



2023 Annual Report

Corporate Information

Farm Pride Foods Ltd.

ABN 42 080 590 030

Directors

George Palatianos (Non-Executive Chairman)
Malcolm Ward (Non-Executive Director)
Bruce De Lacy (Non-Executive Director)
Darren Lurie (Managing Director)

Management Team

Darren Lurie (Managing Director)
Tony Enache (Chief Financial Officer)

Company Secretary

Bruce De Lacy

Registered office and principal place of business

551 Chandler Road
Keysborough, Victoria 3173
+61 3 9798 7077

Solicitors

Gadens
Level 25 Bourke Place
600 Bourke Street
Melbourne, Victoria 3000

Financiers

MC FP Pty Ltd
Level 18, 90 Collins Street
Melbourne, Victoria 3000

Tradeplus24 Australia
Level 2, 696 Bourke St
Melbourne, Victoria 3000

Share Registry

Computershare Registry Services Pty. Ltd.
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067

ASX: FRM

Auditors

Pitcher Partners
Level 13, 664 Collins Street
Docklands, Victoria 3008

Internet Address

www.farmpride.com.au

TABLE OF CONTENTS

Chairman's Report	3
Directors' Report	4
Auditor's Independence Declaration	18
Financial Report for the year ended 30 June 2023	
• Consolidated Statement of Profit or Loss and Other Comprehensive Income	19
• Consolidated Statement of Financial Position	20
• Consolidated Statement of Changes in Equity	21
• Consolidated Statement of Cash Flows	22
• Notes to the Consolidated Financial Statements	23
Directors' Declaration	51
Independent Auditor's Report	52
ASX Additional Information	57

Chairman's Report

2023 has been a year of change. The appointment of 2 directors in August 2022 who helped steer us through change, Bruce Delacy as interim CEO, capital raised from the NREO and Placement, new CEO and director appointed in February, further changes to reduce the board size and appointments of industry experienced Operations Manager and Chief Financial Officer.

The Group's net revenue from contracts with customers increased by 12% to \$82.78 million (2022: \$74.04 million). Revenue for the second half of FY23 was \$44.58 million an increase of 17% from the first half of FY23.

The Group incurred a loss after-tax of \$9.11 million (2022: \$19.78 million loss).

Earnings before interest, tax, depreciation and amortisation (EBITDA) was a loss of \$0.2 million (2022: \$4.62 million loss). The EBITDA in the second half of FY23 of \$2.61 million represented a significant turnaround in the financial performance of the Group.

During the second half of FY23, there was significant focus on improving farming activities, production, grading, and processing efficiencies, across the business. The re-instatement of our owned rearing facilities is progressing well with the first birds to be transferred to our laying farms in coming weeks. This is expected to reduce costs and achieve improved egg production. A number of new farm managers have been appointed as well as improvements in our farming operations. With greater focus across our grading floors and product plant improvements have also been achieved with further improvements identified.

Cost pressures, like all businesses, remain high including labour, utilities, transport, feed and interest. We have sought to reduce unit costs by increasing efficiencies and obtain price increases to off-set these higher costs.

In December 2022 we exited a large leased cage egg farm. While this is part of the Group's strategy to transition to non-cage production, occurring during a time of national shortage impacted egg supply and our ability to meet additional customer demand.

The Group has entered into a contract of sale for a parcel of surplus non-arable land at Lethbridge, Geelong which on the satisfaction of a number of pre-conditions will deliver proceeds of \$2.35 million, the majority of which will be applied to debt reduction.

The Board thanks all our customers and suppliers for their continued support and our employees who are working hard to ensure the successful turnaround in the profitability of the Group.



George Palatianos
Chairman

30 August 2022

Farm Pride Foods Limited and Controlled Entities Directors' Report

The directors present their report together with the financial report of the consolidated entity consisting of Farm Pride Foods Limited ('the Company') and the entities it controlled (the 'group'), for the financial year ended 30 June 2023 and auditor's report thereon.

