BESTON
GLOBAL FOOD COMPANY

Annual Report 2021

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Contents

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Our year – FY21 summary

Achievement of our strategic imperatives is transforming the Company

Lactoferrin Expansion
Initiated stages 1 and 2 of the Lactoferrin expansion project to bring total capacity to 25 T from 180 ML milk; two extraction columns installed.

SA Government Grant
Awarded $2 million South Australian Government grant for Stage 2 Lactoferrin expansion and secured second column for this stage.

Dairy Farm Sales
Sold the dairy farms and redeployed the capital to pay down debt and increase ROCE.

Jervois Infrastructure Review
Jervois infrastructure review identified requirements for the facility to operate more reliably as it moves toward 24/7 operations.

New Milk Supply
~30% increase in milk supply from 1 September 2020.

Initiation of Rights Issue
$15.6m rights issue (completed in February) to fund Stage 2 Lactoferrin expansion and further upgrades of infrastructure at the Jervois facility.

Building Dairy Experience
Key experience and skills in operations and nutraceuticals added to the dairy business.

IMA Termination
Agreement to terminate the IMA received shareholder approval at EGM held on 28 May 2021; Termination on 28 August 2021.

Beston Global Foods Company Limited

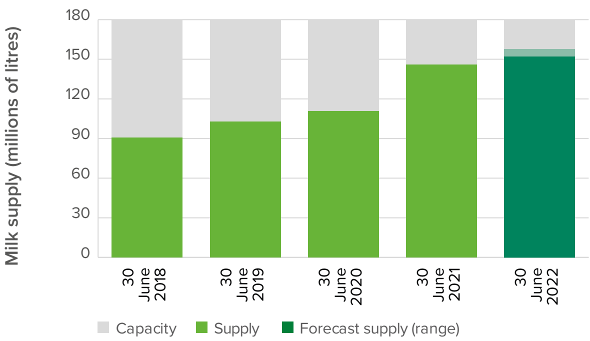
Listed in 2015 and headquartered in Adelaide, South Australia, Beston (ASX:BFC) is a proud Australian company taking the best of Australian dairy and meat produce to the world with fresh milk supplied by our valued farmers.

Our dairy operations are centred in South Australia with 2 factories located at Murray Bridge and Jervois. Our meat operations are based at Shepparton in Victoria.

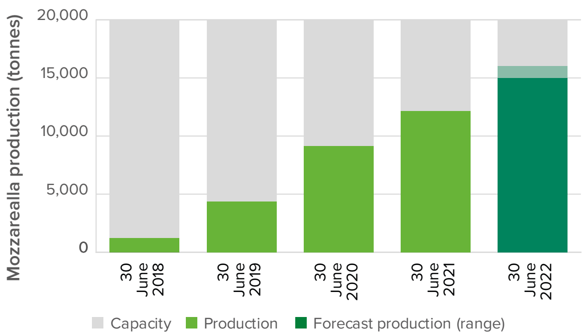
We have approximately 300 employees and 45 dairy farmer suppliers. Our products are mainly sold in Australia, Philippines, Vietnam, Malaysia and China.

Strong growth in our core dairy business to continue in FY22.

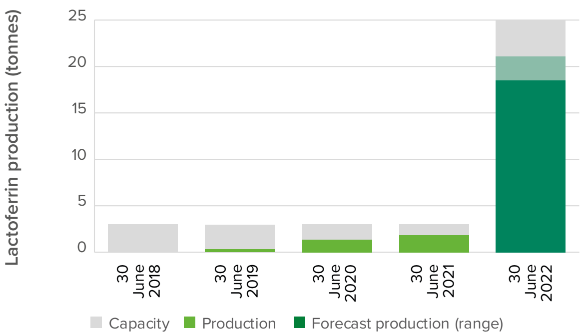
Milk supply



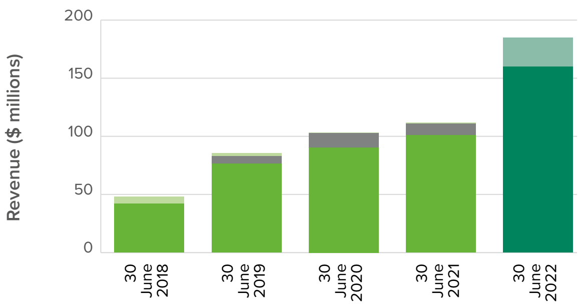
Mozzarella production



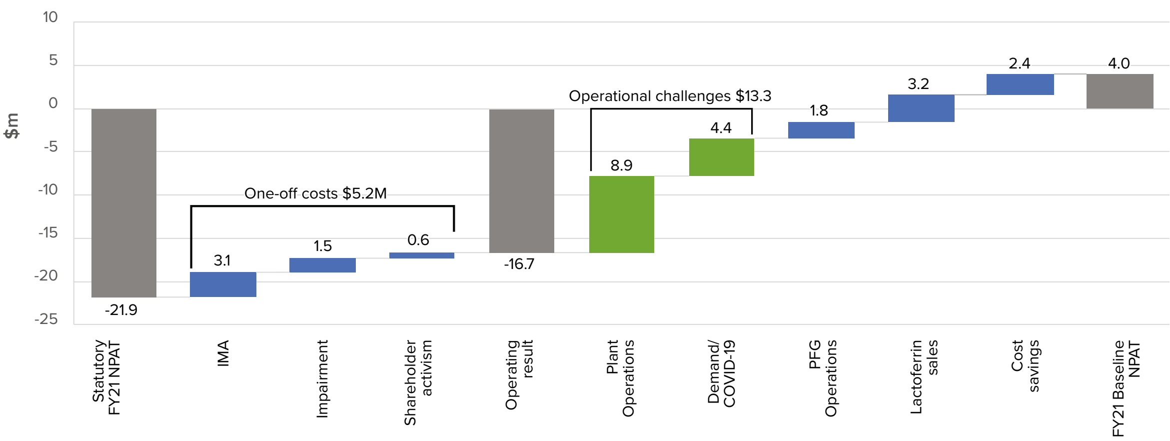
Lactoferrin production



Revenue



FY21 result impacted by operational challenges...



For further information, refer to the Review of Operations on page 9

...which have been rectified heading into FY22

Health & Nutritionals

People across the world are looking for new ways to support their well-being and immunity, especially amidst this COVID-19 pandemic. Providing safe and sustainable products to meet that demand is a key focus for BFC.

Humans have been drinking cow's milk, making cheeses and generally consuming dairy products for millennia. This is because it is evidentially good for us. There are many components of milk that have long been studied which have real benefits in supporting healthy living.

In July 20, BFC initiated a major expansion of its dairy nutritionals business. It replaced an old technology, low yielding Lactoferrin plant with a new high yielding Lactoferrin plant using the latest available technology supplied by Cytiva, the world's leading Lactoferrin technology provider. The new plant is online and is producing as expected.

The benefits of Lactoferrin in supporting human immune-health are well studied and confirmed. It plays a key role in the human body by preventing and fighting viral and bacterial infection.

Technically, Lactoferrin is a whey protein found in small quantities in milk. It is an iron-binding glycoprotein and is one of a number of beneficial proteins found in milk. Bovine Lactoferrin is almost identical in structure as human Lactoferrin and therefore is an effective supplement for human consumption.

Lactoferrin in humans is found in tears, saliva and other secretions, and is in high concentrations in breast milk to support baby's development. When you get sick, your body naturally produces more Lactoferrin to combat infection. Taking Lactoferrin as a health supplement has been shown to boost immunity and support the natural inflammatory response in the human body.

Market uses of Lactoferrin include in infant formula, health supplements, immune support in medical settings e.g. cancer treatment, nutritional foods, and personal care products.

Our short term focus is on ensuring the newly commissioned Lactoferrin plant continues to consistently produce products that meet our customers' various specifications. Different customers have technical requirements reflecting their particular use. Consistently meeting our customers' specifications allows us to enter into long term supply arrangements. Developing our processes to provide a broader range of products with differing specifications allows us to access a range of customers across all markets.

Our plant currently produces >95% purity Lactoferrin which meets current market requirements. However, we expect in the next few years the market will increasingly demand even higher grades of Lactoferrin. With the latest available technology from Cytiva at the heart of our Lactoferrin plant, we are well placed and are pro-actively working to refine our processes further to be able to produce High Purity Lactoferrin >98% purity. Being able to offer a high purity product, one that is not readily available, will provide a further competitive advantage for the company.

However, we have also begun planning for the next expansion of our nutraceutical product range. As noted above, there are a number of components of milk that have real benefits in supporting healthy living. Over the next 12 or so months, we will be developing business cases to determine the nature of our next investment in a wider range of dairy nutraceuticals production.

We have already decided to commence production of Lactoperoxidase later in FY22. When extracting Lactoferrin, Lactoperoxidase is also removed from milk but as yet, is not captured for further processing.

Lactoperoxidase is an enzyme that also has anti-microbial properties. Its uses include cosmetics, oral hygiene and medical cleaning products. We have determined that with a modest investment in additional equipment, we will be able to capture the Lactoperoxidase and offer this product to the market later in FY22. In volume terms, we estimate being able to capture Lactoperoxidase at about one-third of the volume of Lactoferrin produced. Whilst not as valuable as Lactoferrin in the market, the incremental extraction cost is quite low.

Other key products we will be considering are:

- **Whey Concentrates – D40, D90, WPC, WPI:** Concentrating and purifying the whey proteins in a powder for use in infant formula, health and sports powders and drinks.
- **Alpha-lactalbumin:** Also used in infant formula as this protein is abundant in human breast milk.
- **Immunoglobulins – IgG, IgD, IgE, IgF, IgM:** Boosts the immune function and promotes gut health by binding some pathogenic bacteria.
- **Osteopontin**: Found in high levels in human breast milk but in low concentration in bovine milk, this glycoprotein has strong calcium binding properties and is used in treating bone disorders.
- **Bovine Serum Albumin:** It has 538 amino acids in its structure and is used as a media in laboratories as it has fatty acid binding properties.
- **Beta-lactoglobulin:** It is rich in branched chain amino acids (BCAA) and is used in sports nutrition as it aids in muscle repair and growth.

Each of these components of milk have different investment and operational requirements that will be evaluated, along with market opportunities to determine where we will focus our next investment to continue to extract more value from every litre of milk we process.

These investments are a key part of our business plan in evolving our dairy division into a health and nutrition business over the medium term and creating value for shareholders by providing consumers safe and sustainable foods aimed at supporting people's optimal nutrition and healthy lifestyles.

In July 20, BFC initiated a major expansion of its dairy nutritionals business with a new high yielding Lactoferrin plant using the latest available technology supplied by Cytiva, the world's leading Lactoferrin technology provider.

Letter from the Chairman and CEO

Dear Valued Shareholder,

Our report on the financial year ended 30 June 2021 ("FY21") marks the significant progress made by your company, Beston Global Food Company Ltd ("Beston" or the "Company") as we continue to transform the core dairy business. We set out at the beginning of the year with a very full strategic agenda. This work has been successfully executed.

Even so, the year was a tale in two parts. Despite the significant achievements of the year on all our strategic initiatives, we faced operational issues at the Jervois factory. Whilst these issues have been rectified, and we head into the 2022 financial year ("FY22") in a sound position, the Company's financial results for the year under review were dominated by the impact of these operational issues as well as by the consequences of COVID-19 on sales and logistics (which affected both revenues and costs as explained below).

We have released our operating guidance for the FY22 which we believe should provide confidence that FY22 will be a profitable year. In short we have:

- The milk needed to meet our production targets,
- The newly expanded Lactoferrin plant up and running well,
- Some 85% of FY22 Mozzarella production accounted for with committed contracts and repeat customers,
- Sorted out the Teflon issues within the Mozzarella plant,
- A reliability team with a proactive plan to continuously improve the Jervois operations,
- The people (numbers and skills) to deliver our plans, and
- The funding in place to support the delivery of our plans.

FY21 HIGHLIGHTS

The year just completed was a very busy one. We have achieved a great deal in continuing to transform the Company and grow our dairy business to the point where it will achieve sustainable profitability. Our key strategic actions for the year have all been delivered. They included:

- Initiating Stage 1 of the Lactoferrin expansion project.
- Sale of the dairy farms and redeployment of capital to pay down debt.
- Increasing milk supply by approximately 30% to drive long term growth including Lactoferrin production.
- Initiating Stage 2 of the Lactoferrin project expansion on award of the $2 million South Australian government grant and securing of the second column required for this stage.
- Completing a review of Jervois infrastructure requirements to enable the facility to operate more reliably at higher throughput rates on a 24/7 basis.
- Added key dairy experience to the management team including Frank Baldi as Chief Operating Officer and Tina Li as General Manager, Nutritionals, along with a number of other key supervisory appointments at our core dairy operations.
- Completing a rights issue of $15.6 million to provide the funds for accelerating Stage 2 of the Lactoferrin expansion, and further upgrades of infrastructure across the Jervois site.
- Shareholder approval gained to terminate the Investment Management Agreement, and internalise the management arrangements, effective 28 August 2021.

These achievements have positioned Beston well for the future. With the major operational issues suffered in FY21 now rectified, we are forecasting positive operating cashflows and a bottom line profit in FY22.

The following table details the progress made against our five strategic imperatives:

Strategic Imperative	Status
Grow Milk Supply	146 million litres ("ML") of milk received in FY21, above initial expectations. FY22 contracted supply is forecast to deliver ~155ML.
Capacity Utilisation	Nearly all milk received is now processed through the Lactoferrin plant ahead of cheese production. Mozzarella plant capacity utilisation increases again to ~85% in FY22 from 72% in FY21.
Sales Pipeline	Growth in sales of Mozzarella domestically and internationally. Approximately 50% of FY22 Mozzarella production will be sold under term contracts with blue-chip customers. Based on anticipated sales with regular, repeat customers some 85% of Beston's Mozzarella production is accounted for heading into FY22. COVID-19 continues to impact the market in a number of ways, especially, by reducing food service sales to restaurants and other dine-in facilities, suppressing prices for uncontracted volumes and impinging on shipping timetables and container space (delaying both the arrival of plant and equipment from overseas and limiting the ability to fulfill offshore customer orders).
Product Mix	Mozzarella sales expected to be >95% of total FY22 cheese production volumes. Lactoferrin production of ~20 tonnes ("T") to be sold adding significantly to margins.
Dairy Nutraceuticals	Lactoferrin plant is producing planned output volumes and quality (95% GB specification). Planning for further expansion and/or upgrading of our nutraceutical capability will be undertaken during FY22 to determine the next phase of investment for expanding our range of dairy nutritional products.

We remain energised by the opportunities and challenges ahead. The Board and management team have maintained a strict focus on delivering our strategic imperatives whilst managing the business through the daily challenges of the reporting period, including COVID-19.

Lactoferrin

The decision to bring forward the Stage 2 Lactoferrin plant expansion project, previously planned for late FY22, was triggered following the award of a Regional Development grant of $2 million from the South Australian ("SA") Government. The SA Government recognised the employment benefits which could be generated from the Lactoferrin production capacity expansion as well as the broader economic benefits to the State. Accelerating the delivery of those benefits in the current economic climate has not only benefited shareholders, but has also supported the Company's dairy farmer suppliers, as well as the biosecurity interests of the nation.

We have published a significant amount of information about the Lactoferrin plant expansion project already, but in summary:

- The new Lactoferrin extraction plant expansion has been commissioned. All milk supplied to the Jervois site is being processed through the two new extraction columns. We are producing Lactoferrin to the 95% GB specification (China standard), as planned.
- The works included replacing the old technology column with two new Lactoferrin extraction columns, new milk separation and handling equipment, associated civil works and an additional freeze dryer.
- The two new Lactoferrin columns and the new "upfront" skim milk processing facilities have provided the capacity to produce up to 25 Tpa of liquid Lactoferrin, with ~ 20T expected to be produced in FY22.
- Installed freeze drying capacity is up to 13 Tpa of liquid Lactoferrin. In the short-term, the balance of liquid Lactoferrin produced will be dried by a third party under contract. A spray dryer is planned to be acquired later in FY22 to add to our in-house drying capacity.

Now that the newly expanded Lactoferrin plant is up and running well, we are supplying samples to potential customers to drive product sales. Our sales negotiations with potential Lactoferrin customers are progressing well, with customers who have tested samples of our product providing strong positive feedback.

COVID-19 supply issues slightly delayed commissioning of the new 9Tpa freeze dryer, which was completed at the end of June. By 30 June 2021 we had produced 1.2T of Lactoferrin powder using the new plant, sold 330kg to a new customer and held the equivalent of 2.2T of powder in liquid concentrate form ready for drying.

Other Assets

Whilst the current strategic focus is on extracting the maximum returns from the investments made in our dairy assets (which account for around 90% of our revenues at present), the Company continues to build value in its other investments in meat, water and technologies. The performance of the meat business is discussed in the Review of Operations on page 12 of this Annual Report and the development of our technology platforms is discussed on page 19.

We continue to hold our 51% interest in AquaEssence Pty Ltd (AQE), the beverage business based in Mount Gambier, SA which sources, produces and distributes high alkaline water products. AQE's water licenses enable it to source water from the underground limestone cave aquifers adjacent to the Blue Lake at Mount Gambier. AQE markets it's packaged water products to both the wholesale and retail sector and holds supply contracts with a number of its customers, including OTR, Flinders Private Hospital, Metcash, Drakes, MineArc and BHP.

After year end, on 31 July 2021, Beston completed the sale of its interests in Neptune Bio-Innovations Pty Ltd for $1.2 million.

Impact of COVID-19

As we have seen with the recent COVID-19 outbreaks on the east coast of Australia, the pandemic (and its variants) continues to pose a tangible threat to all of our lives and livelihoods. It is clear that we are all making progress towards a better way of living and working with COVID-19, and vaccines will play an important part in minimizing risks. We remain vigilant and have adopted a pro-active stance to the problem wherever we can, notwithstanding, the repeated lockdowns and interstate movement restrictions.

