



Appendix 4D

HALF-YEAR REPORT

31 December 2023

ABN 18 074 969 056



1. Reporting Period and previous corresponding period.

Reporting period: Half-year ended 31 December 2023
 Previous reporting period: Half-year ended 31 December 2022

2. Results for announcement to the market.

Key Information

				\$'000
Revenue from ordinary activities	Down	92%	to	32
(Loss) from ordinary activities after tax attributable to members	Up	54%	to	(2,388)
(Loss) for the period attributable to members	Up	54%	to	(2,388)

The Group's operating loss after tax for the half-year ended 31 December 2023 amounted to \$2,387,590 (31 December 2022 – loss of \$5,243,276).

Dividends	Amounts per share	Franked amount per share
	Cents	Cents
Final	Nil	N/A
Interim	Nil	N/A
Record date for determining entitlements		N/A

Explanation of results

During the period, Foresta Group Holdings Limited ('the Company' or 'Foresta') continued to develop a project plan for building a world first patented integrated pine chemicals and torrefied wood pellets plant in the Bay of Plenty, New Zealand. In July 2023, Foresta filed the new technology patent associated with the integrated facility. Additionally, Foresta secured a ten-year supply agreement for 65,000 tonnes annually of torrefied wood pellets which will be produced once the facility is operational.

At 31 December 2023, the Company is expecting to receive insurance recoveries of \$400,000. Management is also working with claims preparation experts in order to obtain recoveries in excess of the \$400,000.

3. Net Tangible Assets.

	Current Year	Previous Year
Net tangible asset backing per ordinary share	0.35 cents	0.46 cents

4. Details of entities over which control has been gained or lost during the period.

Control gained over entities: N/A
 Control lost over entities: N/A

5. Dividends or distribution payments.

No dividends or distribution payments have been made during the period.

6. Dividend or distribution reinvestment plans.

No dividend or distribution reinvestment plans are in operation.

7. Details of subsidiaries, associates and joint venture entities.

Name unlisted	Principle activities	Country of incorporation	Class of shares	Ownership interest	
				31 Dec 2023 %	31 Dec 2022 %
Subsidiaries of Foresta Group Holdings Limited					
AQL Mining Pty Ltd	Mining of gravel and general fill	Australia	Ord	100	100
Essential Queensland Pty Ltd	Natural pine chemicals extraction	Australia	Ord	100	100
Farmacule BioIndustries Pty Ltd	Research and development	Australia	Ord	100	100
Foresta (NZ) Limited	Natural pine chemicals and wood pelleting	New Zealand	Ord	100	100
Leaf Sciences Pty Ltd	Intellectual property owner	Australia	Ord	100	100
Leaf Research Pty Ltd	Research and development	Australia	Ord	100	100
Leaf Performance Plan Pty Ltd	Trustee of employee share trust	Australia	Ord	100	100
Leaf Resources USA, LLC	Investor in Leaf Development LLC	USA	Ord	100	100
Subsidiaries of Leaf Resources USA, LLC					
Leaf Development LLC	Investment company	USA	Ord	80	80
Subsidiaries of Leaf Development LLC					
Leaf Malaysia OpCo Sdn. Bhd.	Investment company	Malaysia	Ord	100	100

8. Foreign entities.

Not applicable.

9. Audit.

The financial report has been independently reviewed by Hall Chadwick Melbourne Pty Ltd, who have issued an unqualified review opinion. The Independent Auditor's Review Report contains a material uncertainty relating to going concern and refers to the disclosures in Note 3 of the interim financial report.

10. Commentary on the results for the period.

Refer to the commentary included in the attached 31 December 2023 Financial Report.



Date: 21 February 2024
By order of the Board
Mark Licciardo
Company Secretary



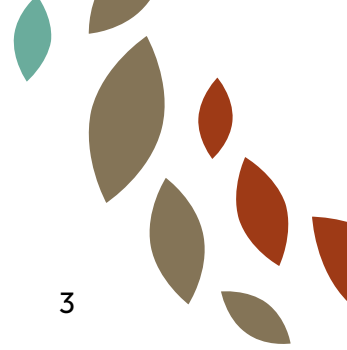
foresta

Interim Financial Report

For the half-year ended
31 December 2023



Directors' Report	3
Auditor's Independence Declaration	7
Interim Consolidated Financial Statements	
Consolidated Statement of Profit or Loss and Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Financial Statements	12
Directors' Declaration	21
Independent Auditors Report	22
Corporate Directory	24



Directors' Report

The Directors of Foresta Group Holdings Limited ('Foresta Group' or 'FGH') present their report together with the financial statements of Foresta Group Holdings Limited ('the Company') and its controlled entities ('the Group') for the period ended 31 December 2023.

