Murray River Organics Group Ltd

(Receivers and Managers Appointed)
(Subject to Deed of Company Arrangement)

ABN 46 614 651 473

Annual Financial Report for the year ended 30 June 2021

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Contents

Corporate directory

Directors

	A Monk *Non-executive Chairman*
	P McDonald *Non-executive director*
	B Akdogan *Executive director*

Following the appointment of the Administrators on 9 February 2022, the previous directors' powers were suspended and the Administrators initially assumed control of the company's affairs.

Administrators / Deed Administrators	Matthew James Byrnes Andrew Stewart Reed Hewitt
Principal registered office in Australia	32 Crompton Way, DANDENONG SOUTH, VIC, AUSTRALIA, 3175
Share register	COMPUTERSHARE INVESTOR SERVICES PTY LIMITED Yarra Falls, 452 Johnston Street ABBOTSFORD, VIC, AUSTRALIA, 3067 Telephone 03 9415 4000
Auditor	Hall Chadwick 2 Park Street SYDNEY, NSW, AUSTRALIA, 2000
Stock exchange listings	Murray River Organics Group Ltd shares are listed on the Australian Securities Exchange (ASX) under ticker symbol **MRG**.

DIRECTORS' REPORT

Murray River Organics Group Ltd (referred to hereafter as "MRG" or "the Company") consists of Murray River Organics Group Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2021. Whilst the Company is subject to Deed of Company Arrangement executed on 8 July 2022, the following is a report for the year ended 30 June 2021.

The Directors' report has been prepared by the proponent of the Deed of Company Arrangement, Alt Finance Pty Ltd. All information provided to Alt Finance Pty Ltd and/or Hall Chadwick by the Deed Administrators to assist in the preparation of this report has been obtained from the records provided by the directors and management of the Company. The Deed Administrators' and their employees have relied solely on the representations of the directors and management and the available books and records. The Deed Administrators' have not independently verified any of the information. Accordingly, the Deed Administrators' accept no responsibility for the accuracy or reliability of the information provided.

DIRECTORS

Directors who held office at any time during the year ended 30 June 2021 were as follows. Directors were in office from 1 June 2020 unless otherwise noted.

Andrew Monk
Stuart McNab (resigned 26 November 2020)
Paul McDonald
Naseema Sparks (resigned 21 December 2021)
John Maher (appointed 30 November 2020 and resigned 21 December 2021)
Valentina Tripp (resigned 15 January 2021)
Birol Akdogan (appointed 5 March 2021)

Following the appointment of the Administrators on 9 February 2022, the previous directors' powers were suspended and the Administrators initially assumed control of the Company's affairs.

PRINCIPAL ACTIVITIES

Over the year ended 30 June 2021 the Group has continued its extensive transformation process to restructure its farm operations, develop and build retail brands and improve operating efficiencies in order to deliver long-term value for shareholders.

The Group completed the sale of a number of farming properties during the year and completed the sale of its Wargan and Mourquong properties on 27 August 2021.

During the year the Group continued to launch new Murray River Organics (MRO) branded products while expanding the export offerings with the Group partnerships in Asia, Europe and other key international markets.

On Company owned farming assets, the Group continued to remediate existing vineyards while exploring partnerships to exit farm ownership with long term fruit offtake arrangements. During the year, $22.5m of asset sales was secured with proceeds used to reduce debt.

FY21 was not without its challenges with disappointing farms yields although they were up 28% on the prior year.

The Company was suspended from trading on the ASX on 1 October 2021 due to non-lodgement of these annual financial statements by the lodgement due date.

PRESENTATION CURRENCY

Items included in the directors' report and financial statements of MRG are presented in Australian dollars unless otherwise stated.

DIVIDENDS

No dividends were paid to members during the year ended 30 June 2021 or the year ended 30 June 2020.

REVIEW OF OPERATIONS

The Company operated in the organic food industry in Australia.

Following the appointment of the Administrators on 9 February 2022, the previous directors' powers were suspended and the Administrators initially assumed control of the Company's affairs.

The Company's shares are currently suspended from trading on the ASX.

Refer to subsequent events for significant after balance date events.

OPERATING RESULT

MRG experienced a net loss after income taxes of $23.289 million for the year ended 30 June 2021 (year ended 30 June 2020: net loss after income taxes of $39.074 million).

DIRECTORS' REPORT (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company entered voluntary suspension from the Australian Securities Exchange on 1 October 2021 and remained in suspension as at the date of this report.

On 9 February 2022, the Company under section 436A of the Corporations Act 2001, appointed Matthew James Byrnes and Andrew Stewart Reed Hewitt of Grant Thornton Australia Limited, as joint and several Voluntary Administrators (Administrators). On the same date, Peter McCluskey and John Lindholm of KPMG were appointed as Receivers and Managers of each company in the group pursuant to security interests duly registered on the Personal Property Securities Register. Subsequently, on 28 June 2022 David Hardy of KPMG was also appointed as Receiver and Manager of each company in the group.

At the second meeting of creditors of the Company held on 17 June 2022, creditors resolved to accept the Deed of Company Arrangement ("Deed") in the form proposed in the Administrators' report dated 9 June 2022. The Deed was executed on 8 July 2022 and the Administrators were appointed the Deed Administrators of the Company.

SUBSEQUENT EVENTS

The Company held its Annual General Meeting for the year ended 30 June 2021 on 31 January 2022, at which time, the sole resolution put to the Meeting was passed.

On 29 November 2021, a total of 20,000 options to acquire shares with various expiry dates as well as exercise prices, expired.

Subsequent to 30 June 2021, the Company settled the property assets (comprising property, plant and equipment) held for sale at 30 June 2021 relating to the Mourquong Processing site and the Wargan, Merbein farm. Proceeds of $7.75m were received on 27 August 2021 for the property assets.

As of 30 June 2021, the Group was in breach of its Net Tangible Asset (NTA) financial covenant with its NAB banking facility. The NAB granted a waiver of the NTA covenant on 31 August 2021.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company was placed into Administration, and also appointed Receivers and Managers, on 9 February 2022. The appointment of the Voluntary Administrators followed the recent review of the Company's strategy and operations that highlighted the need for further capital to continue the Company's transformation. The effect of the appointment of the Receivers and Managers is that the Receivers and Managers are now in control of the Group's assets, undertakings and operations. Following their appointment, the Receivers and Managers undertook a process to market the Group and its assets for sale.

ENVIRONMENTAL REGULATION

The entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.
Murray River Organics is certified by Australian Certified Organic (certificate number 11486).

COMPANY SECRETARY

The Company Secretary is Graeme Fallet.

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2021 and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees	
	A	B	A	B
Andrew Monk	*	*	*	*
Stuart McNab	*	*	*	*
Paul McDonald	*	*	*	*
Naseema Sparks	*	*	*	*
John Maher	*	*	*	*
Valentina Tripp	*	*	*	*
Birol Akdogan	*	*	*	*

* We were unable to determine this disclosure.

A = Number of meetings attended.
B = Number of meetings held during the time the director held office or was a member of the committee during the period.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT
The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

The Remuneration Report details the remuneration strategy of the Board and the nature and amount of remuneration for Directors' and Key Executives of Murray River Organics Group Ltd ("MRG" or "Company") and its controlled subsidiaries ("Group").

For the purpose of the Remuneration Report, key management personnel ("KMP") include all Directors of the Board (executive and non-executive) and the Chief Financial Officer of the Group.

During the FY21 financial year, overall financial targets were not reached, and any Short-Term incentive payments to Executives have been made at the Board's discretion. No LTI awards were granted during the year.

The KMP of the Group during the year ended 30 June 2021 were as follows:

	Period of Responsibility	**KMP Position**
Non-executives		
Andrew Monk	Appointed 24 January 2018	Non-executive Independent Chairman
Stuart McNab	Appointed 15 May 2020 Resigned 26 November 2020	Non-executive Independent Director
Paul McDonald	Appointed 22 May 2020	Non-executive Independent Director
Naseema Sparks	Appointed 9 June 2020 Resigned 21 December 2021	Non-executive Independent Director
John Maher	Appointed 30 November 2020 Resigned 21 December 2021	Non-executive Independent Director
Executives		
Valentina Tripp	Appointed 16 April 2018 Resigned 15 January 2021	Managing Director and Chief Executive Officer (CEO)
Birol Akdogan	Interim 15 January 2021 Appointed 5 March 2021 Appointed 1 September 2020 Resigned as CFO 11 March 2021	Managing Director and Chief Executive Officer (CEO) Chief Financial Officer (CFO)
Graeme Fallet	Appointed 11 March 2021	Chief Financial Officer (CFO)

Role of the Remuneration and Nomination Committee

Composition

In accordance with the Remuneration and Nomination Committee Charter, the Group has established a Remuneration and Nomination Committee consisting of at least three members, a majority of whom must be independent with an Independent Chairperson who is nominated by the Board of Murray River Organics Group Ltd. The Remuneration and Nomination Committee is currently comprised of Non-Executive Directors.

Remuneration Policy

The remuneration policy of MRG has been designed to align Director and executive remuneration with accretion of shareholder wealth and achievement of business objectives by providing a fixed remuneration component and offering specific short-term incentives (STI) and long-term incentives (LTI) based upon key performance areas affecting the Group's financial results. The Board of MRG believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Directors to run and manage the Group, as well as create goal congruence between Directors, executives and shareholders.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

- Executive remuneration has been reviewed by reference to the Group's performance, executive individual performance and comparable information from industry sectors and other listed companies in similar industries. The performance of executives is measured against agreed criteria and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives are linked to the predetermined operational and financial performance criteria.
- The Directors and executives receive a superannuation guarantee contribution required by the law, and do not receive any other retirement benefits.
- The Board's strategy is to remunerate Non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. In recognition of the adverse performance of the Company during FY21, the Non-executive Directors agreed to reduce the Board fees by 20%.
- The maximum aggregate amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at the Annual General Meeting. The maximum aggregate amount of fees that can be paid to Non-executive directors as per last approval is $500,000. Fees for Non-executive Directors are not linked to the performance of the Group. In FY2019, share options were issued to Non-executive Directors as remuneration for additional work undertaken as part of the capital raise dated 24 October 2018.

Functions

The role of the Remuneration and Nomination Committee is to assist the Board by ensuring that MRG:

- Has coherent remuneration policies and practices which enable the Company to attract and retain executives and Directors who will create value for shareholders, including succession planning for the Board and executives;
- Fairly and responsibly remunerate Directors and executives, having regard to the performance of the Company, the performance of the executives and the general remuneration environment;
- Has procedures to evaluate the performance of the Board, individual directors and executives on (at least) an annual basis;
- Has effective policies and procedures to attract, motivate and retain appropriately skilled and diverse persons to mee the Company's needs; and
- Has succession plans for the CEO and senior executives.