We have maintained a heightened level of food safety and quality control procedures across all of our operations. Thankfully, we have been fortunate to have had minimal impacts from COVID-19 on our employees and their immediate families. We did feel the more personal impacts of the COVID-19 pandemic when two locations at Tailem Bend in South Australia were declared exposure sites. Our Jervois facility is immediately across the River Murray from Tailem Bend and many of our staff live in and around the area. Six of our staff were required to isolate and quarantine and the Jervois and Murray Bridge facilities went into "full COVID-19 mode". Fortunately, all tested negative and eventually returned to work.

At the time of writing, we are closely monitoring the most recent COVID-19 outbreak in Shepparton, Victoria, where our meat processing business is based.

One of the main impacts of COVID-19 on our business during the year has continued to be on the demand side. Repeated lock downs in most Australian states reduced demand in the food services sector (especially restaurants and other dine-in facilities). We again saw Australian and international producers placing discounted product into the domestic and export markets to shift accumulated inventories of product. This has had the effect of suppressing prices for some of our uncontracted volumes.

COVID-19 has also adversely affected international freight movements to and from Australia. We have seen exports of our products delayed due to a significant reduction in shipping services. This has placed additional pressure on our sales team to find alternative channels to market and has resulted in additional storage costs where product has been frozen for export.

We have also experienced delays in our procurement from overseas suppliers due to COVID-19, most notably equipment for the Lactoferrin project expansion and replacement parts to rectify the Teflon related issues in the Mozzarella plant. Overseas manufacturers have had their operations and supply chains impacted causing lengthening lead times to manufacture. Shipping constraints have compounded these delays. We are attempting to minimize these issues going forward by placing supply orders well in advance of our expected requirements.

Review of Operations

Operational Performance

Dairy Facilities

At the beginning of the financial year, we forecast milk supply to be around 138ML. The final milk supply totaled 146ML, up 32% on the previous year. A large part of this growth came off the back of the sale of the Company's dairy farms to Aurora Dairies, effective 1 September 2020. However, milk production from other milk suppliers also increased around 5% during the year, which was above the South Australian and national milk production outcomes for FY21.

We are very pleased that our contract dairy farm suppliers have continued to see business improve after suffering several years of severe drought, and have acknowledged the support which Beston provided during these difficult times.

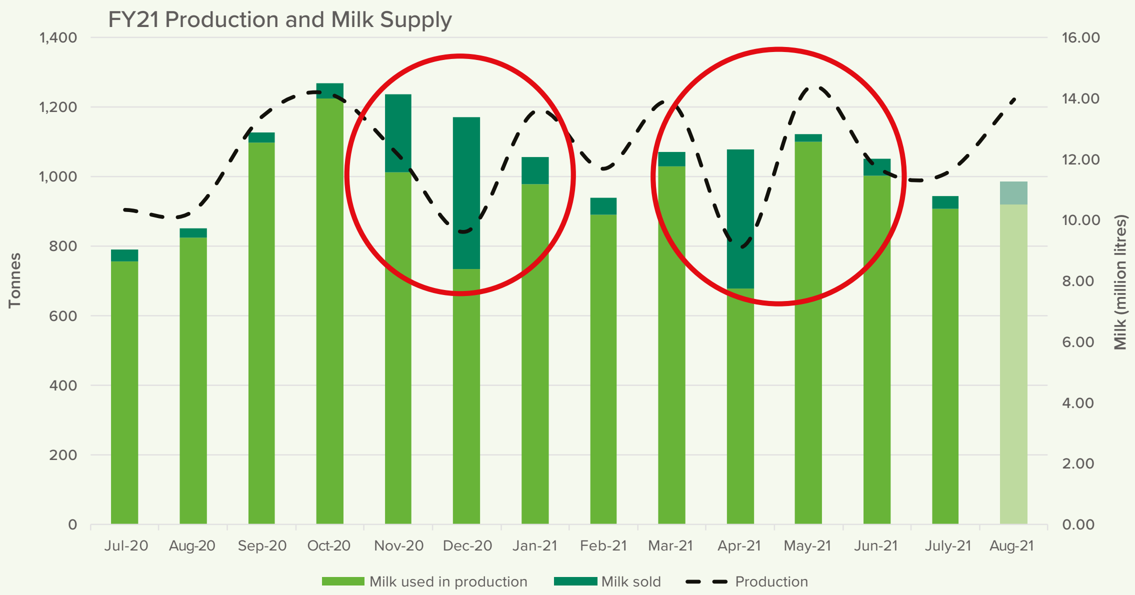
The increased milk supply would have enabled the dairy business to deliver a profit in the financial year, had it not been for significant COVID-19 impacts and reliability issues at our Jervois site. As we reported throughout the year, the Jervois facility suffered a number of operating issues, the most notable of which was faulty Teflon coating in the Mozzarella plant (now rectified as explained below).

Although sales growth was held back by COVID-19, as noted above, we succeeded in growing monthly sales from $6.5 million in July 2020 to an average of ~$8.0 million per month for 1H21, which increased to an average of ~$9.2 million per month for 2H21, an increase of approximately 42% per month from the start of the year. This strong growth was driven by increased milk supply and hard work by the sales team.

Sales margins were negatively impacted during the financial year by three key factors:

- Of the 146ML milk received, 130ML was committed to the production of cheese. Operational issues resulted in 16ML of milk on-sold, 13ML more than budgeted. Much of the milk on-sold was during the peak milk supply months and was sold at or below cost.
- Operational issues caused some Mozzarella and whey powder from impacted production runs to be downgraded and subsequently sold at a discount to our normal high-quality products.
- COVID-19 continued to suppress the market prices for uncontracted sales volumes as producers periodically moved large parcels of product into the market to shift their accumulated inventories.

The following chart shows our milk supply and Mozzarella production by month. It illustrates the significant impact which the Teflon coating issues had on production in the Mozzarella plant.



Note: Production volumes in the chart is production of Mozzarella plus cheddar.

A 30% increase in milk supply from 1 September 2020 exposed the faulty Teflon coating problem and some weaknesses in the operating practices and infrastructure capabilities at Jervois. These operational issues have now been rectified, as summarised below:

- **Faulty Teflon coating**

  Following a detailed investigation, it was identified that the Teflon coating in some sections of the Mozzarella facility's pipework was deteriorating, which led to plant shutdowns for a short period in December and April.

  Risk Mitigation Actions: The problem has been rectified and the required spare parts from Italy have been installed. The plant is back to performing as expected. The pipework removed from service is now being re-coated with the correct grade of Teflon and becomes a set of spare pipework. The pipework will be subject to rotation into/out of service as part of a planned maintenance programme. Should an unexpected failure occur, the replacement parts are now on hand to effect a changeover that should take about 12 hours to complete, rather than the 8-9 days turnaround for sending parts off-site for re-coating.

  The Company is investigating its options for recovery of damages from the faulty Teflon coating.

- **Unreliable operation of the main boiler**

  A number of problems with the boiler operations which provides steam for the production process, caused several site shut-downs during the financial year. Inconsistent steam availability caused temperature control issues in the production processes. Availability of suitable spares delayed repair and replacement work.

  While shorter term measures have been taken to improve boiler performance, the aged equipment needs to be replaced.

  Risk Mitigation Actions: Funding for a second boiler is included in the FY22 capital expenditure programme, and orders have been placed for delivery in September, 2021.

- **Breakdowns of the Multivac packaging machine**

  The existing Multivac was initially unable to cope with the higher throughput and suffered several breakdowns. Availability of suitable spares caused delays in rectifying issues.

  Risk Mitigation Actions: A retro-fit package was purchased to improve the performance of the existing machine. Funding for a second Multivac is included in the FY22 capital expenditure programme, and an order has been placed.

The performance issues in the Mozzarella plant had a knock-on effect on powder and Lactoferrin production due to the inconsistent supply and quality of the whey feed stream. Powder production for the year was 5,668 T.

Lactoferrin production was also impacted by variability in the performance of the old plant. Lactoferrin production from the old plant was 0.64T. The old plant was shut down in November 2020, three months earlier than planned, in order to allow workers to proceed on installing the new plant and equipment for the Lactoferrin plant expansion.

Production of Lactoferrin powder from the new plant commenced in April and began to ramp up in June when practical completion was achieved. To 30 June 2021, 1.2T of powder was produced with a further 2.2T of powder held in concentrate form yet to be dried. The backlog will be cleared over the next few months with the commencement of contract drying services to supplement our current drying capacity.

While it has been extremely challenging with the issues encountered, especially in the Mozzarella plant and at the peak milk supply period, the rectification works which have been undertaken have highlighted the technical strength and depth of experience which has now been accumulated in the operations team at the dairy factories. Under the leadership of the Chief Operating Officer, the factory operations team has developed a more detailed preventative maintenance plan to address the broader reliability issues inherent in an older site and to tighten controls over cheese and powder production processes.
The FY22 budget for the dairy operations includes a significant focus on reliability with additional staff and an increased maintenance program already under way to mitigate these risks.

The chart on page 9 shows the impact of these issues specifically on Mozzarella production. Note that when Mozzarella production is lower, whey powder and cream production are also reduced.

The chart shows clearly that the months where production was most impacted by the Mozzarella plant issues were November and December 20 and again in April 21. However, the impacts were also felt to a lesser extent in other months where it can be seen that milk sales exceeded the normal monthly level of around 350KL.

FY21 Mozzarella production was 12,250T, 33% higher than FY20. While Mozzarella production increased, mainly off the back of greater milk supply, reliability issues at Jervois meant that some milk was sold out at low prices, and some diverted to cheddar production in H121.

The chart also shows the strong production performance achieved when the Teflon coating is in good condition. After the re-coating in December, production of Mozzarella for 2H21 delivered production records for the Company. Now that we have the correct grade of Teflon in the critical pipework sections, Mozzarella production has returned to record levels, with the expected yields.

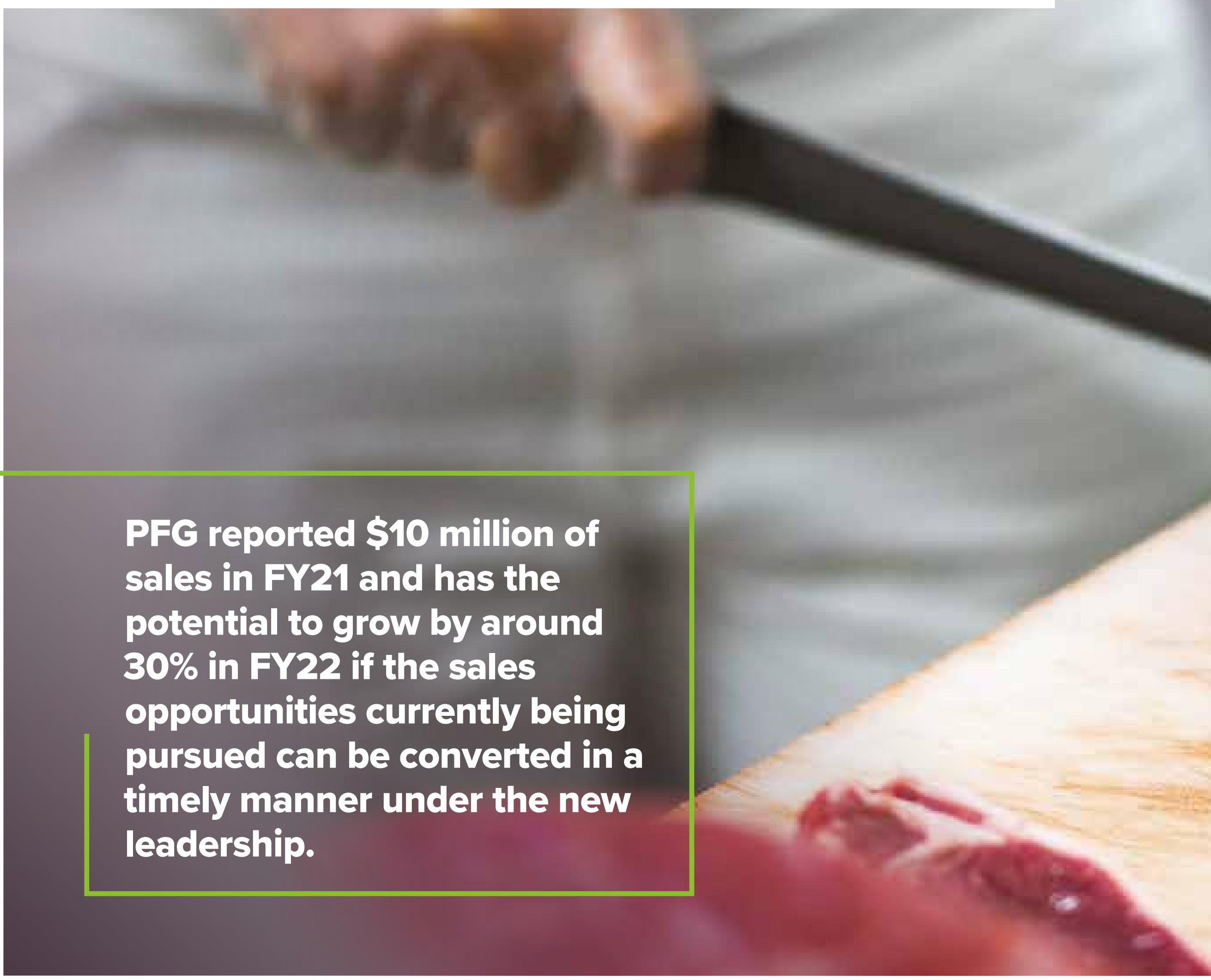
Maintenance activities were increased in the lower milk supply months to ensure the Jervois facility is ready and able to cope with the incoming FY22 "spring flush" period. The operational performance of the Jervois facility is expected to improve further once a new boiler and Multivac are replaced as part of the FY22 capex program.

Meat Business

The Provincial Food Group ("PFG") did not achieve the sales growth planned for the business at the start of the year, mainly as a result of being in Victoria and significantly impacted by COVID-19. Operating for much of the year under the more stringent COVID-19 restrictions in place throughout Victoria, the efficiency of factory operations was much lower than under normal operating conditions. None-the-less, the PFG management team, supported by the factory personnel, has done a commendable job to maintain operations through the number of lock-down periods.

A number of management changes have been made at PFG during recent months to increase the depth and breadth of the skill base, with the appointment of a new Senior Manager, a new Commercial Manager, and a new National Sales Manager. We expect these appointments will result in a significant lift in performance in PFG in FY22.

Sales growth was targeted to come primarily from new products for customers in the food services and retail sectors. COVID-19 lock-downs and restrictions has meant that customers' plans to expand their store numbers or add new products were largely put on hold. There have been signs of this situation changing, with the recent award of a new burger sales contract worth approximately $1m per annum to PFG. The business reported $10 million of sales in FY21 and has the potential to grow by around 30% in FY22 if the sales opportunities currently being pursued can be converted in a timely manner under the new leadership.



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Operating Outcomes and Guidance

The key operating outcomes for FY21 and FY22 Guidance are summarised in the table below.

Operating Outcomes and Guidance

	FY21 Result (Guidance)	June 21 QTR	FY20	FY21 v FY20	FY22 Guidance	FY22 v FY21 (midpoint FY22)
Milk Supply - ML	**146.0** (142-148)	37.2	110.8	+32%	152-158	+6%
Mozzarella Production - T	**12,150** (12,000-13,000)	3,079	9,128	+33%	15,000-16,000	+28%
Lactoferrin Production - T	**4.0*** (3.0-4.0)	3.4*	1.4	+286%	18.5-21.5	+500%
Group Revenue - $m	**113** (119-125)	26	103	+10%	160-185	+54%
Gearing - %	**41** (24-30)	na	49	-8%pts	25-30	-14pts
Capital Expenditure - $m	**16** (16-20)	6	6	+11m	13-18	–

Includes Lactoferrin in concentrate extraction yet to be dried: 2.2T powder equivalent

The guidance for FY22 shows an expected significant increase in Mozzarella production with the refurbished and reconditioned Jervois facility. Lactoferrin production is also expected to increase significantly with the new plant operational the full year. These are the two key factors expected to drive the Company to positive operating cash-flows and a bottom line profit for FY22, with the potential for payment of dividends.

Financial Result

The group financial result for FY21 was a loss of $21.8 million after tax attributable to equity holders. The majority of the reported loss is from the dairy business which accounted for approximately $16 million of the group's loss after tax, largely driven by the impacts of COVID-19 and reliability issues at the Jervois facility as outlined above.

The financial impact of the reliability issues at the Jervois dairy facility was $12.7 million and is summarised in the table below. The impacts of lower demand on volumes and prices including shipping delays, which are mostly COVID-19 related impacts, total $6.3 million.

Financial Result

	1H21 $m	2H21 $m	FY21 $m
Plant operations:			
Lower sales due to lower production (lost margin)	(2.1)	(1.3)	(3.4)
Losses on disposal of milk	(0.8)	(0.1)	(0.9)
Production/yields below target	(3.1)	(1.6)	(4.7)
Losses on sale of down-graded product	(0.9)	(0.4)	(1.3)
Higher repairs and maintenance and quality control costs	(0.3)	(0.5)	(0.8)
Closure of old Lactoferrin plant	(1.1)	(0.5)	(1.6)
	(8.3)	(4.4)	(12.7)
Demand/COVID-19:			
Lower sales prices	(1.6)	(2.5)	(4.1)
Reduced demand/shipping delays/ cancelled	(0.4)	(1.8)	(2.2)
Orders			
Total pre-tax impacts	(10.3)	(8.7)	(19.0)
Total after-tax impacts	(7.2)	(6.1)	(13.3)

A slight delay in the completion of the Lactoferrin plant upgrade was largely due to waiting on supply of equipment from international manufacturers as a result of COVID-19 restrictions. This in turn has slightly pushed back the selling Lactoferrin from the new plant. The $4.5 million (pre-tax) that was expected to be generated had these delays not been experienced will now be pushed forward into FY22.

