Pure Foods Tasmania Limited

Financial Report

For the Year Ended 30 June 2021

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Pure Foods Tasmania Limited and its Controlled Entities

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of Pure Foods Limited and its controlled entities for the financial year ended 30 June 2021. The information in the preceding operating and financial review forms part of this directors’ report for the financial year ended 30 June 2021 and is to be read in conjunction with the following information:

General Information

Directors

The following persons were directors of the Group during or since the end of the financial year up to the date of this report:

Malcolm McAully	Non-executive Chairman
Michael Cooper	Managing Director
Alexander “Sandy” Beard	Non-executive Director
Ken Fleming	Non-executive Director

Dividends Paid or Recommended

No dividends were paid or declared during the financial year.

Indemnifying Officers or Auditor

During the financial year, the consolidated entity paid a premium in respect of a contract insuring the Directors of the Group, the Company Secretary and all executive officers of the entity and any related body corporate against a liability incurred as a Director, Secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Group or of any related corporate against a liability incurred as an officer or auditor.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

Non-Audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

The following fees were paid or payable to WLF Accounting & Advisory for non-audit services provided during the year ended 30 June 2021:

	$
Advisory taxation services	80,000
Accounting assistance	55,000
	135,000

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 13 of the financial report.

At the date of this report, the unissued ordinary shares of the Group under option are as follows:

Grant date	Date of expiry	Exercise price	Number under option
28 April 2020	30 April 2023	0.40	2,800,000
28 April 2020	8 November 2021	0.30	7,674,096

Option holders do not have any rights to participate in any issues of shares or other interests of the Group or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

During the year ended 30 June 2021, no ordinary shares of the Group were issued on the exercise of options granted. No further shares have been issued since year-end. No amounts are unpaid on any of the shares.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Information relating to Directors and Company Secretary

	Details and experience
Malcolm McAully	Malcolm McAully is an experienced Company Director having held roles over a diverse range of industry backgrounds including financial services, energy generation, waste management, agribusiness, technology manufacturing, human resource management, property development and food manufacturing. Malcolm was the Chairman of ASX Listed Pinnacle VRB (ASX: PCE) from 2004 to 2005 and remained Chairman when the company (following an acquisition) changed its name to Cougar Energy Limited (ASX: CXY) until 2013 when he resigned. Malcolm is also Chairman of Chaucer Energy Limited and several privately owned companies. Malcolm has held various executive management positions including National Manager of MLC Life when owned by the Lend Lease Group. He holds an MBA and qualifications in accounting, business management, mediation, turn around management and GAICD.
Michael Cooper	Michael Cooper is the Managing Director of PFT. Michael has over 29 years experience in senior executive roles in the food and beverage industry. He was the CEO and later Managing Director of Juicy Isle Pty Ltd (JI) and recently sold his family interest to Myer Family Investments. JI was the largest supplier of organic juice in Australia to Woolworths, Coles and Costco. He was also a Director (2012 – 2017) of Ausfec Ltd, a 550 million revenue business. Ausfec was the major route to market distribution channel for global brands such as Cadbury, Nestle, mars, Wrigley, Smith and SBA Snack Foods, Red Bull and V Energy drinks. Michael is also a Director of Brand Tasmania, a Tasmanian State Authority created under the Brand Tasmania Act 2018. Michael joined the PFT Board in February 2017 and was appointed Managing Director on a part time basis in October 2018 and full time from April 2019.
Alexander Beard	Sandy is the former Chief Executive Officer of CVC Limited (ASX:CVC) (between 1991-2019). He has extensive experience with investee businesses, both in providing advice and in direct management roles, especially bringing management expertise to early-stage businesses. Sandy is currently the Chairman of HGL Limited (ASX.HNG) and FOS Capital Limited (ASX:FOS), and has been a Director of numerous public and private companies encompassing 25 years, including being a Director of the following Companies in last 3 years: CVC Limited, ASX: CVC Eildon Capital Limited (ASX:EDC), US Residential Fund (ASX:USF), Lantern Hotel Group (ASX:LTN), Probiotec Limited (ASX:PBP) and Centrepoint Alliance (ASX:CAF). He is also Chairman of the unlisted public company Shellfish Culture Limited.

	Details and experience
Ken Fleming	Ken Fleming has extensive experience in capital markets and has held senior roles at Deutsche Bank, James Capel Australia and Tricom. He has also worked in the Australian public service and at KPMG. He is a Director of Shellfish Culture (oyster spat and oyster farming business), Castray Capital Pty Ltd and TasmaNet (ICT Company). He holds an Honours Degree in Economics and post graduate qualifications in economics and finance and is also a Fellow of the Financial Services Institute of Australia (FFIN).
Justin Hill	Justin is a Principal at Page Seager Lawyers – the largest law firm in Tasmania. Justin advises clients in a number of key industry sectors, including agribusiness, financial services, energy and the not for profit sector. He specialises in mergers and acquisitions, governance and corporate structures and restructures. Justin also has significant experience in finance (including derivative transactions) and advising on raising capital for companies by way of equity and debt. He also assists with preparing contracts of employment and provides employment advice on transfer of businesses. Justin has a first class honours degree in Commerce, a Masters in Law from the University of Melbourne and a Graduate Diploma in Applied Finance and Investment. Before joining Page Seager as a Partner/Principal, Justin worked as in-house counsel for the investment banking division of Deutsche Bank in Sydney. Prior to working with Deutsche Bank, Justin was principal counsel in the institutional markets and investment division of National Australia Bank. Justin also practised for a number of years in the mergers and acquisitions team of Mallesons Stephen Jaques (now King & Wood Mallesons).

Meetings of Directors

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendance by each director during the year was as follows:

	Directors' meetings	
	No. of meetings eligible to attend	Attended
Malcom McAully	11	11
Michael Cooper	11	11
Alexander Beard	11	11
Ken Fleming	11	11

Remuneration of Directors and Senior Management

Information about the remuneration of Directors and senior management is set out in the Remuneration Report.

Review of Operations and Principal Activities

The Group's principal activities at the commence of the financial year are outlined in the Chairman's report and listed in the Events Subsequent to Balance Date.

Operating Results

The profit/(loss) after tax of the Group for the financial year attributable to the members of Pure Foods Tasmania Limited was ($716,309) (2020: ($196,480)).

State of Affairs and Likely Developments

In the opinion of the Directors there were no significant changes in the state of affairs of the Company and its controlled entities that occurred during the financial year under review not otherwise disclosed in this report or the accompanying financial report. Reference should be made to the subsequent events note for changes in the state of affairs after balance date.

Events Subsequent to Balance Date

There were no matters or circumstances arising since the end of the reporting period that have significantly affected or may significantly affect the operations of the Group and the results of those operations or the state of the affairs of the Group in the financial period subsequent to 30 June 2021.