Directors

The names of directors in office at any time during or since the end of the year are:

George Palatianos	Non-executive Director, Chair
Malcolm Ward	Non-executive Director
Bruce De Lacy	Non-executive Director
Darren Lurie	Managing Director
Peter Bell	Non-executive Director (appointed 30 May 2008, resigned 17 November 2022)
Beth Mathison	Independent Non-executive Director (appointed 25 August 2022, resigned 9 March 2023)
Roland Roccioletti	Independent Non-executive Director (appointed 25 August 2022, resigned 9 March 2023)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Principal activities

The principal activities of the group during the financial year were the production, processing, manufacturing and sale of eggs and egg products.

There has been no significant change in the nature of these activities during the financial year.

Review of operations and financial results

Statutory consolidated net profit after tax attributable to the members of Farm Pride Foods Ltd ("Statutory Profit") for the year ended 30 June 2023 was a loss of \$9.112 million (2022: \$19.782 million loss). Earnings before interest, tax, depreciation and amortisation (EBITDA) was a loss of \$0.205 million (2022: \$4.615 million loss).

The following table reconciles the Statutory Profit to EBITDA for the year ended 30 June 2023:

	30 June 2023 \$'000	30 June 2022 \$'000
Statutory (loss)	(9,112)	(19,782)
Add back:		
- Interest (finance costs)	2,518	2,177
- Income tax (benefit) / expense	-	5,827
- Depreciation	6,389	7,163
EBITDA	(205)	(4,615)

For further discussion of the review and results of operations of the group reference should be made to the Chairman's Report dated 30 August 2023.

Significant changes in the state of affairs

There have been no significant changes in the group's state of affairs during the financial year, other than as disclosed in this report.

Subsequent Events

There are no matters or circumstances which have arisen since 30th June 2023 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the group in future financial periods.

Environmental regulation

The Group's operations are not subject to any significant environmental, Commonwealth or State regulations or laws. The group is not aware of any significant breaches of environmental regulations during the financial year.

Dividend paid, recommended and declared

No dividends were paid, declared or recommended since the start of the financial year.

Share options and performance rights granted to directors and officers

Options and performance rights over unissued ordinary shares granted during or since the end of the financial year to directors and any of the 5 most highly remunerated officers of the Company (other than the directors) as part of their remuneration, are outlined in the following table:

	Number of performance rights granted	Number of options granted
Darren Lurie (Managing Director)	2,180,000	3,600,000

Unissued shares under options and performance rights

There are 545,000 unissued shares under performance rights that are outstanding at the date of the directors' report.

Tranche	Number of performance rights	Exercise Price	Vesting Date
1	545,000	-	23 rd August 2023

Shares issued on exercise of options:

No shares or interests were issued during or since the end of the financial year as a result of the exercise of an option over unissued shares or interest.

Information on directors and company secretary

The qualifications, experience and special responsibilities of each person who has been a director of Farm Pride Foods Limited at any time during the year and up to the date of this report is provided below, together with details of the company secretary as at the year end.

Peter Bell

Non-executive Chairman - Appointed 30 May 2008, Member of the Audit Committee until 22 November 2018, Resigned 17 November 2022

Peter has been involved at all levels of the egg industry for more than 50 years. He continues to be directly involved in the management of commercial egg farms as well as a contributor to industry and regulatory agencies.

He is a director of AAA Egg Company Pty Ltd and its subsidiary West Coast Eggs Pty Ltd, Days Eggs Pty Ltd and Pure Foods Eggs Pty Ltd. These companies are egg producers and marketers in Western Australia, South Australia and Tasmania.

George Palatianos

Non-executive Chairman – Appointed 23 February 2023

George is a highly experienced Investment Director and Group CFO. He has held prominent roles in major organisations within various business sectors including agri-business, construction, property investment and finance. These roles include Group CFO of the Costa Group, Hickory Construction Group Commercial Director of Prudential Equity Partners and Director of Integration and Growth at MaxCap Group.

Malcolm Ward

Non-executive Director – Appointed 30 May 2008, Chair of the Audit Committee

Malcolm has been in the egg industry for over 30 years having owned and operated cage and free-range farms and has served on industry related boards in the area of farm management and feed supply. He is also a director of AAA Egg Company Pty Ltd and its subsidiary West Coast Eggs Pty Ltd as well as being a director on a number of other private companies. Malcolm is the Managing Director of his family's independent supermarkets and also has commercial interests in property. He is also a director of Australian United Retailers Limited, appointed 17 November 2010.