Further information about remuneration structures and the relationship between remuneration policy and Company performance is set out below.

Short-Term Incentive ("STI") Plan

Valentina Tripp, Birol Akdogan and Graeme Fallet

For FY2021, Valentina Tripp, Birol Akdogan and Graeme Fallet and certain other employees as determined by the Board were entitled to participate in a cash-based STI Plan under the terms of their employment contracts, and in accordance with the terms of the STI Plan in place for FY2021.

The maximum amount that an Executive KMP is entitled to under the STI Plan is as follows:

- Valentina Tripp, up to 60% of Valentina's fixed remuneration (base salary plus superannuation); and
- As CEO, Birol Akdogan, up to 60% of Birol's fixed remuneration (base salary plus superannuation); and
- As CFO, Birol Akdogan, up to 35% of Birol's fixed remuneration (base salary plus superannuation); and
- Graeme Fallett, up to 40% of Graeme's fixed remuneration (base salary plus superannuation).

The table below sets out, in respect of Valentina Tripp, Birol Akdogan and Graeme Fallet's entitlement, the percentage of their entitlement that will be paid on satisfaction of certain key performance indicators.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Measure	Entitlement to be Paid
EBITDA before SGARA	50%
Cashflow Management	40%
Health and Safety	10%

Furthermore, at the Board's discretion, Other Incentivisation payments up to 40% of Fixed Remuneration may be granted on the achievement of certain strategic and restructuring initiatives.

During the year, the Board exercised its discretion and awarded Other Incentivisation payments to the Chief Executive Officer Birol Akdogan and Chief Financial Officer Graeme Fallet. The Board considered that while the EBITDA gateway was not achieved, a discretionary payment was warranted following the restructure of the Group's debt facility, sale of the Mourquong facility, and other corporate restructure initiatives. The CEO was granted a $88,000 bonus and the CFO was granted a $40,000 bonus payable at or after 30 November 2021. The CEO was also granted 222,222 shares at $0.18 per share, which was the fair value at grant date. The shares are subject to shareholder approval. No STI awards were paid to Valentina Tripp.

Long-Term Incentive ("LTI") Plan

An overview of the LTI Plan is as follows:

- Participants in the LTI Plan do not pay any consideration for the grant of the Performance Rights. On vesting, one Performance Right is exercisable into, or entitles the holder to one share.
- Performance Rights are not listed on the ASX and does not entitle its holder to dividends nor rights to vote at meetings of shareholders of the Company.
- Performance Rights will only vest where the performance conditions and any other relevant conditions advised have been satisfied unless otherwise determined by the Board. An unvested Performance Right will lapse in certain circumstances, including where performance conditions are not satisfied within relevant time period, where the participant deals with the Performance Right in breach of the rules of the LTI Plan or where, in the opinion of the Board, a participant has acted fraudulently or dishonestly.
- If a participant's employment or engagement with the Company (or its subsidiaries) terminates before the Performance Rights have vested, the Performance Rights will lapse, unless the invitation provides otherwise, or the Board resolves otherwise.
- Where there is a takeover bid for shares in the Company, the Directors may determine that all or part of the participant's unvested Performance Rights, will become vested Performance Rights.
- If there are certain variations in the share capital of the Company, including a capitalisation or rights issue, subdivision, consolidation or reduction in share capital, the Directors may make such adjustments as they consider appropriate under the LTI Plan.

The vesting condition is based on Total Shareholder Return Compound Annual Growth Return and in accordance with the following vesting schedule.

TSR CAGR	% of Performance Rights that Vest	Comment
Less than 10% p.a.	0%	
10% p.a.	25%	Straight line interpolation between 10% and 12.49%
12.5% p.a.	50%	Straight line interpolation between 12.5% and 14.99%
15% p.a.	100%	

During the year no LTI awards were granted.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Key Terms of Employment Contracts

Birol Akdogan	**Managing Director and Chief Executive Officer**
Expiry date	Not applicable
Fixed remuneration	$370,000 (including superannuation)
Short term incentive	Maximum yearly bonus of 60% of fixed remuneration (base salary plus superannuation)
Long term incentive	Participation in the Company's LTI scheme at 80% of fixed remuneration (base salary plus superannuation)
Notice period	6 months
Termination / redundancy payment	Birol's employment may be terminated by either party by providing six months' notice in writing before the proposed date of termination, or in the Company's case, payment in lieu of notice at its discretion
Restraint of trade period	Up to 12 months subject to location of employment or trade
Graeme Fallet	**Chief Financial Officer & Company Secretary**
Expiry date	Not applicable
Fixed remuneration	$300,000 (including superannuation)
Short term incentive	Maximum yearly bonus of 40% of fixed remuneration (base salary plus superannuation)
Long term incentive	Participation in the Company's LTI scheme at 70% of fixed remuneration (base salary plus superannuation)
Notice period	6 months
Termination / redundancy payment	Graeme's employment may be terminated by either party by providing six months' notice in writing before the proposed date of termination, or in the Company's case, payment in lieu of notice at its discretion
Restraint of trade period	Up to 12 months subject to location of employment or trade
Valentina Tripp	**Managing Director and Chief Executive Officer**
Expiry date	Not applicable
Fixed remuneration	$500,000 (including superannuation)
Short term incentive	Maximum yearly bonus of $300,000 representing 60% of fixed remuneration (base salary plus superannuation)
Retention incentive[1]	6 million options over ordinary shares in MRG with an exercise price of $0.10 cents vesting 16 April 2019 and expired 16 April 2021 6 million options over ordinary shares in MRG with an exercise price of $0.18 cents vesting 16 April 2020 and expired 16 April 2022 6 million options over ordinary shares in MRG with an exercise price of $0.27 cents vesting 16 April 2021 and expiring 16 April 2023
Long term incentive	Entitled to participate and included in the Company's LTI scheme
Notice period	6 months
Termination / redundancy payment	Valentina's employment may be terminated by either party by providing six months' notice in writing before the proposed date of termination, or in the Company's case, payment in lieu of notice at its discretion
Restraint of trade period	6 months

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Key Terms of Employment Contracts (continued)

Birol Akdogan	**Chief Financial Officer & Company Secretary**
Expiry date	Not applicable
Fixed remuneration	$290,000 (including superannuation)
Short term incentive	Maximum yearly bonus of 35% of fixed remuneration (base salary plus superannuation)
Long term incentive	Entitled to participate and included in the Company's LTI scheme
Notice period	4 months
Termination / redundancy payment	Birol's employment may be terminated by either party by providing four months' notice in writing before the proposed date of termination, or in the Company's case, payment in lieu of notice at its discretion
Restraint of trade period	Up to 12 months subject to location of employment or trade

[1] The incentives listed are prior to the consolidation of shares.

Valentina Tripp resigned as Chief Executive Officer and Managing Director effective 15 January 2021.

	From 1 April 2021		**Prior to 1 April 2021**	
Board / Committee	**Chairman Fee*** **($)**	**Director / Member Fee*** **($)**	**Chairman Fee*** **($)**	**Director / Member Fee*** **($)**
Board based fee	$96,000 (inclusive of committee work)	$56,000	$120,000 (inclusive of committee work)	$70,000
Remuneration and Nomination Committee	-	$8,000	-	$10,000
Audit and Risk Committee	-	$8,000	-	$10,00

*The base fees detailed above excluded superannuation.

	2021 **$'000**	**2020** **$'000**	**2019** **$'000**	**2018** **$'000**	**2017** **$'000**
Revenue	42,603	48,349	60,072	68,539	48,522
Underlying EBITDA (statutory) (iii)	(11,726)	(10,269)	(3,568)	(51,968)	(584)
Net profit/(loss) after tax	(23,288)	(39,074)	(12,036)	(59,607)	(5,927)

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Relationship Between Remuneration Policy and Group Performance

	2021	**2020**	**2019**	**2018**	**2017**
Share price at start of year	$0.015	$0.079	$0.31	$0.32	$1.30(i)
Share price at end of year	$0.160	$0.015	$0.079	$0.31	$0.32
Basic earnings (cents) per share(ii)	(40)(ii)	(185)(ii)	(182)(ii)	(2,592)	(411)(ii)
Diluted earnings (cents) per share(ii)	(40)(ii)	(185)(ii)	(182)(ii)	(2,592)	(411)(ii)
Interim and final dividend	-	-	-	-	-

(i) The Company listed on the ASX on 20 December 2016 at an opening share price of $1.30 per share

(ii) The Company undertook a consolidation of capital on a fifty (50) for one basis during the year. The consolidation of capital was approved by shareholders on 26 November 2020. Basic and Diluted earnings per share have been restated in the FY20 year for comparability.

(iii) Statutory and pro-forma underlying EBITDA results are non-IFRS financial measures referring to earnings before interest, tax depreciation and amortisation and are adjusted for significant items. The pro-forma results are removing the impact of the Company's listing on the ASX on 20 December 2016.

Details of Key Management Personnel Remuneration

The compensation of each member of the key management personnel of the Group for the current year is set out below:

	Short-term		**Post-employment**	**Long-term benefits**	**Equity-settled share-based payments(vi)**					
2021	**Salary, fees and leave** **$**	**Bonus** **$**	**Superannuation** **$**	**Long service leave** **$**	**Shares** **$**	**Performance Rights / Options** **$**	**Termination** **$**	**Total** **$**	**Total Performance Related** **%**	**Fixed Remuneration** **%**
Non-Executive Directors										
A. Monk	114,000	-	10,830	-	-	-	-	124,830	-	100%
N. Sparks	66,500	-	6,318	-	-	-	-	72,818	-	100%
S. McNab(i)	29,167	-	2,771	-	-	-	-	31,938	-	100%
P. McDonald	76,000	-	7,029	-	-	-	-	83,029	-	100%
J. Maher(ii)	37,333	-	3,547	-	-	-	-	40,880	-	100%
Sub-total	323,000	-	30,495	-	-	-	-	353,495	-	100%
Executives										
B. Akdogan(iv)	260,981	88,000	18,395	-	40,000	-	-	407,376	31%	69%
G. Fallet(v)	85,632	40,000	5,424	-	-	-	-	131,056	31%	69%
V.Tripp(iii)	386,166	-	19,614	-	-	(211,486)(iii)	224,195	418,489	-	100%
Sub-total	732,779	128,000	43,433	-	40,000	(211,486)	224,195	956,921		
Total	**1,055,779**	**128,000**	**73,928**	**-**	**40,000**	**(211,486)**	**224,195**	**1,310,416**		

(i) Stuart McNab – resigned 26 November 2020

(ii) John Maher – resigned 30 November 2020

Details of Key Management Personnel Remuneration (continued)

(iii) Valentina Tripp – resigned 15 January 2021. The termination benefits include the payment of unworked notice and other benefits valued at $224,195. Any STI and prior year LTI awards were forfeited upon termination.