Directors' details

The names and details of the directors of the Company during or since the end of the financial half year are:

Pai-Heng (Henry) Cheng	Chair of the Board – Appointed 6 April 2023 Executive Director – Appointed 6 April 2023 Member of the Audit and Risk Committee: Appointed 6 April 2023
Ramon Mountfort	Managing Director – Appointed 22 December 2020
Maurizio (Maurice) Fabiani	Executive Director – Appointed 6 April 2023 Member of the Audit and Risk Committee: Appointed 6 April 2023

Review of Operations and Financial Results

The Group's operating loss for the half year period was \$2,387,590 (31 December 2022 loss – \$5,243,276). At 31 December 2023, the Group's net assets totalled \$7,877,045, which included cash assets of \$881,054.

Principle Activities

During the period, our principal activities included detailed formulation of technical and operations aspects for the construction of a commercial pine chemicals and wood pellet production facility in New Zealand, and research and development of environmentally sustainable methods of extracting wood chemicals on an industrial level.

Operational Update

Project Overview

Foresta's goal is to manufacture 2.1 million tonnes of torrefied wood pellets (black wood pellets), sourced from renewable pine plantations, to provide an alternative energy solution for coal, which New Zealand consumes 2.1 million tonnes of every year. Coal consumption contributes approximately 5% of New Zealand's total annual greenhouse gas emissions.

Foresta's world first, patented integrated pine chemicals and wood pellets manufacturing processes, delivers multiple products. We produce high value natural pine resins and pine oils as well as black wood pellets, giving multiple revenue streams that provide nearly double the revenue of traditional stand-alone pine chemical or wood pellet plants.

Our process creates synergies that give us significant advantages when sourcing supply of wood, which ensures that we are the highest bidder for sustainably managed forests. This results in us being able to pay market rates for the best quality wood, opening 100% of the forest resource as a supply base when compared to traditional pellet supply options which is limited to forest residues or sawmill waste.

Foresta have built an outstanding team of professionals to deliver this project. More than \$19 million has been invested over the last 2 years, with respect to purchases of plant and equipment along with building the team that will deliver

this project. During this time, we have obtained supply chain agreements including sustainable pine wood supply, equipment and processing supply and installation, sales and marketing with supporting contracts and agreements and solid experienced management and corporate governance.

We have sourced leading consultants to carry out the required design and regulatory consents to enable the project to succeed. These consultants will also be engaged to monitor construction and plant commissioning, where required.

New Patent Filed

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

This invention delivers significant process synergies that will enable lower production costs, making this the world's first integrated manufacturing process. This exciting development underpins the technologies that the company has developed for its initial integrated processing plant in New Zealand, that will enable the manufacture of torrefied wood pellets alongside natural rosins and terpene chemicals.

Company Name Change

Following Shareholder approval at an Extraordinary General Meeting held on 7 August 2023, the Company changed its name from Leaf Resources Limited to Foresta Group Holdings Limited. The company name change was approved by ASIC and the ASX, and the Company adopted the new ASX Ticker: FGH.

Offtake agreement converts to binding ten (10) year supply agreement.

In August 2023, Foresta (NZ) Limited ('Foresta NZ') successfully executed a Term Sheet with Tailored Energy Resources Limited (TERL), marking a pivotal step towards establishing a mutually beneficial offtake agreement.

We are pleased to announce the formalisation of this commitment through the signing of a binding ten-year Supply Agreement between Foresta NZ and TERL. Under this agreement, Foresta NZ will supply up to 65,000 tonnes annually of torrefied wood pellets, in alignment with the production capacity of our inaugural manufacturing facility situated in New Zealand.

Foresta's torrefied wood pellets will serve as a sustainable and low-carbon alternative to coal for TERL customers, enabling a seamless transition while leveraging existing boiler infrastructure. This collaboration gains heightened significance considering New Zealand's targeted phasing out of coal boilers by 2037.