On behalf of the Directors

Michael Cooper

Director

Date: 21/09/2021

Remuneration Policy

The remuneration policy of the Group has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Group's financial results. The Board of the Group believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the Consolidated Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Consolidated Group is based on the following:

- The remuneration policy is to be developed by the remuneration committee and approved by the Board after professional advice is sought from independent external consultants:
- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.
- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The remuneration committee reviews KMP packages annually by reference to the Consolidated Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the Consolidated Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive, at a minimum, a superannuation guarantee contribution required by the government, which is currently 10% of the individual's average weekly ordinary time earnings (AWOTE). Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to KMP is valued at the cost to the Company and expensed.

Performance-based Remuneration

KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of revenue targets, return on equity ratios and continued employment with the Group.

Employment Details of Members of Key Management Personnel

The term Key Management Personnel refers to those persons having the authority and responsibility for planning, directing and controlling activities of the Group, directly or indirectly, and includes any director of the Group (whether executive of otherwise).

The KMP of the Group for the year ended 30 June 2021 were:

	Role	Appointment Date
Malcolm McAully	Non-Executive Chairman	1 September 2017
Michael Cooper	Managing Director	1 September 2017
Alexander Beard	Non-Executive Director	1 May 2020
Ken Fleming	Non-Executive Director	29 July 2015

Remuneration Expense Details for the Year Ended 30 June 2021

		Short-term Benefits			Post-employment benefits		Long-term benefits		Equity-settled share-based payments		Cash-settled share-based payments	Termination benefits	Total
		Salary, fees and leave	Profit share and bonuses	Non-monetary	Pension and superannuation	Other	Incentive plans	LSL	Shares/ units	Options/ rights			
		$	$	$	$	$	$	$	$	$	$	$	$
Executive													
Michael Cooper	2021	253,615	-	-	23,995	-	-	-	-	-	-	-	277,610
	2020	233,513	-	-	20,881	-	-	-	3,750	-	-	-	258,144
Non-executive													
Malcom McAully	2021	50,000	-	-	4,750	-	-	-	-	-	-	-	54,750
	2020	14,585	-	-	1,385	-	-	-	9,374	-	-	-	25,344
Alexander Beard	2021	36,000	-	-	3,420	-	-	-	-	-	-	-	39,420
	2020	6,000	-	-	570	-	-	-	-	-	-	-	6,570
Ken Fleming	2021	36,000	-	-	3,420	-	-	-	-	-	-	-	39,420
	2020	12,250	-	-	1,164	-	-	-	5,624	-	-	-	19,038
Total KMP	2021	375,615	-	-	35,585	-	-	-	-	-	-	-	411,200
	2020	272,598	-	-	24,594	-	-	-	24,998	-	-	-	322,190

Securities Received that Are Not Performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

The terms and conditions relating to options and bonuses granted as remuneration during the year to KMP are as follows:

	Grant Date	Number Granted	Percentage vested/paid during the year	Percentage forfeited during the year	Percentage remaining as unvested	Expiry date for vesting or payment	Percentage of Grant forfeited
Michael Cooper	28/04/2020	1,300,000	-	-	100	30/04/2023	-
Malcom McAully	28/04/2020	500,000	-	-	100	30/04/2023	-
Alexander Beard	28/04/2020	500,000	-	-	100	30/04/2023	-
Ken Fleming	28/04/2020	500,000	-	-	100	30/04/2023	-
Total		2,800,000					

KMP Shareholdings

The number of ordinary shares held by each KMP of the Group during the financial year is as follows:

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Malcom McAully	1,521,238	-	-	-	1,521,238
Michael Cooper	2,158,377	-	-	520,043	2,678,420
Alexander Beard	1,000,000	-	-	-	1,000,000
Ken Fleming	1,595,789	-	-	-	1,595,789

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

Other Transactions with KMP and/or their Related Parties

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

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

Michael Cooper

Director

Date: 21/09/2021

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Pure Foods Tasmania Limited. As the lead audit partner for the audit of the financial report of Pure Foods Tasmania Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

i. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
ii. any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Pure Foods Tasmania Limited and the entities it controlled during the period.

Nick Carter

Partner

Wise Lord & Ferguson

Date: 21/09/2021

	Note	2021 $	2020 $
Revenue			
Revenue from operations	6	7,341,482	4,279,764
Other income		487,922	255,041
Total Revenue		7,829,404	4,534,805
Expenses			
Cost of goods sold	7	5,627,393	2,992,479
Employment expenses		1,072,568	673,732
Occupancy, electricity and telephone costs		128,786	127,677
Bad debts		-	30,129
Depreciation and amortisation		405,744	193,087
ASX listing fees and expenses		64,374	193,861
Finance costs		85,662	46,644
Insurance		157,508	81,292
Legal and professional fees		313,642	129,365
Marketing expenses		407,137	33,476
Motor vehicle expenses		45,159	20,090
Repairs and maintenance		108,044	65,905
Research, development and quality		169,694	37,300
Other expenses		186,311	106,248
Total Expenses		8,772,022	4,731,285
Net Profit/(Loss) Before Income Tax		(942,618)	(196,480)
Income Tax Benefit/(Expense)	8	226,309	(6,924)
Net Profit/(Loss) After Tax for the Year		(716,309)	(203,404)
Other Comprehensive Income			
Other comprehensive loss net of tax		-	-
Total Comprehensive Income		(716,309)	(203,404)
Net profit for the period attributable to:			
Non-controlling interest		-	-
Owners of Pure Foods Tasmania Limited		(716,309)	(203,404)
		(716,309)	(203,404)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	-
Owners of Pure Foods Tasmania Limited		(716,309)	(203,404)
		(716,309)	(203,404)
Basic loss per share (cents per share)	4	(0.013)	(0.002)
Diluted loss per share (cents per share)	4	(0.013)	(0.002)

The above statement should be read in conjunctions with the accompanying notes.