(iv) Birol Akdogan – appointed CFO on 1 September 2020 and CEO on 5 March 2021.

(v) Graeme Fallet – appointed CFO on 11 March 2021.

(vi) Equity-settled share-based payment amounts included as KMP remuneration are based on the accounting standard requirement to amortise the fair value of the options issued in prior years over the period up to the vesting date. At the date of this report, no options have been exercised, as the exercise price significantly exceeds the market price of the shares.

(vii) At 1 April 2021 Non-Executive Directors reduced their Board fees by 20%.

Details of Key Management Personnel Remuneration (continued)

The compensation of each member of the key management personnel of the Group for the prior year is set out below:

	Short-term		**Post-employ ment**	**Long-term benefits**	**Equity-settled share-based payments(vi)**					
2020	**Salary, fees and leave**	**Bonus**	**Superan nuation**	**Long service leave**	**Shares**	**Performance Rights / Options**	**Termination**	**Total**	**Total Perfo rm-ance Relat ed**	**Fixed Remun-eration**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
Non-Executive Directors										
A. Monk	120,000	-	11,400	-	-	38,205	-	169,605	23%	77%
K. Mentiplay(1)	46,667	-	4,433	-	-	38,205	-	89,305	43%	57%
M. Porter(v)	66,051	-	6,275	-	-	38,205	-	110,531	35%	65%
T. Dynon(ii)	73,333	-	6,967	-	-	-	-	80,300	-	100%
N. Sparks(vi)	4,308	-	409	-	-	-	-	4,717	-	100%
S. McNab(iii)	8,795	-	836	-	-	-	-	9,631	-	100%
P. McDonald(iv)	6,667	-	554	-	-	-	-	7,221	-	100%
Sub-total	325,821	-	30,874	-	-	114,615	-	471,310		
Executives										
V. Tripp	479,469	-	21,003	-	-	555,012	-	1,055,484	53%	47%
A. Zago(vii)	203,742	-	23,953	-	-	(25,484)	123,310	325,521	-	100%
Sub-total	683,211	-	44,956	-	-	529,528	123,310	1,381,005		
Total	**1,009,032**	**-**	**75,830**	**-**	**-**	**644,143**	**123,310**	**1,852,315**		

Details of Key Management Personnel Remuneration (continued)

(i) Keith Mentiplay – resigned 21 January 2020

(ii) Tony Dynon – resigned 15 May 2020

(iii) Stuart McNab – appointed 15 May 2020

(iv) Paul McDonald – appointed 22 May 2020

(v) Michael Porter – resigned 9 June 2020

(vi) Naseema Sparks – appointed 9 June 2020

(vii) Albert Zago – resigned 15 June 2020

(viii) Equity-settled share-based payment amounts included as KMP remuneration are based on the accounting standard requirement to amortise the fair value of the options issued in prior years over the period up to the vesting date. At the date of this report, no options have been exercised, as the exercise price significantly exceeds the market price of the shares.

Key Management Personnel Share-based Compensation

Performance rights issued to key management personnel

												Terms and conditions for each grant			
KMP	**Tranche**	**Grant date**	**Number granted[ii]**	**Fair value per performance right at grant date[iii]**	**Number vested during the year**	**Year in which performance rights may vest**	**Vested %**	**Fair value of exercised performance rights during the year**	**Number forfeited during the year**	**Year forfeited performance rights were granted**	**Amount paid or payable for exercised performance rights**	**Exercise Price $**	**Expiry Date**	**First exercise date**	**Last exercise date**
V. Tripp	LTI	22 Nov 18	46,509	$2.70	-	2021	0%	-	46,509[i]	2018	-	-	21/11/21	21/11/21	21/11/21
Total			**46,509**					**-**	**46,509**	**-**	**-**				

(i) 100% of the performance rights were forfeited.

(ii) During the year the Company undertook a consolidation of capital on a fifty (50) for one (1) basis. The Performance Rights were adjusted on a 50 for 1 basis. The fair value per Performance Right was adjusted in proportion to the 50 for 1 consolidation.

Details of Key Management Personnel Remuneration (continued)

Options issued to key management personnel

												Terms and conditions for each grant			
KMP	**Tranche**	**Grant date**	**Number granted(ii)**	**Fair value per option at grant date(iii)**	**Number vested during the year**	**Year in which option may vest**	**Vested %**	**Fair value of option during the year**	**Number forfeited during the year**	**Number of options lapsed during the year**	**Amount paid or payable for exercised options**	**Exercise Price $**	**Expiry Date**	**First exercise date**	**Last exercise date**
A. Monk	Capital raise 2018	22 Nov 18	20,000	$2.39	-	2019	100%	-	-	-	-	$3.40	22/11/21	22/11/19	22/11/21
V. Tripp	Retention Incentive A	22 Nov 18	120,000	$2.14	-	2019	100%	-	120,000	-	-	$3.40	16/04/21	16/04/19	16/04/21
	Retention Incentive B	22 Nov 18	120,000	$1.98	-	2020	100%	-	120,000	-	-	$7.40	16/04/22	16/04/20	16/04/22
	Retention Incentive C	22 Nov 18	120,000	$2.00	-	2021	0%	-	120,000	-	-	$11.90	16/04/23	16/04/21	16/04/23

(i) The Retention Incentive options with a grant date of 22 November 2018 were approved and granted at the 2018 Annual General Meeting.

(ii) During the year the Company undertook a consolidation of capital on a fifty (50) for one (1) basis. The Options were adjusted on a 50 for 1 basis. The fair value per Option was adjusted in proportion to the 50 for 1 consolidation.

(iii) The exercise prices of options were adjusted following the March 2020 capital raise under the original terms of the options. This did not result in a modification or change to the fair value of the options previously determined at grant date.

DIRECTORS' REPORT (continued)

Details of Key Management Personnel Remuneration (continued)

Number of Performance Rights held by key management personnel

The number of performance rights in MRG held by each KMP:

	Balance at 1 July 2020(1)	**Granted**	**Exercised**	**Forfeited**	**Balance at 30 June 2021**	**Vested and exercisable at 30 June 2021**
V. Tripp	46,509	-	-	(46,509)	-	-
Total	**46,509**	**-**	**-**	**(46,509)**	**-**	**-**

(i) During the year the Company undertook a consolidation of capital on a fifty (50) for one (1) basis. The Options were adjusted on a 50 for 1 basis. The opening balance has been adjusted to reflect the consolidation of capital.

Number of Options held by key management personnel

The number of options in MRG held by each KMP:

	Balance at 1 July 2020(1)	**Granted**	**Exercised**	**Forfeited**	**Balance at 30 June 2021**	**Vested and exercisable at 30 June 2021**
A. Monk	20,000	-	-	-	20,000	20,000
V. Tripp	360,000	-	-	(360,000)	-	-
Total	**380,000**	**-**	**-**	**(360,000)**	**20,000**	**20,000**

(i) During the year the Company undertook a consolidation of capital on a fifty (50) for one (1) basis. The Options were adjusted on a 50 for 1 basis. The opening balance has been adjusted to reflect the consolidation of capital.

Number of Shares held by key management personnel

The number of ordinary shares in MRG held by each KMP:

	Balance at 1 July 2020(1)	**Options Exercised**	**Net Change Other(1)**	**Balance at 30 June 2021(ii)**
A. Monk	70,707	-	98,000	168,707
B. Akdogan	-	-	29,647	29,647(v)
V. Tripp	54,000	-	-	54,000(iv)
J. Maher	-	-	72,117	72,117
N. Sparks	-	-	-	-
P. McDonald	-	-	50,000	50,000
G. Fallet	-	-	-	-
Total	**124,707**	**-**	**249,764**	**374,471**

(i) 'Net Change Other' relates to shares purchased and sold during the financial year.
(ii) There has been no change in shareholdings from 30 June 2021 to the date of this report.
(iii) During the year the Company undertook a consolidation of capital on a fifty (50) for one (1) basis. The opening balance of shares has been adjusted to reflect the consolidation of capital.
(iv) Valentina Tripp shareholding was at the date of resignation.
(v) Does not include shares granted as part of FY21 remuneration. These are subject to shareholder approval.

End of Remuneration Report.

DIRECTORS' REPORT (continued)

INSURANCE OF OFFICERS

The Deed Administrators are aware of a Directors and Officers insurance policy applicable during the year ended 30 June 2021.

The Company has been in voluntary administration since 9 February 2022 to 8 July 2022, whereupon it entered into a Deed of Company Arrangement and the financial statements have been prepared in August 2022 by the Company's auditors under the instruction of the proponent of the Deed of Company Arrangement. The Deed Administrators cannot attest to the completeness of financial records and accordingly disclaim any responsibility for the accuracy of this Report.

PROCEEDINGS ON BEHALF OF MRG

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations *Act 2001.*

The Company has been in voluntary administration since 9 February 2022 to 8 July 2022, whereupon it entered into a Deed of Company Arrangement and the financial statements have been prepared in August 2022 by the Company's auditors under the instruction of the proponent of the Deed of Company Arrangement. The Deed Administrators cannot attest to the completeness of financial records and accordingly disclaims any responsibility for the accuracy of this Report.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with MRG are important.

Based on the Company's books and records, the proponent of the Deed of Company Arrangement and the Company's auditor, have not identified any amounts that were paid or payable for non-audit services provided by the auditor of the parent entity during the year ended 30 June 2021.

The Company has been in voluntary administration since 9 February 2022 to 8 July 2022, whereupon it entered into a Deed of Company Arrangement and the financial statements have been prepared in August 2022 by the Company's auditors under the instruction of the proponent of the Deed of Company Arrangement. The Deed Administrators cannot attest to the completeness of financial records and accordingly disclaims any responsibility for the accuracy of this Report.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

AUDITOR

Hall Chadwick continues in office in accordance with section 327 of the *Corporations Act 2001.*

Matthew James Byrnes
Joint and Several Deed Administrator
Melbourne, Australia
27 September 2022

MURRAY RIVER ORGANICS GROUP LTD
ABN 46 614 651 473
AND ITS CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MURRAY RIVER ORGANICS GROUP LTD (RECEIVERS AND MANAGERS APPOINTED) (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Murray River Organics Group Ltd (Receivers and Managers Appointed) (Subject to Deed of Company Arrangement). As the lead audit partner for the audit of the financial report of Murray River Organics Group Ltd (Receivers and Managers Appointed) (Subject to Deed of Company Arrangement) 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.