Our torrefied "black" wood pellets contribute to over a 95% reduction in carbon emissions compared to coal, aligning with New Zealand's ambitious goal of achieving net zero carbon emissions by 2050. Furthermore, this positive environmental impact extends beyond emissions reduction to include minimized shipping emissions, reinforcing the sustainability ethos integral to our operations.

The Supply Agreement, with a projected value of NZD \$229 million over its ten-year term, underscores the substantial economic benefits derived from this collaboration. Importantly, the agreement exhibits flexibility, accommodating additional supply quantities in tandem with Foresta's ongoing growth and expansion of production capacity.

This strategic collaboration with TERL not only reflects our commitment to sustainable practices but also positions Foresta NZ as a key contributor to New Zealand's renewable energy landscape. We look forward to updating our stakeholders on the progress and outcomes of this significant partnership in subsequent reports.

Research and development update

Our forestry team has been in the forests researching pioneering techniques for stump extraction, a facet often overlooked in the industry due to its perceived challenges. Stumps, cumbersome to extract and transport, pose both

health and safety risks and environmental concerns when left behind. At Foresta Group, we recognise the value in stumps owing to their high resin content.

Traditionally, stump extraction involved the laborious process of cutting the log first and then prying the stump out of the ground. We are pleased to have made a breakthrough as our experiments reveal that logs and stumps can now be simultaneously extracted, presenting a significant time and resource-saving advancement in our operational processes.

This success is partly attributed to the unique composition of the soil prevalent in our operations—mostly sand and clay. This distinctive soil composition enhances the effectiveness of our simultaneous extraction method.

Addressing concerns about the transport of logs and stumps in unconventional shapes, our research demonstrates that, despite their unique forms, they can be transported using existing equipment and trucks. This ensures a seamless integration into our forestry operations, eliminating logistical challenges associated with non-traditional shapes.

Our commitment to building key relationships is evident in our engagements with forest owners and supplier management personnel. Through meetings, tours, and trials of extraction, we have established that our discussed objectives are not only feasible but also align with our commitment to sustainable supply chain implementation.

Corporate

Foresta Group Holdings Limited raised \$2.3 million to accelerate the biomass manufacturing project

In October 2023 Foresta Group successfully raised \$2.3 million from new and existing investors. The total amount of the Placement was increased to accommodate for the additional demand. Funds raised under the Placement will be applied to accelerate the torrefied “black” pellets and pine chemical manufacturing facility project in New Zealand.

Outlook for 2024

The Board is focussing all attention on launching the project, which is anticipated to lay the foundation for future growth and prosperity of the Group.

With the New Zealand project scope completed, the Group plans to secure investment into a special purpose vehicle (SPV) to fund the construction of the first stage of the factory. The first stage is anticipated to primarily fund the completion of earthworks and design, as well as the construction of the Group’s pine chemicals plant and a pilot wood pellet torrefaction plant. This initial phase is projected to take 18-24 months to complete. Upon completion, the chemicals plant is designed to produce 20,000 metric tonnes of pine chemicals annually, valued at NZ\$54.8 million at current market rates, while the wood pellet torrefaction plant is designed to produce 1,600 metric tonnes per annum, valued at NZ\$563,000 in line with the Group’s current supply agreement.

Events arising since the end of the reporting period

Since 31 December 2023, no matters have arisen which may significantly affect the operations of the Group.

Rounding of amounts

Amounts contained in this report and in the financial report have been rounded to the nearest dollar.

Auditor's independence declaration

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

Directors' authorisation

This report is made in accordance with a resolution of the Board of Directors and is signed by authority for and on behalf of the directors.