Bruce De Lacy

Non-executive director – Appointed 30 November 2018, Member of the Audit Committee – Appointed 22 November 2018, Company Secretary – Appointed 16 December 2022

Bruce has extensive experience in the egg industry and has previously been employed in a number of positions at the Company including Chief Executive Officer, General Manager and Chief Operating Officer.

Darren Lurie

Managing Director – Appointed 23 February 2023

Darren is a former non-executive director and Chair of Farm Pride. He is an experienced leader of businesses and management teams and has previously held positions as Managing Director, Chair and CFO in a number of companies, including ASX listed company Optiscan Imaging Ltd (ASX:OIL) and EduCo International Group.

Darren has 15 years' experience as a corporate advisor leading finance, strategy and merger and acquisition assignments across a range of finance and investor communities.

Beth Mathison

Independent Non-executive director – Appointed 25 August 2022, Resigned 9 March 2023

Beth has more than 35 years' Executive Management and Director experience in Australia, the UK and Asia. She has worked across a range of industry sectors including Telecommunications, Logistics, Aquaculture, Hospitality, Tourism, Manufacturing and Retail. Beth has held non-executive director positions across commercial and not for profit organizations. She is a Fellow of AICD, IML and GIA and in 2015, was named the Telstra Tasmanian Businesswoman of the Year and Entrepreneur of the Year.

Roland Roccioletti GAICD ESCI

Independent Non-executive director – Appointed 25 August 2022, Resigned 9 March 2023

Mr Roccioletti has over 25 years corporate advisory experience in company growth, leadership, research, economic development, finance, digital transformation, business turnarounds, mergers and acquisitions. He is a former CEO and Managing Director influencing Australia's economic credentials across global industrial, commercial, FMCG, packaging, agriculture, wine, dairy, education, not-for-profit, tourism and racing.

Robin Donohue

Company Secretary – Appointed 25 August 2022, Resigned 16 December 2022

**Farm Pride Foods Limited and Controlled Entities
Directors' Report**

Directors' meetings

	Board of Directors		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Peter Bell	6	6	-	-
Malcolm Ward	13	13	4	4
Bruce De Lacy	13	12	4	3
Beth Mathison	8	7	-	-
Roland Roccioletti	8	7	-	-
George Palatianos	5	5	-	-
Darren Lurie	5	5	-	-

Directors' interests in shares

Directors' relevant interests in shares of Farm Pride Foods Limited or options over shares in the Company are detailed below:

	Ordinary shares of Farm Pride Foods Limited	Options over shares in Farm Pride Foods Limited	Rights over shares in Farm Pride Foods Limited
Peter Bell	2,064,250	-	-
Malcolm Ward	3,809,576	-	-
Bruce De Lacy	2,214,748	-	-
Beth Mathison	-	-	-
Roland Roccioletti	-	-	-
George Palatianos	21,818,182	-	-
Darren Lurie	14,545,454	3,600,000	2,180,000

Malcolm Ward and Peter Bell have an indirect interest in the 43,519,979 shares held by West Coast Eggs Pty Ltd (2022: 27,486,302 shares) and the 1,584 shares held by Southern Egg Pty Ltd (2022: 1,000).

Indemnification and Insurance of directors and officers

During the financial year, the Company has paid premiums to insure each of the Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the Company.

Under the Directors and Officers Liability Insurance Policy the company shall not release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Group relies on section 300 (9) of the *Corporations Act 2001* to exempt it from the requirement to disclose the nature of the liability insured against and the premium amount of the policy.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of Farm Pride Foods Limited or any of its subsidiaries.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided within this report.

Indemnification of auditors

No indemnities have been given or insurance premiums paid during or since the end of the financial year for the auditors of the Group.

Non-audit services

Non-audit services are approved by resolution of the Audit and Risk Committee and approval is provided in writing to the board of directors. Non-audit services were provided by the auditors of entities in the consolidated group during the year, namely Pitcher Partners (Melbourne), network firms of Pitcher Partners, and other non-related audit firms, as detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by Farm Pride Foods Ltd and have been reviewed and approved by the Audit and Risk Committee to ensure they do not impact on the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for Farm Pride Foods Ltd or any of its related entities, acting as an advocate for Farm Pride Foods Ltd or any of its related entities, or jointly sharing risks and rewards in relation to the operations or activities of Farm Pride Foods Ltd or any of its related entities.