Hall Chadwick

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney, NSW 2000

DREW TOWNSEND
Partner
Dated: 27 September 2022

	Notes	**Year ended 30 June 2021 $'000**	Year ended 30 June 2020 $'000
Revenue	4a	**42,603**	48,349
Other income	4a	**620**	463
Fair value loss from agricultural produce	8	**(2,571)**	(5,269)
Change in finished goods		**(3,389)**	5,386
Raw materials, consumables used and farming input costs		**(35,117)**	(46,785)
Administrative expense		**(1,899)**	(1,762)
Selling expenses		**(1,384)**	(1,465)
Employee benefits expense	5	**(7,927)**	(8,935)
Depreciation expense	5	**(3,619)**	(4,927)
Freight out and distribution expenses		**(1,684)**	(2,086)
Other expense		**(2,833)**	(2,539)
Finance costs	5	**(2,772)**	(3,654)
Loss on disposal of properties	12	**(248)**	(11,739)
Revaluation loss on properties and assets held for sale	5	**(845)**	(3,157)
Impairment of bearer plants		**-**	(696)
Business restructuring costs	5	**(2,223)**	(258)
Loss for the year		**(23,288)**	(39,074)
Attributed to:			
Equity holders of the parent		**(23,288)**	(39,074)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
(Loss) / Gain on revaluation of assets	12,18	**(1,943)**	564
Income tax effect of other comprehensive income		-	-
Items that will be reclassified subsequently to profit or loss:			
Net movement in cash flow hedges		**378**	(400)
Income tax effect of other comprehensive income		**-**	-
Total other comprehensive income / (loss)		**(1,565)**	164
Total comprehensive loss for the year		**(24,853)**	(38,910)
Attributed to:			
Equity holders of the parent		**(24,853)**	(38,910)
		Cents	Cents
Basic earnings per share (cents per share)	22	**(40)**	(185)[(1)]
Diluted earnings per share (cents per share)	22	**(40)**	(185)[(1)]

1 Comparative earnings per share (EPS) have been restated as a result of the share consolidation that took place in FY21.

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

	Notes	30 June 2021 $'000	30 June 2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	20	**820**	1,129
Trade and other receivables	6	**8,177**	6,151
Inventories	7	**11,730**	20,789
Agricultural produce	8	**422**	1,743
Other financial assets	9	**113**	-
Other assets	10	**1,096**	773
		22,358	30,585
Assets held for sale	11	**5,603**	5,379
Total current assets		**27,961**	35,964
Non-current assets			
Property, plant and equipment	12	**16,476**	35,955
Right-of-use assets	19	**2,419**	3,014
Total non-current assets		**18,895**	38,969
Total assets		**46,856**	74,933
LIABILITIES			
Current liabilities			
Trade and other payables	13	**5,416**	7,330
Borrowings	14	**40,952**	11,607
Lease liabilities	19	**584**	543
Provisions	15	**1,144**	530
Other financial liabilities	16	**-**	303
Total current liabilities		**48,096**	20,313
Non-current liabilities			
Borrowings	14	**-**	30,603
Lease liabilities	19	**2,269**	2,853
Provisions	15	**985**	576
Total non-current liabilities		**3,254**	34,032
Total liabilities		**51,350**	54,345
Net (liabilities) / assets		**(4,494)**	20,588
EQUITY			
Contributed equity	17	**174,505**	174,505
Reserves	18	**(40,645)**	(38,851)
Accumulated loss		**(138,354)**	(115,066)
Total equity / (deficiency)		**(4,494)**	20,588

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

	Contributed equity $'000	Accumulated loss $'000	Corporate reorganisation reserve $'000	Share-based payments reserve $'000	Asset revaluation reserve $'000	Hedging reserve $'000	Total equity $'000
Balance at 30 June 2019	150,888	(75,766)	(47,453)	939	6,781	47	35,436
Balance at 1 July 2019	150,888	(75,766)	(47,453)	939	6,781	47	35,436
Impacts of adoption of new accounting standards	-	(226)	-	-	-	-	(226)
Adjusted balance at 1 July 2019	150,888	(75,992)	(47,453)	939	6,781	47	35,210
Loss for the year	-	(39,074)	-	-	-	-	(39,074)
Other comprehensive income (loss)	-	-	-	-	564	(400)	164
Total comprehensive loss for the year	-	(39,074)	-	-	564	(400)	(38,910)
Issue of shares	26,582	-	-	-	-	-	26,582
Equity raising costs (net of tax)	(2,965)	-	-	-	-	-	(2,965)
Share-based payments	-	-	-	671	-	-	671
Balance at 30 June 2020	174,505	(115,066)	(47,453)	1,610	7,345	(353)	20,588
Balance at 1 July 2020	**174,505**	**(115,066)**	**(47,453)**	**1,610**	**7,345**	**(353)**	**20,588**
Loss for the year	**-**	**(23,288)**	**-**	**-**	**-**	**-**	**(23,288)**
Other comprehensive income (loss)	**-**	**-**	**-**	**-**	**(1,943)**	**378**	**(1,565)**
Total comprehensive loss for the year	-	**(23,288)**	**-**	**-**	**(1,943)**	**378**	**(24,853)**
Issue of shares	-	**-**	**-**	**-**	**-**	**-**	**-**
Share-based payments	-	**-**	**-**	**(229)**	**-**	**-**	**(229)**
Balance at 30 June 2021	**174,505**	**(138,354)**	**(47,453)**	**1,381**	**5,402**	**25**	**(4,494)**

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

	Notes	**Year ended 30 June 2021 $'000**	Year ended 30 June 2020 $'000
Cash flows from operating activities			
Receipts from customers		**49,066**	58,245
Payments to suppliers and employees		**(57,289)**	(70,472)
Receipts from government grants		**1,203**	555
Interest paid		**(2,509)**	(2,595)
Interest paid – Colignan property lease		**-**	(1,156)
Net cash used in operating activities	20 (b)	**(9,529)**	(15,423)
Cash flows from investing activities			
Payments for property, plant and equipment		**(742)**	(3,835)
Proceeds from sale of property, plant and equipment		**11,859**	143
Net cash from/(used in) investing activities		**11,117**	(3,692)
Cash flows from financing activities			
Proceeds from borrowings		**11,745**	11,750
Repayment of borrowings		**(11,615)**	(10,922)
Repayment of lease liabilities		**(544)**	(574)
Proceeds from equipment loans		**128**	73
Repayment of equipment loans		**(1,611)**	(1,752)
Payments for borrowing costs		**-**	(259)
Payments for Colignan property lease surrender fee		**-**	(1,325)
Proceeds from issue of share capital		**-**	25,004
Payments for transaction costs from issue of share capital		**-**	(2,965)
Net cash (used in)/from financing activities		**(1,897)**	19,030
Net decrease in cash and cash equivalents		**(309)**	(85)
Cash and cash equivalents at the beginning of the year		**1,129**	1,214
Cash and cash equivalents at end of year		**820**	1,129

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

1. General information

These are the consolidated financial statements of Murray River Organics Group Limited (the "Company"), comprising of the Company and its controlled entities (the "Group").

The Company is a for-profit entity limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

2. Significant accounting policies

Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001,* Accounting Standards and Interpretations, and comply with other requirements of the law.

These consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations. Compliance with Australian Accounting Standards and Interpretations ensures that the consolidated financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for agricultural produce, certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Going concern basis

The financial report for the year ended 30 June 2021 has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group is party to a multi-option banking facility with the National Australia Bank ("NAB banking facility") as detailed in Note 14.

Under the terms of the NAB banking facility, the Group is required to comply with certain undertakings and other obligations which include:

- is in compliance with a financial covenant relating to minimum EBITDA and Net Tangible Asset measures; and
- making principal repayments on the term loan facility to ensure the NAB term facility reduces to $30 million by 30 April 2022, along with any net funds received from asset sales to be used to pay down the bank facility.

As of 30 June 2021, the Group was in breach of its Net Tangible Asset (NTA) financial covenant with its NAB banking facility. The NAB granted a waiver of the NTA covenant on 31 August 2021.

Subsequent to 30 June 2021, the Company settled the property assets (comprising property, plant and equipment) held for sale at 30 June 2021 relating to the Mourquong Processing site and the Wargan, Merbein farm. Proceeds of $7.75m were received on 27 August 2021 for the property assets.

The ability of the Group to meet its operational cash requirements and remain within the limits of the NAB banking facility during the year ended 30 June 2021 was dependent in part on meeting forecast trading results and cash flows. These forecasts are necessarily based on best-estimate assumptions that may or may not occur as expected and are subject to influences and events outside of the control of the Group including, but not limited to the impact of the COVID-19 pandemic and other events impacting agricultural production.

Going concern basis (continued)

The Company entered voluntary suspension from the Australian Securities Exchange on 1 October 2021 and remained in suspension as at the date of this report.

On 9 February 2022, the Company under section 436A of the Corporations Act 2001, appointed Matthew James Byrnes and Andrew Stewart Reed Hewitt of Grant Thornton Australia Limited, as joint and several Voluntary Administrators (Administrators). On the same date, Peter McCluskey and John Lindholm of KPMG were appointed as Receivers and Managers of each company in the group pursuant to security interests duly registered on the Personal Property Securities Register. Subsequently, on 28 June 2022 David Hardy of KPMG was also appointed as Receiver and Manager of each company in the group.

At the second meeting of creditors of the Company held on 17 June 2022, creditors resolved to accept the Deed of Company Arrangement ("Deed") in the form proposed in the Administrators' report dated 9 June 2022. The Deed was executed on 8 July 2022 and the Administrators were appointed the Deed Administrators of the Company to enable the recapitalisation process.

Incomplete Records

The management and affairs of the Company and all its controlled entities have not been under the control of the Directors of the Company since it entered voluntary administration on 9 February 2022.

To prepare the financial report, the proponent of the Deed of Company Arrangement has reconstructed the financial records of Murray River Organics Group Ltd using data extracted from the Consolidated Entity’s accounting systems and the record of receipts and payments during the Administration of the Company.

Although due care has been taken in preparing the financial statements, based on the information available, it is not possible to state that the financial information is complete or accurate. Neither is it possible to state that the financial information was subject to the accounting and internal control processes that are relevant to the preparation and presentation of the financial report.

Classifications

Certain classifications have been made in the financial report to ensure that prior year comparative information conforms to the current year presentations.

Accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the "parent entity") and its subsidiaries (referred to as "the Group" in these financial statements) as defined in AASB 10 *Consolidated Financial Statements.* Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the Group are eliminated in full.

(b) Revenue recognition

The Group recognises revenue from the sale of organic and better-for-you food products, including dried vine fruit, fresh produce and variety other dried food products.