As a result of an upgraded and refurbished Jervois facility, increased milk supply, and a full year contribution from Lactoferrin sales, the dairy business is expected to generate positive cash flows and a bottom line profit.

The meat division reported sales of $10.1 million and an operating loss of $1.8 million after tax, primarily because of the impacts of COVID-19 on operating costs and sales. There remains significant under-utilised capacity in the PFG factory which provides an opportunity for future growth under the new management team.

Achieving sales growth to leverage the fixed factory costs is the focus for FY22 to lift PFG into a profitable position.

An impairment charge of $1.45 million has been recorded in the FY21 financial statements against the goodwill carried in relation to PFG. The impairment charge has been made as a result of the impact of COVID-19 on the operations of the business as explained above.

Included in the FY21 result is an accrual for the costs of terminating the Investment Management Agreement totalling $3.1 million. Other costs including facility level non-production costs, selling and distribution costs and business support costs totalled $26.6 million, $1.9 million lower than in FY20.

Closing comments

The financial results for FY21 highlight what a challenging year it was, especially with the Jervois facility reliability issues and the COVID-19 pandemic continuing its impact longer than anyone anticipated. That said, our dairy business is now well positioned to deliver positive operating cash flows and a profitable bottom line. As we said at the opening of this letter, we have:

- The milk needed to meet our production targets,
- Sorted out the Teflon issues within the Mozzarella plant,
- A reliability team with a good plan to continue to improve Jervois operations,
- The newly expanded Lactoferrin plant up and running well,
- The people we need (numbers and skills) to deliver our plans,
- The funding in place to support the delivery of our plans, and
- Some 85% of FY22 Mozzarella accounted for with committed contracts and repeat customers.

We are confident that the hard work over the last 12 months, and indeed the work undertaken to establish the building blocks in the preceding five years, has positioned the Company exceptionally well to deliver positive operating cash flows and a profitable result in the coming year.

Our workforce remains committed to producing premium quality dairy and meat products for Australian and international consumers. Our Company is proud to be an essential contributor, via these products, to the health and wellbeing of the Australian population and with the expansion of our Lactoferrin production facility, to be an important contributor to the biosecurity of our nation.

The recent resignation of CEO, Jonathan Hicks, for family reasons was a sad day for those of us who know John well. The Board, in its announcement on 30 July 2021, acknowledged John's contribution to Beston since he joined the Company in January 2019. We know all of the team here at Beston would join us in wishing John the very best for the future. Darren Flew will continue in the role of Interim CEO while the Board conducts a national and international executive search for a replacement.

We would again like to acknowledge the effort and contribution that our employees have made over this challenging period. The continued strong support of our dairy farm suppliers, as well as our shareholders, is also acknowledged and very much appreciated.

Roger Sexton
Chairman

Darren Flew
Interim Chief Executive Officer

27 August 2021

Capital Management

Beston implemented its strategy to fund investment in Lactoferrin production and growth in FY21. Cash flows derived in FY22 will include a full year contribution from the new Lactoferrin operations and will provide the foundation for funding further investment in FY23 and beyond.

Towards the end of FY20, Beston executed a number of capital management initiatives to fund the strategic investment in a significantly expanded Lactoferrin production capability at its Jervois dairy factory and reposition its balance sheet. The key aims have been to:

- increase the underlying cash generation of the dairy business through the investment in increased Lactoferrin production, and
- reduce debt to provide greater capacity to fund future growth opportunities whilst providing a greater level of protection against unexpected or uncertain events such the impacts of COVID-19.

The key actions undertaken were:

- completing the sale of the dairy farms on 1 September 2020.
- completing a capital raise in February 2021
- deploying the funds raised into high returning Lactoferrin production activities and paying down debt to reduce gearing levels.

In addition, the company has worked with its principal bankers to restructure the Group's banking facilities to better match the needs of the business through FY22 and beyond. The revised facilities were implemented in August 21 ahead of the FY22 peak milk supply season commencing.

The following table summarises the liquidity position of the company as at 30 June 21 as though the new facilities were in place at 30 June 21.

Facilities Types	Limits $m	Drawn 30 June 2021 $m
Mortgage	3.0	3.0
Term Loan	23.0	23.0
Equipment Lease and Hire Purchase	13.0	5.0
Working Capital	15.3	2.2
	54.3	**33.2**

As a consequence of the capital management actions including the revised banking arrangements, the Group has sufficient funding to be able to execute its business plans.

The proceeds from the sale of the farms was $40.1 million which, after costs, netted cash inflows of $39.0 million. These funds were initially applied to reduce debt ahead of progressive investment over the remainder of the year in the Lactoferrin plant expansion.

A further $15.3 million after costs was subsequently raised from investors during the year. An entitlement offer supported by a placement programme was completed in February 21 and raised $15.6 million. A total of $9.2 million was initially raised through the offer. The residual $6.4 million raised was placed with institutional investors.

A Share Purchase Plan offer, initiated in June 20 following completion of an institutional placement in June 20, closed in July 20 and raised a further $2.1 million.

The above capital management actions have funded the expansion of the Lactoferrin facility at Jervois and are reflected in the Group consolidated statement of cash flows in the financial report. The funding of the Lactoferrin expansion was also supported by the award of a $2.0 million Regional Development Grant from the South Australian Government. The proceeds from this Grant will be received progressively in the FY22 financial period.

Environment, health and safety, social and corporate governance

Our Company commits to conduct its operations whilst meeting the highest standards of environmental care, and health and safety for all stakeholders consistent with our vision of taking healthy eating to the world's growing communities with Australia's best food.

The 2021 financial year again proved to be very challenging in managing the actual and potential impacts of COVID-19 on our people, operations and products. Maintaining safe and reliable operations at our three operating sites has been paramount in our efforts to ensure that we continue to be able to accept and process milk to support our dairy farmer suppliers as well as to be able to supply our dairy and meat products to our customers and consumers.

We are very thankful for the efforts of our workforce at each site as we have continued to learn about the spread and control of COVID-19 in the community. Our team at Shepparton especially worked through a number of lock downs in Victoria and did an outstanding job maintaining operations despite some significant operating constraints at times.

So far we have managed without major disruption at our operations which is in no short measure due to the response of our people who have embraced the need to be extremely careful in all that they do and for each other. A positive from the events of the past twelve months has been an opportunity to have more frequent conversations with our workforce about health and safety practices, as a result of which, we continue to see improvement in general workplace safety risk identification, reporting and compliance. There were no major safety incidents during the year.

The company supports the view that a high vaccination rate is important to opening up communities to allow greater personal freedoms and restore our quality of life. This will also obviously generate improved economic activity which is necessary for sustaining the quality of life we all seek. We are actively encouraging our employees to become fully vaccinated through providing support such as time off to obtain a vaccination and modest incentives for reward those who have been vaccinated.

The company's dairy operations have again grown significantly. Milk supply in FY21 increased to 146ML from 111ML, up 32%. This continues our record of growth since the Mozzarella plant at Jervois was commissioned in 2018. Operational activities at Jervois were also expanded with the completion of the new Lactoferrin plant towards the end of the financial year. This growth is not only very good for the Company, but it also supports sustainable regional economies by growing employment in our factories, on farms and for other suppliers to these regionally located operations.

As we have grown quite quickly, we have been very mindful of minimising the environmental impact of our growth. The Company takes a continuous improvement approach to all aspects of its activities. We have implemented a number of improvement initiatives to ensure that we minimise our environmental impacts as we grow:

- **Water use:** Opportunities to increase recycling of water to reduce water usage and waste water disposal volumes are also being pursued. The potential to capture more waste heat from process water is also being examined.
- **Packaging and waste:** Operating efficiently also includes a focus on reducing waste across all aspects of what we do. Packaging in particular is a source of waste in our communities and we seek to find better ways to reduce the amount of packaging associated with the materials we buy and the products we supply.
- **Energy consumption/greenhouse gases:** We are constantly seeking efficiency gains to reduce the consumption of energy at our sites. We installed 354kw of solar power generation at Provincial Foods in Shepparton during the year and are examining the feasibility of a much larger solar power generation capability at the Jervois facility. Investment in upgrading older equipment, such as boilers, not only benefits operational reliability but reduces energy consumption.

We participate in a number of industry forums focussed on identifying and implementing solutions to reduce the environmental impacts of our operations and those of the industry generally. Forums such as the Dairy Manufacturing Sustainability Council and The Australian Packaging Covenant Organisation, as well as industry bodies such as Dairy Australia provide the opportunity to promote and share ideas and actions regarding the sustainable operations of our industry.

As noted in our discussion on Beston Technologies on page 19, a potential application of the technology we have developed in-house is in the field of recycling of packaging. Our technology has the potential to improve the efficiency and effectiveness of recycling of packaging generally which can assist manufacturers meet their (now legislated) obligations to ensure that there is a high level of recycling of the packaging they produce.

We understand that when we make sourcing decisions, our actions can influence broader community outcomes, especially in the regions in which we operate. We seek wherever practicable to source products from suppliers who have good environmental, social and safety practices. We have been able to meet our Modern Slavery reporting obligations partly as a result of our awareness of these issues.

The Board has established appropriate practices and processes to ensure that the highest standards of Corporate Governance are met. These are regularly reviewed for both compliance and in light of current best practices. Further details of the key Corporate Governance policies can be found on the Company's website.

Beston Technologies

One of the key objectives of BFC in supplying premium, healthy food and beverage products to consumers, has been to enable consumers to verify the provenance of the products and be assured that they are safe to consume. In order to achieve this objective, as previously reported to shareholders, BFC has built a proprietary technology platform, which has been awarded with 13 patents, including 2 Block Chain patents granted in the USA and Australia.

The Technology comprises OZIRIS™, an encrypted end-to-end traceability and verification platform, and BRANDLOK, a serialised verification application. These technology solutions have been successfully deployed in support of BFC's exports into ASEAN and China, and within the domestic market. This has enabled retailers, consumers and logistics partners in the supply-chain to have recognisable traceability and verification of contracted goods. In so doing it has assisted in reducing financial cost and food waste through fraudulent counterfeiting while also providing confidence to purchasers and avoiding retail brand damage.

Over the past twelve months, significant enhancements, have been made to the technology to enable the broader market deployment of the platform as a retail Software as Service (SaaS) technology. These enhancements have been achieved through a collaboration with the University of Technology Sydney (Computer Sciences), supported by the Australian Governments DIIS Entrepreneurs Programme, and a 3-year award of the prestigious CSIRO supported SIEF Ross Metcalfe Business Fellowship grant.

The grant support has enabled the development of Series 3.1 OZIRIS™ Plus - into a new IOS and Android application, using the latest languages for iPhone and google mobile devices. Additionally, in-the-cloud data backend management systems using both MS Azure and Amazon AWS platforms has enabled dual access and service options to be provided for potential SaaS Licences.

The various enhancements have meant that OZIRIS is now a more agile, interoperable technology, capable of working with various data interfaces, anywhere in the world. Distributors and foreign retailers can remotely verify the origin, health and safety compliances of exported products, track and trace the logistics and ingredients of goods, and thereby reduce border clearance delays and customer disputes. The interest shown in the technology from a wide diversity of industries, and potential customers, has confirmed the integrity and viability of the technology.

Work is currently underway to add Distributed Ledger and Smart Contract applications to the technology, particularly as it applies to the Australian Dairy industry and its supply-chain into retail and food services markets. The efficiency gains which can be derived from these applications is being investigated in parallel by Dairy Australia (DA), Australian Dairy Farmers (ADF), and the South Australian Dairy Authority (SADA).

Under a collaboration agreement with US Technology company Digimarc Corporation, its Digimarc SDK imperceptible digital watermarking has been integrated into the evolved Beston Technologies platform to gain enhanced protection against the counterfeiting of food labels and/or adulteration of branded food products (in overseas markets in particular). Externally audited trials conducted at BFC's Jervois dairy factory revealed exceptional data accuracy from installed conveyor belt test scanners, which has opened up the opportunity to use the technology in waste management applications (via identification and sorting of packaging materials).

The terms of an OEM technology license Agreement have been resolved and a joint application to the technology into intelligent waste sorting, and recycling of plastic packaging, is being actively supported with several partners in the waste management and recycling industries. The application of the technology will assist the Dairy Industry, and BFC, to meet its legislated obligations to use up to 75% recycled plastics in its packaging by 2025.

The new enhanced mobile and windows environments now embedded in the OZIRIS technology platform is currently undergoing Beta trials within BFC's own cross-border food ingredients product range (particularly Lactoferrin), and with several other Australian Food and beverage companies.

Collaborations to improve the prospects of progressive in-market applications of a high-quality retail traceability and provenance via Software-as-a-Service (SaaS) have been made with Deakin Universities Centre for Supply-chain and Logistics (CSCL), the Australian Dairy Farmers (ADF), the Australian Food and Grocery Corporation (AFGC), the Australian Meat Processor Corporation (AMPC) and the SA Limestone Coast food cluster. The objective, on completion of the various projects currently underway, is to achieve the commercial launch of the technology as a SaaS offering to customers on a royalty basis.

Directors

The Company has a well-defined Board succession and renewal planning process to identify and nominate potential new directors to the Board in a professional manner, as well as maintaining the current diverse balance of experience across different industries it currently possesses. The Board reviews potential new directors considered suitable for appointment and assesses them against a range of criteria including skills, experience, knowledge, personal qualities, ability to exercise independent judgement and diversity required to discharge the Board's duties.

The Board ultimately makes selections of the preferred candidates for positions of Directors, if required to be filled, and does so with a view to ensuring that the Board maintains an appropriate mix and balance of skills and that succession plans are in place for Directors.

The Board is currently comprised of highly experienced business leaders from different backgrounds who collectively possess the skills, experience, tenure and diversity considered necessary to appropriately govern an ASX-listed organisation in the food production industry.

Roger Sexton
Chairman

Dr Roger Sexton is an investment banker and company director. He holds Doctorate and Master's Degrees in Economics from North Carolina State University and an Honours Degree (First Class) in Economics from the Flinders University of South Australia.

Roger has extensive experience in the agricultural sector, having undertaken tertiary studies in agricultural economics, in addition to finance and business management. On graduation, he worked for the Bureau of Agricultural Economics and was an Executive Director of the Industries Assistance Commission, specialising in rural industries.

Stephen Gerlach
Non-Executive Director

Stephen Gerlach is Chancellor of Flinders University. He is also the Chairman of Adelaide Capital Partners Pty Ltd, Gerlach Asset Development Pty Ltd, Ebony Energy Ltd and a Director of Beston Global Foods Ltd and Beston Pacific Asset Management Pty Ltd.

He was formerly the Chairman of Santos Limited, Futuris Corporation Ltd (subsequently known as Elders Ltd), Equatorial Mining Ltd, Elders Australia Ltd, Challenger Listed Investments Limited, Amdel Ltd, and Penrice Ltd.

Petrina Coventry
Independent Non-Executive Director

Petrina Coventry is Industry Professor and Director of Development with the Adelaide University Faculty of Professions and Business School. She previously held Global Vice President roles with the General Electric Company and The Coca Cola Company in the United States and Asia and more recently CHRO with Santos Ltd.

Her work in organisational transformation, company performance and governance has led to increased involvement with governments, industry associations and consulting groups across the Asian region.

Ian McPhee
Independent Non-Executive Director

Ian served as the Auditor General of Australia until June 2015. He holds a Bachelor of Business (Accountancy) degree and a Bachelor of Arts (Computing Studies) degree.

Ian is a Fellow of CPA Australia and a Fellow of Chartered Accountants Australia and New Zealand.

He is currently a Member of the International Ethics Standards Board for Accountants and a Distinguished Honorary Professor at the College of Business and Economics, Australian National University, a member of the Council of Central Queensland University, and a director of Ian McPhee Consulting Pty Ltd.

Joanna Andrew
Independent Non-Executive Director

(Appointed 7 December 2020)

Ms Andrew has experience in Governance, Corporate Law, Board Advisory, Risk, Workplace Investigations, Strategy and Business Development. She also has experience in agribusiness and health sciences and focuses in the areas of agriculture and logistics.

Joanna is currently Chair, South Australian Produce Market Limited and was formerly Chair of Wine Grape Growers Australia and Chair of their Audit, Finance and Risk Committee. She was recognised in 2017 as one of South Australia's young business entrepreneurs in the inaugural InDaily 40under40 awards.

Joanna will serve as a member of the Board's Audit and Risk Committee, and will Chair BFC's committee for Remuneration and Nomination.

Neil Longstaff
Independent Non-Executive Director

(Appointed 1 January 2021)

Mr Longstaff has had a career across a range of food categories. He has spent more than 20 years working at executive levels and consulting within the dairy industry, including roles as Chief Executive Officer of Kyvalley Dairy Group and General Manager, Commercial Group with Murray Goulburn Co-operative. His commercial experience in the dairy industry has included both branded and commodity products within domestic and export markets.

Prior to his career in the dairy industry, Neil held marketing and sales roles with companies including Lanes Biscuits, SPC, Heinz, Nabisco and Nicholas Kiwi. Neil will serve as a member of BFC's committee for Audit and Risk.

Cheryl Hayman
Independent Non-Executive Director

(Appointed 25 August 2021)

Cheryl Hayman brings international experience including significant strategic and marketing expertise derived from a 20 year corporate career which spanned local and global consumer and retail food organisations. Her skills include developing marketing and business strategy across diverse industry segments, growth orientated innovation and product development. Cheryl has expertise in traditional and digital communications, an ability to carve out a competitive edge for business development and the ability to drive strategic brand development.

Cheryl is a current director of ASX listed Shriro Holdings Ltd and HGL Ltd, a director of Chartered Accountants ANZ and a prior director of Clover Corporation. She also holds other unlisted and not-for-profit board roles.

Catherine Cooper
Independent Non-Executive Director

(Resigned 4 December 2020)

Catherine is an experienced Non Executive Director with an extensive portfolio of approximately 50 Board positions over 18 years.