Pure Foods Tasmania Limited
Consolidated Statement of Financial Position
For the Year Ended 30 June 2021

	Note	2021 $	2020 $
Current Assets			
Cash and cash equivalents	18	1,624,116	4,134,867
Trade and other receivables	9	1,098,324	482,929
Inventory	10	1,001,235	312,965
Other assets		339,833	147,244
Total Current Assets		4,063,508	5,078,005
Non-Current Assets			
Property, plant and equipment	11	4,530,534	1,310,986
Right of use assets	12	696,951	430,941
Intangible assets	13	2,447,102	738,837
Deferred tax assets	8	1,239,971	380,300
Total Non-Current Assets		8,914,558	2,861,064
Total Assets		12,978,066	7,939,069
Current Liabilities			
Trade and other payables	14	1,769,479	541,251
Lease liabilities	12	196,139	89,107
Provisions	15	159,692	85,732
Borrowings	16	724,920	164,165
Total Current Liabilities		2,850,230	880,255
Non-Current Liabilities			
Lease liabilities	12	529,716	356,224
Provisions	15	29,192	20,749
Borrowings	16	872,303	419,156
Deferred tax liabilities	8	842,412	222,942
Total Non-Current Liabilities		2,273,623	1,019,071
Total Liabilities		5,123,853	1,899,236
Net Assets		7,854,213	6,039,743
Equity			
Contributed equity	17	9,402,889	6,872,110
Accumulated profits/(losses)		(1,548,676)	(832,367)
Total Equity		7,854,213	6,039,743

The above statement should be read in conjunctions with the accompanying notes.

	Contributed Equity	Accumulated Profits/(Losses)	Total
	$	$	$
At 1 July 2020	3,535,898	(671,723)	2,864,175
Loss for the year	-	(203,404)	(203,404)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	3,535,898	(875,127)	2,660,771
Issue of shares	4,043,498	-	4,043,498
Share issue costs	(707,286)	-	(707,286)
Reverse listing	-	42,760	42,760
As at 30 June 2020	6,872,110	(832,367)	6,039,743
At 1 July 2020	6,872,110	(832,367)	6,039,743
Loss for the year	-	(716,309)	(716,309)
Other comprehensive income	-	-	-
Total comprehensive income for the year	6,872,110	(1,548,676)	5,323,434
Issue of shares	2,530,779	-	2,530,779
As at 30 June 2021	9,402,889	(1,548,676)	7,854,213

The above statement should be read in conjunctions with the accompanying notes.

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		6,981,995	4,457,757
Payments to suppliers and employees		(7,582,765)	(4,482,374)
Interest received		29,142	18,327
Finance costs		(75,698)	(21,182)
Income taxes received/paid		-	-
Net cash used in operating activities	18	**(647,326)**	**(27,469)**
Cash flows from investing activities			
Payments for property, plant and equipment		(3,520,128)	(866,613)
Payments for business acquisitions and intangibles		(1,708,265)	-
Net cash used in investing activities		**(5,228,393)**	**(866,613)**
Cash flows from financing activities			
Proceeds from issue of shares		2,544,670	3,298,661
Proceeds from borrowings		1,003,931	387,9226
Principle elements for lease payments		(183,633)	(46,440)
Net cash provided by financing activities		**3,364,968**	**3,640,143**
Net (decrease)/increase in cash held		(2,510,751)	2,746,061
Cash and cash equivalents at the beginning of the year		4,134,867	1,388,806
Cash and cash equivalents at the end of the year	18	**1,624,116**	**4,134,867**

The above statement should be read in conjunctions with the accompanying notes.

1. General information

The consolidated financial statements and notes represent those of Pure Foods Tasmania Limited and its Controlled Entities. Pure Foods Tasmania is a company incorporated in Australia, and whose shares are publicly traded on the Australian Securities Exchange (ASX).

2. Significant changes in the current reporting period

During the financial year the Group acquired the following businesses to continue to expand the Group's product and brand range:

- Daly Potato Company
- The Cashew Creamery
- Lauds Plant Based Foods

3. Segment Information

The operating segments are based upon the units identified in the operating reports reviewed by the Board and executive management, and are used to make strategic decisions, in conjunction with the quantitative thresholds established by *AASB 8 Operating Segments*. As such, there are five identifiable and reportable segments:

- Tasmanian Pate
- Woodbridge Smokehouse
- Daly Potato Company
- Lauds Plant Based Foods
- The Cashew Creamery
- The Corporate and other segment, which comprises corporate costs that are not directly attributable to the operational business units.

Management measures the performance of the segments identified at the 'net profit before tax' level.

	Tasmanian Pate $	Woodbridge Smokehouse $	Daly Potato Company $	Lauds Plant Based Foods $	The Cashew Creamery $	Corporate and other $	Total $
Consolidated 2021 Revenue							
Total segment sales	3,508,932	2,039,186	1,660,147	120,367	12,850	-	7,341,482
Other income	169,020	27,389	-	-	-	291,513	487,922
Segment profit/(loss)	525,507	(32,628)	(118,970)	99,425	17,941	(1,433,893)	(942,618)
Profit/(loss) before income tax							(942,618)
Income tax (expense)/benefit							226,309
Profit/(loss) after income tax							(716,309)

3. Segment Information (Continued)

	Tasmanian Pate $	Woodbridge Smokehouse $	Daly Potato Company $	Lauds Plant Based Foods $	The Cashew Creamery $	Corporate and other $	Total $
Consolidated 2021							
Assets							
Segment assets	2,520,467	1,858,945	3,038,913	418,704	224,699	4,916,338	12,978,066
Total Assets	2,520,467	1,858,945	3,038,913	418,704	224,699	4,916,338	12,978,066
Liabilities							
Segment liabilities	1,057,240	1,066,226	795,193	193,167	66,092	1,945,935	5,123,853
Total liabilities	1,057,240	1,066,226	795,193	193,167	66,092	1,945,935	5,123,853

	Tasmanian Pate $	Woodbridge Smokehouse $	Daly Potato Company $	Lauds Plant Based Foods $	The Cashew Creamery $	Corporate and other $	Total $
Consolidated 2020							
Revenue							
Total segment sales	3,190,689	1,089,075	-	-	-	-	4,279,764
Other income	153,462	34,874	-	-	-	66,705	255,041
Segment profit/(loss)	682,450	(128,875)	-	-	-	(750,055)	(196,480)
Profit/(loss) before income tax							(196,480)
Income tax (expense)/benefit							(6,924)
Profit/(loss) after income tax							(203,404)
Assets							
Segment assets	3,327,821	709,102	-	-	-	3,902,146	7,939,069
Total Assets	3,327,821	709,102	-	-	-	3,902,146	7,939,069
Liabilities							
Segment liabilities	1,119,161	2,331,584	-	-	-	(1,551,419)	1,899,326
Total liabilities	1,119,161	2,331,584	-	-	-	(1,551,419)	1,899,326

4. Earnings per share

	2021 $	2020 $
Basic earnings per share	(0.013)	(0.002)
Diluted earnings per share	(0.013)	(0.002)
Basic		
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	54,217,347	44,406,577
Diluted		
Weighted average number of ordinary shares and convertible redeemable preference shares outstanding and performance rights during the period used in the calculation of basic earnings per share	54,217,347	44,406,577

5. Dividends to shareholders

No dividends have been paid or declared during the year ended 30 June 2021 (30 June 2020: nil).