Henry Cheng

Chairman

21 February 2024



Ramon Mountfort

Managing Director

21 February 2024

**FORESTA GROUP HOLDINGS LIMITED
ABN 18 074 969 056**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FORESTA GROUP HOLDINGS LIMITED**

As lead auditor for the review of Foresta Group Holdings Limited and controlled entities for the half-year ended 31 December 2023, I declare that, the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



Anh (Steven) Nguyen
Director
Date: 21 February 2024
Hall Chadwick Melbourne
Level 14 440 Collins Street
Melbourne VIC 3000

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 31 December 2023

	Notes	31-Dec 2023 \$	31-Dec 2022 \$
Revenue			
Revenue from contracts with customer	7	-	15,792
Interest Income		1,036	4,029
Insurance recoveries		-	403,136
Gain / (loss) on disposal of assets		(4,844)	-
Other income		35,532	-
Expenses			
Plant operational expenses		(96,275)	(263,294)
Depreciation and amortisation		(158,508)	(352,543)
Employee and consultant expenses		(1,548,289)	(1,813,913)
Other expenses		(457,250)	(564,212)
Finance costs		(114,636)	(377,069)
Share based payments		-	(54,764)
Loss on write-off of fixed assets		-	(2,144,999)
Impairment of right-of-use assets		-	(11,661)
Foreign currency losses		(44,356)	(83,778)
Loss before income tax		(2,387,590)	(5,243,276)
Income tax benefit		-	-
Loss for the period		(2,387,590)	(5,243,276)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,387,590)	(5,243,276)
Earnings Per Share from Continuing Operations			
		Cents	Cents
Basic loss per share	8	(0.11)	(0.29)
Diluted loss per share	8	(0.11)	(0.29)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	31-Dec 2023 \$	30-Jun 2023 \$
Current Assets			
Cash and cash equivalents		881,054	1,439,582
Trade and other receivables		496,733	532,140
Inventories		3,302	34,203
Other current assets		103,084	211,286
Non-current assets held for sale	9	1,171,449	1,250,173
Total Current Assets		2,655,622	3,467,384
Non-Current Assets			
Property, plant and equipment	10	6,437,854	6,103,431
Right-of-use assets	11	1,242,275	1,316,723
Other non-current assets		38,077	37,970
Total Non-Current Assets		7,718,206	7,458,124
Total Assets		10,373,828	10,925,508
Current Liabilities			
Trade and other payables		335,105	360,862
Borrowings - other loans	12	60,923	44,627
Lease liability		117,354	109,464
Provisions	13	150,815	150,036
Liabilities directly associated with non-current assets held for sale	9	402,446	778,676
Total Current Liabilities		1,066,643	1,443,665
Non-Current Liabilities			
Lease Liability		1,383,820	1,447,020
Provisions	13	46,320	36,816
Total Non-Current Liabilities		1,430,140	1,483,836
Total Liabilities		2,496,783	2,927,501
Net Assets		7,877,045	7,998,007
Equity			
Issued capital	14	34,672,637	32,406,009
Reserves	15	1,185,296	1,185,296
Accumulated losses		(27,980,888)	(25,593,298)
Total Equity		7,877,045	7,998,007

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2023

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2022	23,146,672	(17,386,510)	928,552	6,668,714
Loss for the period	-	(5,243,276)	-	(5,243,276)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(5,243,276)	-	(5,243,276)
Shares issued	5,100,000	-	-	5,100,000
Share issue transaction costs	(361,000)	-	-	(361,000)
Shares issued – exercise of options	-	-	-	-
Conversion of convertible notes	1,677,777	-	-	1,677,777
Share based payments – options & rights	-	-	199,168	199,168
Total transactions with owners	6,416,777	-	199,168	6,615,945
Balance at 31 December 2022	29,563,449	(22,629,786)	1,127,720	8,061,383
Balance at 1 July 2023	32,406,009	(25,593,298)	1,185,296	7,998,007
Loss for the period	-	(2,387,590)	-	(2,387,590)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(2,387,590)	-	(2,387,590)
Shares issued	2,382,508	-	-	2,382,508
Share issue transaction costs	(115,880)	-	-	(115,880)
Share issued – convertible notes	-	-	-	-
Share based payments – options & rights	-	-	-	-
Total transactions with owners	2,266,628	-	-	2,266,628
Balance at 31 December 2023	34,672,637	(27,980,888)	1,185,296	7,877,045