Amounts paid and payable to Pitcher Partners (Melbourne) for non-audit services:

	2023	2022
	\$	\$
Taxation services	40,109	21,940

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191*, the amounts in the Directors' report and in the Financial Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Remuneration Report (Audited)

The directors present the group's 2023 remuneration report which details the remuneration information for Farm Pride Foods Limited's key management personnel ('KMP') in accordance with the *Corporations Act 2001* and its Regulations ('Remuneration Report'). The Remuneration Report has been audited by Farm Pride Foods Ltd external auditors, Pitcher Partners.

**Farm Pride Foods Limited and Controlled Entities
Directors' Report**

(a) Key management personnel

The Remuneration Report discloses the remuneration arrangements and outcomes for people listed in the table below who are those individuals who have been determined as KMP as defined by AASB 124 *Related Party Disclosures*.

Name	Position	Term as KMP
Non-Executive Directors		
Peter Bell	Non-executive Chairman	Until 16 November 2022
Malcolm Ward	Non-executive Director	Full financial year
Bruce De Lacy	Non-executive Director	1 July 2022 to 27 September 2022 and from 23 February 2023
	Interim Managing Director	27 September 2022 to 23 February 2023
	Company Secretary	From 16 December 2022
Beth Mathison	Non-executive Director	25 August 2022 to 9 March 2023
Roland Roccioletti	Non-executive Director	25 August 2022 to 9 March 2023
George Palatianos	Non-executive Director	From 23 February 2023
Executive Directors		
Darren Lurie	Managing Director	From 23 February 2023
Senior Executives		
Tony Enache	Group Chief Financial Officer	From 26 April 2023
Daryl Bird	Group Chief Executive Officer	Resigned 27 December 2022
Robin Donohue	Group Chief Financial Officer, (appointed Company Secretary 25 August 2022)	Resigned 16 December 2022

(b) Remuneration policy

The performance of the group depends upon the quality of its directors and executives. To be successful, the group must attract, motivate and retain highly skilled directors and executives. To this end, the group adopts the following principles in its remuneration framework:

- Provide competitive rewards to attract high caliber executives;
- Link executive rewards to the performance of the group and the creation of shareholder value;
- Establish appropriate performance hurdles for variable executive remuneration;
- Meet the Group's commitment to a diverse and inclusive workplace;
- Promote the Group as an employer of choice;
- Comply with relevant legislation and corporate governance principles.

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Farm Pride Foods Limited and Controlled Entities Directors' Report

The board of directors are responsible for determining and reviewing compensation arrangements for directors and executives. The board of directors assess the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant market conditions, as well as whether performance targets have been met, with the overall objective of ensuring maximum shareholder benefit from the retention of a high-quality board and executives.

(c) Use of Remuneration Consultants

To ensure the board of directors are fully informed when making remuneration decisions, the group seeks external remuneration advice. Remuneration consultants are engaged by, and report directly to, the board of directors. In selecting remuneration consultants, the Board of directors considers potential conflicts of interest and requires independence from the group's key management personnel and other executives as part of their terms of engagement.

During the year ended 30 June 2023, the group engaged Simon Hare of Hare Group as an external remuneration consultant.

- Simon Hare (consultant) made a recommendation on the reasonableness of the proposed Managing Director's remuneration which included options, base salary, super and performance rights.
- The consultant didn't provide any other kind of advice to the Group for the financial year.
- \$1,980 was paid to the consultant for the remuneration recommendation.
- The recommendation report was prepared by the independent consultant prior to the engagement of the new Managing Director and was presented to the board to ensure that the making of the remuneration recommendation would be free from undue influence by the new Managing Director.
- The board was satisfied that the remuneration recommendation was made free from undue influence by the new Managing Director as it was prepared by an independent consultant prior to the engagement of the new Managing Director.

(d) Non-Executive Director Remuneration

Objective

The board aims to set aggregate remuneration at a level which provides the group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The group's Constitution and the ASX Listing Rules specify the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed.

The cap on aggregate non-executive director's remuneration (which requires shareholder approval), and the manner in which it is apportioned amongst non-executive directors, is reviewed annually. The board will consider advice from external consultants as well as fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Non-executive directors receive fees and do not receive share-based remuneration or bonus payments.