6. Revenue

	2021 $	2020 $
Revenue from continuing operations:		
Sales	7,341,482	4,279,764
Other Income:		
Interest received	29,142	18,327
Sundry income	215,089	6,178
Subsidies and grants	243,691	230,536
Total revenue	7,829,404	4,534,805

Recognition and measurement

The sale of goods is measured at the fair value of the consideration received net of any trade discounts and volume rebates allowed. The sale of goods represents a single performance obligation and accordingly, revenue is recognised in respect of these sales of goods at the point in time when control over the corresponding goods are transferred to the customer (i.e. at a point in time for sale of goods when the goods are delivered to the customer or transferred to the freight forwarder).

Delivery occurs when the products have been shipped to the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products, the acceptance provisions have lapsed, or the Group has objective evidence that all the criteria for acceptance have been satisfied. All revenue is stated net of the amount of goods and services tax (GST) where applicable.

Interest revenue

Interest revenue is recognised on a proportional basis using the effective interest rate method.

7. Expenses

	2021 $	2020 $
Profit before income tax expense includes the following expenses:		
Cost of goods sold	5,627,393	2,992,479
Salaries and wages	733,343	520,601
Share based payments	6,985	37,551
Total expenses	**6,367,721**	**3,550,631**

8. Income tax expense

	2021 $	2020 $
Income tax recognised in profit or loss:		
Tax expense/(benefit) comprises:		
Current tax (benefit)/expense	-	-
Deferred tax movements	(226,309)	6,924
	(226,309)	6,924
Deferred income tax (benefit)/expenses included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(845,779)	(206,381)
Increase/(decrease) in deferred tax liabilities	619,470	213,305
	(226,309)	6,924
Reconciliation of income tax expenses to prima facie tax on accounting profit:		
Profit/(loss) before income tax expense	(942,618)	(196,480)
Tax at 26% tax rate (prior year 27.5%)	(245,081)	(54,032)
Tax effect of amounts which are not deductable	(16,434)	(28,423)
Under/overs in respect of prior year	42,947	-
Listing costs recognised in equity	5,288	(23,072)
Reset cost bases due to consolidation	(20,997)	112,451
Change in tax rate impact to deferred taxes	7,968	-
	226,309	(6,924)

	Opening balance $	Charged to income $	Charged to equity $	Closing balance $
Deferred tax				
Gross deferred tax assets:				
Provisions	29,284	19,827	-	49,111
Trade and other payables	7,308	14,374	-	21,682
Right of use leases	3,957	3,558	-	7,515
Share issue expenses	23,731	(21,903)	-	1,828
Tax losses	316,020	829,924	13,891	1,159,835
	380,300	845,780	13,891	1,239,971

8. Income tax expense (continued)

	Opening balance $	Charged to income $	Charged to equity $	Closing balance $
Deferred tax				
Gross deferred tax liabilities				
Prepayments	12,241	12,356	-	24,597
Fixed assets	105,140	594,267	-	699,407
Trading Stock	18,541	(4,486)	-	14,055
Goodwill & Trademarks	87,020	3,287	-	90,307
Business acquisition costs	-	14,046	-	14,046
Net deferred tax asset/(liability)	**222,942**	**619,470**	**-**	**842,412**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

8. Income tax expense (continued)

When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences 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 accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

The company and its wholly-owned Australian resident entities have formed a tax-consolidated Group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated Group is PFT Limited. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated Group are recognised by the Company (as head entity in the tax-consolidated Group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated Group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the Parent Entity and the other members of the tax-consolidated Group in accordance with the arrangement.

9. Trade and other receivables

	2021	2020
	$	$
Trade receivables	807,529	482,929
Less loss allowance	-	-
Other receivables	290,795	-
Total trade and other receivables	**1,098,324**	**482,929**

	2021	2020
Loss allowance		
Movements in loss allowance are as follows:		
Carrying value at beginning of the year	-	-
Increase/(decrease) in loss allowance	-	29,269
Receivables written off as uncollectable	-	(29,269)
Unused amount reversed	-	-
Total loss allowance	-	-

	2021	2020
Trade receivables past due but not impaired		
Under one month	632,880	323,490
One to three months	130,874	151,290
Over three months	43,775	8,149
Total trade receivables past due but not impaired	**807,529**	**482,929**

Recognition and measurement

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2021 is determined as follows; the expected credit losses also incorporate forward-looking information.

The "amounts written off" are all due to customers declaring bankruptcy, or term receivables that have now become unrecoverable.

30 June 2021	Current	30 days	60 days	90+ days	Total
Expected loss rate	0%	0%	0%	0%	
Trade receivables Gross carrying amount	632,880	125,879	4,995	43,775	807,529
Loss allowance	-	-	-	-	-

30 June 2020	Current	30 days	60 days	90+ days	Total
Expected loss rate	0%	0%	0%	0%	
Trade receivables Gross carrying amount	323,490	68,971	82,319	8,149	482,929
Loss allowance	-	-	-	-	-

9. Trade and other receivables (continued)

Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is approximate to fair value.

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within the loss allowance. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group. On a geographical basis, the Group has significant credit risk exposures in Australia.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

10. Inventory

	2021	2020
	$	$
Stock on hand	1,001,235	312,965
Total inventory	1,001,235	312,965

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads.

11. Property, plant and equipment

	2021	2020
	$	$
Buildings at cost	1,728,817	876,794
Less accumulated depreciation	(70,679)	(37,145)
	1,658,138	839,649
Plant and equipment at cost	3,609,038	940,933
Less accumulated depreciation	(736,642)	(469,596)
	2,872,396	471,337
Total property, plant and equipment	**4,530,534**	**1,310,986**

Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the financial year set out below:

Carrying value	Buildings at cost	Plant & equipment at cost	Total
	$	$	$
As at 1 July 2019	308,035	248,401	556,436
Additions	550,211	316,402	866,613
Disposals	-	-	-
Depreciation expense	(18,597)	(93,466)	(112,063)
Balance as at 30 June 2020	839,649	471,337	1,310,986

Carrying value	Buildings at cost	Plant and equipment at cost	Total
	$	$	$
As at 1 July 2020	839,649	471,337	1,310,986
Additions	852,023	2,668,105	3,520,128
Disposals	-	-	-
Depreciation expense	(33,534)	(267,046)	(300,580)
Balance as at 30 June 2021	1,658,138	2,872,396	4,530,534

Recognition and measurement

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

11. Property, plant and equipment (continued)

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2%
Plant and equipment	5–33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

12. Right of use assets and lease liabilities

	2021 $	2020 $
Right of use assets		
Buildings	696,951	430,941
Total right of use assets	**696,951**	**430,941**

Set out below are the carrying amounts of the Group's right of use assets and the movements during the period:

Carrying value	Buildings $	Total $
As at 1 July 2020	430,941	430,941
Additions	371,174	371,174
Depreciation expense	(105,164)	(105,164)
Balance as at 30 June 2021	**696,951**	**696,951**

12. Right of use assets and lease liabilities (continued)

	2021	2020
	$	$
Lease liabilities		
Current	196,139	89,107
Non-current	529,716	356,224
Total lease liabilities	**725,855**	**445,331**

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee.

