restriction.

(B) DISTRIBUTION OF EQUITY SECURITIES

The number of shareholders, by size of holding, in each class are:

	ORDINARY SHARES	
	Number of Holders	**Number of Shares**
1 - 1,000	554	184,432
1,001 - 5,000	365	942,407
5,001 - 10,000	122	926,763
10,001 - 100,000	234	7,377,259
100,000 and over	74	113,389,877
	1,349	**122,820,738**
The number of shareholders holding less than a marketable parcel of shares are:	1,072	2,390,409

(C) TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted shares are:

		ORDINARY SHARES	
		Number of Shares	**% of Issued Shares**
1	Asia Mark Development Limited	42,844,007	34.88
2	Mr John Cheadle	17,428,785	14.19
3	Mr Jimmy Wai Hung Pong	6,128,627	4.99
4	Rubicon Family Office Pty Limited	4,195,088	3.42
5	Ace Property Holdings Pty Ltd	4,100,000	3.34
6	Randell Management Services Pty Ltd	3,958,364	3.22
7	Hinh Pty Ltd	3,141,729	2.56
8	Mr Anthony Lam	2,944,911	2.40
9	Bundaberg Sugar Group Ltd	2,291,261	1.87
10	Melbourne Securities Corporation Limited	2,164,706	1.76
11	Shadbolt Future Fund (Tottenham) Pty Ltd	1,541,727	1.26
12	Shane Templeton	1,528,703	1.24
13	Burton Investment Pty Limited	1,400,000	1.14

		ORDINARY SHARES	
		Number of Shares	**% of Issued Shares**
14	MFA Capital Pty Ltd	1,250,000	1.02
15	Mr Tony Chi Hung Hinh	1,156,425	0.94
16	Mr Robert Thomas Virgona	1,092,117	0.89
17	Dawney & Co Ltd	1,000,000	0.81
18	Mr Philip Bomford	751,256	0.61
19	Mr David Hinh + Ms Thi Ha Tran	648,798	0.53
20	Burton Holdings (Qld) Pty Ltd	640,513	0.52
	Report Total	100,207,017	81.59
	Remainder	22,613,721	18.41
	Grand total	**122,820,738**	**100.00**

CORPORATE INFORMATION

Contact details

Registered address: Level 28, 1 Eagle Street, Brisbane QLD 4000
Postal Address: PO Box 2225, Milton, QLD 4064
Phone Number: 07 3067 4828
Website: www.hppgroup.com
Email: corporate@hppgroup.com
ABN 68 010 978 800

Board of Directors

Albert Tse (Executive Chair)
Christina Chen
Hugh Robertson

Company Secretary

Deane Conway

Security Exchange Listing

ASX Limited, Code: HPP

Bankers and Financiers

Westpac Banking Corporation

Solicitors

Thomson Geer Lawyers
Level 28,1 Eagle Street
Brisbane QLD 4000
Telephone: (07) 3085 7000

Auditors

Ernst & Young
111 Eagle Street
Brisbane QLD 4000
Telephone: (07) 3011 3333

Share Registry

Computershare Investor Services Pty Limited
Level 1, 200 Mary Street, Brisbane QLD 4000
Phone Number: 1300 850 505 (within AUS)
Phone Number: +61 3 9415 4000 (Outside AUS)
Fax: +61 3 9473 2500
Website: www.investorcentre.com/contact

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