



Pure Foods Tasmania Ltd
100 -104 Mornington Rd
Mornington TAS 7018
ASX: PFT
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www.purefoodstas.com

Pure Foods Tasmania Limited

Appendix 4D

Half Year Report

1 Company Details

Name of Entity	Pure Foods Tasmania Limited
Reporting Period	For the period ended 31 December 2023
Previous Period	For the period ended 31 December 2022

2 Results for Announcement to The Market

2.1		\$
Revenue from ordinary activities	increase of 2% ↑	to 4,532,836
2.2		
Loss from ordinary activities after tax attributable to PFT Limited	increase of 77% ↑	to (1,385,720)
2.3		
Loss for the year attributable to the owners of PFT Limited	increase of 85% ↑	to (1,448,663)

2.4

There were no dividends paid, recommended, or declared during the current financial period

2.5

Not applicable

2.6

Pure Foods Limited (ASX: PFT) is pleased to announce its half year results 1H FY24. The Group's focus for the 6 months to 31 December 2023 ('1H FY24') was on supporting unprecedented demand for its high-quality products, specifically with its Daly frozen ready to eat meal tray range, launched into Woolworths stores nationwide from August 2023.

Nonetheless, the Group delivered a marginal 2% increase in revenue from ordinary activities in comparison with last year, which was disappointing in the wake of record demand for the range of newly released products. This was due to a number of factors including constraints on capacity utilisation and misalignment and lack of flexibility of plant and equipment to meet the quantum and pace of orders received from our major customers.

The Company had anticipated that it would see a substantial increase in orders from the new range but expected it to be orderly and manageable. It was far from it and productivity and operating efficiencies suffered and costs were substantially above our expectations. This has resulted in a strategy being



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formulated and now implemented which includes selective capital investment, rationalisation and reformulation of some SKU's and the introduction of a range of cost saving measures.

The sale of the Lauds Plant Based Foods division was an early initiative as part of the current strategy to focus resources and capital on the products that were experiencing strong demand and where capacity constraints needed to be immediately redressed. The sale was formalised in November 2023, with the business sold as a going concern to another local Tasmanian boutique business.

An increase in production manufacturing costs, labour and freight of \$0.64 million plus \$0.15 million in product launch costs, compared to 1H FY23, was directly attributable to the Group's unsuccessful attempt to meet Woolworths order demand with Daly and continual product sealing issues experienced with our Multivac machine within Tasmanian Pate.

Our Woodbridge Smokehouse division has been directly impacted by some of the highest Salmon HOG (Head on Gutted) prices experienced in recent years. However, with the value-added market demand opening up with some of the salmon growers focussing on alternate markets, additional opportunities for Woodbridge Smokehouse have materialised, which will be explored during the second half of the financial year.

Our cash burn from Operations for 1H FY24 was substantially lower than the same period last year, down by 44%. The Company is focussed on improving this markedly and has achieved annualised savings already realised since 1 January 2024 of \$0.65m, adding to a target of a further \$0.75m by 30 June 2024. Strong demand persists for the Group's suite of brands which continue to resonate with our customers value proposition, being 'home entertaining' and 'healthy convenience'. The second half of this financial year will also see the addition of new product development launches in the Cashew Creamery brand, which align with our strategic objective of focussing on sustainable growth products.

3 Net Tangible Assets per Security

	Reporting Period Cents / share	Previous Period Cents / share
Net Tangible Assets per Ordinary Security	7.4	9.7

4 Details of Entities which Control has been Gained

- 4.1 Not applicable
- 4.2 Not applicable
- 4.3 Not applicable

5 Dividends or Distributions

Not applicable



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6 Dividend or Distribution Reinvestment Plans

Not applicable

7 Details of Associates and Joint Venture Entities

Not applicable

8 Foreign Entities

Not applicable

9 Audit Report

Not applicable



Pure Foods Tasmania Limited

Half Year Financial Statements

31 December 2023

Pure Foods Tasmania Limited
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Pure Foods Tasmania Limited

Directors' Report

The Directors of Pure Foods Tasmania Limited (the Company) present the financial report on the Company and its controlled entities (the Group) for the half-year ended 31 December 2023.