However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

13. Intangible assets

	2021	2020
	$	$
Intangibles	2,447,102	738,837
Total intangible assets	**2,447,102**	**738,837**

Carrying value	Intangibles	Total
	$	$
As at 1 July 2020	738,837	738,837
Goodwill	1,218,269	1,218,269
Other intangibles	489,996	489,996
Disposals	-	-
Balance as at 30 June 2021	**2,447,102**	**2,447,102**

Goodwill relates to the acquisition of the assets of Tasmanian Pate, Daly Potato Company, The Cashew Creamery and Lauds Plant Based Foods.

Recognition and measurement

Goodwill

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred at fair value;
- any non-controlling interest (determined under either the fair value or proportionate interest method); and
- the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

13. Intangible assets (continued)

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Impairment losses for goodwill are not subsequently reversed.

Recoverable amount of goodwill

Impairment testing has been undertaken at 30 June 2021 for all groups of cash generating units (CGU) for goodwill or where there is an indication of impairment. The Group has 4 CGU's for which impairment testing has been completed for goodwill which are as follows.

The recoverable amount for each of the CGU's has been determined based on a value-in-use calculation which uses cash flow projections based on financial budgets and forecasts approved by management. Key assumptions used in the value-is-use calculations for each CGU is:

	Growth Rate	Discount Rate
Tasmanian Pate	3%	9.00%
Daly Potato Company	2% - 3%	9.00%
The Cashew Creamery	2% - 3%	9.00%
Lauds Plant Based Foods	2% – 3%	9.00%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

The three recently acquired businesses being Daly Potato Company, The Cashew Creamery and Lauds Plant Based Foods have been operating for only a small period of time under the PFT Group. As management and the Board gain further traction of these operations, greater level of clarity and understanding of the performance of these operations will be understood in terms of supply chain management and customer influences. This will enable future forecasting and budgeting to become more robust to inform of any impairment.

13. Intangible assets (continued)

Other intangible assets

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the statement of comprehensive income. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred. Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and development costs

Research costs are expensed as incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

An entity shall assess whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset shall be regarded by the entity as having an indefinite useful life when, based on the analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

14. Trade and other liabilities

	2021 $	2020 $
Trade and other payables	1,769,479	541,251
Total trade and other liabilities	**1,769,479**	**541,251**

Recognition and measurement

Trade and other payables represent liabilities for goods and services received by the Group which remain unpaid at the end of the reporting period. The balance is recognised as a current liability with amounts paid in accordance with supplier trading terms. Due to the short-term nature of trade and other payables, the carrying value is reflective of fair value.

15. Provisions

	2021	2020
	$	$
Current		
Employee benefits	159,692	85,732
	159,692	85,732
Non-current		
Employee benefits	29,192	20,749
	29,192	20,749
Total provisions	**188,884**	**106,481**

Recognition and measurement

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

16. Borrowings

	2021	2020
	$	$
Current		
Borrowings	724,920	164,165
	724,920	164,165
Non-current		
Borrowings	872,303	419,156
	872,303	419,156
Total borrowings	**1,597,223**	**583,321**

17. Issued capital

	2021		2020	
	Number of shares	$	Number of shares	$
Fully paid ordinary shares (post-consolidation)	54,217374	9,402,889	44,406,577	6,872,110

Movements in ordinary share capital

Date	Details	Ordinary shares	Price	$
1 July 2020	Balance at beginning of period	44,406,577		6,872,110
	Issue of shares	9,810,797		2,530,779
		54,217,374		9,402,889

Terms and conditions of issued capital

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

Share options and performance rights

Share options and performance rights do not entitle the holder to participate in dividends and the proceeds on winding up the Company. The holder is not entitled to vote at General Meetings.

There were 7,674,096 share options issued as at 30 June 2021.

	Number of Options	
	2021	2020
Movement in options:		
Balance at beginning of year	12,800,000	-
Options granted to raise capital	-	12,800,000
Options redeemed/lapsed	(5,125,904)	-
Balance at end of year	7,674,096	12,800,000

Recognition and measurement

Ordinary shares are classified as equity, with ordinary share capital being recognised at fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Ordinary share capital bears to special terms of conditions affecting income or capital entitlements of the shareholders.

18. Cash flow reconciliation

	2021	2020
	$	$
Cash and cash equivalents	1,624,116	4,134,867
Total cash and cash equivalents	1,624,116	4,134,867

Recognition and measurement

Cash and cash equivalents include cash on hand and at banks and short-term deposits with an original maturity of three months or less held at call with financial institutions.

(a) Reconciliation of cash and cash equivalents to the statement of cash flows:

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and short-term deposits at call, net of outstanding bank overdrafts. Cash and cash equivalents as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2021	2020
	$	$
Profit/(loss) after tax	(716,309)	(203,404)
Adjustments for non-cash items		
Depreciation	455,124	193,087
Share based payment	6,985	37,551
Interest on leased assets	29,089	23,220
Changes in assets/liabilities		
(Increase)/Decrease in trade & other receivables	(804,376)	(99,729)
(Increase)/Decrease in inventories	(688,270)	(131,830)
(Increase)/Decrease in deferred taxes	(240,200)	6,924
Increase/(Decrease) in trade payables & other liabilities	1,310,631	146,712
Net Cash provided by (used in) Operating Activities	(647,326)	(27,469)

19. Financial risk management

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised in the following. Primary responsibility for identification and control of financial risks rests with the Managing Director under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including, interest rate risk, credit allowances, and future cash flow forecast projections.

The carrying amounts of the Group's financial assets and liabilities at balance date were equal to their fair value.

Recognition and measurement

Classification

The Group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial instruments at the time of initial recognition.

Financial Assets at Fair Value through Profit or Loss

Upon initial recognition a financial asset or financial liability is designated as at fair value through profit or loss when:

- An entire contract containing one or more embedded derivatives is designated as a financial asset or financial liability at fair value through profit and loss.
- Doing so results in more relevant information, because either:

  (i) It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising gains or losses on them on different bases.

  (ii) A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel.

19. Financial risk management (continued)

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured are not designated as at fair value through profit or loss.

Present investment strategy is to keep assets in a highly liquid state and almost all of the investment assets are held in cash.