After a professional career as a commercial lawyer, Catherine moved into the business world in 1992 and has developed wide knowledge and experience across a broad range of sectors such as agribusiness, food and health, energy and water, and science and technology.

Career highlights include the establishment of a national joint venture Rural Bank, being awarded as a Telstra Business Woman of the Year finalist twice, inclusion in an international management program at GE in New York and more recently winning a position in the ASX Top 200 Chairman's Mentoring program run by the AICD.

Jim Kouts
Independent Non-Executive Director

(Resigned 31 December 2020)

Jim has served as a senior executive and non-executive director in major companies in the energy, financial service and business tourism industries and has also held various senior positions in the public sector.

He is currently Chair of Home Start Finance, Chair of the Adelaide Convention Bureau, Non-Executive Director of the Adelaide Venue Management Corporation and is Strategic Advisor to Adelaide Airport Ltd.

Executives

Darren Flew
Interim Chief Executive Officer

Darren Flew is a highly experienced senior finance executive known for strong commercial and strategic capabilities focussed on driving achievement of business goals. Before joining BFC in March 2018, he spent 19 years at Santos in various senior finance roles including Chief Financial Officer Eastern Australia Business Unit and was variously responsible for finance, commercial, strategy, business development, procurement, joint venture engagement, environment, cultural heritage and regulatory engagement.

Prior to joining Santos, Darren worked for Baulderstone Hornibrook (construction) as their Group Finance Manager for 3 years. He qualified as a chartered accountant in 1985 working for Ernst & Young and spent time in Singapore and Toronto before leaving in 1996.

Frank Baldi
Chief Operating Officer

Frank commenced with Beston on 1 October, 2020. He is highly regarded, well credentialed, and comes to BFC with a significant background and experience in the Dairy and FMCG Industries.

Over his 30-year career, Frank has held a number of Senior Leadership and Strategic roles for Tatura Milk Industries, Bega Cheese, SunRice, Visy and more recently Freedom Foods where he was instrumental in the completion and commissioning of their Lactoferrin investment, along with other brand development and nutritional products portfolio.

Hamish Browning
General Manager, Agribusiness

Hamish's career spans over 25 years in agriculture and food with Elders Ltd, Frontier International Agri Pty Ltd (Ruralco J/V, ASX:RHL), Thomas Foods International, and Beston Global Food Company. Senior management and administration roles held within these companies include Managing Director, Chief Operations Officer, General Manager, Senior Trader, and Chairman.

Hamish has a Graduate Diploma in Financial Services – AFMA, Cert IV in Frontline Business Management, Global Agribusiness Program - Harvard Business School and Executive Change Management Program – Aus Graduate School of Mgt.

Tina Li
Chief Commercial Officer

A highly experienced commercial business development executive, Tina brings a track record of market value creation, brand development and growth strategy within rapidly changing and transitioning environments. Skilled in implementing strategic direction, product and brand strategy, partnerships and developing global markets, Tina has previously held senior management roles at Fonterra, Nuchev, Devondale Murray Goulburn, and Synlait. Tina has also hold independent director seat at a Not-for-Profit board. She is a registered student mentor at Melbourne Business School and Chartered Accountants Australia and New Zealand.

Tina holds a Master of Business Administration from University of Melbourne, is a Chartered Accountant, and a member of Australian Institute of Company Directors.

Nicholas Wagner
Interim Chief Financial Officer

Nick is a senior finance executive with over 15 years' experience and has been with Beston since 2017. He oversees the financial management, funding, and investments of the domestic and international operations.

Before joining BFC, Nick has held several senior finance roles in ASX listed entities including Elders Ltd, Viterra Inc, OZ Minerals Ltd, and Codan Ltd. Nick's commercial experience was built on a professional foundation gained working for big 4 accounting firm PwC, both in Australia and overseas.

Nick has completed both a Bachelor of Commerce and a Master of Business Administration from the University of Adelaide, is a graduate and member of the AICD, and is a Chartered Accountant (CAANZ).


DRAIN

The advanced technology used in our production processes requires skilled people to operate and maintain our plants.

Directors' report

The Directors present their report on the consolidated entity consisting of Beston Global Food Company Limited ('the Company') and the entities it controlled at the end of, or during, the year ended 30 June 2021. Throughout the report, the consolidated entity is referred to as the Group.

Directors

The following persons were Directors of Beston Global Food Company Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

- R N Sexton
- S Gerlach
- P Coventry
- I McPhee
- C Cooper (resigned 4 December 2020)
- J Kouts (resigned 31 December 2020)
- J Andrew (appointed 7 December 2020)
- N Longstaff (appointed 1 January 2021)
- C Hayman (appointed 25 August 2021)

Principal activities

During the year the principal continuing activities of the Group consisted of:

(a) Production of dairy, meat, and water products for sale into local and international markets.

(b) Development and production of health and well-being focused food, beverage and pharmaceutical products.

(c) Development and commercialisation of end-to-end food traceability and anti-counterfeit technology.

Dividends – Beston Global Food Company Limited

There were no dividends provided for during the year ended 30 June 2021 (2020: nil).

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations on pages 9 to 15.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the year.

Events since the end of the financial year

Except for the sale of the Group's investment in NBI as noted in Note 14(c) of the attached Financial Statements, and the completion of the debt refinance review as noted in Note 7(e) of the attached Financial Statements, no matter of circumstance has occurred subsequent to the period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

The uncertainty being created by the current COVID-19 outbreaks on Australia's eastern seaboard is of continuing concern to everyone, of course. That said, history shows that pandemics such as COVID- 19 sooner or later do get contained and controlled, enabling life to return to the "normality" that we knew before the onset of the pandemic. The focus of the management team, in managing the various challenges thrown up by COVID-19, has been, and will continue to be, on calmly and confidently building the business of BFC with an eye to the future so that we are in a good position to capitalise on the opportunities which will emerge from the return to "normal", post the pandemic.

Likely developments and expected results of operations

Refer to the operating and financial review on pages 9 to 15 for information on likely developments and future prospects of the Group.

Environmental regulation

The Group and its activities in Australia are subject to strict environmental regulations. The Group's manufacturing facilities in Jervois, Murray Bridge and Shepparton operate under various licences and permits under state, federal and territory laws in Australia.

Beston Global Food Company regularly monitors its compliance with licenses and permits in various ways, including through its own environmental audits as well as those conducted by regulatory authorities and other third parties, and to the best of the Directors' knowledge all activities have been undertaken in compliance with or in accordance with a process agreed with the relevant authority.

The Company has not incurred any significant liabilities under any environmental legislation during the financial year. There have been no significant known breaches of the Group's licence conditions or any environmental regulations to which it is subject.

Directors' report

Information on directors

Roger Sexton AM *B.E c (Hons), M. Ec, PhD (Econ), FAICD, FAIM, S.F.Fin, C.Univ,*
Chair – non-executive

Experience and expertise	Dr Roger Sexton is an investment banker and a company director. He has extensive experience in the agricultural sector, having worked for the Bureau of Agricultural Economics and undertaken post-graduate studies in agricultural economics and business. Roger also has had extensive experience overseas and particularly in China and the Asia Pacific, as a result of leading trade and investment missions to the region for more than 30 years and from working on investment banking transactions in the region. Roger is actively engaged in a number of community organisations, including as Chairman and Principal Patron of the Freemasons Foundation Men's Health Centre at the University of Adelaide.
Other current directorships	
Former directorships in last 3 years	
Special responsibilities	• Founder of Beston Global Food Company Limited • Chair of the Board • Member of audit and risk committee

Stephen Gerlach AM *LL.B, FAICD*
Non-executive director

Experience and expertise	Stephen Gerlach is a corporate adviser and company director. He was formerly a Partner and the Managing Partner of Finlaysons Lawyers for 23 years. Stephen is the Chancellor of Flinders University. Stephen was a Director and Chairman of Santos Ltd, and Elders Limited, and Chairman of Equatorial Mining Ltd. Stephen has also been a Director of a number of other public companies including Southcorp Holdings Ltd, and has been, and continues to be, involved in many not for profit organisations including the Australian Cancer Research Foundation, the General Sir John Monash Scholarship Foundation, Foodbank SA and Chair, Psychosis Australia Trust.
Other current directorships	Chairman, AML3D Ltd (since 30 August 2020)
Former directorships in last 3 years	
Special responsibilities	• Founder of Beston Global Food Company Limited • Member of the remuneration and nomination committee

Petrina Coventry *B.Ed., M. Phil. (Ethics), MBA, EMBA, FAHRI*
Non-executive director

Experience and expertise	Petrina has spent over twenty years working in Asia, the United States and Europe in global leadership and director roles with The General Electric Company, The Coca Cola Company and Procter and Gamble. Her experience covers multiple industries including energy, technology, education, fast moving consumer goods and financial services. Her work in organisational transformation, company performance and governance has led to increased involvement with governments, industry associations and consulting groups across the Asian region. Petrina is an ethicist by background and works with several universities in the area of education around governance and professional ethics.
Other current directorships	
Former directorships in last 3 years	
Special responsibilities	Member of the remuneration and nomination committee

Joanna Andrew *LL B (Hons), B. Hsc, GAICD*
Non-executive director

Experience and expertise	Ms Andrew has experience in Governance, Corporate Law, Board Advisory, Risk, Workplace Investigations, Strategy and Business Development. She also has experience in agribusiness and health sciences and focuses in the areas of agriculture and logistics. Joanna is currently Chair, South Australian Produce Market Limited and was formerly Chair of Wine Grape Growers Australia and Chair of their Audit, Finance and Risk Committee. She was recognised in 2017 as one of South Australia's young business entrepreneurs in the inaugural InDaily 40under40 awards. Joanna will serve as a member of the Board's Audit and Risk Committee, and will Chair BFC's committee for Remuneration and Nomination.
Other current directorships	
Former directorships in last 3 years	
Special responsibilities	Member of the audit and risk committee

Ian McPhee AO *PSM, B.Bus., B.A, FCPA, FCA, GAICD*
Non-executive director

Experience and expertise	Ian served as the Auditor-General of Australia until June 2015. He holds a Bachelor of Business (Accountancy) degree and a Bachelor of Arts (Computing Studies) degree. Ian is a Fellow of CPA Australia and a Fellow of Chartered Accountants Australia and New Zealand. He is currently a Member of the International Ethics Standards Board for Accountants and a Distinguished Honorary Professor at the College of Business and Economics, Australian National University. Ian is also a member of the Council of Central Queensland University. He is the former Deputy Chair of the Australian Accounting Standards Board.
Other current directorships	
Former directorships in last 3 years	
Special responsibilities	Chair of the audit and risk committee

Neil Longstaff *B.Bus, GAICD*
Non-executive director

Experience and expertise	Mr Longstaff has had a career across a range of food categories. He has spent more than 20 years working at executive levels and consulting within the dairy industry, including roles as Chief Executive Officer of Kyvalley Dairy Group and General Manager, Commercial Group with Murray Goulburn Co-operative. His commercial experience in the dairy industry has included both branded and commodity products within domestic and export markets. Prior to his career in the dairy industry, Neil held marketing and sales roles with companies including Lanes Biscuits, SPC, Heinz, Nabisco and Nicholas Kiwi. Neil will serve as a member of BFC's committee for Audit and Risk.
Other current directorships	
Former directorships in last 3 years	
Special responsibilities	Member of the audit and risk committee

Cheryl Hayman *B.Com, FAICD, FGIA*
Non-executive director

Experience and expertise	Cheryl Hayman brings international experience including significant strategic and marketing expertise derived from a 20 year corporate career which spanned local and global consumer and retail food organisations. Her skills include developing marketing and business strategy across diverse industry segments, growth orientated innovation and product development. Cheryl has expertise in traditional and digital communications, an ability to carve out a competitive edge for business development and the ability to drive strategic brand development. Cheryl is a current director of ASX listed Shriro Holdings Ltd and HGL Ltd, a director of Chartered Accountants ANZ and a prior director of Clover Corporation. She also holds other unlisted and not-for-profit board roles.
Other current directorships	• Shriro Holdings Ltd • HGL Limited
Former directorships in last 3 years	Clover Corporation Ltd
Special responsibilities	• Member of the remuneration and nomination committee • Member of the audit and risk committee

Company Secretary

Richard Willson, B.Acc, FCPA, FAICD

Richard Willson is an experienced, Non-Executive Director, Company Secretary and CFO with more than 20 years' experience predominantly within the mining, technology and agricultural sectors for both publicly listed and private companies.

Richard has a Bachelor of Accounting from the University of South Australia, is a Fellow of CPA Australia, and a Fellow of the Australian Institute of Company Directors.

He is a Non-Executive Director of Titomic Limited (ASX:TTT), AusTin Mining Limited (ASX:ANW), Thomson Resources Limited (ASX:TMZ), PNX Metals Limited (ASX:PNX), 8IP Emerging Companies Limited (ASX:8EC), Unity Housing Company Ltd and Variety SA; and Company Secretary of a number of ASX Listed Companies.

Richard is the Chairman of the Audit Committee of Titomic Limited, AusTin Mining Limited, and Unity Housing Company, and is the Chairman of the Remuneration & Nomination Committee of Titomic Limited.

Directors' report

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: Audit and risk		Meetings of committees: Remuneration and nomination	
	A	**B**	**A**	**B**	**A**	**B**
R N Sexton	23	23	5	5	–	–
S Gerlach	23	23	–	–	1	1
P Coventry	23	23	–	–	1	1
N Longstaff	9	9	2	2	–	–
I McPhee	23	23	5	5	–	–
J Andrew	12	12	2	2	–	–
J Kouts	14	14	–	–	1	1
C Cooper	10	11	3	3	–	–

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 year

Remuneration report

The Directors present the Beston Global Food Company Limited 2021 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year. The remuneration report has been audited.

The report is structured as follows:

(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Executive contracts
(d) Remuneration expenses for non-executive KMP
(e) Directors' arrangements
(f) Additional statutory information

(a) Key management personnel covered in this report

Name	Position
R N Sexton	Non-executive Chairman
S Gerlach	Non-executive Director
P Coventry	Independent Non-executive Director
I McPhee	Independent Non-executive Director
J Kouts *(resigned 31 December 2020)*	Independent Non-executive Director
C Cooper *(resigned 7 December 2020)*	Independent Non-executive Director
J Andrew *(appointed 7 December 2020)*	Independent Non-executive Director
N Longstaff *(appointed 1 January 2021)*	Independent Non-executive Director
C Hayman *(appointed 25 August 2021)*	Independent Non-executive Director

Other key management personnel

Name	Position
J Hicks	Chief Executive Officer
D Flew	Chief Financial Officer

(b) Remuneration policy and link to performance

The Group outsources all its investment management, valuation, accounting, and other administrative functions to Beston Pacific Asset Management Pty Ltd ("BPAM" or "the Investment Manager"). As such, the Group does not remunerate any key management personnel employees directly.

The remuneration and nomination committee comprises three non-executive directors. The committee recommends the director nominees for each annual general meeting and ensures that the audit, compensation and nominating and corporate governance committees of the Board have the benefit of qualified and experienced independent directors. The committee makes recommendations to the Board on remuneration packages and policies applicable to Directors and the management team.

(c) Executive contracts

(i) Management fee

The Group had a formal Investment Management Agreement (IMA) with BPAM as the Investment Manager to outsource key management activities for a fee of 1.20% (exclusive of GST) per annum of the Group's portfolio value. This fee is calculated half yearly and paid monthly with an initial term of 5 years. During the year ended 30 June 2021, BPAM was paid $1,445,347 under this arrangement (2020: $2,130,000).

On 28 May 2021, the internalisation of the IMA was approved by shareholders at the EGM. The approval resulted in a termination fee being paid to BPAM consisting of $1.13m in cash and 21,125,000 shares. The share price on 29 May was $0.092 per share, and an expense of $3,073,500 was recognised on this date. The date at which the agreement is to be settled 28 August 2021.

The Chief Executive Officer and Chief Financial Officer are employed by the Investment Manager until 28 August 2021, along with some other personnel deployed into the Company. During the financial year the remuneration of the Chief Executive Officer and the Chief Financial Officer, including superannuation entitlements and bonuses awarded, totalled $350,000 and $304,931 respectively (2020: $393,868 and $333,844 respectively). Their shareholdings at 30 June 2021 consisted of fully paid ordinary shares totalling 307,600 and 481,528 respectively (2020: 156,500 and 151,212 respectively).

Neither the Chief Executive Officer or Chief Financial Officer have a formal bonus arrangement or other entitlement to remuneration or shares in the Company in respect of the financial year.

(ii) Performance fee

On 28 May 2021, the internalisation of the IMA was approved by shareholders at the EGM. As part of this agreement, BPAM ceased to hold an entitlement to any performance fee for the period.

No expense has been recognised for the year ended 30 June 2021.

(d) Link between remuneration and performance

Statutory performance indicators

The following table shows key performance indicators for the group over the last five years:

	2021	2020	2019	2018	2017
Loss for the year attributable to owners of ($'000)	(21,821)	(11,579)	(26,975)	(12,593)	(7,749)
Basic earnings per share (cents)	(3.4)	(2.5)	(6.1)	(2.8)	(1.8)
Share price at year end (cents)	13.5	8.5	12.0	17.5	22.5
Net tangible assets per share (cents)	11.7	15.7	13.7	23.6	28.3
Dividend payments ($,000)	–	–	–	–	–

(e) Remuneration expenses for non-executive directors

The following table shows details of the remuneration expense recognised for the Group's non-executive directors for the current and previous financial year measured in accordance with the requirements of the accounting standards.