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 December 2023

	31-Dec 2023 \$	31-Dec 2022 \$
Net cash flows from operating activities		
Receipts from customers	49,356	32,792
Insurance recoveries	-	3,136
Other income	100,000	-
Payments to suppliers & employees	(2,111,899)	(2,758,531)
Interest received	1,037	4,029
Interest Paid	(97,004)	(168,144)
R&D tax incentive refund	-	1,904,849
Net cash used in operating activities	(2,058,510)	(981,869)
Cash flows from investing activities		
Payment for plant & equipment	(358,409)	(1,957,653)
Receipts on sale of plant & equipment	87,836	2,273
Net cash provided by investing activities	(270,573)	(1,955,380)
Cash flows from financing activities		
Proceeds from issue of shares	2,332,508	5,100,000
Share issue transaction costs	(115,880)	(361,000)
Proceeds from borrowings	89,136	112,691
Repayment of principal portion of borrowings	(440,641)	(461,459)
Payment of principal portion of lease payments	(85,610)	(99,963)
Net cash provided by (used in) financing activities	1,779,513	4,290,269
Net increase in cash and cash equivalents	(549,570)	1,353,020
Foreign exchange losses	(8,959)	(13,013)
Cash and cash equivalents at the beginning of the period	1,439,583	745,320
Cash and cash equivalents at the end of the period	881,054	2,085,327

The accompanying notes form part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

1. Nature of operations

The principal activities included detailed formulation of technical and operations aspects for the construction of a commercial pine chemicals and wood pellet production facility in New Zealand, and research and development of environmentally sustainable methods of extracting wood chemicals on an industrial level.

2. General information and basis of preparation

Foresta Group Holdings Limited is a company limited by shares, incorporated and domiciled in Australia and is a for-profit entity for the purposes of preparing the financial statements.

The half-year financial statements for the consolidated entity, which consists of Foresta Group Holdings Limited and its subsidiaries (together referred to as the Group) for the half-year ended 31 December 2023 were authorised for issue by the Board of Directors on 21 February 2024. The directors have the power to amend and reissue the financial statements.

The half-year financial statements are general purpose financial statements that:

- have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB134 Interim Financial Reporting and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)
- include the assets and liabilities of all the subsidiaries of the Company as at 31 December 2023 and the results of the subsidiaries for the half-year then ended. Inter-entity transactions with, or between, subsidiaries are eliminated in full on consolidation
- have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and investments in equity instruments which have been measured at fair value through other comprehensive income
- are measured and presented in Australian dollars, which is Foresta Group Holdings Limited's functional and presentation currency, with all values rounded to the nearest dollar unless otherwise stated, in accordance with ASIC Legislative Instrument 2016/191.

The half-year financial statements do not include all of the information required for full-year financial statements. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 June 2023 and any public announcements made by the Group during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Group's accounting policies have been consistently applied to all period present, unless otherwise stated.

Unless otherwise stated, comparative period balances have not been restated.

3. Going Concern

The financial statements have been prepared on a going concern basis, reflecting the expectation that the Group will continue its normal business operations and successfully realise its assets while discharging its liabilities in the ordinary course of business.

In the half-year ending 31 December 2023, the Group incurred a loss before income tax of \$2,387,590 (2022: \$5,243,276) and negative cash flows from operating activities were recorded at \$549,570 (2022: positive \$1,353,020). Notably, the Group made a strategic decision to decommission the Apple Tree Creek site and to relocate its operations to New Zealand where the Group is poised to build a factory. Considering these developments, particularly in conjunction with the challenges faced in revenue generation, it is apparent that a notable level of uncertainty exists, raising doubts about the Group's ability to continue as a going concern.

Nevertheless, the Group remains steadfast in its commitment to execute its strategic vision, primarily the establishment of the New Zealand factory, and is optimistic about its prospective accomplishments within the next 12 months and beyond. To address immediate obligations, the Group is actively engaged in securing funding through a private placement, an initiative anticipated to adequately fund ongoing operational activities for the short term. Additionally, the Group is in the process of divesting assets linked to the Apple Tree Creek site, a measure that will alleviate much of the associated debt and infuse essential liquidity.

Funding for the New Zealand factory construction is also a high-priority pursuit for the Group. The Company has presented its comprehensive business plan to the New Zealand government and international investors and initial funding is earmarked for April 2024. Additionally, exploratory discussions with financial institutions and investors are underway to secure a combination of equity and debt funding.

Furthermore, the Group anticipates insurance recoveries that will facilitate the reinstatement of the factory, with a receivable amount of \$400,000 recognised as of 30 June 2023. Collaborating with experts in claims preparation, the Company is actively pursuing additional claims recoveries, with the results of this assessment shared with the insurer during the last quarter of 2023. The Group's insurer has appointed consultants who are in the final stages of reviewing the assessment and findings.