A gain or loss arising from a change in the fair value of a financial asset or financial liability classified as at fair value through profit or loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-listed investments, for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Loans and Receivables

Loan and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to Director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principle payments and amortisation.

Risk Exposures and Responses

Interest Rate Risk

The Group's exposure to market interest rates is related primarily to the Group's cash deposits. At balance sheet date, the Group had the following mix of financial assets exposed to Australian and variable interest rate risks that are not designated as cash flow hedges:

	2021 $	2020 $
Financial assets	1,098,324	482,929
Cash and cash equivalents	1,624,116	4,134,867
Net exposure	2,722,440	4,617,796

The Group regularly analyses its interest rate opportunity and exposure. Within this analysis consideration is given to existing positions and alternative arrangements for its deposits.

The following sensitivity analysis is based on the interest rate opportunity/risk relating to cash deposits at balance date.

At 30 June 2021, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	2021 $	2020 $
Judgements of reasonably possible movements		
+ 0.5% (50 basis points)	4,700	20,673
- 0.5% (50 basis points)	(4,700)	(20,673)

19. Financial risk management (continued)

Liquidity Risk

Liquidity Risk is the risk that the Group, although balance sheet solvent, cannot meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All current liabilities fall due within normal trade terms, which are generally 30 days.

Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. The risks are regularly monitored.

The Group applies the AASB 9 simplified approach to measuring expected credit losses as disclosed in Note 9.

Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Fair Value

The method for estimating fair value is outlined in the relevant notes to the financial statements. All financial assets held at fair value are valued based on the principles outlined in AASB 7 in relation to Level 1 of the hierarchy of fair values, being quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

20. Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the Board may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

21. Parent entity information

	2021 $	2020 $
Financial position		
Current assets	1,341,832	3,630,677
Non-current assets	4,352,596	1,548,051
Total assets	**5,694,428**	**5,680,484**
Current liabilities	314,300	61,994
Non-current liabilities	4,470,690	3,444,125
Total liabilities	**4,784,990**	**3,506,119**
Net assets	**909,438**	**2,174,365**
Contributed equity	909,438	2,174,365
Financial performance		
Total revenue	173,812	159,620
Profit/(loss) for the period	**(1,494,596)**	**(487,294)**

Capital Commitments

There were no non-cancellable capital expenditure contracted for but not in the financial statements.

Contingent Liabilities

Pure Foods Tasmania Ltd is not subject to any liabilities that are considered contingent upon events known at balance sheet date.

22. Subsidiaries

		Equity holding	
Entity	**Country of incorporation**	**2021**	**2020**
PFT Holdings Pty Ltd	Australia	100%	100%
PFT No 1 Pty Ltd	Australia	100%	100%
PFT No 2 Pty Ltd	Australia	100%	100%
PFT No 3 Pty Ltd	Australia	100%	100%
The Cashew Creamery Pty Ltd	Australia	100%	-
Lauds Plant Based Foods Pty Ltd	Australia	100%	-

23. Contingent liabilities and assets

There are no matters which the Group consider would result in a contingent liability as at the date of this report.

24. Commitments for expenditure

Capital Commitments – Capital Expenditure Projects

There were no non-cancellable capital expenditure contracted for but not in the financial statements.

Other Commitments – Operating Expenditure

Operating expenditure contracted but not included in the financial statements:

	2021 $	2020 $
Payable		
- Not longer than one year	-	-
- longer than one year but no longer than five years	-	-
- Longer than five years	-	-
Total payable	-	-

25. Events occurring after balance date

The Board is not aware of any matter or circumstance not otherwise dealt within these financial statements that has significantly or may significantly affect the operation of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

26. Related party transactions

Key management personnel compensation

The aggregate compensation of the key management personnel of the entity is set out below:

	2021 $	2020 $
Short term benefits	253,615	233,513
Post-employment benefits	23,995	20,881
Share based payment	-	3,750
Total key management personnel compensation	277,610	258,144

Transactions with related parties

The Group acquired the following goods and services as follows:

	2021 $	2020 $
Ken Fleming for consultancy services	25,000	25,000
Total transactions with related parties	25,000	25,000

27. Auditor's remuneration

	2021 $	2020 $
Auditors of the parent entity	42,000	18,000
Other assurance services	-	-
Total auditor's remuneration	42,000	18,000

28. Employee securities incentive plan

The Company has adopted an Employee Securities Incentive Plan (Plan), to commence upon Admission. The Plan may be inspected at the registered office of the Company during normal business hours. The purpose of the Plan is to:

i. assist in the reward, retention and motivation of Eligible Participants;

ii. link the reward of Eligible Participants to Shareholder value creation; and

iii. align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

Eligible Participant' means a person that:

i. is an 'eligible participant' (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an 'Associated Body Corporate' (as that term is defined in ASIC Class Order 14/1000); and

ii. has been determined by the Board to be eligible to participate in the Plan from time to time.

Directors are 'Eligible Participants'. Any issue of Securities to Directors under the Plan will be subject to the receipt of prior Shareholder approval.

Plan administration

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

There are no options for performance rights of the Company, held directly, indirectly or beneficially, by each Director and key management personnel, outstanding as at 30 June 2021.

Share options granted

Share options outstanding at 30 June 2021 are as follows:

Grant date	Expiry date	Exercise price $	Balance at start of year	Granted	Exercised	Expired	Balance at end of year
28/04/2020	30/04/2023	0.40	-	-	-	-	2,800,000
28/04/2020	08/11/2021	0.30	-	-	-	-	7,674,096
							10,474,096

The options hold no voting or dividend rights and are not transferable.

29. Employee securities incentive plan (continued)

In addition to the above, as at 30 June 2021 the Company entered into the PFT Employee Securities Incentive Plan (Plan). The Invitation is for 1,000,000 Performance Rights in the Company. Each Performance Right that ultimately vests and is exercised in accordance with the Plan Rules will entitle you to be issued one Share in the Company for nil consideration.

The invitation

In accordance with rule 3.2 of the Plan Rules, the terms of the Invitation are set out below:

Number of performance rights	1,000,000
Grant date	February 2021
Fee (if any)	Nil
Performance criteria (if any)	Nil
Vesting conditions (if any)	See table below

Tranche	Vesting Condition	Number of Rights
1	30 consecutive day VWAP (**30 Day VWAP**) of at least \$1.50 at any time during the 2021 calendar year.	333,333
2	30 Day VWAP of at least \$1.50 at any time during the 2022 calendar year.	333,333
3	30 Day VWAP of at least \$1.50 during the 2023 calendar year.	333,334
Total		1,000,000

The achievement of the Vesting Conditions will be measured during each calendar year for the period from 1 January 2021 to 31 December 2023 (**Measurement Period**)

Continued service by Michael Cooper with the Company (or a related by corporate) at all times until 31 December 2023 is also a requirement for the Performance Rights to vest, subject to terms of the Plan Rules.