Superannuation contributions are made by the Group on behalf of non-executive directors in line with statutory requirements and are included in the remuneration package amount allocated to individual directors.

The remuneration of non-executive directors for the year ended 30 June 2023 is detailed in the table titled KMP Remuneration on page 12 (the 'Remuneration Table').

(e) Executive Remuneration

Objective

The group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the group. This involves:

- Rewarding executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks
- Aligning the interest of executives with those of shareholders
- Linking reward with the strategic goals and performance of the group
- Ensuring total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the board of directors engage external consultants on market levels of remuneration for comparable roles. Remuneration consists of the following key elements:

- Fixed remuneration
- Variable remuneration.

The proportion of fixed remuneration and variable remuneration is established for each executive by the board of directors. The variable portion consists of a short-term cash bonus which is performance-based and is disclosed separately in the Remuneration Table.

The board of directors also considers current market conventions with regards to the splits between fixed, short-term and long-term incentive elements.

Fixed Remuneration

Objective

The level of fixed remuneration is set to provide an appropriate and market-competitive base level of remuneration. Fixed remuneration is reviewed annually by the board of directors consisting of a review of group, business and individual performance, relevant comparative remuneration in the market and internal and external advice on policies and practices where necessary.

Structure

Total fixed remuneration ('TFR') is the non-variable component of an executive's annual remuneration. It consists of the base salary plus any superannuation contributions paid to a complying super fund on the executive's behalf, and the cost (including any component for fringe benefits tax) for other items such as novated vehicle lease payments.

Linking remuneration to performance - variable remuneration

Remuneration is linked to performance to retain high calibre executives by motivating them to achieve performance goals which are designed to increase shareholders value.

Variable remuneration

Objective

The objective of executive variable remuneration is to link executive remuneration to the achievement of the group's annual operational and financial targets through a combination of both company and individual performance targets.

Structure

Variable remuneration is expressed as a percentage of a participant's TFR comprising base salary, superannuation contributions and may include other non-cash benefits, and are based on the achievement of group-wide budgeted revenue and profit targets each financial year and individual performance targets at the board's discretion.

For executives, the group provides a remuneration package that incorporates annual cash bonuses, payable at the discretion of the board of directors.

**Farm Pride Foods Limited and Controlled Entities
Directors' Report**

(f) Directors' remuneration

	Short Term Benefits			Long Term Benefits	Post-Employment	Share based payments		Performance Based %	Total remuneration \$
	Salary and fees \$	Performance Based Payment \$	Non-cash Benefits \$			Options & Performance Rights \$	Superannuation \$		
2023									
Peter Bell	22,414	-	-	-	2,354	-	-	-	24,768
Malcolm Ward	67,420	-	-	-	7,079	-	-	-	74,499
Bruce De Lacy	200,272	-	-	-	16,315	-	-	-	216,587
Beth Mathison	48,258	-	-	-	5,067	-	-	-	53,325
Roland Roccioletti	91,483	-	-	-	9,606	-	-	-	101,089
George Palatianos	25,757	-	-	-	-	-	-	-	25,757
Darren Lurie	118,462	-	-	-	10,281	115,273	-	-	244,016
	574,066	-	-	-	50,702	115,273	-	-	740,041
2022									
Peter Bell	45,662	-	-	-	4,566	-	-	-	50,228
Malcolm Ward	45,662	-	-	-	4,566	-	-	-	50,228
Bruce De Lacy	51,308	-	-	-	5,131	-	-	-	56,439
	142,632	-	-	-	14,263	-	-	-	156,895

**Farm Pride Foods Limited and Controlled Entities
Directors' Report**

(g) Executives' remuneration

	Short Term Benefits			Long Term Benefits	Post-Employment	Performance Based %	Total remuneration \$
	Salary and fees \$	Performance Based Payment \$	Non-cash Benefits \$	Long Service Leave \$	Superannuation \$		
2023							
Daryl Bird ¹	178,142	-	-	-	12,063	-	190,205
Robin Donohue ²	120,209	-	-	-	11,106	-	131,315
Tony Enache ³	32,250	-	-	-	3,386	-	35,636
	330,601	-	-	-	26,555	-	357,156
2022							
Daryl Bird	292,082	-	-	-	23,645	-	315,727
Robin Donohue	220,000	-	-	-	21,938	-	241,938
	512,082	-	-	-	45,583	-	557,665