Revenue from the sale of goods is recognised when the performance obligation relating to the sale has been satisfied; being the point in time at which control of the goods passes to the customer upon delivery of the goods consistent with the trading terms of the contract with the customer. Contract liabilities arising from revenue received from customers in advance of recognition are disclosed as 'deferred income'.

Revenue is measured based on contracted selling prices, rebates and promotional expenditure. Rebates and promotional expenditure are deducted from the selling price in determining reported revenue. Rebates and promotional expenditure are recognised concurrently with the sale of the related goods and can be variable based on estimated customer purchasing patterns.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Inventories

Inventories purchased from suppliers are valued at the lower of cost and net realisable value. Own grown dried fruit and citrus stocks are measured at fair value less estimated costs to sell at the point of harvest. A fair value adjustment is recognised in profit and loss at the point of harvest. Once harvested, this fruit is measured under AASB 102 *Inventories* at the lower of its fair value at point of harvest less costs to sell and net realisable value. Finished goods include the cost of raw materials, processing and packaging costs and an allocation of overhead costs (depending on the stage of production).

(e) Agricultural produce

Agricultural produce represents any unharvested produce valued in accordance with AASB 141 *Agriculture.* Agricultural produce is measured at their fair value less harvesting and selling costs on initial recognition and at each reporting date. The fair valuation takes into account selling prices and current growing costs, harvest costs, packing costs (if applicable), and selling costs.

Net increments and decrements in the fair value of the growing assets are recognised as income or expense in profit or loss, determined as:

- The difference between the total fair value of the biological assets recognised at the beginning of the reporting period and the total fair value of the biological assets recognised at reporting date.
- Costs incurred in maintaining or enhancing the biological assets.
- The fair value of agricultural produce harvested during the reporting period is measured at their fair value less estimated costs to be incurred up until the time of harvest.

The aggregate gain or loss arising on initial recognition and from changes in fair value less estimated point of sale costs is recognised as income or expense of the period. All of the Group's citrus trees and vines are classified as bearer plants as outlined in Note 2(f).

The new season crop is initially measured at cost, being those costs incurred in readying the biological assets for the future cultivation and harvest. The fair value less costs to sell of the new season crop is not reliably measurable given the immaturity of the crop and uncertainty of the quality and yield of the future harvest at the reporting date.

(f) Property, plant and equipment

Freehold land, buildings and bearer plants are measured at their revalued amounts being fair value at the date of valuation. Fair value is determined on the basis of a Directors valuation which is regularly supported by an independent valuation prepared by external valuation experts. The valuation approach adopted is a direct comparison and discounted cash flow method. The valuation approach adopted is outlined in Note 12.

The Group's citrus trees and vines qualify as bearer plants. Bearer plants are solely used to grow produce over their productive lives. Agricultural produce growing on bearer plants remains within the scope of AASB 141 *Agriculture* and continues to be measured at fair value less cost to sell at the point of harvest.

Any revaluation increase arising on the revaluation of freehold land, buildings and property improvements is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land, buildings and bearer plants is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation on revalued assets is charged to profit or loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any deferred taxes, is transferred directly to retained earnings.

Plant and equipment, leasehold improvements and assets under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. All leased assets are depreciated over their useful life, or if shorter, the period of the lease.

The following estimated useful lives are used in the calculation of depreciation:

• Plant, equipment and tooling	1-10 years
• Bearer plants	25 years
• Buildings and property improvements	50 years
• Office equipment	3-5 years
• Motor vehicles	3-5 years
• Leasehold improvements and right-of-use assets	10-25 years (or lesser of lease term)

(g) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the fair value less costs to sell, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. This further incorporates information and assumptions that a market participant would consider when pricing the item under consideration, the time value of money and the risks specific to the asset or cash-generating unit. Costs to dispose are incremental costs directly attributable to the disposal, excluding finance costs and income tax expense.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. A financial asset is measured at amortised cost when held to collect contractual cash flows, whereas financial assets which are held both to collect contractual cash flows and to sell are classified as fair value through other comprehensive income.

<u>Trade and other receivables</u>
Trade and other receivables are measured at amortised cost less impairment, being an allowance for expected credit losses.

(i) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date. In calculating the present value, the Group applies the high-quality corporate bond rate in Australia applicable to the timing of estimated future cash outflows.

Payments for superannuation benefits are recognised as an expense when employees have rendered service entitling them to the contributions.

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(k) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised costs, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings including bank overdrafts, and lease liabilities.

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Costs directly attributable to the issue of shares are recognised as a deduction of equity, net of tax effect.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Trade and other payables are recognised at amortised cost, comprising the original debt less principal payments and amortisation.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(l) **Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income/ statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Tax consolidated group

Murray River Organics Group Limited and its wholly owned entities have formed an income tax consolidated group, with Murray River Organics Group Limited as the head entity.

The tax consolidated group has not implemented a tax funding agreement between the entities of the tax consolidated group. Assets or liabilities arising with the entities within tax consolidated group are recognised as amounts receivable from or payable to other entities of the tax consolidated group.

The tax consolidated group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

(m) Goods and services tax

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

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(n) Borrowing costs

Borrowing costs incurred for the construction or development of any qualifying asset (bearer plants) are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Directly attributable costs incurred to establish or renew a debt funding facility are capitalised in the net amount of loans and borrowings initially measured at fair value and subsequently measured by applying the EIR method (refer to Note 2(k)).

All other borrowing costs, inclusive of all ongoing facility fees, bank charges, and interest, are expensed as incurred.

(o) Foreign currency

The presentation and functional currency of the Company and its Australian subsidiaries is Australian dollars.

<u>Foreign currency transactions</u>

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date.

Exchange differences are recognised in profit or loss in the period in which they arise except that:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks.

(p) Derivative financial instruments

The Group is exposed to changes in foreign exchange rates from its activities. The Group uses forward foreign exchange contracts to hedge these risks. Derivative financial instruments are not held for speculative purposes.

The Group uses derivative financial instruments, being options and forward foreign currency contracts to hedge the risk associated with foreign currency fluctuations. Such derivatives are stated at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

For derivatives that qualify for hedge accounting, the method for recognising gains and losses on changes in fair value depends on whether the derivative is classified as a fair value hedge or a cash flow hedge. Derivatives are classified as fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability and as cash flow hedges when they hedge exposure to variability in cash flows that are attributable to either a particular risk associated with a recognised asset or liability or to a forecast transaction. The Group documents at inception of the hedge the relationship between the hedging instruments (derivatives) and the hedged items, as well as the risk management objective and strategy for undertaking the hedge transaction.

The Group also documents, both at inception of the hedge and on an ongoing basis whether the derivatives that are used in the hedging transactions have been, and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve and transferred to profit or loss when the hedged item affects profit or loss. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss. However, when the cash flow hedge relates to a forward foreign exchange contract to hedge a highly probable forecast transaction or firm commitment that results in a non-financial asset (e.g. inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the initial cost or carrying amount of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gains or losses on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of comprehensive income and recognised in net profit or loss for the year.

(q) Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(r) Non-current asset held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(s) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government assistance which does not have conditions attached specifically relating to the operating activities of the entity is recognised in accordance with the accounting policies above.

(t) Leases

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the relevant commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the relevant lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the relevant lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the relevant lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the relevant commencement date), and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The Group applies the practical expedient to not separate non-lease components from lease components, and instead accounts for each lease component and any associated lease components as a single lease component.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the relevant lease commencement date if the interest rate implicit in the lease is not readily determinable. After the relevant commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments for short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Significant judgements

The Group has made the following judgements with respect to its leases as lessee:

o *Determining the lease term of contracts with renewal options*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its property leases to lease the assets for additional terms of 5 to 10 years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e. a change in business strategy). The Group excluded the renewal option as part of the lease term for leases of its office and warehouse premises as the Group is not reasonably certain to exercise the options.

o *Determining the incremental borrowing rate*

The Group has applied judgement to determine the incremental borrowing rate, which affects the amount of lease liabilities or right-of-use assets recognised. The Group reassesses and applies the incremental borrowing rate on a lease by lease basis at the relevant lease commencement date based on the term of the lease (or the remaining term of the lease at the initial date of application).

(u) Changes in accounting policy, accounting standards and interpretations

The Group has adopted all relevant new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board which are effective for annual reporting periods beginning on or after 30 June 2021. None of the new standards or amendments to standards that are mandatory for the first time materially affected any of the amounts recognised in the current period or any prior period.

(v) Accounting standards and interpretations issued but not yet effective

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The effects of the followings standards and interpretations are not expected to be material:

- AASB 2014-10 Amendments to Australian Accounting Standards: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (effective: 1 January 2022)
- AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB10 and AASB128 (effective: 1 January 2022)
- AASB 2017-5 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (effective: 1 January 2022)

In June 2021, IFRIC published an agenda decision in relation to the accounting treatment when determining net realisable value (NRV) of inventories, in particular what costs are necessary to sell inventories under IAS 2 Inventories (the international equivalent of AASB 102 Inventories). The Group is currently assessing the impact the agenda decision will have on its current accounting policy and whether an adjustment to inventory may be necessary. Accordingly, a reliable estimate of the impact of the IFRIC agenda decision on the Group cannot be made at the date of this report, however based on preliminary analysis performed, the Group isn't expecting a material impact from the adoption of the IFRIC agenda decision. The Group expects to complete the implementation of the above IFRIC agenda decision as part of its 31 December 2021 reporting.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Agricultural produce

The unharvested citrus crop (if applicable) is classified as a biological asset and valued in accordance with AASB 141 *Agriculture.* In applying this standard, the Group has made various assumptions at the reporting date as the selling price of the crop can only be estimated and the actual crop yield or produce not harvested at the reporting date will not be known until it is completely processed and sold. Refer to Note 8 for assumptions pertaining to the current year crop. Agricultural produce is measured at fair value less costs to sell. The fair value inputs are considered Level 3 with reference to the fair value hierarchy. Refer to Note 12 for further details regarding the fair value hierarchy.

(b) Net realisable value of inventory

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business. Management has recorded a provision based on the value of inventory that is likely to be sold below cost using past experience and judgement of the age (including expiry dates) and likely sell through rates of specific inventory items. Refer to Note 7 for further details.

(c) Impairment of assets

Management's judgement is applied in determining the impairment of assets in accordance with AASB 136 *Impairment of Assets.* If the recoverable amount (higher of the value in use and fair value less cost to sell) is lower than the carrying value of an asset, the difference is recognised as impairment in the profit or loss. Refer to Note 12 for further details.

(d) Developing vine capital expenditure

Refer to Note 12 for further details.

(e) Land, buildings and bearer plants at revalued amounts

Refer to Note 12 for further details.