Measurement of vesting

Tranche 1: 2021 Calendar Year	
% vesting	Performance
100%	**Stretch:** 30 Day VWAP of at least \$2.00 at any time during the calendar year.
Pro rata basis between 50% and 100%	**Between Target and Stretch:** 30 Day VWAP of at least \$1.50 but not reaching \$2.00 at any time during the calendar year.
50%	**Target:** 30 Day VWAP of a least \$1.50 at any time during the calendar year.
0%	**Below Target**: The maximum 30 Day VWAP at any time during the calendar year is below \$1.50.

29. Employee securities incentive plan (continued)

Measurement of vesting (continued)	Tranche 2: 2022 Calendar Year	
	% vesting	Performance
	100%	**Stretch:** 30 Day VWAP of at least $2.00 at any time during the calendar year.
	Pro rata basis between 50% and 100%	**Between Target and Stretch:** 30 Day VWAP of at least $1.50 but not reaching $2.00 at any time during the calendar year.
	50%	**Target:** 30 Day VWAP of a least $1.50 at any time during the calendar year.
	0%	**Below Target**: The maximum 30 Day VWAP at any time during the calendar year is below $1.50.
	Tranche 3: 2023 Calendar Year	
	% vesting	Performance
	100%	**Stretch:** 30 Day VWAP of at least $2.00 at any time during the calendar year.
	Pro rata basis between 50% and 100%	**Between Target and Stretch:** 30 Day VWAP of at least $1.50 but not reaching $2.00 at any time during the calendar year.
	50%	**Target:** 30 Day VWAP of a least $1.50 at any time during the calendar year.
	0%	**Below Target**: The maximum 30 Day VWAP at any time during the calendar year is below $1.50.
	In accordance with the Plan Rules, the Board retains discretion to modify vesting in the case that the circumstances that prevailed over the Measurement Period materially differed from those expected at the time the vesting scale was determined, which is intended to be used when the application of the vesting scale would lead to an outcome that may be viewed as inappropriate.	
Other terms	The other rights and obligations which apply to the Performance Rights, including in relation to vesting, disposal and forfeiture, are specified in the Plan Rules. The Plan Rules govern the Performance Rights that are issued to the Managing Director.	

Recognition and measurement

The Group provides benefits to the Directors and the Managing Director in the form of share-based payment, whereby services are rendered in exchange for rights over shares (performance rights) or options.

The fair value of the performance rights and options is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the performance rights or options granted.

The total expense is recognised over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

30. Business acquisitions

	Daly Potato Company	The Cashew Creamery	Lauds Plant Based Foods
	$	$	$
Consideration transferred:			
Cash	1,568,113	305,794	452,867
Total consideration	1,568,113	305,794	452,867
Fair value of assets acquired and liabilities assumed at date of acquisition:			
Current assets			
Stock	85,477	29,870	47,323
Trade debtors	-	29,953	43,083
Other assets	-	14,544	12,462
Non-current assets			
Plant & Equipment	1,300,000	70,420	87,076
Other assets	4,684	2,641	4,926
Current liabilities			
Trade and other payables	(161,607)	(2)	(16,484)
Leave provisions	(17,364)	-	-
Non-current liabilities			
Loans	(298,511)	(129,986)	-
Total assets acquired and liabilities assumed	912,679	17,440	178,386
Goodwill arising	655,434	288,354	274,481
Total goodwill arising	1,218,269		

31. Summary of significant accounting policies

(a) Basis of preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Act 2001*, as appropriate for-profit oriented entities.

The financial statements cover the Company and its controlled entities as a group for the financial year ended 30 June 2021. The Company is a company limited by shares, incorporated, and domiciled in Australia.

Separate financial statements for the Company as an individual entity are no longer presented as a consequence of a change to the *Corporations Act 2001*, however limited financial information for the Company as an individual entity is included in Note 22.

The following is a summary of material accounting policies adopted by the Group in the preparation and presentation of the financial statements not elsewhere disclosed. The accounting policies have been consistently applied, unless otherwise stated.

b) Compliance with IFRS

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(c) Historical Cost Convention

The financial statements have been prepared under the historical cost convention. All amounts are presented in Australian dollars unless otherwise noted.

(d) Principles of Consolidation

The consolidated financial statements are those of the Group, comprising the parent entity and its controlled entities as defined in Accounting Standard AASB 10 ‘Consolidated Financial Statements’. Control is achieved when the Company:

- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Details of the controlled entities are contained in Note 23.

Financial statements for controlled entities are prepared for the same reporting period as the parent entity. Controlled entities are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

Non-controlling interests in the equity and results of the entities that are controlled are shown separately in the consolidated financial statements.

31. Summary of significant accounting policies (continued)

The preparation of the financial statements of the Group requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Areas within the financial report which contain a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be incorrect. Detailed information about each of these estimates and judgements are included in the notes to the financial statements together with the basis of calculation.

The areas involving significant estimates or judgements are:

- Estimated value in use calculations for the assessment of the recoverable amount of goodwill.

Estimates and judgements are continually evaluated. They are based on historical experience, information, and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(f) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(g) New Standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not yet been adopted by the Group. There are no standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

32. Going concern

These financial statements have been prepared on the basis of going concern, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The director's assessment is based on forecasted growth in sales, which the Group expects to continue over the next 12 months.

In preparing the financial report, the Group has adopted a going concern basis of preparation, as the Directors believe they have reasonable grounds to expect that they will have sufficient funds to settle the Group's liabilities and meets its debts as an when they fall due.

Pure Foods Tasmania Limited
Directors' Declaration
For the Year Ended 30 June 2021

In accordance with a resolution of the directors of Pure Foods Tasmania Limited, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 14 to 45, are in accordance with the *Corporations Act 2001* and:
    a. Comply with Australian Accounting Standards applicable to the Consolidated Group, which, as stated in the accounting policies to the financial statements, constitutes compliance with International Financial Reporting Standards; and
    b. Give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Consolidated Group;
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. The directors have been given the declaration required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*. This declaration is made in accordance with a resolution of the Directors.