Directors

Details of the Directors of the Company in office at any time during or since the end of the period and at the date of this report are:

Malcolm McAully	Non-executive Chairman
Michael Cooper	Managing Director
Ken Fleming	Non-executive Director

Company Secretary

Justin Hill

Principal Activities

The principal activities of the Group are the processing, manufacture, and sales of premium Tasmanian food products.

Operating and Financial Review

The Group commenced the 2024 financial year (FY) with high expectations based on preliminary discussions with major customers and the rapid market acceptance of a range of frozen ready to eat meal tray products, produced in the Daly Potato Co. factory at Sorell.

This led to the view that Group revenue, principally led by Daly Potato Co., could be up 50% for 2024FY. However, with the customer orders received being substantially above the optimistic forecasts originally supplied by our major customers, the Group experienced a number of problems. These were unexpected and unplanned and included factory bottlenecks, worker exhaustion from 24-7 production rosters, unsustainable deadlines, and poor freight logistics, which were out of the Group's control. As the Group worked through these problems, there was constant contact with major customers and even though the Group made a number of significant operating changes, many orders went unfulfilled leading to lower sales than originally anticipated.

The Group has since reviewed its forecast revenue position for the remainder of the 2024FY, with its sole focus on achieving sustainable and profitable growth with early indications suggesting that the full year gross revenue result being at or slightly below the prior comparative period.

As previously noted, the Group have invested in plant and equipment at Daly Potato Co. (the principal source of issues) and believed it would be sufficient to meet the expected production schedule, however this was found not to be the case. Notably, the Group did not foresee the quantum of orders for the frozen range which were well above optimistic forecasts, combined with the complexity of producing that range simultaneously with all other SKU's at Daly Potato Co. at a frenetic (and unscheduled) pace leading into the Christmas period. It was a problem of the Group's making, and the price for its success, and has since led to the realisation that more capital will be needed in the immediate future.

As a result of the Group's analysis of the problems, the Executive and Board formed the opinion that unless operations were slowed down with a matching of current capacity with order demand, the Group cannot, in 2H 2024FY redress the fundamental capacity issues that exist, and the problems experienced in 1H 2024FY. In effect, the Group have had to take one step back to take two steps forward.

A bold strategy has been put in place with a range of initiatives, including:

- Discussions and site visits for key customers; these conversations have been well received and well supported;
- Selective and targeted investment in plant and equipment, based on a clear set of financial deliverables and key performance indicators;
- Annualised cost savings to improve gross margin of \$1.7m, of which \$0.65m has already been achieved; and
- Complete freight and logistics review to explore efficiency possibilities and timelines (redressing some of the issues the Group experienced with our current providers in 1H 2024FY).

Amongst the initiatives that were acted upon in 1H 2024FY to redress some resourcing issues, was the decision to sell Lauds Plant Based Foods. A business sale agreement was executed for the sale of Lauds to another successful Tasmanian business and this transaction was concluded in December 2023.

As noted, annualised savings already realised since 1 January 2024 are \$0.65M, with a target of a further \$0.75m by 30 June 2024.

In December 23, the Group raised \$1m from sophisticated and professional investors through the issue of unsecured Loan notes, to support the need to address material growth with investment in automation. The Group has not committed this capital at this juncture as it completes a detailed analysis of where those funds would generate the greatest return to shareholders.

Total Group gross revenue, including Lauds Plant Based Foods, was \$5.09m for 1H 2024FY, with the launch of the frozen range, delivering a \$0.8m increase in revenue in our Daly Potato Co. division compared to 1H 2023FY.

The TasPate division again delivered a reputable \$2.0m in gross revenue in 1H 2024FY. However, some production delays were unavoidable as TasPate experienced ongoing problems with the new sealing machine. The Group continue to work with machine and industry experts on a PET tray and printed film sealing solution. These trials are ongoing as we look to find a recyclable solution in the face of a market phase out of PVC materials by 2025.



Auditor's Independence

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Pure Foods Tasmania Limited. As the lead audit partner for the review of the financial report of Pure Foods Tasmania Limited for the half year ended 31 December 2023, 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 review; and
- ii. any applicable code of professional conduct in relation to the review.