4. Revenues

	2021 $'000	2020 $'000
a. Revenue from contracts with customers	**42,603**	48,349
b. Other income		
Net gain on sale of property, plant and equipment	**348**	20
Net foreign exchange (losses)/gains	**(117)**	392
Other	**389**	51
	620	463

5. Expenses

Loss before tax includes the following specific expenses:

	2021 $'000	2020 $'000
Depreciation expense of non-current assets:		
Depreciation of property, plant and equipment	**3,024**	3,740
Depreciation of right-of-use assets	**595**	1,187
Total depreciation of non-current assets	**3,619**	4,927
Employee benefits expense:		
Salaries and wages expenses	**9,016**	9,978
Superannuation benefits	**680**	751
Government grants – Job Keeper	**(668)**	(880)
Share-based payments expense	**(229)**	671
Employee benefits expenses capitalised to agricultural produce and bearer plants	**(872)**	(1,585)
Total employee benefits expense	**7,927**	8,935
Business restructuring costs:		
Redundancies(i)	**362**	77
Professional fees and other(ii)	**220**	181
Other	**1,641**	-
	2,233	258

(i) Redundancies relates to restructure of the executive and operative teams. These items are excluded from the 'employee benefits expense'.

(ii) Professional fees comprise of costs associated with the business restructuring.

	2021 $'000	2020 $'000
Finance costs:		
Interest on banking facilities	**2,405**	2,565
Interest on lease liabilities – right of use assets (Colignan property)	**-**	1,156
Interest on lease liabilities – right of use assets (other)	**173**	207
Amortisation of deferred borrowing costs	**226**	105
Other financing costs	**98**	-
Bank facilities modification (loss) / gain	**(130)**	184
Capitalised interest relating to qualifying assets	**-**	(563)
Total finance costs	**2,772**	3,654
Impairment:		
Bearer plants impairment	**-**	696
Total impairment of non-current assets	**-**	696
Revaluation loss on properties and assets held for sale:		
Land, bearer plants and properties	**845**	2,162
Assets held for sale	**-**	995
Total revaluation loss on properties and assets held for sale	**845**	3,157
Expected credit losses	**342**	153

6. Trade and other receivables

	2021 $'000	2020 $'000
Trade receivables	**4,510**	5,759
Allowance for expected credit losses	**(452)**	(233)
	4,058	5,526
Government grants receivable – Job Keeper	**-**	325
GST receivable	**75**	199
Other receivable – Proceeds from the sale of assets	**4,044**	101
	8,177	6,151
Aging of trade receivables that are not impaired		
Not past due	**3,381**	4,814
Past due 1 – 30 days	**492**	655
Past due 31 – 60 days	**104**	42
Past due 61 days+	**81**	15
	4,058	5,526
Movements in the allowance for expected credit losses were:		
Opening balance at 1 July	**233**	181
Impairment loss recognized	**342**	153
Amounts written on / (off)	**(123)**	(101)
Closing balance at 30 June	**452**	233
Aging of allowance for expected credit losses at 30 June is as follows:		
Not past due	**131**	151
Past due 1 – 30 days	**50**	-
Past due 31 – 60 days	**73**	-
Past due 61 days+	**198**	82
	452	233

Trade receivables are non-interest bearing with credit terms generally settled within 30 days depending on the nature of the sales transaction.

A provision for impairment is made based on the expected credit losses ("ECL") for trade and other receivables. The Group has applied the simplified approach in AASB 9 and has calculated ECLs based on lifetime expected credit losses. A provision for ECL is determined based on historic credit loss rates and adjusted for forward looking factors specific to the debtor and the economic environment, further considering the Group's limited trading history.

Further Information about the credit risk exposure on the Group's trade and other receivables using a provision matrix has not been disclosed due to the expected credit losses being determined based on forward looking factors specific to the debtor and the economic environment as at 30 June 2021 and 30 June 2020.

7. Inventories

	2021 $'000	2020 $'000
Packaging stock (at cost)	**1,493**	1,149
Raw materials (at cost or fair value less costs to sell at the point of harvest)	**5,804**	10,884
Finished goods (at lower of cost and net realisable value)	**6,473**	9,892
Provision for stock obsolescence	**(2,040)**	(1,136)
	11,730	20,789

8. Agricultural produce

	2021 $'000	2020 $'000
Citrus unharvested - at fair value less costs to sell	**-**	1,141
New season crop - at cost	**422**	602
Total	**422**	1,743
Reconciliation of changes in carrying amount		
Opening balance	**1,743**	2,054
Fair value (loss) from agricultural produce	**(2,571)**	(5,269)
Increase due to costs incurred to maintain and enhance the biological asset	**5,841**	12,844
Derecognition on disposal of farm assets:		
Colignan property under lease	**-**	(2,156)
Nangiloc farm (Part A)	**(305)**	-
Fifth Street farm	**(890)**	-
Gol Gol farm	**(1,305)**	-
Decreases due to harvest (transferred to inventory)	**(2,091)**	(5,730)
Closing balance	**422**	1,743

	2021 Tonnes	2020 Tonnes
Product - Yields (tonnes)		
Harvested prior to 30 June	**2,880**	4,019
Estimated hanging fruit at 30 June	**-**	2,047
Total	**2,880**	6,066

	$'000	$'000
Total crop value	**1,947**	5,419

8. Agricultural produce (Continued)

The following are key inputs and assumptions used to determine the fair value less cost to sell at the point of harvest.

Assumption	Loose Organic ($/kg)	Loose Conventional ($/kg)	Table Grapes ($/kg)	Citrus ($/kg)	Wine grapes ($/kg)	Hemp ($/kg)
Fair value less costs to sell at point of harvest - 2021	2.62	2.10				
Fair value less costs to sell at point of harvest - 2020	2.07	1.50	1.91	0.59	0.53	2.90

Valuation techniques and significant unobservable inputs

The fair valuation of agricultural produce is Level 3 in accordance with the fair value hierarchy, being substantially comprised of inputs to the agricultural produce that are not based on observable market data.

Type	Description	Valuation technique	Significant Unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Harvested own grown inventory; Hanging crop (grapes/dried fruit and citrus)	These are crops from vines and trees that have an annual crop production cycle and a reasonably stable development cycle.	The valuation model considers the market value of the crop.	Inclusive of: • Estimated future crop prices. • Estimated cash inflows based on forecasted sales. • Estimated yields per acre. • Estimated remaining farming, harvest, processing, transportation, and selling costs. • Risk adjustment factors	The estimated fair value would increase/ (decrease) if: • the estimated fruit prices were higher (lower); • the estimated yields per acre were higher (lower); • the estimated harvest farming, harvest, processing, transportation, and selling costs were lower (higher); or • the risk-adjustment factors were lower (higher).

9. Other financial assets

	2021 $'000	2020 $'000
Foreign currency forward contracts	**113**	-

10. Other assets

	2021 $'000	2020 $'000
Prepayments and other	**646**	773
Deposit receivable	**450**	-
	1,096	773

11. Assets held for sale

	2021 $'000	2020 $'000
Property assets	**5,603**	5,379

Property assets (comprising property, plant and equipment) held for sale at 30 June 2021 relate to the Mourquong Processing site and the Wargan, Merbein farm. Property assets (comprising property, plant and equipment) held for sale at 30 June 2020 relate to the Fifth Street farm. The assets held for sale are measured at the lower of existing carrying value and fair value less costs to sell.

12. Property, plant and equipment

	Freehold land at revalued amount $'000	Bearer plants at revalued amount $'000	Buildings and property improvements at revalued amount $'000	Leasehold improvements at cost $000	Leased asset at cost $'000	Plant and equipment at cost $'000	Total $'000
Gross Carrying amount							
Balance at 1 July 2019	**15,044**	**13,842**	**5,229**	**15,088**	**25,234**	**22,272**	**96,709**
Additions	-	1,244	85	2,256	-	1,112	4,697
Transfer to right-of-use assets	-	-	-	(508)	(25,234)	-	(25,742)
Disposals	-	(114)	-	(13,787)	-	(1,033)	(14,934)
Impairment of bearer plants	-	(696)	-	-	-	-	(696)
Revaluation increment/(decrement) through profit and loss	-	(2,292)	130	-	-	-	(2,162)
Revaluation increment/(decrement) through asset revaluation reserve	1,229	(534)	(131)	-	-	-	564
Write-back of accumulated depreciation on revaluation	-	(1,078)	(323)	-	-	-	(1,401)
Balance at 30 June 2020	**16,273**	**10,372**	**4,990**	**3,049**	**-**	**22,351**	**57,035**
Additions	-	137	23	-	-	582	742
Disposals - Farms	(2,915)	(5,680)	(496)	-	-	-	(9,091)
Disposals - Other	-	-	-	-	-	(1,381)	(1,381)
Transfer to asset held for sale	(946)	(672)	(4,430)	-	-	(11,122)	(17,170)
Revaluation increment/(decrement) through profit and loss	-	(845)	-	-	-	-	(845)
Revaluation increment/(decrement) through asset revaluation reserve	(1,945)	-	2	-	-	-	(1,943)
Write-back of accumulated depreciation on revaluation	-	283	489	-	-	-	772
Balance at 30 June 2021	**10,467**	**3,595**	**578**	**3,049**	**-**	**10,430**	**28,119**

12. Property, plant and equipment (continued)

	Freehold land at revalued amount $'000	Bearer plants at revalued amount $'000	Buildings and property improvements at revalued amount $'000	Leasehold improvements at cost $000	Leased asset at cost $'000	Plant and equipment at cost $'000	Total $'000
Accumulated depreciation and impairment losses							
Balance at 1 July 2019	**-**	**(526)**	**(154)**	**(4,998)**	**(2,836)**	**(17,105)**	**(25,619)**
Depreciation expense	-	(594)	(169)	(158)	-	(2,819)	(3,740)
Transfer to right-of-use assets	-	-	-	129	2,836	-	2,965
Disposals	-	42	-	2,981	-	890	3,913
Write-back of accumulated depreciation on revaluation	-	1,078	323	-	-	-	1,401
Balance at 30 June 2020	**-**	**-**	**-**	**(2,046)**	**-**	**(19,034)**	**(21,080)**
Depreciation expense	-	(419)	(167)	(184)	-	(2,254)	(3,024)
Disposals - Farms	-	702	56	-	-	-	758
Disposals - Other	-	-	-	-	-	908	908
Transfer to asset held for sale	-	-	600	-	-	10,967	11,567
Write-back of accumulated depreciation on revaluation	-	(283)	(489)	-	-	-	(772)
Balance at 30 June 2021	**-**	**-**	**-**	**(2,230)**	**-**	**(9,413)**	**(11,643)**
Net book value as at 30 June 2020	**16,273**	**10,372**	**4,990**	**1,003**	**-**	**3,317**	**35,955**
Net book value as at 30 June 2021	**10,467**	**3,595**	**578**	**819**	**-**	**1,017**	**16,476**

The carrying values of property, plant and equipment are assessed for impairment indicators annually, or more frequently if indicators of impairment are present. Refer to details of the impairment assessment performed for the year ended 30 June 2021 in Note 12.2.