Michael Cooper

Director

Dated: 21/09/2021

Independent Auditor's Report to the Members of Pure Foods Tasmania Limited

Opinion

We have audited the financial report of Pure Foods Tasmania Limited (the Company and its controlled entities (the Group)), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and 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 company is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated financial position of the company as at 30 June 2021 and of its consolidated financial performance for the year then ended on that date; and

(ii) 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 company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial report for the year ended 30 June 2021. These matters were addressed in the context of our audit of the financial report as a whole, and forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill – refer note 13 in the financial report The Group hold goodwill assets totalling $1,957,106 as at 30 June 2021. Under Australian Accounting Standards, the Group is required to assess goodwill for impairment at least annually. The Group performed an impairment assessment for the Tasmanian Pate cash generating unit (CGU), calculating the value in use of the net assets in the CGU. The valuation model used by the Group to perform the impairment assessment are based on budget forecasts. The Group did not identify any impairment for the CGU.	We assessed whether the Group's determination of CGU was consistent with our understanding of the nature of the Group's operations and internal Group reporting. We assessed management's conclusions around allocating Tasmanian Pate as a CGU. We tested the mathematical accuracy and integrity of the calculation in the model. To evaluate the model we performed the following procedures, amongst others: • Compared model inputs to the FY21 budget; • Assessed historical performance of the CGU; and • Assessed forecast growth assumptions. We assessed the discount rate used in the impairment assessment by comparing to comparable companies. We performed sensitivity analysis which highlighted that the CGU's are sensitivity to changes in key assumptions. We recalculated the change in growth rates and discount rates which would result in an impairment and also evaluated the adequacy of the disclosures in note 13 in light of the requirements of Australian Accounting Standards.
Business Acquisitions – refer to note 30 in the financial report. During the financial year, the Group acquired the following businesses Lauds Plant Based Foods, Cashew Creamery and Daly Potato Company. Accounting for business acquisitions is complex and involves a number of judgements and estimates.	Our procedures included, but were not limited to: • Reading the purchase and sale agreements to understand the terms and conditions of each transactions; • Assessing whether the purchase price has been correctly determined; • Assessing the determination of the fair value of assets acquired • Assessing the appropriateness of the disclosure of each transaction in the financial statements.
Going concern – refer to note 32 of the financial report. Assessing the appropriateness of the Group's basis of preparation for the financial report was a key audit matter due to its importance to the financial report and the level of judgment	In assessing the appropriateness of the going concern basis of preparation for the financial report, we performed a number of procedures including the following: • Reviewing managements assessment of going concern and cash flow forecast to assess whether current cash levels and

Key audit matter	How our audit addressed the key audit matter
involved in assessing the future funding and operational status of the Group.	forecast revenue can be sustainable for a period of at least 12 months from the proposed date of signing. • Assessing the Group's current level of income and expenditure against management's forecast for consistency and relationship with historical results and our understanding of the business. • Performing sensitivity analysis on the forecast cash flows; and • Reviewing disclosures to be included in the financial report for appropriateness.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2021 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. 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 ability of the company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or has 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 judgement 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Entity'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 Entity 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 company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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, related safeguards.

Report on the Remuneration Report

We have audited the remuneration report included in pages 6 to 10 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Pure Foods Tasmania Limited for the year ended 30 June 2021 complies with s 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 s 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.

NICK CARTER
Partner
Wise Lord & Ferguson

Date: 21/09/2021

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

Holding Range	Holders	Total Units	% Issued Share Capital
Above 0 up to and including 1,000	669	342,510	0.63
Above 1,000 up to and including 5,000	900	2,408,883	4.44
Above 5,000 up to and including 10,000	338	2,691,640	4.96
Above 10,000 up to and including 100,000	475	13,941,628	25.71
Above 100,000	69	34,832,713	64.25
Totals	2,451	54,217,374	100.00

B. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders.

The names of the twenty largest holders of quoted equity securities are listed below (some are grouped where the holdings are deemed to be controlled by the same entity):

Position	Holder Name	Holding	% Issued Share Capital
1	Willar Pty Ltd	2,678,420	4.94
2	Sanlam Private Wealth Pty Ltd <Westbourne Long Short A/C>	2,500,000	4.61
3	Daly Potato Company Pty Ltd	2,279,608	4.20
4	Ilwella Pty Ltd	2,253,849	4.16
5	Quality Life Pty Ltd <The Neill Family A/C>	1,881,789	3.47
6	Mr Timothy Tulloch Brock Lewis & Mrs Catherine Anne Lewis <JG Lewis No2 Will A/C>	1,841,751	3.40
7	Rottcodd Pty Ltd <Rottcodd S/F A/C>	1,595,789	2.94
8	BFADM Pty Ltd	1,521,238	2.81
9	Tonnic 2 Pty Ltd <Tonnic A/C>	1,185,000	2.19
10	Bensam Investments Pty Ltd <Robert Johnston Family A/C>	1,130,255	2.08
11	Jaf Capital Pty Ltd	1,065,001	1.96

Position	Holder Name	Holding	% Issued Share Capital
12	Mr Craig Mccourtie <Craig Mccourtie Family A/C>	1,000,952	1.85
13	Clement Holdings Pty Ltd <Calculus A/C>	1,000,951	1.85
14	Mr Alexander David Beard & Mrs Marie Pascale Beard <Ad & MP Beard S/F A/C>	1,000,000	1.84
15	Radiata Investments Pty Ltd <Rudie Sypkes Family A/C>	712,202	1.31
16	HSBC Custody Nominees (Australia) Limited	671,586	1.24
17	Suetone Pty Ltd <The Ak Shadforth Family A/C>	633,794	1.17
18	Boman Asset Pty Ltd	606,452	1.12
19	Kore Management Services Pty Ltd <Cuthbertson Super Fund A/C>	600,000	1.11
20	Fairisle Holdings Pty Limited <The Tilanbi A/C>	590,799	1.09
	Totals	26,749,436	49.34
	Total Issued Capital	54,217,374	100.00

C. VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

D. USE OF CASH

Cash and assets readily convertible to cash held by the Company for the reporting period were used in a way consistent with its business strategy and objectives.

Board of Directors

Malcolm McAully	Non-Executive Chairman
Michael Cooper	Managing Director and CEO
Alexander Beard	Non-Executive Director
Ken Fleming	Non-Executive Director

Company Secretary

Justin Hill

Registered Office

2/179 Murray Street

Hobart Tasmania 7000 Australia

Postal Address

100-104 Morninton Road

Mornington, Tasmania 7018 Australia

Share Registry

Automic Registry Services

Level 2, 267 St Georges Terrace

Perth Western Australia 6000 Australia

Auditor

Wise Lord & Ferguson

160 Collins Street

Hobart Tasmania 7000 Australia

Solicitors

Page Seager

2/179 Murray Street

Hobart Tasmania 7000 Australia

Groom Kennedy Lawyers and Advisers

Level 1 47 Sandy Bay Road

Hobart Tasmania 7000 Australia

Bankers

National Australia Bank

Commonwealth Bank of Australia

Stock Exchange Listing

Pure Foods Tasmania Limited shares are listed on the Australian Securities Exchange, code PFT.