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

Wise Lord & Ferguson

Wise Lord & Ferguson

A handwritten signature in blue ink, appearing to be 'Nick Carter', written over a light blue horizontal line.

Nick Carter

Partner

Wise Lord & Ferguson

Dated: 23 February 2024

Signed in accordance with a resolution of the Director's made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors,

A handwritten signature in blue ink, appearing to be 'Michael Cooper', written over a light blue horizontal line.

Michael Cooper

Managing Director

Dated: 23 February 2024

Pure Foods Tasmania Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half Year Ended 31 December 2023

	31 December 2023 \$	31 December 2022 \$
Revenue		
Revenue from operations	4,532,836	4,451,620
Other income	185,786	328,921
Total revenue	<u>4,718,622</u>	<u>4,780,541</u>
Expenses		
Cost of goods sold	4,232,366	3,705,838
Employment expenses	932,145	819,559
Occupancy, electricity, and telephone costs	115,553	78,480
Bad debts	(16)	-
Business acquisition expenses	55,222	-
Depreciation and amortisation	417,122	363,086
ASX listing fees and expenses	19,310	18,161
Finance costs	141,326	183,171
Insurance costs	121,712	52,627
Legal and professional fees	98,710	117,698
Marketing expenses	55,262	79,442
Motor vehicles expenses	18,074	24,930
Repairs and maintenance	117,214	101,941
Research, development and quality costs	31,161	49,581
Other expenses	281,065	204,110
Total expenses	<u>6,636,226</u>	<u>5,798,624</u>
Loss before income tax	<u>(1,917,604)</u>	<u>(1,018,093)</u>
Income tax benefit	(531,884)	(234,261)
Net loss after tax for the half year from continuing operations	<u>(1,385,720)</u>	<u>(783,822)</u>
Discontinued operations		
Loss from discontinued operations after tax	(62,943)	-
Net loss for the year	<u>(1,448,663)</u>	<u>-</u>

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

Pure Foods Tasmania Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half Year Ended 31 December 2023

	31 December 2023 \$	31 December 2022 \$
Other comprehensive income		
<i>Items that may be reclassified to profit or loss in the future:</i>		
Other comprehensive income net of tax	-	-
Total comprehensive income	<u>(1,448,663)</u>	<u>(783,822)</u>
Net loss for the period attributable to:		
Owners of Pure Foods Tasmania Limited	(1,448,663)	(783,822)
	<u>(1,448,663)</u>	<u>(783,822)</u>
Total comprehensive income for the half year is attributable to:		
Owners of Pure Foods Tasmania Limited	(1,448,663)	(783,822)
	<u>(1,448,663)</u>	<u>(783,822)</u>
Basic earnings/(loss) per share (cents per share)	(0.01)	(0.01)
Diluted earnings/(loss) per share (cents per share)	(0.01)	(0.01)

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

Pure Foods Tasmania Limited
Consolidated Statement of Financial Position
For the Half Year Ended 31 December 2023

	Note	31 December 2023 \$	30 June 2023 \$
Current assets			
Cash and cash equivalents	3	3,488,015	3,468,766
Trade and other receivables		1,708,509	1,854,127
Inventory		1,403,715	1,535,255
Other assets		401,723	154,922
Total current assets		7,001,962	7,013,070
Non-current assets			
Property, plant and equipment	4	6,659,971	6,697,785
Right-of-use assets	5	530,771	486,251
Intangible assets	6	2,454,390	2,515,207
Deferred tax assets		3,580,165	3,019,811
Total non-current assets		13,225,297	12,719,054
Total assets		20,227,259	19,732,124
Current liabilities			
Trade and other payables		2,371,747	1,715,853
Lease liabilities	5	386,355	270,234
Employee provisions	7	223,338	219,817
Borrowings	8	2,641,661	2,913,779
Total current liabilities		5,623,101	5,119,683
Non-current liabilities			
Lease liabilities	5	165,890	229,199
Employee provisions	7	5,100	-
Borrowings	8	2,650,879	1,019,779
Deferred tax liabilities		1,206,121	1,220,004
Total non-current liabilities		4,027,990	2,468,982
Total liabilities		9,651,091	7,588,665
Net assets		10,576,168	12,143,459
Equity			
Contributed equity	9	18,739,155	18,857,783
Accumulated losses		(8,162,987)	(6,714,324)
Total equity		10,576,168	12,143,459