Figure 7: Non-executive remuneration

		Short-term benefits		Post-employment	Share-based payments		
Name	**Year**	**Cash salary**	**Cash bonus**	**Superannuation benefits**	**Shares**	**Share options**	**Total**
		$	**$**	**$**	**$**	**$**	**$**
R N Sexton	2021	60,000	–	5,700	–	–	65,700
	2020	60,000	–	5,700	–	–	65,700
S Gerlach	2021	40,000	–	3,800	–	–	43,800
	2020	40,000	–	3,800	–	–	43,800
P Coventry	2021	40,000	–	3,800	–	–	43,800
	2020	40,000	–	3,800	–	–	43,800
J Kouts	2021	20,000	–	1,900	–	–	21,900
	2020	40,000	–	3,800	–	–	43,800
I McPhee	2021	40,000	–	3,800	–	–	43,800
	2020	40,000	–	3,800	–	–	43,800
C Cooper	2021	17,282	–	1,642	–	–	18,924
	2020	40,000	–	3,800	–	–	43,800
J Andrew	2021	22,923	–	2,178	–	–	25,101
	2020	–	–	–			–
N Longstaff	2021	20,000	–	1,900	–	–	21,900
	2020	–	–	–			–
Total NED remuneration	2021	260,205	–	24,720	–	–	284,925
	2020	260,000	–	24,700	–	–	284,700

Directors' report

(f) Director arrangements

The Board has resolved to provide for non-executive Director's fees (per annum) of up to a maximum of $350,000 in total with effect from Listing.

In addition to earning a Director's fee, a Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any other special duties.

	Annual maximum fee
Dr Roger Sexton AM	$60,000
Mr Stephen Gerlach AM	$40,000
Ms Petrina Coventry	$40,000
Ms Joanna Andrew	$40,000
Mr Ian McPhee AO PSM	$40,000
Mr Neil Longstaff	$40,000

In addition, Directors will be entitled to statutory superannuation.

Dr Sexton and Mr Gerlach are shareholders and Directors of the Investment Manager and as such, may receive remuneration from the Investment Manager for services provided to the Investment Manager. As directors, shareholders and employees of the Investment Manager, in their respective capacities, they may benefit from the entry by the Investment Manager into the Management Agreement with the Company, through the payment of fees under the Management Agreement.

The Company believes that the Management Agreement has been entered into on arm's length terms and that the remuneration payable to the Investment Manager is reasonable.

(g) Additional statutory information

(i) Reconciliation of options, deferred shares and ordinary shares held by KMP

Share holdings

2021

Name	Balance at the start of the period	Acquired during the period	Balance at the end of the period or date ceasing to be KMP
Current KMP			
R N Sexton	19,352,726	2,519,904	21,872,630
S Gerlach	3,476,445	1,558,142	5,034,587
P Coventry	57,142	–	57,142
J Andrew	–	–	–
I McPhee	1,348,837	401,163	1,750,000
N Longstaff	–	103,704	103,704
Total	**24,235,150**	**4,582,913**	**28,818,063**
Former KMP			
C Cooper	355,000	–	355,000
J Kouts	142,857	–	142,857
Total	**497,857**	**–**	**497,857**

The above statutory reconciliation does not take into account the shares which will be issued to the Investment Manager as part of the internalisation of the Investment Management Agreement. Refer to Note 4 of the attached Financial Statements.

Directors' report

(ii) Loans to key management personnel

No loans were made to KMP or their related parties during the year.

(iii) Other transactions with key management personnel

There were no other transactions with KMP of their related parties during the year.

This is the end of the audited remuneration report.

Shares under option

(a) Unissued ordinary shares

As at the date of this report, there were no unissued ordinary shares under option.

No options were granted to the Directors or any of the key management personnel of the Company since the end of the financial year.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, Beston Global Food Company Limited paid premiums with respect to a contract to insure the Directors and secretaries of the Company and its Australian-based controlled entities, and the general managers of each of the divisions of the Group. The insurance contract prohibits disclosure of the liability's nature and the amount of the insurance premium.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(b) Indemnity of auditor

Beston Global Food Company Limited has agreed to indemnify their auditors, Ernst & Young Australia, to the extent permitted by law, against any claim by a third party arising from Beston Global Food Company Limited's breach of their agreement. The indemnity stipulates that Beston Global Food Company Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the company

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

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

Non-audit services

The following non-audit services were provided by the entity's auditor, Ernst & Young Australia. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that the auditor independence was not compromised.

Ernst & Young Australia received, or are due to receive, the following amounts for provisions of non-audit services:

	30 June 2021 $'000	30 June 2020 $'000
Taxation services		
Tax compliance services	68	57
Tax due diligence services	–	–
Total remuneration for taxation services	68	57
Total remuneration for non-audit services	**68**	**57**

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

R N Sexton
Chairman
Adelaide

Auditor's Independence Declaration

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

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Fax: +61 3 8650 7777
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Auditor's Independence Declaration to the Directors of Beston Global Food Company Limited

As lead auditor for the audit of the financial report of Beston Global Food Company Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Beston Global Food Company Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

BJ Pollock
Partner

Melbourne
27 August 2021

Financial report

for the year ended 30 June 2021

BESTON
GLOBAL FOOD COMPANY

Beston Global Food Company Limited
ABN 28 603 023 383

Annual financial report

for the year ended 30 June 2021

These financial statements are the consolidated financial statements for the Group consisting of Beston Global Food Company Limited and its subsidiaries. A list of subsidiaries is included in note 14.

The financial statements are presented in the Australian currency.

Beston Global Food Company Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Beston Global Food Company Limited
Level 9, 420 King William Street
Adelaide South Australia 5000

Its principal place of business is:

Beston Global Food Company Limited
Level 9, 420 King William Street
Adelaide South Australia 5000

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations on page 9 and in the directors report on page 25, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on the 27^{th} August 2021. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Investors' Centre on our website: **bestonglobalfoods.com.au**

Consolidated statement of comprehensive income

For the year ended 30 June 2021

	Notes	**30 June 2021 $'000**	30 June 2020 $'000
Revenue from continuing operations			
Sale of goods	2	112,420	103,028
Other revenue	2	48	142
		112,468	103,170
Other income	5(a)	826	5,121
Expenses			
Cost of sales of goods	5(b)	(110,641)	(93,872)
Other expenses from ordinary activities			
Operating overheads	5(b)	(12,218)	(13,185)
Selling and distribution	5(b)	(3,766)	(3,186)
Corporate overheads and business support	5(b)	(10,593)	(12,056)
Other expenses from ordinary activities	5(b)	(91)	-
Loss from operations		(24,015)	(14,008)
Finance income	5(c)	4	29
Finance expenses	5(c)	(690)	(1,606)
Net finance expense		(686)	(1,577)
Impairment of non-financial assets	8(a),(b)	(1,485)	(1,732)
Internalisation of IMA	4	(3,074)	-
Loss before income tax		**(29,260)**	**(17,317)**
Income tax benefit	6	7,389	5,144
Loss for the period		**(21,871)**	**(12,173)**
Item that may be reclassified to the profit or loss			
Exchange differences on translation of foreign operations	10(b)	(63)	(57)
Items that will not be reclassified to the profit or loss			
Changes in the fair value of equity instruments at FVOCI	10(b)	600	300
Other comprehensive gain for the period, net of tax		**537**	**243**
Total comprehensive loss or the period		**(21,334)**	**(11,930)**
Loss is attributable to:			
Owners of Beston Global Food Company Limited		(21,821)	(11,579)
Non-controlling interests		(50)	(594)
		(21,871)	(12,173)
Total comprehensive loss for the period is attributable to:			
Owners of Beston Global Food Company Limited		(21,284)	(11,336)
Non-controlling interests		(50)	(594)
		(21,334)	(11,930)
Loss per share attributable to the ordinary equity holders			
Basic earnings/(loss) per share	20(a)	(3.38)	(2.55)
Diluted earnings/(loss) per share	20(b)	(3.38)	(2.55)

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

Consolidated balance sheet

As at 30 June 2021

	Notes	30 June 2021 $'000	30 June 2020 $'000
Current assets			
Cash and cash equivalent	7(a)	922	10,556
Trade and other receivables	7(b)	18,752	13,286
Inventories	8(c)	18,874	12,631
Investments	14(c)	1,200	–
Assets held for sale	3	–	38,565
		39,748	**75,038**
Non current assets			
Receivables	7(b)	150	150
Right-of-use assets	7(c)	155	311
Property, plant and equipment	8(a)	55,543	41,762
Deferred tax assets	8(d)	27,506	19,453
Intangible assets	8(b)	7,081	8,634
		90,435	**70,310**
Total assets		**130,183**	**145,348**
Current liabilities			
Trade and other payables	7(d)	18,439	13,784
Borrowings	7(e)	1,529	26,221
Employee benefit obligations	8(e)	789	585
		20,757	**40,590**
Non-current liabilities			
Borrowings	7(e)	31,709	23,429
Employee benefit obligations	8(e)	110	299
Deferred tax liabilities	8(d)	1,713	1,045
		33,532	**24,773**
Total liabilities		**54,289**	**65,363**
Net assets		**75,894**	**79,985**
Contributed equity	10(a)	174,636	159,337
Other reserves	10(b)	(6,411)	(8,892)
Accumulated losses	10(c)	(91,533)	(69,712)
		76,692	**80,733**
Non-controlling interests	14(b)	(798)	(748)
Total equity		**75,894**	**79,985**

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

Consolidated statement of changes in equity

For the year ended 30 June 2021

		Attributable to the owners of Beston Global Food Company Limited					
	Notes	Share capital $'000	Other reserves $'000	Accum losses $'000	Total $'000	NCI $'000	Total equity $'000
Balance at 1 July 2019		**147,535**	**(9,135)**	**(58,133)**	**80,267**	**(154)**	**80,113**
Profit/(loss) for the period		–	–	(11,579)	(11,579)	(594)	(12,173)
Other Comprehensive Income	10(b)	–	243	–	243	–	243
Total Comprehensive income for the period		–	243	(11,579)	(11,336)	(594)	(11,930)
Issue of share capital		11,802	–	–	11,802	–	11,802
As at 30 June 2020		**159,337**	**(8,892)**	**(69,712)**	**80,733**	**(748)**	**79,985**
Balance at 1 July 2020		**159,337**	**(8,892)**	**(69,712)**	**80,733**	**(748)**	**79,985**
Profit/(loss) for the period		–	–	(21,821)	(21,821)	(50)	(21,871)
Other Comprehensive Income	10(b)	–	537	–	537	–	537
Total Comprehensive income for the period		–	537	(21,821)	(21,284)	(50)	(21,334)
Issue of share capital	10(a), (b)	15,299	1,944	–	17,243	–	17,243
As at 30 June 2021		**174,636**	**(6,411)**	**(91,533)**	**76,692**	**(798)**	**75,894**

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

Consolidated statement of cash flows

For the year ended 30 June 2021

	Notes	30 June 2021 $'000	30 June 2020 $'000
Cash flows from operating activities			
Receipts from customers		106,761	105,618
Payments to suppliers and employees		(137,414)	(117,763)
Interest received		4	29
Interest paid		(622)	(1,590)
Net cash outflows from operating activities	11(a)	**(31,271)**	**(13,706)**
Cash flows from investing activities			
Payments for PP&E	8(a)	(16,244)	(5,653)
Payments for intangibles	8(b)	(315)	(320)
Proceeds on disposal of seafood assets (net of costs)		–	(281)
Proceeds on disposal of Dairy Farms (net of costs)	3	39,004	8,315
Proceeds on disposal of livestock		280	970
Net cash inflows from investing activities		**22,725**	**3,031**
Cash flows from financing activities			
Proceeds from the issue of shares	10(a)	15,299	11,546
Proceeds from borrowings		4,105	12,256
Repayment of borrowings		(20,517)	(4,500)
Payment of lease liabilities		156	81
Loans from related parties		–	–
Cash inflows/(outflows) from financing activities		**(957)**	**19,383**
Net increase/(decrease in cash and cash equivalents		**(9,503)**	**8,708**
Cash and cash equivalents at the beginning of the period		10,556	1,920
Net foreign exchange differences		(131)	(72)
Cash and cash equivalents at the end of period	7(a)	**922**	**10,556**

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

Contents of the notes to the consolidated financial statements

1 Segment results

(a) Description of segments

The Group's executive management committee, consisting of the Chief Executive Officer and the Chief Financial Officer, examines the Group's performance both from a product and geographic perspective and has identified four reportable segments of its business:

- The Australian Dairy segment which owns production plants and uses milk to produce cheese and other dairy products.
- The Australian Meat segment is focused on production of high quality and innovative meat and related products for expanding domestic and export markets.
- The Australian Other segment includes other Australian domiciled businesses developing technological software for tracking the provenance and authenticity of goods, as well as the production of spring water and related products.
- The International Other segment includes foreign entities providing sales support and customer support for customers of the consolidated entity.
- The Corporate segment provides business support to the operating segments.

(b) Segment results

The segment information for the year ended 30 June 2021 and the year ended 30 June 2020 provided to the executive management committee for the reportable segments, including segment assets and liabilities, are as follows:

2021	Australian Dairy $'000	Australian Meat $'000	Australian Other $'000	International Other $'000	Corporate $'000	Total $'000
Revenue						
Contracts with domestic customers	81,551	10,080	131	–	–	91,762
Contracts with international customers	20,658	–	–	–	–	20,658
Other revenue	37	–	11	–	–	48
Other income	226	–	–	–	600	826
Finance income	–	–	–	–	4	4
Total revenue	**102,472**	**10,080**	**142**	**–**	**604**	**113,298**
Expenses						
Cost of Sales	(101,294)	(9,246)	(101)	–	–	(110,641)
Other operating costs	(10,107)	(1,717)	(394)	–	–	(12,218)
Selling and distribution	(3,664)	(78)	(24)	–	–	(3,766)
Business support	(3,765)	(1,030)	(41)	(228)	(5,529)	(10,593)
Loss on disposal	(91)	–	–	–	–	(91)
Finance costs	–	–	–	–	(690)	(690)
Impairment expense	–	(1,485)	–	–	–	(1,485)
Internalisation of IMA	–	–	–	–	(3,074)	(3,074)
Corporate allocation	(6,413)	(641)	(20)	(6)	7,080	–
Total expenses	**(125,334)**	**(14,197)**	**(580)**	**(234)**	**(2,213)**	**(142,558)**
Operating result before tax	**(22,862)**	**(4,117)**	**(438)**	**(234)**	**(1,609)**	**(29,260)**
Attributable to owners of Beston	(22,862)	(4,117)	(438)	(234)	(1,609)	(29,260)
Attributable to NCI	–	–	(50)	–	–	(50)
Total segment assets; including	78,993	12,472	1,831	261	36,626	130,183
Capital expenditure	15,100	905	138	–	101	16,244
Total segment liabilities	(42,493)	(4,741)	(456)	59	(6,658)	(54,289)

(b) Segment results (continued)

2020	Australian Dairy $'000	Australian Meat $'000	Australian Other $'000	International Other $'000	Corporate $'000	Total $'000
Revenue						
Contracts with domestic customers	64,318	12,379	106	–	–	76,803
Contracts with international customers	26,117	–	–	108	–	26,225
Other revenue	47	–	12	–	83	142
Other income	1,723	66	2,571	302	459	5,121
Finance income	4	–	–	–	25	29
Total revenue	**92,209**	**12,445**	**2,689**	**410**	**567**	**108,320**
Expenses						
Cost of Sales	(80,975)	(12,526)	(52)	(319)	–	(93,872)
Other operating costs	(9,838)	(2,667)	(669)	(11)	–	(13,185)
Selling and distribution	(3,021)	(139)	(26)	–	–	(3,186)
Business support	(4,149)	(1,179)	(149)	(337)	(6,242)	(12,056)
Finance costs	–	–	–	–	(1,606)	(1,606)
Impairment expense	–	–	(1,732)	–	–	(1,732)
Share of profit/(loss) from associates	–	–	–	–	–	–
Corporate allocation	(3,062)	(464)	(86)	(17)	3,629	–
Total expenses	**(101,045)**	**(16,975)**	**(2,714)**	**(684)**	**(4,219)**	**(125,637)**
Operating result before tax	**(8,836)**	**(4,530)**	**(25)**	**(274)**	**(3,652)**	**(17,317)**
Attributable to owners of Beston	(8,836)	(4,530)	568	(274)	(3,652)	(16,724)
Attributable to NCI	–	–	(594)	–	–	(594)
Total segment assets; including	93,306	12,374	1,830	(89)	37,927	145,348
Capital expenditure	4,796	1,100	83	–	9	5,988
Total segment liabilities	(52,837)	(5,596)	(520)	50	(6,458)	(65,361)

2 Revenue

The Group derives the following types of revenue:

	30 June 2021 $'000	30 June 2020 $'000
Contracts with customers	112,420	103,028
Leasing income	48	142
Total revenue	**112,468**	**103,170**

(a) Recognising revenue from major business activities

Revenue is recognised for the major business activities using the methods outlined below.

(i) Sale of goods

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue from the sale of dairy and meat products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods to the customer's location.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. rebates, case deals).

(b) Disaggregation of revenue from contracts with customers

The Group derives revenue from the sale of goods in the following major geographical regions:

Sale of goods	30 June $'000 Dairy	30 June $'000 Meat	30 June $'000 Other	30 June $'000 Total
2021				
Australia	81,551	10,080	131	**91,762**
Asia	17,127	–	–	**17,127**
Europe	1,637	–	–	**1,637**
North America	1,894	–	–	**1,894**
Total	**102,209**	**10,080**	**131**	**112,420**
2020				
Australia	64,318	12,379	106	**76,803**
Asia	24,065	–	108	**24,173**
Europe	1,291	–	–	**1,291**
North America	761	–	–	**761**
Total	**90,435**	**12,379**	**214**	**103,028**

3 Disposal of Dairy Farms

On 31 August 2020, Beston Farms Pty Ltd sold its farming assets, including the farms, related property, plant and equipment, and biological assets which had been reclassified as Assets held for sale as at 30 June 2020. In addition to these assets, the sale inventory consisting of mainly stock feed was finalised on 31 August 2020.