¹ Appointed as Chief Operating Officer on 8 October 2018, Chief Executive Officer on 1 December 2018, Resigned 27 December 2022

² Appointed as Chief Financial Officer on 31 May 2021, Resigned 16 Dec 2022

³ Appointed as Chief Financial Officer on 26 April 2023

**Farm Pride Foods Limited and Controlled Entities
Directors' Report**

Share options included in remuneration

The remuneration of Mr. Darren Lurie (Managing Director) includes the award of share options and performance rights that vest upon the satisfaction of specified performance conditions as detailed in the following tables:

Tranche	Share options granted during the year (i)	Grant Date	Fair value per option (at grant date) (ii)	Total value of options granted during the year (ii)	Vesting Condition	Exercise price per option	Expiry Date	Number of options vested during the year	Number of options lapsed during the year
1	1,200,000	23 rd February 2023	\$0.070	\$84,000	Achieving EBITDA of \$4m during any financial year before 30 June 2025	\$0.055	3 years from vesting	-	-
2	1,200,000	23 rd February 2023	\$0.075	\$90,000	Achieving EBITDA of \$6m during any financial year before 30 June 2026	\$0.055	3 years from vesting	-	-
3	1,200,000	23 rd February 2023	\$0.079	\$94,800	Achieving EBITDA of \$8m during any financial year before 30 June 2027	\$0.055	3 years from vesting	-	-
Total Options	3,600,000			\$268,800					

Tranche	Performance rights granted during the year (i)	Grant Date	Fair value per right (at grant date) (ii)	Total value of rights granted during the year (ii)	Vesting Condition	Exercise Price per right	Number of rights vested during the year	Number of rights lapsed during the year	Expiry Date	Vesting Date
1	545,000	23 rd February 2023	\$0.11	\$59,950	Remaining employed at the group	-			-	23 rd August 2023
2	545,000	23 rd February 2023	\$0.11	\$59,950	Remaining employed at the group	-			-	23 rd February 2024
3	545,000	23 rd February 2023	\$0.11	\$59,950	Remaining employed at the group	-			-	23 rd August 2024
4	545,000	23 rd February 2023	\$0.11	\$59,950	Remaining employed at the group	-			-	23 rd February 2025
Total Rights	2,180,000			\$239,800						

(i) Options and rights are granted over ordinary shares of the Group. Vested options and rights are exercisable on a one-for-one basis.

(ii) The fair value of options and rights granted during the financial year is determined at grant date, using the Black-Scholes model. This amount is included in remuneration of executive directors and other key management personnel over the vesting period (i.e., a portion is allocated to each financial year within the vesting period).

(h) Shareholdings of KMP

	Balance 1 July 2022	Received as remuneration	Options exercised	Other On market purchases, placement/ (sales)	Balance 30 June 2023
Peter Bell	2,064,250	-	-	-	2,064,250
Malcolm Ward	2,031,772	-	-	1,777,804	3,809,576
Bruce De Lacy	195,502	-	-	2,019,246	2,214,748
Beth Mathison	-	-	-	-	-
Roland Roccioletti	-	-	-	-	-
Daryl Bird	-	-	-	-	-
Robin Donohue	-	-	-	-	-
George Palatianos	-	-	-	21,818,182	21,818,182
Darren Lurie	-	-	-	14,545,454	14,545,454
	-	-	-	-	-
	4,291,524	-	-	40,160,686	44,452,210

Malcolm Ward and Peter Bell have an indirect interest in the 43,519,979 shares held by West Coast Eggs Pty Ltd (2022: 27,486,302 shares) and the 1,584 shares held by Southern Egg Pty Ltd (2022: 1,000).

(i) Other transactions with KMP

The value of transactions (inclusive of GST) and amounts receivable/(payable) between directors and their related entities and Farm Pride Foods Limited and its controlled entities.