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

Pure Foods Tasmania Limited
Consolidated Statement of Changes in Equity
For the Half Year Ended 31 December 2023

	Contributed Equity \$	Accumulated Losses \$	Total \$
Balance at 1 July 2022	16,643,159	(4,886,991)	11,756,168
Loss for the half year	-	(1,827,333)	(1,827,333)
Other comprehensive income	-	-	-
Total comprehensive income for the half year	-	(1,827,333)	(1,827,333)
Issue of shares	5,949,836	-	5,949,836
Convertible notes redemption	(3,450,000)	-	(3,450,000)
Share issue costs	(323,291)	-	(323,291)
Balance at 31 December 2022	18,819,704	(6,714,324)	12,105,380
Balance at 1 July 2023	18,857,783	(6,714,324)	12,143,459
Loss for the half year	-	(1,448,663)	(1,448,663)
Other comprehensive income	-	-	-
Total comprehensive income for the half year	-	(1,448,663)	(1,448,663)
Convertible notes redemption	(118,628)	-	(118,628)
Balance at 31 December 2023	18,739,155	(8,162,987)	10,576,168

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

Pure Foods Tasmania Limited
Consolidated Statement of Cash Flows
For the Half Year Ended 31 December 2023

	31 December 2023 \$	31 December 2022 \$
Cash flows from operating activities		
Receipts from customers	5,301,049	4,956,821
Payments to suppliers and employees	(5,852,759)	(5,869,720)
Interest received	61,763	33,660
Net cash (used in)/provided by operating activities	(489,947)	(879,239)
Cash flows from investing activities		
Payments for property, plant and equipment	(590,847)	(964,909)
Net cash (used in)/provided by investing activities	(590,847)	(964,909)
Cash flow from financing activities		
Proceeds from issue of shares	-	5,626,545
Redemption of convertible notes	(140,000)	(3,450,000)
Proceeds from borrowings	1,358,982	2,871,184
Principle elements of lease repayments	(118,939)	(126,806)
Net cash (used in)/provided by financing activities	1,100,043	4,920,923
Net (decrease)/increase in cash held	19,249	3,076,775
Cash and cash equivalents at the beginning of the half year	3,468,766	2,486,256
Cash and cash equivalents at the end of the half year	3,488,015	5,563,031

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

This consolidated interim financial report and notes represent those of Pure Foods Tasmania Limited and controlled entities (the Group). Pure Foods Tasmania Limited is a company limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX).

1. Basis of preparation

This consolidated interim financial report for the half-year reporting period ended 31 December 2023 has been prepared in accordance with Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all the notes and the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

b) Critical accounting estimates, judgements and errors

The preparation of the interim financial statements of the Group requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Groups accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2023.

c) Discontinued operations

During the 2024 financial year, the Group announced its decision to dispose of the Lauds Plant-based Foods business, thereby discontinuing its operations in this business segment.

This announcement was made subsequent to approval by the Group's management and shareholders.

The division was sold on 21 November 2023.

The financial performance of the discontinued operation to the date of sale is included in profit/(loss) from discontinued operations per the statement of comprehensive income.

d) Going concern and profitability

These financial statements have been prepared on the basis the Group is a going concern.

For the half year ended 31 December 2023 the Group incurred losses before tax of \$1.918m (1H 2023FY: \$1.018m loss) and incurred net cash outflows from operations of \$0.490m (1H 2023FY: \$0.879m). As at 31 December 2023, the Group has cash and cash equivalents of \$3.488m (2023: \$3.469m), having successfully raised \$1m from sophisticated and professional investors through the issue of \$1m in unsecured Loan Notes (\$1.00 per note), to further support material growth and automation. The Group is in a net current asset position of \$1.379m (2023: \$1.893m), with total external borrowings of \$5.293m (2023: \$3.934m).