	Notes	31 August 2020 $'000
Cash Received		40,128
Less: disposal related costs		(1,124)
Total disposal consideration		**39,004**
Less: Assets held for sale disposed		
Property, plant and equipment		(28,318)
Biological assets		(5,658)
Intangible assets		(4,589)
		(38,565)
Less: Other assets disposed		
Inventory		(675)
Add: Liabilities disposed		
Payroll liabilities		132
Loss on disposal of assets		**(104)**

4 Internalisation of Investment Management Agreement

The Group had a formal Investment Management Agreement (IMA) with BPAM as the Investment Manager to outsource key management activities for a fee of 1.20% (exclusive of GST) per annum of the Group's portfolio value. This fee is calculated half yearly and paid monthly with an initial term of 5 years. During the year ended 30 June 2021, BPAM was paid $1,445,347 under this arrangement (2020: $2,130,000).

On 28 May 2021, the internalisation of the IMA was approved by shareholders at the EGM. The approval resulted in a termination fee being paid to BPAM consisting of $1.13m in cash and 21,125,000 shares. The share price on 29 May was $0.092 per share. The date at which the agreement is to be settled 28 August 2021.

The total expenditure recognised in the period relating to the internalisation of the management agreement is:

	Notes	28 May 2021 $'000
Total cash consideration		**1,130**
Share-based consideration		
Number of shares		21,125,000
Share price on date of shareholder approval		$0.092
Value of share-based consideration	10(b)	1,944
Total share-based consideration		**1,944**
Total expense relating to IMA	5(b)	**3,074**

5 Other income and expense items

	Notes	30 June 2021 $'000	30 June 2020 $'000
(a) Other income			
Net gain on disposal of assets		–	2,445
Reversal of prior year impairment of financial assets	14(c)	600	–
Fair value adjustments to biological assets		–	1,282
Other items		33	1,074
Government grants		193	320
		826	**5,121**
(b) Break down of expenses by nature			
Changes in inventories of finished goods and work in progress		(10,267)	(10,216)
Raw materials and consumables used		104,068	90,968
Employee benefits expense		15,542	14,209
Depreciation and amortisation	8(a),(b), 7(c)	3,001	2,994
Impairment of financial assets		–	–
Impairment of non-financial assets	8(a),(b), 9	1,485	1,732
Internalisation of Management Agreement	4	3,074	–
Management fee		1,445	2,306
Other expenses		3,724	4,112
Net loss on disposal of assets		91	–
Consultancy expenses		1,980	2,093
Short term & low value lease expense		467	669
Rates and taxes		3,686	3,390
Repairs and maintenance		2,219	2,875
Insurance expenses		2,578	2,246
Logistics and marketing expenses		8,775	6,653
		141,868	**124,031**
(c) Finance income and costs			
Interest income		4	29
Net exchange gains		–	–
Finance income		4	29
Finance charges paid for financial liabilities		(622)	(1,590)
Net exchange losses	11(a)	(68)	(16)
Finance costs		(690)	(1,606)
Net finance costs		**(686)**	**(1,577)**

6 Income tax benefit

(a) Income tax benefit

	Notes	30 June 2021 $'000	30 June 2020 $'000
Current tax			
Current tax		–	–
Total current tax expense		**–**	**–**
Deferred income tax			
Increase in deferred tax assets	8(d)	(8,053)	(3,651)
Increase/(decrease) in deferred tax liabilities	8(d)	668	(1,740)
Other adjustment		(4)	247
Total deferred tax benefit		**(7,389)**	**(5,144)**
Income tax benefit		**(7,389)**	**(5,144)**

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	30 June 2021 $'000	30 June 2020 $'000
Loss from continuing operations before income tax	(29,260)	(17,317)
Tax at the Australian tax rate of 30.0% (2020 – 30.0%)	(8,778)	(5,195)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
IMA Internalisation expense	922	–
Impairment of Provincial Food Group goodwill	446	–
Entertainment	5	6
Reversal of NBI asset impairment	(180)	–
Derecognition of foreign tax losses	211	–
Derecognition of DTA	–	257
Sundry items	(15)	(212)
Income tax benefit	**(7,389)**	**(5,144)**

(c) Tax losses

	30 June 2021 $'000	30 June 2020 $'000
Unused tax losses for which no deferred tax asset has been recognised	20,067	18,894
Potential tax benefit @ 30.0%	**6,020**	**5,668**

The Directors have not recognised a deferred tax asset in relation to the tax losses on the basis that the entity is still in its establishment phase. See note 8(d) for information about recognised tax losses and significant judgements made in relation to them.

7 Financial assets and financial liabilities

(a) Cash and cash equivalents

	30 June 2021 $'000	30 June 2020 $'000
Cash at bank and in hand	922	10,556

(b) Trade and other receivables

	30 June 2021			30 June 2020		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Trade receivables	14,184	–	14,184	10,636	–	10,636
Provision for impairment	(254)	–	(254)	(254)	–	(254)
	13,930	**–**	**13,930**	**10,382**	**–**	**10,382**
Other receivables	1,095	150	1,245	699	150	849
Prepayments	2,021	–	2,021	1,365	–	1,365
Goods and services tax (GST) receivable	1,706	–	1,706	840	–	840
	18,752	**150**	**18,902**	**13,286**	**150**	**13,436**

(i) Trade and other receivables

If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 90 days and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in notes 22(n)(iii) and 22(l) respectively. This category generally applies to trade and other receivables.

(ii) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For non-current receivables, the fair values are also not significantly different to their carrying amounts.

(iii) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 12.

(c) Leases

Group as a Lessee

The group entered into a lease contract for the property used for its head office on 30 June 2020. The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Property $'000	Total $'000
As at 1 July 2019		
Additions	311	311
Depreciation Expense	–	–
As at 30 June 2020	**311**	**311**
As at 1 July 2020	311	311
Additions	–	–
Depreciation Expense	156	156
As at 30 June 2021	**155**	**155**

The following are the amounts recognised in the profit and loss:

	30 June 2021 $'000	30 June 2020 $'000
Depreciation of right-of-use assets	156	–
Interest expense on lease liabilities	–	–
Short term lease expense (Corporate overheads and business support)	–	238
Low-value-asset lease expense (Corporate overheads and business support)	–	4
	156	**242**

(d) Trade and other payables

	30 June 2021 $'000	30 June 2020 $'000
Current liabilities		
Trade payables	15,035	11,204
Goods and service tax (GST) payable	585	–
Accrued expenses	831	1,157
Deferred grant income	–	193
Payroll liabilities	588	773
Other creditors	1,400	457
	18,439	**13,784**

Trade payables are unsecured and are usually paid within 30 days of recognition.

(i) Fair value of trade and other payables

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

(e) Borrowings

	Interest rate %	Maturity	30 June 2021 $'000	30 June 2020 $'000
Current interest–bearing loans and borrowings				
Lease liabilities	9.23%	August 2022	245	278
Equipment finance	2.46%	June 2024	436	167
Equipment finance	3.00%	February 2024	321	365
Equipment finance	3.02%	February 2024	–	447
Equipment finance	3.56%	December 2025	95	–
Insurance Loan	2.39%	July 2021	14	237
Secured lending	BBSY + 2.50%	November 2023	418	3,416
Secured lending	BBSY + 2.05%	November 2023	–	2,333
Secured lending	BBSY + 2.00%	September 2020	–	14,978
Working capital facility	BBSY + 2.05%	November 2023	–	4,000
Total current interest–bearing loans and borrowings			**1,529**	**26,221**
Non–current interest–bearing loans and borrowings				
Lease liabilities	9.23%	August 2022	41	293
Equipment finance	3.56%	December 2025	4,136	419
Secured lending	BBSY + 2.50%	November 2023	2,579	–
Secured lending	BBSY + 2.05%	November 2023	1,953	–
Working capital facility	BBSY + 2.05%	November 2023	23,000	22,717
Total non–current interest–bearing loans and borrowings			**31,709**	**23,429**
Total interest–bearing loans and borrowings			**33,238**	**49,650**

Subsequent to the year end, on the 4th August 2021, the Group completed an annual review of its debt facilities with the Group's lenders. These revised facilities increased the equipment finance facilities by $6 million, and increased other short and long term facilities by $14 million.

8 Non–financial assets and liabilities

(a) Property, plant and equipment

	Land $'000	Buildings $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
At 1 July 2019						
Cost or fair value	27,999	5,603	36,613	355	530	71,100
Accumulated depreciation	–	(737)	(1,925)	(170)	(100)	(2,932)
Net book amount	**27,999**	**4,866**	**34,688**	**185**	**430**	**68,168**
Year ended 30 June 2020						
Opening net book amount	27,999	4,866	34,688	185	430	68,168
Additions	–	1,663	3,449	51	490	5,653
Disposals	(292)	(192)	(113)	(40)	–	(637)
Assets classified as held for sale and other disposals	(17,354)	(6,019)	(4,687)	(5)	(252)	(28,317)
Impairment charge	–	–	(813)	(23)	–	(836)
Depreciation charge	–	(241)	(1,877)	(51)	(101)	(2,270)
Closing net book amount	**10,353**	**77**	**30,647**	**117**	**567**	**41,761**
At 30 June 2020						
Cost or fair value	10,353	83	35,080	374	677	46,567
Accumulated depreciation	–	(6)	(4,433)	(257)	(110)	(4,806)
Net book amount	**10,353**	**77**	**30,647**	**117**	**567**	**41,761**
At 1 July 2020						
Cost or fair value	10,353	83	35,080	374	677	46,567
Accumulated depreciation	–	(6)	(4,433)	(257)	(110)	(4,806)
Net book amount	**10,353**	**77**	**30,647**	**117**	**567**	**41,761**
Year ended 30 June 2021						
Opening net book amount	10,353	77	30,647	117	567	41,761
Additions	–	37	15,901	259	47	16,244
Depreciation charge	–	(7)	(2,318)	(49)	(88)	(2,462)
Closing net book amount	**10,353**	**107**	**44,230**	**327**	**526**	**55,543**
At 30 June 2021						
Cost or fair value	10,353	120	50,981	633	724	62,811
Accumulated depreciation	–	(13)	(6,751)	(306)	(198)	(7,268)
Net book amount	**10,353**	**107**	**44,230**	**327**	**526**	**55,543**

Property, plant and equipment is stated at historical cost less depreciation and impairment. Land is carried at cost.

Depreciation is calculated using the straight–line method to allocate their cost amount, net of their residual values, over their estimated useful lives:

- Buildings 20 – 50 years
- Plant and equipment 5 – 40 years
- Furniture, fittings and equipment 3 – 10 years
- Motor vehicles 7 – 15 years

See note 22(q) for the other accounting policies relevant to property, plant and equipment.

	Goodwill $'000	Internally generated software* $'000	Customer contracts $'000	Lobster quota's $'000	Water licenses $'000	Total $'000
At 1 July 2019						
Cost or fair value	8,159	2,142	1,496	4,949	4,039	20,785
Accumulated amortisation	–	(559)	(789)	–	–	(1,348)
Net book amount	**8,159**	**1,583**	**707**	**4,949**	**4,039**	**19,437**
Year ended 30 June 2020						
Opening net book amount	8,159	1,583	707	4,949	4,039	19,437
Additions	–	58	262	–	–	320
Disposals	–	–	–	(4,949)	–	(4,949)
Assets classified as held for sale and other disposals	(755)	–	–	–	(3,834)	(4,589)
Impairment charge	–	(896)	–	–	–	(896)
Amortisation charge	–	(246)	(443)	–	–	(689)
Closing net book amount	**7,404**	**499**	**526**	**–**	**205**	**8,634**
At 30 June 2020						
Cost or fair value	7,404	1,304	1,758	–	205	10,671
Accumulated amortisation	–	(805)	(1,232)	–	–	(2,037)
Net book amount	**7,404**	**499**	**526**	**–**	**205**	**8,634**
At 1 July 2020						
Cost or fair value	7,404	1,304	1,758	–	205	10,671
Accumulated amortisation	–	(805)	(1,232)	–	–	(2,037)
Net book amount	**7,404**	**499**	**526**	**–**	**205**	**8,634**
Year ended 30 June 2021						
Opening net book amount	7,404	499	526	–	205	8,634
Additions	–	315	–	–	–	315
Disposals	–	–	–	–	–	–
Impairment charge	(1,485)	–	–	–	–	(1,485)
Amortisation charge	–	(167)	(216)	–	–	(383)
Closing net book amount	**5,919**	**647**	**310**	**–**	**205**	**7,081**
At 30 June 2021						
Cost or fair value	5,919	1,619	1,758	–	205	9,501
Accumulated amortisation	–	(972)	(1,448)	–	–	(2,420)
Net book amount	**5,919**	**647**	**310**	**–**	**205**	**7,081**

(b) Intangible assets

** Software includes capitalised development costs being an internally generated intangible asset.*

(i) Amortisation methods and useful lives

The Group amortises IT development and software from the date of first use, using the straight–line method over 3–5 years.

The Group has the right to use water over an indefinite period and therefore the water licences are considered to have an indefinite useful life.

Customer contracts were acquired as part of the AQUAessence Pty Ltd and Australian Provincial Cheese Pty Ltd business combinations. They are recognised at their fair value at the date of acquisition and are amortised on a straight–line based on the timing of the projected cash flows of the contracts over their estimated useful lives.

(ii) Impairment tests for goodwill and other indefinite life intangibles

Goodwill and other indefinite life intangibles have been tested for impairment. Based on valuations undertaken of the Dairy CGU to which the goodwill relates, goodwill relating to the meat segment was impaired by $1.485 million. Refer to note 9 for further discussion relating to impairment assessments.

8 Non-financial assets and liabilities (continued)

(c) Inventories

	30 June 2021 $'000	30 June 2020 $'000
Current assets		
Raw material and stores	3,284	3,004
Finished goods	15,590	9,627
	18,874	**12,631**

(i) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs. See note 22(m) for the Group's other accounting policies for inventories.

(ii) Amounts recognised in profit or loss

Inventories recognised as expense during the year ended 30 June 2021 amounted to $93,801,343 (2020 - $80,751,412). There were write-downs of inventories during the year of $1,010,460 (2020 - $354,365).

(d) Deferred tax balances

(i) Deferred tax assets

	30 June 2021 $'000	30 June 2020 $'000
The balance comprises temporary differences attributable to:		
Tax losses and offsets	26,854	18,057
Employee benefits	267	262
Accruals	46	72
Tax only assets	254	260
Intangibles	237	519
Other	(152)	283
Total deferred tax assets	**27,506**	**19,453**

Significant estimates

As at 30 June 2021, the Group has deferred tax assets totalling $27.5m, mostly comprising of carried forward tax losses. The Group's detailed financial model, referred to in Note 22(a)(vi), indicates that it is probable that the Group will generate sufficient future taxable profit against which the tax losses can be utilised within a 5-year period. The losses can be carried forward indefinitely and have no expiry date.

(ii) Deferred tax liabilities

	30 June 2021 $'000	30 June 2020 $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	1,677	995
Intangible assets	–	–
Other	36	50
	1,713	**1,045**

(iii) Tax consolidation

Members of the tax consolidated group and tax sharing agreement

Beston Global Food Company Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 11 February 2015. Beston Global Food Company Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the stand-alone taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. These tax amounts are measured as if each entity in the tax consolidated group continues to be a separate taxable entity in its own right. The nature of the tax funding agreement is discussed further below.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement, the wholly-owned entities fully compensate Beston Global Food Company Limited for any current tax payable assumed and are compensated for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits transferred to Beston Global Food Company Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount charged under the tax funding agreement and the allocation under AASB Interpretation 1052, the head entity accounts for these as equity transactions with the subsidiaries.

The amount receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year.

The head entity may also require payment of interim funding amounts to assist with its obligation to pay tax instalments.

(e) Employee benefit obligations

	30 June 2021			30 June 2020		
	Current	Non-current	Total	Current	Non-current	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Leave obligations (i)	789	110	899	585	299	884

(i) Leave obligations

The leave obligations cover the Group's liability for long service leave and annual leave.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of $789,770 (2020 - $585,885) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	30 June 2021 $'000	30 June 2020 $'000
Current leave obligations expected to be settled after 12 months	195	192

9 Impairment

(a) Management analysis

The Group performed its annual impairment test in June 2020 and 2021. The Group considered the relationship between its market capitalisation and book value, among other factors, when reviewing for indicators of impairment. At 30 June 2021, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of assets.

Goodwill which has been acquired through business combinations, and intangible assets with indefinite lives such as water licenses, are related to the Australian Dairy and Australian Meat operating and report segments, which are CGUs for the purposes of impairment testing. These assets have been tested for potential impairment using assumptions relevant for each of the CGU's. Conservative estimates have been applied to ensure each of the CGUs are robust in their assessment of future cash flows.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its CGUs, and is derived from the Group's weighted average cost of capital (WACC).

The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. CGU-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Rates are based on published industry research. Management have intentionally used conservative growth rate estimates when extrapolating cash flows beyond the forecast period. Growth rate estimates of 2.5% were used across all CGUs.

(i) Australian Dairy CGU

The recoverable amount of the Australian Dairy CGU, $129.0 million as at 30 June 2021, has been determined based on a fair value less cost to sell calculation using cash flow projections from financial budgets and forecasts covering a five year period, with input from an independent valuation specialist, and approved by senior management. The impacts of COVID-19 on future cash flows was considered when determining inputs for the fair value less cost to sell calculations. The carrying value of goodwill allocated to the Australian Dairy CGU is $1,092,067, and the carrying value of indefinite life intangible assets allocated to the Australian Dairy CGU is $79,662.

Key drivers which impact the recoverable amount of the Australian Dairy CGU are detailed below in 9(b).

Management have determined that a reasonable possible change in the key assumptions of the fair value less costs of disposal calculation would not cause the carrying amount to exceed the recoverable amount of the Dairy CGU. As a result of this analysis management did not identify impairment for this CGU.

(ii) Australian Meat CGU

The recoverable amount of the Australian Meat CGU, $10.4 million as at 30 June 2021, has been determined based on a fair value less cost to sell calculation using cash flow projections from financial budgets and forecasts covering a five year period, with input from an independent valuation specialist, and approved by senior management. The impacts of COVID-19 on future cash flows was considered when determining inputs for the fair value less cost to sell calculations. The carrying value of goodwill allocated to the Australian Meat CGU is $4,828,242, and the carrying value of indefinite life intangible assets allocated to the Australian Meat CGU is $nil.