12. Property, plant and equipment (Continued)

12.1 Fair value measurement of freehold land, buildings and bearer plants

The Group's freehold land, buildings and bearer plants are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

During the 2020 financial year $3.401 million was capitalised relating to the development of existing or new vineyards which are determined to still be in development, that is, these vines are yet to deliver commercial quantities of produce. Management deems vines less than three years of age as developing vines. The nature of these expenses include: the purchase of young vines, buds, irrigation infrastructure, trellising systems, and a proportionate allocation of operational vineyard expenses including water, fuels, vehicle costs, and labour. The proportionate allocation of operational vineyard expenses is based on the number of vineyard patches that are considered immature as per proportions of the total number of patches.

The fair value measurements of the Group's freehold land and buildings and bearer plants have been based on conditions existing and emerging as at 30 June 2021. The COVID-19 pandemic has created global economic and cultural shock that is affecting the lives and livelihoods of most Australians and those around the world. Market activity is therefore being impacted in many sectors.

The valuation methodologies adopted as at 30 June 2020 by Colliers International were the direct comparison and summation approaches which referenced certain comparable transactions that occurred prior to and after the onset of the COVID-19 pandemic. As a result, the valuations prepared by Colliers International have been reported based on a material valuation uncertainty. Less certainty and a higher degree of caution should be attached to the valuations than would normally be the case. Given the unknown future impact the COVID-19 pandemic may have on the real estate market, Colliers International has recommended that valuations are kept under periodic review.

Consequently, Directors engaged Colliers International to perform a review for the purposes of 30 June 2021 reporting. Following this review the Directors revised the property values accordingly.

The inclusion of a material valuation uncertainty clause in the desktop review reports for 30 June 2021 and the full valuation reports for 30 June 2020 is consistent with the guidelines issued by the Australian Property Institute, and highlights that while valuations can still be relied upon, due to the uncertain impacts of COVID-19 there is a potential for significant and unexpected movements in value over a relatively short period of time post the valuations being performed.

The Group's freehold land, buildings and bearer plants are classified as Level 3 with reference to the fair value hierarchy.

Fair value measurement

The fair value measurements of the Group stated above refer to the fair value hierarchy. These include:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the year ended 30 June 2021 (2020: Nil).

12. Property, plant and equipment (Continued)

12.2 Impairment assessment

During the current year ended 30 June 2021, the Group incurred a loss before tax of $23.3 million and performed an impairment assessment of the CGU (containing non-current assets).

The recoverable amount of the CGU has been determined based on a Fair Value less Costs of Disposal ("FVLCD") methodology.

The Directors believe the use of the FVLCD methodology is appropriate to reflect the turnaround performance of the Group from its current position and is based on estimated fair values of each category of asset utilising input from independent valuation specialists. In prior years the FVLCD was estimated based on discounted cash flow methodology.

The estimate of the recoverable amount of the CGU is based on conditions existing and emerging as at 30 June 2021, including the Group's assessment of the future impacts of the COVID-19 pandemic, which is impacting the markets within which the Group operates to varying degrees.

During the year ended 30 June 2020, the Group recognised a specific $0.696 million impairment charge on bearer plants following a review of the Group's farming operations.

12.3 Loss on disposal of properties

Fifth St Farm	2021 $'000
Net proceeds on sale	**6,107**
Assets disposed	
Agricultural produce (at cost)	890
Fair value gain on agricultural produce	272
Agricultural produce (at fair value)	1,162
Assets held for sale	5,379
Total disposal group	**6,541**
Gain / (Loss) on disposal of Fifth St Vineyard	**(434)**

The Fifth Street conventional fresh table grape farm was classified as held for sale at 30 June 2020. The property was sold during the period and settled on 23 December 2020.

Nangiloc Farm (Part A)	2021 $'000
Deposit received - held in trust	450
Receivable	4,050
Net proceeds on sale	**4,500**
Assets disposed	
Agricultural produce (at cost)	305
Fair value gain on agricultural produce	(10)
Agricultural produce (at fair value)	**295**
Property, plant and Equipment (or assets held for sale)	**4,567**
Disposal costs	
Legal and other	87
Total disposal group	**4,949**
Gain / (Loss) on disposal of Nangiloc Farm (Part A)	**(449)**

12.3 Loss on disposal of properties (continued)

Gol Gol Farm	**2021 $'000**
Net proceeds on sale	**4,949**
Assets disposed	
Agricultural produce (at cost)	1,305
Fair value gain on agricultural produce	(789)
Agricultural produce (at fair value)	516
Property, plant and Equipment (or assets held for sale)	3,766
Disposal costs	
Restructuring and other costs	32
Total disposal group	**4,314**
Gain / (Loss) on disposal of Gol Gol Farm	**635**

13. Trade and other payables

	2021 $'000	2020 $'000
Trade payables	**1,972**	3,634
Other accruals and payables	**2,883**	3,678
Deferred income	**561**	18
Total	**5,416**	7,330

14. Borrowings

	2021 $'000	2020 $'000
Current		
Secured borrowings:		
Bank and trade finance loans (i)	**38,915**	10,000
Equipment loans (ii)	**2,037**	1,607
Total	**40,952**	11,607
Non-Current		
Secured borrowings:		
Bank and trade finance loans (i)	**-**	28,690
Equipment loans (ii)	**-**	1,913
Total	**-**	30,603

The bank financing facilities (comprising term loans, equipment finance and other facilities) with the National Australia Bank are secured by the Group's assets by registered mortgage freeholds over the land and buildings, and first ranking fixed and floating charges over the Company and its subsidiaries (with corresponding cross guarantee). The multi-option banking facilities expire on 31 October 2022.

(i) Bank and trade finance loans

On 3 March 2021, the Group extended financing arrangements to 31 October 2022 and agreed to reduce the facility limit to $40m as at 30 June 2021 and $30m as at 30 April 2022. The facility agreement requires that any net funds received from asset sales are required to be used to pay down the bank facility and the facility limit is permanently reduced by the amount of such repayment.

Borrowings (Continued)

The Group breached its financial covenants as 30 June 2021 and as a consequence has reported its debt as current as 30 June 2021. The Group's financier waived the breach of covenants on 31 August 2021.

(ii) Equipment loans

Equipment loans are secured over the assets under the financing arrangements.

Banking facilities

	2021 $'000	2020 $'000
Summary of financing arrangements		
Facilities limit at reporting date:		
Equipment loans	**3,000**	7,500
Bank loans	**40,000**	50,000
Bank guarantee	**1,530**	1,530
	44,530	59,030
Facilities utilised at reporting date:		
Equipment loans	**2,037**	3,520
Bank loans	**38,955**	38,825
Bank guarantee	**870**	460
	41,862	42,805
Facilities not utilised at reporting date:		
Equipment loans	**963**	3,980
Bank loans	**1,045**	11,175
Bank guarantee	**660**	1,070
	2,668	16,225

15. Provisions

	2021 $'000	2020 $'000
Current		
Employee entitlements	**1,144**	530
Non-Current		
Employee entitlements	**69**	68
Make-good for property leases	**916**	508
	985	576

16. Other financial liabilities

	2021 $'000	2020 $'000
Foreign currency forward contracts	**-**	303

17. Contributed equity

	Year ended 30 June 2021 Number '000	$'000	Year ended 30 June 2020 Number $'000	$'000
Equity securities issued				
Opening balance at 1 July	**2,205,741**	**174,505**	433,761	150,888
Issue of shares on capital raising	**-**	**-**	1,666,944	25,004
Share consolidation	**(2,161,626)**	**-**	-	-
Issue of shares to Arrow	**-**	**-**	105,036	1,578
Equity raising costs (net of tax)	**-**	**-**	-	(2,965)
Closing balance at 30 June	**44,115**	**174,505**	2,205,741	174,505

On 20 January 2021 the Company completed a consolidation of capital on a 50 for 1 basis.

The consolidation of capital was approved by shareholders on 26 November 2020.

On 4 March 2020, a 3.843 for 1 accelerated pro-rate renounceable entitlement offer of 1,666,944 million new fully paid ordinary shares was completed, raising proceeds of $25.004 million before taking into account equity raising costs recorded in equity of $2.965 million for the year ended 30 June 2020.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

18. Reserves

		2021 $'000	2020 $'000
Reserves comprise:			
Asset revaluation reserve	(a)	**5,402**	7,345
Share based payment reserve		**1,381**	1,610
Hedging reserve		**25**	(353)
Group reorganisation reserve		**(47,453)**	(47,453)
		(40,645)	(38,851)
(a) Asset revaluation reserve			
Balance at the beginning of the year		**7,345**	6,781
Net revaluation (loss)/gain - property, plant and equipment		**(1,943)**	564
Net tax impact of revaluation gain or loss		**-**	-
Balance at the end of the financial year		**5,402**	7,345

19. Right of use assets and lease liabilities

	Colignan property $'000	Other property $'000	Plant and equipment $'000	Total $'000	Colignan property $'000	Other property $'000	Plant and equipment $'000	Total $'000
	Right of use asset				Lease liabilities			
As at 1 July 2019	-	2,859	158	**3,017**	-	3,549	160	**3,709**
Transfer from borrowings	-	-	-	**-**	26,233	-	-	**26,233**
Transfer from property, plant and equipment	22,398	379	-	**22,777**	-	-	-	**-**
Additions	-	-	695	**695**	-	-	695	**695**
Depreciation expense	(403)	(618)	(166)	**(1,187)**	-	-	-	**-**
Interest expense	-	-	-	**-**	1,156	175	32	**1,363**
Payments	-	-	-	**-**	(1,042)	(719)	(176)	**(1,937)**
Disposed	(21,995)	(293)	-	**(22,288)**	(26,347)	(320)	-	**(26,667)**
As at 30 June 2020	**-**	**2,327**	**687**	**3,014**	**-**	**2,685**	**711**	**3,396**
As at 1 July 2020	-	2,327	687	**3,014**	-	2,685	711	**3,396**
Depreciation expense	-	(382)	(213)	**(595)**	-	-	-	**-**
Interest expense	-	-	-	**-**	-	141	32	**173**
Payments	-	-	-	**-**	-	(479)	(237)	**(716)**
As at 30 June 2021	**-**	**1,945**	**474**	**2,419**	**-**	**2,347**	**506**	**2,853**