During 1H 2024FY, the Group continued to deliver on its strategic commitments, in the face of unprecedented demand for its products, specifically the frozen ready-to-eat meal tray range from Daly Potato Co. The following is a summary of strategic activities delivered during 1H 2024FY:

- With the stronger than forecasted demand for frozen vegetable range products from launch in August 2023, the Group must target further investment in plant and equipment to overcome the production bottlenecks and capacity constraints. Initial due diligence has commenced to identify the necessary automation to support a financial business case to deliver the required return on investment.
- In November 2023, the Group executed a Sale and Purchase Agreement to sell the Lauds Plant Based Foods division to another local iconic Tasmanian Food business, with the transaction completed in December 2023. This sale allows the Group to focus on its growth brands, along with 'freeing up' additional factory space at Mornington for both Daly Potato Co. production and The Cashew Creamery.
- In December 2023, the Group successfully raised \$1m from sophisticated and professional investors through the issue of \$1m unsecured Loan Notes (\$1.00 per note), to further support material growth and automation. The key terms being:
 - \$1m unsecured Loan Notes issued at \$1.00 per Note;
 - Maturity is 24 months, although the Group can redeem the Notes earlier if a material transaction occurs;
 - Coupon is 12% per annum, paid quarterly in arrears;
 - For every three Loan Notes held, the Group will issue 20 Options, exercisable at 10c per Option and each Option converts into one ordinary PFT share; and
 - The Options will expire 24 months from their issue date.

Further the Group's focus turned to firstly supporting unexpectedly high levels of sales order and secondly, to operating production facilities as efficiently as possible in the face of record growth. The major points in 1H 2024FY being:

- Significantly scaling up production capability to successfully deliver 185,000 frozen meal tray units (or 37,000 cartons) to Woolworths nationally. However, with limited automation this led to an increase in both COGS (14.2%) and employment expenses (13.7%) on 1H 2023FY. The significant stock building has since eased post-Christmas 2023 with sufficient stock levels built to service the run into Easter 2024, stemming the elevated costs experienced in 1H 2024FY.
- An organisational restructure in December 2023 has accommodated a number of productivity improvements and necessary succession planning gaps, without adding to labour expense.

Pure Foods Tasmania Limited
Notes to and Forming Part of the Financial Statements
For the Half Year Ended 31 December 2023

- In December 2023, the Group gained an additional 523m² of factory floor space at Mornington, which includes a 161m² storage freezer. This has led to an increase in rental and power expense, however, has enabled production site consolidation to occur which is expected to positively impact employment expenses moving forward.

Incorporating the shift in Board strategy to 're-baselining' the business to focus on supporting 'sustainable' business growth, by exiting unprofitable customer and product mixes, the opinion is that a managed reduction in overall gross revenue will be supported by a far greater reduction in production and overhead costs. By transitioning the business to delivering healthy gross margin products, it will allow the Group to continue its progress to achieving profitable growth and therefore self-funding ongoing operations. With this in mind, the consolidated half year report has been prepared on a going concern basis.

2. Segment information

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

Management measures the performance of the segments identified at the 'profit/(loss) before tax' level.

As such, there are two identifiable and reportable segments, each of which are outlined below:

	Food \$	Corporate and other \$	Total \$
Half year ended 31 December 2023			
Total sales	4,532,836	-	4,532,836
Other income	181,166	4,620	185,786
Profit/(loss)	(1,925,426)	7,822	(1,917,604)
Loss before income tax			(1,917,604)
Income tax benefit			(531,884)
Loss after tax from continuing operations			(1,385,720)
Loss from discontinued operations after tax			(62,943)
Loss after income tax			(1,448,663)

Pure Foods Tasmania Limited
Notes to and Forming Part of the Financial Statements
For the Half Year Ended 31 December 2023

2. Segment information (continued)

	Food \$	Corporate and other \$	Total \$
Half year ended 31 December 2023 (continued)			
Assets			
Assets	17,201,225	3,026,034	20,227,259
Total assets	17,201,225	3,026,034	20,227,259
Liabilities			
Liabilities	8,429,990	1,221,101	9,651,091
Total liabilities	8,429,990	1,221,101	9,651,091
Half year ended 31 December 2022			
Total sales	4,451,620	-	4,451,620
Other income	147,490	181,431	328,921
Loss	(903,951)	(114,132)	(1,018,083)
Loss before income tax			(1,018,083)
Income tax (expense)/benefit			(234,261)
Loss after tax from continuing operations			(783,822)
Loss from discontinued operations after tax			-
Loss after income tax			(783,822)
Assets			
Assets	17,411,369	3,435,182	20,846,551
Total assets	17,411,369	3,435,182	20,846,551
Liabilities			
Liabilities	6,343,924	1,353,736	7,697,660
Total liabilities	6,343,924	1,353,736	7,697,660