Key drivers which impact the recoverable amount of the Australian Meat CGU are detailed below in 9(c).

Management have determined that a reasonable possible change in the key assumptions of the fair value less cost of disposal calculation would cause the carrying amount to exceed the recoverable amount of the Australian Meat CGU. As a result of this analysis management have identified a $1.49 million impairment in Goodwill for this CGU.

9 Impairment (continued)

(b) Key assumptions – Dairy

The calculation of fair value of the Dairy operating GCU is most sensitive to the following assumptions:

- Discount rates;
- The price of milk paid to farmers and other suppliers;
- The volume of milk obtained from farmers and other suppliers;
- The yields achieved through the production process; and
- Gross margin.

Each of the sensitivities below assumes that a specific assumption moves in isolation, while all other assumptions are held constant. A change in one of the aforementioned assumptions could be accompanied by a change in another assumption, which may increase or decrease the net impact.

(i) Discount rates

The pre-tax discount rate applied to the cash flow projections is 13.4% and the cash flows beyond the five-year period are extrapolated using a 2.5% growth rate that is the same as the long-term average growth rate.

An increase of the pre-tax discount rate to 14.9% (i.e. +1.5%) in the Dairy CGU would result in a decrease in the recoverable amount of $24.4 million. This decrease would not result in impairment.

(ii) Milk supply prices

An increase of the milk supply prices by 5.0% in the Dairy CGU would result in a decrease in the recoverable amount of $80.4m million. This decrease would not result in impairment.

(iii) Milk supply volume

A decrease of the milk supply volumes by 5.0% in the Dairy CGU would result in a decrease in the recoverable amount of $58.9 million. This decrease would not result in impairment.

(iv) Production yields

A decrease of the production yields by 2.5% in the Dairy CGU would result in a decrease in the recoverable amount of $14.2 million. This decrease would not result in impairment.

(v) Gross margin

A decrease in the gross margin by 2.5% in the Dairy CGU would not result in impairment.

(c) Key assumptions - Australian Meat

The calculation of fair value of the Australian Meat GCU is most sensitive to the following assumptions:

- Discount rates;
- Real sales growth; and
- Gross margin.

Each of the sensitivities below assumes that a specific assumption moves in isolation, while all other assumptions are held constant. A change in one of the aforementioned assumptions could be accompanied by a change in another assumption, which may increase or decrease the net impact.

(i) Discount rates

The pre-tax discount rate applied to the cash flow projections is 13.4% and the cash flows beyond the five-year period are extrapolated using a 2.5% growth rate that is the same as the long-term average growth rate. It was concluded that the fair value less costs of disposal did exceed the value in use, and an impairment of the Meat CGU goodwill balance was recognised per 9(a)(ii).

An increase of the pre-tax discount rate to 14.9% (i.e. +1.5%) in the Australian Meat CGU would result in a decrease in the recoverable amount of $1.6 million. This decrease would result in a further impairment of $1.6 million.

(ii) Gross margin

A decrease of the gross margin by 2.5% in the Australian Meat CGU would result in a decrease in the recoverable amount of $3.7 million. This decrease would result in a further impairment of $3.7 million.

(iii) Real sales growth

A decrease in the real growth rate achieved by 2.5% in the Australian Meat CGU would result in a decrease in the recoverable amount of $2.8 million. This decrease would result in a further impairment of $2.8 million.

10 Equity

(a) Contributed equity

	30 June 2021 Shares	30 June 2020 Shares	30 June 2021 $'000	30 June 2020 $'000
Ordinary shares - fully paid	842,674,408	588,842,084	174,636	159,337

(i) Movements in ordinary share capital

	Number of shares	$'000
Balance 30 June 2020	**588,842,084**	**159,336,738**
Opening balance 1 July 2020	588,842,084	159,336,738
Placement of shares	13,671,990	1,162,120
Placement of shares	103,169,567	6,706,022
Placement of shares	136,990,767	8,904,400
Capitalised transaction costs	–	(1,473,528)
Balance 30 June 2021	**842,674,408**	**174,635,752**

(ii) Ordinary shares

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

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(b) Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

(b) Other reserves

	Notes	30 June 2021 $'000	30 June 2020 $'000
Financial assets at FVOCI		(7,793)	(8,393)
Unallocated shares			–
Share based payments		1,944	–
Foreign currency translation		(562)	(499)
		(6,411)	**(8,892)**
Financial assets at FVOCI			
Opening balance		(8,393)	(8,693)
Revaluation – gross	14(c)	600	–
Disposal of financial assets		–	300
Balance 30 June		**(7,793)**	**(8,393)**
Share–based payment reserve			
Opening balance		–	–
Internalisation of IMA	4	1,944	–
Balance 30 June		**1,944**	**–**
Foreign currency translation			
Opening balance		(499)	(442)
Currency translation differences arising during the year		(63)	(57)
Balance 30 June		**(562)**	**(499)**

(i) Nature and purpose of other reserves

Financial assets at FVOCI

The financial assets at FVOCI reserve is used to revalue financial assets (equity instruments, as per elected upon adoption of AASB 9 Financial Instruments) through other comprehensive income. Gains and losses on these financial assets are never recycled to the profit and loss.

Share-based payment reserve

The share-based payment reserve is used to recognise shares required to be issued on August 28 for the purpose of internalising the Investment Management Agreement with BPAM. This represents the fair value of the shares at the date that the internalisation received shareholder approval, being May 28th 2021.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 22(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(c) Accumulated losses

Movements in accumulated losses were as follows:

	30 June 2021 $'000	30 June 2020 $'000
Opening balance	(69,712)	(58,133)
Net loss for the period attributable to equity holders of the parent	(21,821)	(11,579)
Balance 30 June	**(91,533)**	**(69,712)**

11 Cash flow information

(a) Reconciliation of loss after income tax to net cash outflow from operating activities

	Notes	30 June 2021 $'000	30 June 2020 $'000
Profit/(loss) after tax		**(21,871)**	**(12,173)**
Non-cash adjustments:			
Depreciation & amortisation expense	5(b)	3,001	2,994
Reversal of impairment of financial asset	14(c)	(600)	–
Impairment of non-financial assets	9	1,485	1,732
Internalisation of IMA	4	3,074	–
Bad debts written off		27	406
Fair value adjustment to biological assets		–	(1,282)
Foreign exchange loss		68	16
Inventory write-off	8(c)	1,010	354
Adjustment to lease liability		–	260
Grant income		(193)	(320)
Non-operating activities:			
(Gain)/loss on disposal of fixed assets		91	(2,445)
Loss on disposal of livestock		54	241
Change in:			
(Increase)/decrease in trade and other receivables		(5,493)	1,897
(Increase)/decrease in inventories		(8,262)	1,207
Increase in deferred tax assets		(8,053)	(3,651)
Increase/(decrease) in trade payables		3,761	(1,780)
Increase/(decrease) in deferred tax liabilities		668	(1,741)
Increase/(decrease) in other provisions		(38)	579
Net cash outflow from operating activities		**(31,271)**	**(13,706)**

12 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context. Senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Foreign exchange contracts are utilised as a short-term tool to mitigate some foreign exchange risk. These open contracts as at 30 June 2021 are immaterial in nature.

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	30 June 2021			30 June 2020		
	USD	CNY	THB	USD	CNY	THB
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables	363	181	–	247	209	–
Trade payables	–	(1)	(1)	–	(1)	(3)

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign exchange related amounts were recognised in profit or loss:

	30 June 2021 $'000	30 June 2020 $'000
Amounts recognised in profit or loss		
Net foreign exchange gain/(loss) included in other income/other expenses	(68)	(16)
Total net foreign exchange gains/(losses) recognised in profit before income tax for the period	**(68)**	**(16)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates is summarised below. Given the foreign currency balances included in the consolidated balance sheet at balance date, if the Australian dollar at that date strengthened by 10% with all other variables held constant, then the impact on post tax profit/(loss) arising on the balance sheet exposure would be as follows:

	Impact on post-tax profit	
	30 June 2021	30 June 2020
Index	$'000	$'000
THB/AUD exchange rate - increase 10%	–	–
THB/AUD exchange rate - decrease 10%	–	–
CNY/AUD exchange rate - increase 10%	(16)	(16)
CNY/AUD exchange rate - decrease 10%	20	20
USD/AUD exchange rate - increase 10%	(33)	(22)
USD/AUD exchange rate - decrease 10%	40	27

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's external debt facilities and cash at bank held at variable rates.

	30 June 2021 $'000	30 June 2020 $'000
Cash and cash equivalents	922	10,556
Borrowings (excluding fixed rate)	(27,965)	(47,681)
	(27,043)	**(37,125)**

Sensitivity

The following sensitivity analysis is based on the interest rate risk exposures in existence at balance date. At 30 June 2021, if interest rates had moved as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been impacted as follows:

	30 June 2021 $'000	30 June 2020 $'000
Interest rates – increase by 50 basis points	(161)	(195)
Interest rates – decrease by 50 basis points	161	195

(iii) Price risk

Exposure

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of milk and manufacture of cheddar and other cheese products, and therefore require a continuous supply of milk. The Group manages commodity risk by where possible entering into longer term relationships with key suppliers that create more certainty around key commodity prices.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets (refer note 7(b)).

(i) Risk management

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Management have regular reporting and assessment of key customers credit risk in order to manage this.

(ii) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

An impairment analysis is performed at each reporting date based on the expected credit loss. The provision amounts are based on the expected recoverability risk for past due debtors. The provision reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses. See note 22(n)(iii) for information about how impairment losses are calculated.

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	30 June 2021 $'000	30 June 2020 $'000
At 1 July	254	257
Provision for impairment recognised during the year	27	406
Receivables written off during the year as uncollectible	(27)	(409)
At 30 June	**254**	**254**

(iii) Past due but not impaired

As at 30 June 2021, trade receivables of $3,477,407 (2020 - $2,490,417) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

	30 June 2021 $'000	30 June 2020 $'000
Up to 3 months	3,043	2,255
3 to 6 months	430	204
6 to 9 months	4	31
At 30 June	**3,477**	**2,490**

(c) Liquidity risk

The Group monitors its risk to a shortage of funds using a liquidity planning tool. The Group's objective is to maintain a sufficient cash surplus in order to pay its debts as and when they fall due.

All financial liabilities of the Group are non-derivatives and have contractual maturities of up to 4 years.

12 Financial risk management (continued)

(c) Liquidity risk (continued)

(i) Maturities of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

At 30 June 2021	On demand $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Non–derivatives						
Trade and other payables	17,510	929	(1)	–	–	**18,438**
Borrowings		14	418	27,532		**27,964**
Lease liabilities			1,097	4,177		**5,274**
Total non–derivatives	17,510	943	1,514	31,709	–	**51,676**
At 30 June 2020						
Non–derivatives						
Trade and other payables	3,636	10,042	106	–	–	**13,784**
Borrowings	–	–	3,653	38,426	–	**42,079**
Lease liabilities	–	70	209	298	–	**577**
Total non–derivatives	3,636	10,112	3,968	38,724	–	**56,440**

13 Capital management

(a) Risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.

In order to maintain the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

(b) Dividends

There were no dividends provided for during the year ended 30 June 2021 (2020: $nil).

14 Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation and operation	Ownership interest held by the Group		Ownership interest held by NCI		Principal activities
		2021 %	2020 %	2021 %	2020 %	
Beston Global Food Company Limited	Australia	100.0	100.0	–	–	Food services
Beston Farms Pty Ltd	Australia	100.0	100.0	–	–	Dairy farming
Beston Dairies Pty Ltd	Australia	100.0	100.0	–	–	Dairy production
Beston Pure Foods (Australia) Pty Ltd	Australia	100.0	100.0	–	–	Sales and distribution
Beston Global Food (Thailand) Company Limited	Thailand	98.0	98.0	2.0	2.0	Sales and distribution
Beston Global Food Company (Hong Kong) Limited	Hong Kong	100.0	100.0	–	–	Sales and distribution
Beston Food (Shanghai) Co. Limited	China	100.0	100.0	–	–	Sales and distribution
Beston Technologies Pty Ltd	Australia	100.0	100.0	–	–	Technology developer
AQUAessence Pty Ltd	Australia	51.0	51.0	49.0	49.0	Water products
Provincial Food Group Pty Ltd	Australia	100.0	100.0	–	–	Protein processing

(b) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	30 June 2021 $'000	30 June 2020 $'000
Interest in:		
Share capital	(798)	(748)
AQUAessence Pty Ltd - Summarised balance sheet		
Current assets	139	152
Current liabilities	454	468
Current net assets	**(315)**	**(316)**
Non-current assets	1,230	1,336
Non-current liabilities	454	4
Non-current net assets	**776**	**1,332**
Net assets	461	1,016
Accumulated NCI	204	154
AQUAessence Pty Ltd - Summarised statement of comprehensive income		
Revenue	138	118
Profit/(loss) for the period	(103)	(1,212)
Total comprehensive income	**(103)**	**(1,212)**
Profit/(loss) allocated to NCI	(50)	(594)
AQUAessence Pty Ltd - Summarised statement of cash flows		
Cash flows from operating activities	163	50
Cash flows from investing activities	–	–
Cash flows from financing activities	(167)	14
Net increases/(decreases) in cash and cash equivalent	(4)	64

(c) Investments

Name of entity	Country of incorporation and operation	% of ownership interest 2021 %	% of ownership interest 2020 %	Measurement method	Carrying amount 2021 $'000	Carrying amount 2020 $'000
Neptune Bio-Innovations Pty Ltd	Australia	10	10	FVOCI	1,200	–
Total investments					1,200	–

Subsequent to the balance date, an offer was received from Neptune Bio-Innovations Pty Ltd (NBI) to purchase the equity and convertible notes that constituted the Group's investment in NBI for $1.2million. While the sale transaction was not executed before the balance date, the offer was an indicator of the fair value of the convertible notes and equity investments as at 30 June 2020. The transaction was successfully settled on 31 July 2021. As such, the investment has been reclassified as a current asset per the Balance Sheet.

The previous impairment of the convertible note was reversed to the extent of the sale amount ($0.60 million) through recognition of Other Income, per the disclosure in note 5(a). The previous impairment of the equity investment was reversed to the extent of the sale amount ($0.60 million) using the Revaluation Reserve per note 10(b).

15 Contingent liabilities and contingent assets

The Group had no contingent assets or liabilities at 30 June 2021 (2020 – nil).

16 Commitments

At 30 June 2021, the Group had commitments of $240,625,930 relating to milk supply purchases from farmers. These milk purchase commitments have terms of between 1 and 9 years.

At 30 June 2021, the Group had nil commitments relating to equipment capital expenditure.

17 Events occurring after the reporting period

Except for the sale of the Group's investment in NBI as noted in Note 14(c), and the completion of the debt refinance review as noted in Note 7(e), no matter of circumstance has occurred subsequent to the period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

The uncertainty being created by the current COVID-19 outbreaks on Australia's eastern seaboard is of continuing concern to everyone, of course. That said, history shows that pandemics such as COVID- 19 sooner or later do get contained and controlled, enabling life to return to the "normality" that we knew before the onset of the pandemic. The focus of the management team, in managing the various challenges thrown up by COVID-19, has been, and will continue to be, on calmly and confidently building the business of BFC with an eye to the future so that we are in a good position to capitalise on the opportunities which will emerge from the return to "normal", post the pandemic.

18 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 14(a).

(b) Key management personnel compensation

	30 June 2021 $'000	30 June 2020 $'000
Short term employee benefits	260	260
Post-employment benefits	25	25
	285	285

(c) Transactions with other related parties

The following transactions occurred with related parties:

	30 June 2021 $'000	30 June 2020 $'000
Sales of goods and services		
Sale of goods to related parties	114	177
Remuneration paid for directors services	–	(5)
Interest income from related parties	230	200
Purchases of goods and services		
Purchases of various goods and services from related parties	(60)	(452)
Management fee for Directors interests via the investment manager	(1,445)	(2,306)
Cost of internalisation of Investment Management Agreement	(3,074)	–

The Group entered into the following transactions with related parties:

- Provision of additional directors' services to all associates and investee entities
- Purchases of products from associates and investee entities for export and on-sale to third parties
- Procurement of management services from the Investment Manager

(d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	30 June 2021 $'000	30 June 2020 $'000
Outstanding balances receivable/(payable)		
Current receivables	3	101
Current payables	(300)	(532)

(e) Loans to/from related parties

	30 June 2021 $'000	30 June 2020 $'000
Loans to other related parties		
Beginning of year	33	33
End of year	**33**	**33**

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

(f) Terms and conditions

(i) Transactions with the Investment Manager

The Group had a formal Investment Management Agreement (IMA) with BPAM as the Investment Manager to outsource key management activities for a fee of 1.20% (exclusive of GST) per annum of the Group's portfolio value.

On 28 May 2021, the internalisation of the IMA was approved by shareholders at the EGM. The approval resulted in a termination fee being recognised payable to BPAM consisting of $1.13m in cash and 21,125,000 shares. The share price on 29 May was $0.092 per share. The date at which the agreement is the be settled 28 August 2021, with the IMA payable until this date.

The Investment Manager was also previously entitled to receive a performance fee for outperformance by BFC. On 28 May 2021, the internalisation of the IMA was approved by shareholders at the EGM. As part of this agreement, BPAM ceased to hold an entitlement to any performance fee for the period.

No expense has been recognised for the year ended 30 June 2021.

(ii) Transactions with other related parties

All amounts owing to and from associates and related parties are settled on normal commercial terms and time frames. No interest was charged on trading balances owing to or from associates and related parties.

Management fees from investee companies are invoiced at appropriate milestones as agreed with them beforehand, and on normal commercial terms.

Remuneration received for directors' services is charged every six months in arrears.

Interest income from investee companies is invoiced monthly in arrears, in line with their respective convertible note agreements.