Director related entities	Transaction	Revenue		Expenditure		Balance Receivable / (Payable)	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Days Eggs Pty Ltd ¹ (P. Bell)	Egg supply / Purchases	8	-	223	-	(52)	-
Pure Foods Eggs Pty Ltd ¹ (P. Bell)	Egg sales	-	6	-	-	-	-
West Coast Eggs Pty Ltd ¹ (P. Bell / M. Ward)	Egg sales / Purchases	141	803	331	138	(46)	62
AAA Egg Company Pty Ltd ¹ (P. Bell / M. Ward)	Egg Purchases/ Loan Interest	-	-	12	-	-	-
Oakmeadow Pty Ltd ¹ (M. Ward)	Loan Interest	-	-	6	-	-	-
Morago Holdings Pty Ltd ¹ (P. Bell)	Loan Interest	-	-	17	-	-	-
Siamje Pty Ltd ² (D. Lurie)	Consulting	-	-	84	-	-	-

¹ Peter Bell and Malcolm Ward through their related entities provide birds, eggs and egg products to and acquire eggs, egg product and packaging from Farm Pride Foods Limited and its controlled entities. Peter Bell and Malcolm Ward through their related entities also provided unsecured interest-bearing loans during the year. Director's administrative expenses are reimbursed at cost. These transactions are on normal trading terms and conditions. Peter Bell resigned as director in September 2022.

² Darren Lurie through his related entity provided consulting services prior to his appointment to the Company.

Transactions in the above table represent related party transactions for the full financial year from July '22 – June '23 and comparatives for July '21 - June '22.

(j) Service Agreements

The contracts for service between the group and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Remuneration and other terms of employment for key management personnel are formalised in service agreements as follows:

Managing Director

Darren Lurie is the Managing Director of the Company appointed on 23 February 2023. Darren is employed under a standard employment contract with no defined length of tenure. Under the terms of his employment contract:

- Darren may resign from his position by providing the group with six months written notice,
- The group may terminate this agreement by providing six months written notice or provide payment in lieu of the notice period, or the unexpired part of any notice period,
- The group may terminate at any time without notice if serious misconduct has occurred,
- Darren is awarded share options and performance rights that vest upon the satisfaction of specified performance conditions.

Details of Darren Lurie's salary are detailed in the Remuneration Table.

Chief Financial Officer

Tony Enache is the Chief Financial Officer of the Company appointed 26 April 2023. Tony is employed under a standard employment contract with no defined length of tenure.

- Tony may resign from his position by providing the group with six weeks written notice,
- The group may terminate this agreement by providing six weeks written notice or provide payment in lieu of the notice period, or the unexpired part of any notice period,
- The group may terminate at any time without notice if serious misconduct has occurred.

Details of Tony Enache's salary are detailed in the Remuneration Table.

(k) Revenue and Other Income

The group's revenue, profit before tax and earnings per share for the last five financial years is presented in the table below:

	2023	2022	2021	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	82,842	76,577	76,991	90,327	86,641
Net (loss)/profit before tax	(9,112)	(13,955)	(14,518)	(3,099)	(5,324)
Net (loss)/profit after tax	(9,112)	(19,782)	(11,971)	(2,169)	(3,858)
Share price at end of year in dollars	0.12	0.115	0.42	0.27	0.21
Basic (loss)/earnings cents per share	(9.89)	(35.85)	(21.69)	(3.93)	(6.99)
Diluted (loss)/earnings cents per share	(9.89)	(35.85)	(21.69)	(3.93)	(6.99)

Voting and comments made at the company's 2022 Annual General Meeting (AGM)

At the company's most recent AGM, a resolution to adopt the prior year remuneration report was put to the vote and at least 75% of votes were cast as 'yes' for adoption of that report. No comments were made on the remuneration report that was considered at the AGM.

This is the end of the audited remuneration report.

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read 'George Palatianos', is written over a light blue horizontal line.

**George Palatianos
Director
Melbourne
30 August 2023**

FARM PRIDE FOODS LIMITED
AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF FARM PRIDE FOODS LIMITED

In relation to the independent audit for the year ended 30 June 2023, to the best of my knowledge and belief there have been:

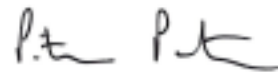
- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Farm Pride Foods Limited and its controlled entities during the year.