Pure Foods Tasmania Limited
Notes to and Forming Part of the Financial Statements
For the Half Year Ended 31 December 2023

3. Cash and cash equivalents

	31 December 2023 \$	30 June 2023 \$
Cash and cash equivalents	3,488,015	3,468,766
Total cash and cash equivalents	3,488,015	3,468,766

Reconciliation of cash and cash equivalents to the statement of cash flows:

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

Cash and cash equivalent	3,488,015	3,468,766
	3,488,015	3,468,766

4. Property, plant and equipment

	Buildings at cost \$	Plant and equipment \$	Total \$
Balance at 30 June 2023			
Cost	1,827,237	6,592,749	8,419,986
Accumulated depreciation	(160,985)	(1,561,216)	(1,722,201)
Net carrying amount	1,666,252	5,031,533	6,697,785
Net carrying amount at the beginning of the half year	1,666,252	5,031,533	6,697,785
Additions	25,968	564,879	590,847
Disposals	-	(327,060)	(327,060)
Depreciation expense	(23,144)	(278,457)	(301,601)
Net carrying amount at the end of the half year	1,669,076	4,990,895	6,659,971
Balance at 31 December 2023			
Cost	1,853,205	6,658,592	8,511,797
Accumulated depreciation	(184,129)	(1,667,697)	(1,851,826)
Net carrying amount	1,669,076	4,990,895	6,659,971

Pure Foods Tasmania Limited
Notes to and Forming Part of the Financial Statements
For the Half Year Ended 31 December 2023

5. Right-of-use assets and lease liabilities

Right-of-use assets

	Buildings \$	Total \$
Balance at 30 June 2023		
Cost	1,148,388	1,148,388
Accumulated amortisation	(662,137)	(662,137)
Net carrying amount	486,251	486,251
Net carrying amount at the beginning of the half year		
Lease modifications	171,751	171,751
Amortisation expense	(127,231)	(127,231)
Net carrying amount at the end of the half year	530,771	530,771
Balance at 31 December 2023		
Cost	1,320,139	1,320,139
Accumulated amortisation	(789,368)	(789,368)
Net carrying amount	530,771	530,771

Lease liabilities

	31 December 2023 \$	30 June 2023 \$
Current	386,355	270,234
Non-current	165,890	229,199
Total lease liabilities	552,245	499,433

6. Intangible assets

	Intangibles \$	Total \$
Balance at 30 June 2023		
Cost	2,515,207	2,515,207
Accumulated amortisation and impairment	-	-
Net carrying amount	2,515,207	2,515,207
Net carrying amount at the beginning of the half year		
Additions	-	-
Disposals	(60,817)	(60,817)
Amortisation/impairment expense	-	-
Net carrying amount at the end of the half year	2,454,390	2,454,390

Goodwill is carried at cost less accumulated impairment losses.

The Group has two cash generating units (CGUs) for which impairment testing is completed in accordance with AASB136 *Impairment of Assets*. Goodwill is not amortised but is tested annually for impairment more frequently if events or changes in circumstances indicate that it might be impaired. The CGUs of the Group include Foods which consists of Tasmanian Pate, Woodbridge Smokehouse, Daly Potato Co., Lauds Plant-Based Foods (sold in 1H 2024FY), The Cashew Creamery, and Corporate. The recoverable amount of the Food CGU has been determined on a value in use calculation which uses cashflow projections based on market information, financial budgets and forecasts approved by management covering a five-year period. Forecasts are updated monthly based on actual results.

Key assumptions used in the value at use calculations include:

	Sales growth rate (CAGR 6 years)	Production costs growth rate (CAGR 6 years)	Indirect costs growth rate (CAGR 6 years)	Long-term growth rate	Pre-tax discount rate
Pure Foods Tasmania products	17.10%	10.90%	1.50%	3.00%	11.20%

No impairment of goodwill has occurred as at 31 December 2023.