No guarantees were provided for any related parties.

19 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the entity and its related practices:

	30 June 2021 $'000	30 June 2020 $'000
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	273	285
Fees for assurance services that are required by legislation to be provided by the auditor	–	–
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	–	–
Fees for other services:		
Tax compliance services	68	57
Tax due diligence services	–	–
Capital and debt advisory services	–	–
Total fees to Ernst & Young (Australia) [A]	**341**	**342**
Fees to other overseas member firms of Ernst & Young (Australia) [B]	–	–
Total auditor remuneration [A] + [B]	**341**	**342**

20 Earnings per share

(a) Basic earnings/(loss) per share

	30 June 2021 Cents	30 June 2020 Cents
From continuing operations attributable to the ordinary equity holders	(3.38)	(2.55)
From discontinued operations	–	–
Total basic earnings/(loss) per share attributable to the ordinary equity holders	**(3.38)**	**(2.55)**

(b) Diluted earnings/(loss) per share

	30 June 2021 Cents	30 June 2020 Cents
From continuing operations attributable to the ordinary equity holders	(3.38)	(2.55)
From discontinued operations	–	–
Total diluted earnings/(loss) per share attributable to the ordinary equity holders	**(3.38)**	**(2.55)**

(c) Reconciliation of earnings used in calculating earnings per share

	30 June 2021 $'000	30 June 2020 $'000
Basic earnings/(loss) per share		
Loss attributable to the ordinary equity holders used in calculating basic earnings/(loss) per share:		
From continuing operations	(21,871)	(11,579)
From discontinued operations	–	–
	(21,871)	**(11,579)**
Diluted earnings/(loss) per share	–	–
Loss from continuing operations attributable to the ordinary equity holders	–	–
Used in calculating basic earnings/(loss) per share	(21,871)	(11,579)
Used in calculating diluted earnings/(loss) per share	**(21,871)**	**(11,579)**

(d) Weighted average number of shares used as the denominator

	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings/(loss) per share	644,707,646	454,590,999

21 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	30 June 2021 $'000	30 June 2020 $'000
ASSETS		
Current assets	6,137	13,978
Non-current assets	75,415	73,710
Total assets	**81,552**	**87,688**
LIABILITIES		
Current liabilities	1,945	1,945
Non-current liabilities	4,045	6,151
Total liabilities	5,989	8,096
Net assets	**75,563**	**79,592**
EQUITY		
Issued capital	174,636	159,081
Reserves	(6,915)	(8,393)
Accumulated losses	(92,158)	(71,096)
Total equity	**75,563**	**79,592**
Profit/(loss) for the period	(21,062)	(12,358)
Total comprehensive income/(loss)	**(21,062)**	**(12,358)**

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

22 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Beston Global Food Company Limited and its subsidiaries.

(a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Beston Global Food Company Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Going concern basis

The consolidated financial statements are prepared on a going concern basis which contemplates continuity of normal operations and the realisation of assets and liabilities in the normal course of business having considered the matters set out in *Key judgements, estimates and assumptions* and Note 7(e) Borrowings.

(ii) Compliance with IFRS

The consolidated financial statements of the Beston Global Food Company Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(iii) Historical cost convention

These financial statements have been prepared under the historical cost basis, except for assets held for sale, certain investments, and Biological Assets which are recognised at fair value less costs to sell.

(iv) New and amended standards adopted by the Group

The Group has applied, for the first time, certain standards and amendments which are effective for the first time in their annual reporting period commencing 1 July 2020. There are no new standards, interpretations or amendments to existing standards that are effective for the first time that have a material impact in current or future reporting periods and on foreseeable future transactions.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group. The Group has assessed that none of these are relevant to the Group.

Standards not yet effective

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. None of these are expected to have a material effect on the financial statements.

(vi) Key judgements, estimates and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Financial forecasting

Management maintains a detailed financial model that it uses to forecast the future performance of each of its segments within the Group, and the Group. This model was updated for the latest available information as at 30 June 2021. Key uses of the financial model include understanding expected financial performance, capital expenditure, cash-flow and capital and debt management requirements of the Group. The financial model is also the key input for valuation purposes, including impairment assessments. Significant assumptions that drive the forecast outcomes are subject to detailed review for reasonableness by management, and approval by the Board.

By their nature, financial forecasts are inherently uncertain and dependent upon realisation of critical assumptions. Should expected future business conditions change, this could lead to a change in these critical assumptions which could have a material impact on the forecast financial performance of the Group, assessment of the recoverable amount of assets for impairment purposes, and recognition of deferred tax assets.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less cost to sell calculation is based on the detailed financial model as discussed in 16(c)(i), with cash flows derived from the forecast for the next five years. The key drivers used to determine the recoverable amount for the different CGUs are disclosed and further explained in note 1(b).

Recoverability of deferred tax balances

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax asset that can be recognised, based on the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details on deferred tax balances are disclosed in note 8(d).

Fair value assessments

Management uses their judgement in selecting an appropriate valuation technique for financial instruments and investments not quoted in an active market. Where assets are a carried at fair value, and where there are no observable market prices, the Group undertakes a fair value assessment utilising expected future cash flows less estimated costs of disposal. This is relevant to investments in associates accounted for using the fair value method, and assets held for sale. Wherever possible, future cash flow estimates are based on information obtained from the investee entity, and the Group assesses reasonableness of this information and applies judgement to ensure that the expected future cash flow estimates are appropriate. Such estimates and judgements are subject to change as a result of changing economic and operation conditions. Actual cash flows may therefore differ from forecasts and could result in the recognition of impairment charges in future periods.

Further details on assets held for sale are disclosed in note 3, and further details on investments in associates accounted for using the fair value method are disclosed in note 14(c).

22 Summary of significant accounting policies (continued)

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Beston Global Food Company Limited ("Company" or "parent entity") as at 30 June 2021 and the results of all subsidiaries for the year then ended. Beston Global Food Company Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 22(i)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 22(j).

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Beston Global Food Company Limited has appointed an executive management committee which assesses the financial performance and position of the Group and makes strategic decisions. The executive management committee, which has been identified as being the chief operating decision maker, consists of the Chief Executive Officer and the Chief Financial Officer.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars ($), which is Beston Global Food Company Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue from the sale of dairy and meat products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods to the customer's location.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. rebates, case deals)

Revenue for interest income is recognised on the following basis:

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(g) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Beston Global Food Company Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Leases

The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and IFRIC 4.

- Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- 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 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 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 lease term. Right-of-use assets are subject to impairment.

- Lease liabilities

22 Summary of significant accounting policies (continued)

(h) Leases (continued)

At the commencement date of the 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, 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 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 lease commencement date if the interest rate implicit in the lease is not readily determinable. After the 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 of machinery and equipment (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 (i.e., below $10,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(j) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

(l) Trade receivables

Trade receivables are recognised initially at the transaction price as determined under AASB 15, less provision for impairment. See note 7(b) for further information about the Group's accounting for trade receivables and note 12(b) for a description of the Group's impairment policies.

(m) Inventories

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Investments and other financial assets

(i) Classification and measurement

With the exception of trade receivables, 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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables are measured at the transaction price determined under AASB 15.

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI (for a debt instrument), 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. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the Consolidated balance sheet at fair value with net changes in fair value recognised in the statement of profit or loss. This includes convertible notes within the Trade and other receivables balance and certain investments within Investments in the Consolidated balance sheet.

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and other receivables within the Trade and other receivables balance in the Consolidated balance sheet.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(ii) Recognition and derecognition

The Group initially recognises a financial asset when it becomes party to the contractual provisions of the instrument. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The right to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(iii) Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

22 Summary of significant accounting policies (continued)

(n) Investments and other financial assets (continued)

(iii) Impairment (continued)

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in Note 12 (b).

(o) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, 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, and loans and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the 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.

This category generally applies to interest-bearing borrowings.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(p) Assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

(q) Property, plant, and equipment

The Group's accounting policy for land and buildings is explained in note 8(a). All other property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant, and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in note 8(a).

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 22(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(r) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 22(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 1).

(ii) Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Software (e-commerce platform and other applications)

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(iv) Amortisation methods and periods

Refer to note 8(b) for details about amortisation methods and periods used by the Group for intangible assets.

(s) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(t) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iv) Share-based payments

Employees and Directors of the Group may receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

22 Summary of significant accounting policies (continued)

(iv) Share-based payments (continued)

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of comprehensive income expense or credit for a period represents the movement in cumulative expense recognised as at the beginning of the period and is recognised in employee benefits expense. No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had that terms not been modified, if the original terms of the award are not met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(u) Contributed equity

Ordinary shares are classified as equity.

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

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(x) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(y) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(z) Parent entity financial information

The financial information for the parent entity, Beston Global Food Company Limited, disclosed in note 21 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Beston Global Food Company Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) Tax consolidation legislation

Beston Global Food Company Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

Refer to note 6 for further details.

Directors' declaration

In the Directors' opinion:

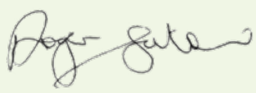
(a) the financial statements and notes set out on pages 36 to 68 are in accordance with the *Corporations Act 2001*, including:

- **(ii)** complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
- **(iii)** complying with International Financial Reporting Standards , as disclosed in note 22(a)(ii), and
- **(iv)** giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors by the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.

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



R N Sexton
Director
Adelaide

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Independent auditor's report to the members of Beston Global Food Company Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Beston Global Food Company Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

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

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

Basis for opinion

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

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

Key audit matters

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

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

EY
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1. Impairment of non-current assets including goodwill and other intangibles

Why significant

The carrying value of property, plant and equipment ("PPE") of $55.5 million and goodwill and other intangible assets of $7.1 million as disclosed in Note 8 (a) and (b) represent 48% of the total assets of the Group.

As required by Australian Accounting Standards, the Group assesses at the end of each reporting period whether there is any indication that PPE may be impaired. In addition, goodwill and indefinite life intangibles are tested for impairment at least annually.

The Group recorded an impairment of goodwill of $1.49 million in respect of the Meat CGU as disclosed in Note 9(a)(ii).

The impairment testing of non-current assets, including goodwill and intangibles was considered a key audit matter due to the significance of these balances and the complex judgements in the impairment assessment process such as forecast revenue growth, product sales prices, margins and milk supply volume and prices. These assumptions are affected by future market or economic conditions, including the ongoing uncertainty associated with the impacts of COVID-19.

The Directors obtained independent valuations of the Group's cash generating units ("CGUs") subject to impairment testing, based on their fair value less costs to sell as disclosed in Note 9.

The Group's disclosures are included in Note 9, which specifically explain the key operating assumptions used and sensitivity of changes in the key assumptions which could give rise to an impairment loss in the future.

How our audit addressed the key audit matter

We assessed whether the impairment testing methodology met the requirements of Australian Accounting Standards, including the Group's identification of its CGUs and the allocation of goodwill to those CGUs.

In conjunction with our valuation specialists, we performed the following procedures:

- In respect of the independent valuations we:
  - Evaluated the competence, capabilities and objectivity of the external valuation expert.
  - Assessed the valuation methodology used against generally accepted valuation practices.
  - Assessed the discount rates applied by the expert through comparing the cost of capital for the Group with comparable businesses.
  - Assessed the results of the expert's comparative industry valuation multiples analysis and analysis of other market evidence used as valuation cross-checks.
- In respect of the cash flow forecasts provided to the independent valuer by the Group we:
  - Assessed the key assumptions such as forecast revenue growth, product sales prices, margins and milk supply volume and prices in comparison to external independent data, where relevant.
  - Assessed the Group's results in comparison to historical forecasts to assess forecast accuracy.
  - Assessed whether the forecast cash flows, used in the impairment testing model, were consistent with the most recent Board approved cash flow forecasts and contemplated existing and emerging effects of COVID-19.
  - Assessed the adequacy of capital expenditure forecasts.
  - Tested the mathematical accuracy of the discounted cash flow model.

We performed sensitivity analysis in respect of the assumptions noted above, which were considered to have the most significant impact on carrying values, to ascertain the extent of changes in those assumptions which either individually or collectively would be required for there to be an impairment in the Dairy CGU or further impairment in the Meat CGU. We assessed the likelihood of these changes in assumptions arising.

We considered the adequacy of the financial report disclosures regarding the impairment testing approach, key assumptions and sensitivity analysis as disclosed in Note 9.

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2. Deferred tax asset relating to losses

Why significant	How our audit addressed the key audit matter
The Group's deferred tax balances are subject to complexity and estimation risk around the utilisation of tax losses. The Group's net deferred tax asset of $25.8 million as at 30 June 2021 includes $26.8 million relating to carry forward tax losses and offsets, the recoverability of which is subject to the generation of future taxable profits and compliance with the relevant taxation legislative requirements. The recoverability of the net deferred tax asset was a key audit matter due to the significance of the balance and the judgements involved in determining forecast profitability. The Group's disclosures are included in Note 8(d) of the financial report.	Our audit procedures included an assessment of the Group's forecasts of future taxable income by: • Comparing the forecasts for consistency with the cash flow forecasts utilised in the Group's impairment testing. • Considering in conjunction with our tax specialists the ability of the Group to utilise the losses in accordance with regulatory restrictions. • Verifying and testing the mathematical accuracy of the Group's calculations to derive current and deferred taxes. • Performing sensitivity analysis in respect of the assumptions noted above, which were considered to have the most significant impact on the recoverability of the deferred tax asset relating to losses. We assessed the likelihood of these changes in assumptions arising. We also assessed the adequacy of the Group's disclosures with regards to the closing tax balances recorded at year end.

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

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 annual report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

Building a better working world

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

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

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

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

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

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

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 19 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Beston Global Food Company Limited for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

Ernst & Young

Ernst & Young

BJ Pollock

BJ Pollock
Partner

Melbourne
27 August 2021

ASX additional information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 8 September 2021.

Ordinary Share Capital

863,799,408 fully paid Ordinary Shares are held by 3,213 individual Shareholders.

All Ordinary Shares carry one vote per share.

There are no restricted securities or securities subject to voluntary escrow.

There is no current on-market buyback.

Distribution of Equity Securities

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

Range	Securities	%	Number of holders	%
100,001 and Over	796,502,633	92.21	706	21.97
10,001 to 100,000	61,915,870	7.17	1,465	45.60
5,001 to 10,000	4,078,667	0.47	502	15.62
1,001 to 5,000	1,278,990	0.15	394	12.26
1 to 1,000	23,248	0.00	146	4.54
Total	**863,799,408**	**100.00**	**3,213**	**100.00**
Unmarketable Parcels	2,110,880	0.24	680	21.16

Substantial Shareholders

(As disclosed in substantial holding notices given to the Company)	Number of Shares Held	%
Kunteng Pte Ltd	64,051,111	14.99%
Australia Aulong Auniu Wang Food Holdings Pty Ltd	66,894,345	14.90%
Allianz SE	55,469,040	9.21%
Wilson Asset management Group	64,490,586	7.65%
Regal Fnds Management Pty Ltd	60,006,351	6.95%

Twenty largest holders of Quoted Equity Securities

Rank	Name	Number of Shares Held	%
1	CITICORP NOMINEES PTY LIMITED	70,941,590	8.21
2	KUNTENG PTE LTD	64,051,111	7.42
3	CS THIRD NOMINEES PTY LIMITED	60,006,351	6.95
4	AUSTRALIA AULONG AUNIU WANG FOOD HOLDINGS PTY LTD	54,449,834	6.30
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	53,056,301	6.14
6	BNP PARIBAS NOMINEES PTY LTD	43,913,060	5.08
7	BNP PARIBAS NOMS PTY LTD	32,931,673	3.81
8	HISHENK PTY LTD	25,426,502	2.94
9	BESTON PACIFIC ASSET MANAGEMENT PTY LTD	22,107,630	2.56
10	BLUE RIDGE HOLDINGS PTY LTD	18,000,000	2.08
11	FIRST BOOM INVESTMENTS LIMITED	11,428,572	1.32
12	WILLOUGHBY CAPITAL PTY LTD	10,259,118	1.19
13	FIRST BOOM INVESTMENTS LIMITED	8,333,334	0.96
14	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,459,389	0.86
15	MNA FAMILY HOLDINGS PTY LTD	6,294,118	0.73
16	MR MERVYN KENNETH BARTLEMAN	5,150,513	0.60
17	MR JEFFREY YEH	4,642,985	0.54
18	EDM TRANSPORT PTY LTD	4,500,000	0.52
19	MR REGINALD GEORGE KENNETH NEALIE & MRS TERESA NEALIE	4,000,490	0.46
20	CITICORP NOMINEES PTY LIMITED	3,618,337	0.42
	Total	**510,570,908**	**59.11**
	Balance of register	**353,228,500**	**40.89**
	Grand total	**863,799,408**	**100.00**

Corporate directory

BESTON GLOBAL FOOD COMPANY LIMITED
ABN 28 603 023 383

Annual Report for the period ended 30 June 2021

INCORPORATION
Incorporated in Australia on 24 November 2014

DIRECTORS

Roger Sexton	Chairman
Stephen Gerlach	Non-Executive Director
Petrina Coventry	Independent, Non-Executive Director
Ian McPhee	Independent, Non-Executive Director
Joanna Andrews	Independent, Non-Executive Director
Neil Longstaff	Independent, Non-Executive Director
Cheryl Hayman	Independent, Non-Executive Director

INTERIM CEO

Darren Flew

COMPANY SECRETARY

Richard Willson

REGISTERED OFFICE

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Adelaide, South Australia 5000
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PRINCIPAL PLACE OF BUSINESS

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+61 (0)8 8470 6500

SHARE REGISTER

Link Market Services
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Melbourne, Victoria 3008
+61 (0)3 9200 4555

Beston Global Food Company Limited shares are listed on the Australian Stock Exchange (ASX)

LEGAL ADVISORS

Minter Ellison

AUDITORS

Ernst & Young Australia

BANKERS

National Australia Bank

BESTON
GLOBAL FOOD COMPANY

bestonglobalfoods.com.au