The Company have initiated raising funds of \$2,000,000 which will ensure that the Group can meet its short-term obligation whilst it is working on securing project funding for the New Zealand factory. Finalisation of the raise is scheduled to be concluded by mid-March 2024.

Based on the financial injection scheduled for March 2024 and the range of other strategies and discussions with project funding providers, the Group remains confident that it will be able to fulfil its obligations. Management has determined that the going concern basis of accounting remains appropriate for the 2024 financial year's half-year reports. However, it's acknowledged that while the probability of raising future capital is high, there remains an inherent degree of uncertainty concerning the Group's ability to secure adequate capital or insurance recoveries, which could cast doubt over its ability to fulfil its commitments. Consequently, a material uncertainty is recognised regarding the Group's ability to sustain itself as a going concern. No adjustments have been made in the 2024 half-year report relating to the recoverability and classification of recorded asset amounts and classification of liabilities, which may become necessary should the Group's ability to continue as a going concern be compromised.

4. New or amended Accounting Standards and Interpretation adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current period. This has not had a significant impact on the half-year report.

5. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2023.

6. Segment information

The group has only one operating segment, being the production of wood chemicals, based on the information provided to the chief operating decision makers. Therefore, the results are the same as the consolidated entry and have not been repeated.

7. Revenue

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

	Wood Chip	Total
31 Dec 2022	\$	\$
Timing of revenue recognition		
Goods transferred at a point in time	15,792	15,792
Total Revenue	15,792	15,792
31 Dec 2023	\$	\$
Timing of revenue recognition		
Goods transferred at a point in time	-	-
Total Revenue	-	-

8. Earnings per share

Reconciliation of earnings used in calculating earnings per share	31 Dec 2023 \$	31 Dec 2022 \$
Loss attributable to the parent entity used in the calculation of basic and dilutive EPS	(2,387,590)	(5,243,276)
Loss attributable to the parent entity	(2,387,590)	(5,243,276)
Weighted average number of ordinary shares	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,137,216,902	1,781,568,668
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per shares	2,137,216,902	1,781,568,668
Loss per share and Diluted loss per share (cents)	(0.11)	(0.29)

Calculation of dilutive EPS

As at 31 December 2023 there are 476,398,849 (31 December 2022: 185,162,155) unlisted options on issue which were not included in the calculation of diluted earnings per share due to being anti-dilutive.

All equity instruments described could potentially dilute basic earnings per share in the future.

9. Assets held for sale

Asset held for sale for the current period consist of the following:

Current assets:

	31-Dec 2023	30-June 2023
Consolidated	\$	\$
Assets held for sale	1,171,449	1,250,173
Current assets held for sale	1,171,449	1,250,173

Non-current assets:

	31-Dec 2023	30-Jun 2023
Consolidated	\$	\$
Liabilities directly associated with non-current assets held for sale	402,446	778,676
Non-current assets held for sale	402,446	778,676

10. Non-current assets – property, plant and equipment

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

	Plant & Equipment	Motor Vehicles	Leasehold Improve- ments	Work in progress	Total
	\$	\$	\$	\$	\$
Cost	1,386,482	141,436	78,829	4,984,757	6,591,504
Accumulated depreciation	(434,685)	(40,324)	(13,064)	-	(488,073)
Closing balance at 30 June 2023	951,797	101,112	65,765	4,984,757	6,103,431
Cost	1,372,115	264,679	78,829	5,288,411	7,004,035
Accumulated depreciation	(499,930)	(49,223)	(17,027)	-	(566,180)
Closing balance at 31 December 2023	872,185	215,456	61,802	5,288,411	6,437,854

Movement in the carrying amounts for each class of property, plant and equipment between:

	Plant & Equipment	Motor Vehicles	Leasehold Improvements	Work in progress	Total
	\$	\$	\$	\$	\$
Opening written down value 1 July 2022	4,966,840	15,348	73,648	3,120,395	8,176,231
Additions	143,582	105,012	-	1,864,362	2,112,956
Impairment	(94,005)	-	-	-	(94,005)
Disposals	(2,339,018)	(753)	-	-	(2,339,771)
Transfer of assets held for sale	(1,250,173)	-	-	-	(1,250,173)
Depreciation	(475,429)	(18,495)	(7,883)	-	(501,807)
Closing written down value at 30 June 2023	951,797	101,112	65,765	4,984,757	6,103,431
Opening written down value 1 July 2023	951,797	101,112	65,765	4,984,757	6,103,431
Additions	8,646	123,243	-	303,654	435,543
Disposals	(17,047)	-	-	-	(17,047)
Depreciation	(71,211)	(8,899)	(3,963)	-	(84,073)
Closing written down value at 31 December 2023	872,185	215,456	61,802	5,288,411	6,437,854

11. Non-current assets – right-of-use assets

Right-of-use assets are included in the accounts, at cost, on the following basis:

	Property Leases – Right-of-use	Total
	\$	\$
Cost	1,742,997	1,742,997
Accumulated depreciation	(426,274)	(426,274)
Closing balance at 30 June 2023	1,316,723	1,316,723
Cost	1,742,984	1,742,984
Accumulated depreciation	(500,709)	(500,709)
Closing balance at 31 December 2023	1,242,275	1,242,275

Movement in the carrying amounts for each class of right-of-use assets between:

	Property Leases – Right-of-use \$	Total \$
Opening written down value 1 July 2022	1,291,070	1,291,070
Additions	152,155	152,155
Impairment	(11,662)	(11,662)
Disposals	-	-
Transfer of assets held for sale	-	-
Depreciation	(114,840)	(114,840)
Closing written down value at 30 June 2023	1,316,723	1,316,723
Opening written down value 1 July 2023	1,316,723	1,316,723
Additions	-	-
Disposals	-	-
Depreciation	(74,448)	(74,448)
Closing written down value at 31 December 2023	1,242,275	1,242,275

12. Borrowing

Borrowings for the current period consist of the following:

Current liabilities:

	31-Dec 2023 \$	30-June 2023 \$
Consolidated		
Bank loan - other	60,923	44,627
Current borrowings	60,923	44,627

13. Provisions

Provision for the current period consist of the following:

Current liabilities:

	31-Dec 2023 \$	30-June 2023 \$
Consolidated		
Employee leave entitlement	100,815	86,581
Mining rehabilitation provision	50,000	50,000
Provision for Make Good	-	13,455
Current lease liabilities	150,815	150,036

Non-current liabilities:

	31-Dec 2023	30-Jun 2023
Consolidated	\$	\$
Employee leave entitlement	41,678	32,222
Provision for Make Good	4,642	4,594
Non-current borrowings	46,320	38,816

14. Equity – issued capital

Fully paid ordinary shares

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

	31 Dec 2023 Number	31 Dec 2023 \$	30 Jun 2023 Number	30 Jun 2023 \$
Movements in ordinary share capital				
Balance at beginning of financial year	2,062,038,878	32,406,009	1,582,112,943	23,146,672
Shares issued (a)	3,424,658	50,000	-	-
Shares issued (b)	174,039,234	2,262,508	-	-
Shares issued (c)	5,384,616	70,000	-	-
Shares issued (d)	-	-	156,666,667	4,700,000
Conversion of notes (e)	-	-	55,925,935	1,677,777
Rights exercised (f)	-	-	2,000,000	-
Shares issued (g)	-	-	13,333,333	400,000
Shares issued (h)	-	-	252,000,000	3,024,000
Transaction costs	-	(115,880)	-	(542,440)
Total contributed equity	2,244,887,386	34,672,637	2,062,038,878	32,406,009

Notes for the above table, relating to the half year ended 31 December 2023, are:

- (a) On 28 August 2023, Foresta Group Holdings Limited (Foresta Group) successfully completed a share issue \$50,000 through the issue of 3,424,658 ordinary shares.
- (b) On 16 October 2023, Foresta Group successfully completed a placement raising \$2,262,508 through the issue of 174,039,234 ordinary shares. Each share also had a free-attaching option with an expiry date of 16 October 2025, that can be exercised at \$0.02 per option.
- (c) On 28 November 2023, shareholders approved the placement of 5,384,616 to current directors at a value of \$70,000. Each share also had a free-attaching option with an expiry date of 28 November 2025, that can be exercised at \$0.02 per option.