Pure Foods Tasmania Limited
Notes to and Forming Part of the Financial Statements
For the Half Year Ended 31 December 2023

7. Employee provisions

	31 December 2023 \$	30 June 2023 \$
<i>Current</i>		
Employee benefits	223,338	219,817
Total current employee provisions	223,338	219,817
<i>Non-current</i>		
Employee benefits	5,100	-
Total non-current employee provisions	5,100	-
Total employee provisions	228,438	219,817

8. Borrowings

<i>Current</i>		
Bank loan facility	2,641,661	2,913,779
Total current borrowings	2,641,661	2,913,779
<i>Non-current</i>		
Shareholder loan	1,000,000	-
Bank loan facility	1,650,879	1,019,779
Total non-current borrowings	2,650,879	1,019,779
Total borrowings	5,292,540	3,933,558

Secured liabilities and assets pledged as security

The Group has entered into finance facilities with the Commonwealth Bank of Australia (CBA) and National Australia Bank these include:

1. \$2.50 million market rate loan for 12 months that is secured against a \$2.50 million deposit facility with CBA;
2. \$1.61 million asset finance facilities which are secured over specific assets ranging with maturity dates from December 2024 to August 2026 with CBA; and
3. \$0.01 million asset finance facility with a maturity date of September 2024 with NAB.

Pure Foods Tasmania Limited
Notes to and Forming Part of the Financial Statements
For the Half Year Ended 31 December 2023

9. Contributed equity

	Number of shares		Share capital	
	31 December 2023 No.	30 June 2023 No.	31 December 2023 \$	30 June 2023 \$
Ordinary shares – fully paid (post-consolidation)	110,294,712	109,739,914	18,739,155	18,857,783
Total contributed equity	110,294,712	109,739,914	18,739,155	18,857,783

Transaction costs arising on the issue of ordinary shares are recognised directly in equity at the time the expense is incurred. Note 1(c) provides further information in regard to the movement in share capital for the half year ended 31 December 2023.

Movement in contributed equity

Date	Details	Ordinary shares No.	Amount \$
1 July 2023	Balance at beginning of period	109,739,914	18,857,783
	Shares issued	-	-
	Convertible note redemption	554,798	(140,000)
	Shares issue costs	-	21,372
31 December 2023	Balance at end of period	110,294,712	18,739,155

10. Dividends

	31 December 2023 \$	30 June 2023 \$
Dividends paid or provided for during the half year	-	-
	<u>-</u>	<u>-</u>

11. Events occurring after reporting date

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

Pure Foods Tasmania Limited
Directors' Declaration

In the Directors' opinion:

- a) The financial statements and notes set out on pages 5 to 18 are in accordance with the *Corporations Act 2001*, including:
 - i. Complying with Accounting Standards, the *Corporations Regulations 2001* and other professional mandatory reporting requirements; and
 - ii. Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and

- b) There are reasonable grounds to believe that Pure Foods Tasmania Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declaration required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Michael Cooper

Managing Director

Date: 23 February 2024

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



Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pure Foods Tasmania Limited, which comprises the Consolidated Statement of Financial Position as at 31 December 2023, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the consolidated entity comprising the company and the entities it controlled ("the Group") at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the Directors of the Group a written Auditor's Independence Declaration.



Conclusion

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

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

Wise Lord & Ferguson

Wise Lord & Ferguson



Nick Carter

Partner

Wise Lord & Ferguson

Date: 23 February 2024

Board of Directors

Malcolm McAully	Non-executive Chairman
Michael Cooper	Managing Director and CEO
Ken Fleming	Non-executive Director

Company Secretary

Justin Hill

Registered Office

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Hobart, Tasmania, 7000, Australia

Postal Address

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Mornington, Tasmania, 7018, Australia

Share Registry

Automic Registry Services
Level 2, 267 St George Terrace
Perth, Western Australia, 6000, Australia

Auditor

Wise Lord & Ferguson
Level 1, 160 Collins Street
Hobart, Tasmania, 7000, Australia

Solicitors

Page Seager
Level 2, 179 Murray Street
Hobart, Tasmania, 7000, Australia

Bankers

National Australia Bank (NAB)

Commonwealth Bank of Australia

Stock Exchange Listing

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