Set out below are the amounts recognised in profit and loss during the year ended 30 June 2021:

	2021 $'000	2020 $'000
Consolidated		
Depreciation expense	**595**	1,187
Interest expense	**173**	1,363
Total amount recognised in profit and loss	**768**	2,550

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

Set out below is a maturity analysis of lease liabilities:

	2021 $'000 **Leases commenced**	2020 $'000 Leases commenced
Consolidated		
Less than one year	**726**	716
One to five years	**2,470**	2,627
More than five years	**47**	616
Total undiscounted amount	**3,243**	3,959

The Group has certain lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the right-of-use asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension that are not included in the lease term of lease liabilities at 30 June 2021:

	Year ended 30 June 2021		Year ended 30 June 2020	
	Extension options expected not to be exercised '000	Termination options expected not to be exercised $'000	Extension options expected not to be exercised $'000	Termination options expected not to be exercised $'000
Consolidated				
Less than one year	**-**	**-**	-	-
One to five years	**-**	**-**	-	-
More than five years	**6,924**	**-**	6,924	-
Total undiscounted amount	**6,924**	**-**	6,924	-

20. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdraft. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	2021 $'000	2020 $'000
Cash and cash equivalents	**820**	1,129

(b) Reconciliation of loss for the year to net cash used in operating activities

	2021 $'000	2020 $'000
Loss for the year	**(23,288)**	(39,074)
Adjustment for items not involving the outlay of cash:		
Expected credit losses	**342**	52
Profit on sale of property, plant and equipment	**(348)**	(21)
Government grants receivable - Job Keeper	**-**	(325)
Fair value loss of agricultural produce	**2,571**	5,269
Revaluation of properties and assets held for sale	**845**	3,157
Loss on disposal of properties	**248**	11,739
Share based payment expense	**(229)**	671
Unrealised foreign exchange loss	**-**	3
Depreciation expense	**3,619**	4,927
Impairment of non-current assets	**-**	696
Capitalisation of borrowing costs	**-**	(563)
Non-cash finance costs	**96**	289
Changes in net assets and liabilities:		
(Increase) I decrease in assets:		
Trade and other receivables	**1,923**	4,641
Inventories	**9,265**	1,480
Other assets	**(403)**	(3)
Agricultural produce	**(3,223)**	(7,112)
Increase I (decrease) in liabilities:		
Trade and other payables	**(821)**	(1,200)
Provisions	**(126)**	(49)
Net cash used in operating activities	**(9,529)**	(15,423)

20. Notes to the cash flow statement (continued)

(c) Reconciliation of liabilities arising from financing activities

2021	1 July 2020	Financing cash inflows / (outflows)	Non-cash changes	30 June 2021
Bank loans	38,690	129	96	38,915
Equipment loans	3,520	(1,483)	-	2,037
Lease liabilities	3,396	(543)	-	2,853
Total liabilities from financing activities	**45,606**	**(1,897)**	**96**	**43,805**

2020	1 July 2019	Financing cash inflows / (outflows)	Non-cash changes	30 June 2020
Bank loans	37,832	569	289	38,690
Equipment loans	5,199	(1,679)	-	3,520
Lease liabilities	-	(574)	3,970	3,396
Total liabilities from financing activities	**43,031**	**(1,684)**	**4,259**	**45,606**

21. Subsequent Events

As of 30 June 2021, the Group was in breach of its Net Tangible Asset (NTA) financial covenant with its NAB banking facility. The NAB granted a waiver of the NTA covenant on 31 August 2021.

Subsequent to 30 June 2021, the Company settled the property assets (comprising property, plant and equipment) held for sale at 30 June 2021 relating to the Mourquong Processing site and the Wargan, Merbein farm. Proceeds of $7.75m were received on 27 August 2021 for the property assets.

On 29 November 2021, a total of 20,000 options to acquire shares with various expiry dates as well as exercise prices, expired.

The Company held its Annual General Meeting for the year ended 30 June 2021 on 31 January 2022, at which time, the sole resolution put to the Meeting was passed.

The Company entered into Administration and appointed Receivers and Managers on 9 February 2022.

The Company entered into a Deed of Company Arrangement on 8 July 2022.

22. Earnings per share

The calculation of basic loss and diluted earnings per share at 30 June 2021 was based on the loss attributable to ordinary shareholders of $23,288,000 (2020: $39,074,000) and the weighted average number of ordinary shares outstanding during the financial year ended 30 June 2021 of 44,115,143 (2020: 1,006,619,889), calculated as follows:

	2021 Cents	2020 Cents
Basic and diluted loss per share	(40)	(185)[(1)]

	2021 No of shares	2020 No of shares
Weighted average number of ordinary shares used in calculating basic EPS:		
Fully paid ordinary shares	44,115,143	1,006,619,889

(1) Comparative earnings per share (EPS) have been restated as a result of the share consolidation that took place in FY21.

DEED ADMINISTRATOR'S DECLARATION

In the preparation of this report and the financial accounts for the year ended 30 June 2021, the proponent of the Deed of Company Arrangement, Alt Finance Pty Ltd, and the Company's auditors, Hall Chadwick have had to rely upon the books and records of Murray River Organics Group Ltd and its subsidiaries. All information provided to Alt Finance Pty Ltd by the Deed Administrators to assist in the preparation of this report and financial accounts has been obtained from the records provided by the directors and management of the Company. The Deed Administrators' and their employees have relied solely on the representations of the directors and management. The Deed Administrators' have not independently verified any of the information. Accordingly, the Deed Administrators accept no responsibility for the accuracy or reliability of the information provided and as such, cannot provide any warranties in relation to the information in this report.

The Deed Administrators' further note that the Company's auditor makes clear that they cannot vouch for the correctness or completeness of any of the information used in preparing this report. This report should not be relied on in making decisions about the Company.

Incomplete Records

The management and affairs of the Company and all its controlled entities have not been under the control of the Directors of the Company since it entered voluntary administration on 9 February 2022.

To prepare the financial report, the proponent of the Deed of Company Arrangement has reconstructed the financial records of Murray River Organics Group Ltd using data extracted from the Consolidated Entity's accounting systems and the record of receipts and payments during the Administration of the Company.

Although due care has been taken in preparing the financial statements, based on the information available, it is not possible to state that the financial information is complete or accurate. Neither is it possible to state that the financial information was subject to the accounting and internal control processes that are relevant to the preparation and presentation of the financial report.

Subject to the previous paragraph and set out in Note 1 to the Consolidated Financial Statements, in the opinion of the Deed Administrators of Murray River Organics Group Ltd:

(a) Although the proponent of the Deed of Company Arrangement has taken all due care in preparing the Report and the financial statements to the best of their knowledge based on the information given to them, the Deed Administrators are of the opinion that it is not possible to state that the Consolidated Financial Statements and Notes of Murray River Organics Group Ltd for the year ended 30 June 2021 are in accordance with the Corporations Act, including:

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

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) Although the proponent of the Deed of Company Arrangement has taken all due care in preparing the Report and the financial statements to the best of their knowledge based on the information given to them, the Deed Administrators are of the opinion that it is not possible to state that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Matthew James Byrnes, Joint and Several Deed Administrator.

Matthew James Byrnes
Joint and Several Deed Administrator
Melbourne, Australia
27 September 2022

MURRAY RIVER ORGANICS GROUP LTD
ABN 46 614 651 473
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MURRAY RIVER ORGANICS GROUP LTD
(RECEIVERS AND MANAGERS APPOINTED)
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

Disclaimer of Opinion

We were engaged to audit the financial report of Murray River Organics Group Ltd (Receivers and Managers Appointed) (Subject to Deed of Company Arrangement) (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 profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information, and the administrator's declaration.

We do not express an opinion on the accompanying financial report of the group. Because of the significance of the matter described in the Basis of Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis of an audit opinion on this financial report.

Basis for Disclaimer of Opinion

Incomplete Accounting and Statutory Records

As disclosed in the director's report, on 1 October 2021 the company's securities were suspended from official quotation by the ASX. On 9 February 2022, the company under section 436A of the Corporations Act 2001, appointed Matthew James Byrnes and Andrew Stewart Reed Hewitt of Grant Thornton Australia Limited, as joint and several Voluntary Administrators (Administrators). On the same date, Peter McCluskey and John Lindholm of KPMG were appointed as Receivers and Managers of each company in the group pursuant to security interests duly registered on the Personal Property Securities Register.

At the second meeting of creditors of the company held on 17 June 2022, creditors resolved to accept the Deed of Company Arrangement ("Deed") in the form proposed in the Administrators' report dated 9 June 2022. The Deed was executed on 8 July 2022 and the Administrators were appointed the Deed Administrators' of the company.

The accounting and statutory records prior to execution of the Deed were not adequate to permit the application of necessary audit procedures. As such, we are unable to obtain all the information and explanations we require in order to form an opinion on the financial report.

Going Concern

Based on the statement made by the Deed Administrators, we have not been able to obtain sufficient appropriate audit evidence as to whether the company entering a Deed of Company Arrangement will be able to remove significant doubt of its ability to continue as a going concern within twelve months of the date of this auditor's report.

Responsibilities of the Administrators for the Financial Report

The Company has been in voluntary administration since 9 February 2022 to 8 July 2022, whereupon it entered into a Deed of Company Arrangement and the financial report have been prepared under the instruction of the proponent of the Deed of Company Arrangement.

The proponent of the Deed of Company Arrangement is 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 proponent of the Deed of Company Arrangement determines 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.

MURRAY RIVER ORGANICS GROUP LTD
ABN 46 614 651 473
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MURRAY RIVER ORGANICS GROUP LTD
(RECEIVERS AND MANAGERS APPOINTED)
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

In preparing the financial report, the proponent of the Deed of Company Arrangement is responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Deed Administrators either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

The proponent of the Deed of Company Arrangement is responsible for overseeing the financial reporting process of the group.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the Basis of Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the group in accordance with the ethical requirements of the *Corporations Act 2001* and 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.

Report on the Remuneration Report

We have been engaged by the proponent of the Deed of Company Arrangement to audit the Remuneration Report included within the directors' report for the year ended 30 June 2021. The proponent of the Deed of Company Arrangement is 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.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis of Disclaimer of Opinion section of our report, we were unable to, and do not express an opinion as to whether, the Remuneration Report of Murray River Organics Group Ltd (Receivers and Managers Appointed) (Subject to Deed of Company Arrangement) for the year ended 30 June 2021 complies with s 300A of the *Corporations Act 2001*.

Hall Chadwick

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney, NSW 2000

DREW TOWNSEND
Partner
Dated: 27 September 2022