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

- (d) On 20 July 2022, Foresta Group Holdings Limited successfully completed a placement raising \$4,700,000 through the issue of 156,666,667 ordinary shares.

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

15. Equity - reserves

	31-Dec 2023 \$	30-Jun 2023 \$
Share based payments reserve		
Movements:		
Balance at beginning of the period	1,185,296	928,552
Share-based payment expense	-	112,339
Share based payment capitalised transaction costs	-	144,405
Balance at the end of the financial year	1,185,296	1,185,296

16. Contingent assets, commitments, and contingent liabilities

Contingent Assets

Insurance Claim

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

The Group is currently working with a third-party claims preparation expert who have assessed that the settlement of the claim should be significantly more than then proposed settlement of \$400,000. The Group's insurer is currently assessing the reports provided to them, and although the sum to be settled isn't virtually certain, it is highly probable.

Contingent Liabilities

Legal Proceedings from the Office of Work Health and Safety Prosecutor

As a result of the incident at the Apple Tree Creek plant on 12 November 2021, the Office of Work Health and Safety Prosecutor has brought a claim and served a summons, statement of fact and complaint on the Company for an offence under section 32 of the Work Health and Safety Act 2011. The legal proceedings are yet to be concluded, with the first hearing scheduled for 30 April 2024. The maximum penalty to the Company is \$1,500,000 (15,000 penalty units). The Group has appropriate cover for the cost of legal proceedings and potential penalties.

Public Liability Claim

The contractor that was injured during the explosion at the Apple Tree Creek plant on 12 November 2021 has lodged a liability claim against the Company for medical costs incurred as a result of injury. The claim is currently administrated

on behalf of the Group by the Group's public liability insurer. The Group has insurance cover which is expected to cover any potential claim in full.

17. Events subsequent to balance date

Since 31 December 2023, no matters have arisen which may significantly affect the operations of the Group.



DIRECTORS' DECLARATION

In the opinion of the directors of Foresta Group Holdings Limited:

- (a) the consolidated financial statements and notes of Foresta Group Holdings Limited for the half year ended 31 December 2023 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that Foresta Group Holdings Limited will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the half-year ended 31 December 2023.

This report is made in accordance with a resolution of the Board of Directors and is signed by authority for on behalf of the Directors.



Henry Cheng

Chairman

21 February 2024

FORESTA GROUP HOLDINGS LIMITED
ABN 18 074 969 056

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE SHAREHOLDERS OF FORESTA GROUP HOLDINGS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Foresta Group Holdings Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Foresta Group Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report.

We are independent of the Group in accordance with the auditor independence requirement of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the Directors of the Company, would be the same terms if given to the Directors as at the time of this Auditor's Review Report.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the half-year financial report, which indicates that the Group incurred a loss of \$2,387,590 and negative operating cash flows of \$2,058,510 during the half-year ended 31 December 2023. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-Year Financial Report

The Directors of the Group are responsible for:

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

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended as at that date; and complying with *Accounting Standard AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

**Hall Chadwick Melbourne Audit
Chartered Accountants
Level 14, 440 Collins Street
MELBOURNE VIC 3000**



Director: Anh (Steven) Nguyen

Date: 21 February 2024

Corporate Directory

Board of Directors:	Henry Cheng Ramon Mountfort Maurice Fabiani
Company Secretary:	Mark Licciardo
Managing Director:	Ramon Mountfort
Registered Office & Principal Place of Business:	Unit 10/12 Kelly Ct, Landsborough QLD 4550
Auditors:	Hall Chadwick Level 14, 440 Collins Street Melbourne, Victoria, Australia 3000
Stock Exchange:	Foresta Group Holdings Limited shares are listed on the Australian Securities Exchange (ASX)
Bankers:	Westpac Banking Corporation 260 Queen Street Brisbane, Queensland, Australia 4000
Share Registry:	Link Market Services Level 21, 10 Eagle St, Brisbane, QLD, Australia, 4000 Locked Bag A14 South Sydney, NSW, Australia, 1235 Telephone: +61 1300 554 474 Facsimile: +61 (2) 9287 0309
Solicitors:	Steinepreis Paganin Level 4, 50 Market Street Melbourne, Victoria, Australia 3000
ASX Code:	FGH
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