STEPHEN SCHONBERG
Partner

Date: 30 August 2023



PITCHER PARTNERS
Melbourne

Farm Pride Foods Limited and Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2023 \$'000	2022 \$'000
Revenue and other income			
Revenue from contracts with customers	4	82,781	74,040
Interest revenue and other income	4	61	2,537
		82,842	76,577
Less: Expenses			
Changes in inventories of finished goods and work in progress	5	(307)	310
Raw materials and consumables used	5	(59,922)	(56,770)
Employee benefits expense	5	(18,635)	(16,568)
Depreciation	5	(6,389)	(7,163)
Impairment of property, plant and equipment	5	-	(4,754)
Loss on disposal of property, plant & equipment and lease assets		(46)	-
Finance costs	5	(2,518)	(2,177)
Other expenses		(4,137)	(3,410)
		(9,112)	(13,955)
(Loss) before income tax		(9,112)	(13,955)
Income tax (expense)	6	-	(5,827)
(Loss) from continuing operations		(9,112)	(19,782)
(Loss) for the year		(9,112)	(19,782)
		(9,112)	(19,782)
Total comprehensive (loss) for the period		(9,112)	(19,782)
		(9,112)	(19,782)
Basic (loss) per share (cents per share)	19	(9.89)	(35.85)
Diluted (loss) per share (cents per share)	19	(9.89)	(35.85)

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

Farm Pride Foods Limited and Controlled Entities
Consolidated Statement of Financial Position

	Notes	2023 \$'000	2022 \$'000
Current Assets			
Cash and short-term deposits	21	1,987	2,150
Trade and other receivables	8	8,619	7,920
Inventories	9	4,545	4,851
Biological assets	10	9,662	5,897
Other current assets	11	757	1,919
Assets held for sale	12	1,822	-
Total current assets		27,392	22,737
Non-current assets			
Biological assets	10	349	403
Deferred tax assets	6	-	-
Property, plant and equipment	13	21,838	25,513
Lease assets	14	6,336	10,091
Total non-current assets		28,523	36,007
TOTAL ASSETS		55,915	58,744
Current liabilities			
Trade and other payables	15	14,327	12,560
Lease liabilities	14	3,305	4,535
Borrowings	16	190	-
Provisions	17	1,874	1,829
Total current liabilities		19,696	18,924
Non-current liabilities			
Borrowings	16	15,624	11,575
Lease liabilities	14	15,429	18,705
Provisions	17	115	177
Total non-current liabilities		31,168	30,457
TOTAL LIABILITIES		50,864	49,381
NET ASSETS		5,051	9,363
EQUITY			
Contributed equity	18	34,307	29,578
Share option reserve	20	71	-
Retained losses		(29,327)	(20,215)
		5,051	9,363

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

Farm Pride Foods Limited and Controlled Entities
Consolidated Statement of Changes in Equity

	Contributed equity	Share Option Reserve	Retained losses	Total
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2022	29,578	-	(20,215)	9,363
Loss for the year	-	-	(9,112)	(9,112)
Total comprehensive income	-	-	(9,112)	(9,112)
Transactions with owners in their capacity as owners				
Issue of ordinary shares	4,877	-	-	4,877
Shares issue costs	(148)	-	-	(148)
Share based payments		71	-	71
Balance as at 30 June 2023	34,307	71	(29,327)	5,051
Balance as at 1 July 2021	29,578	-	(433)	29,145
Loss for the year	-	-	(19,782)	(19,782)
Total comprehensive income	-	-	(19,782)	(19,782)
Balance as at 30 June 2022	29,578	-	(20,215)	9,363

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

Farm Pride Foods Limited and Controlled Entities
Consolidated Statement of Cash Flows

	Notes	2023 \$'000	2022 \$'000
Cash flow from operating activities			
Receipts from customers		88,959	77,776
Payments to suppliers and employees		(89,945)	(79,458)
Finance costs paid		(2,417)	(2,052)
Net cash (used in) operating activities	21	(3,403)	(3,734)
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		6	18,117
Payment for property, plant and equipment		(529)	(1,342)
Net cash provided by/(used in) investing activities		(523)	16,775
Cash flow from financing activities			
Proceeds from Issue of new shares net of transaction costs		4,729	-
Repayment of borrowings		(4,510)	(7,277)
Proceeds from borrowings		8,050	-
Repayment of lease liabilities		(4,506)	(4,899)
Net cash provided by/ (used in) financing activities		3,763	(12,176)
Net (decrease)/increase in cash and cash equivalents		(163)	865
Cash and cash equivalents at beginning of the year		2,150	1,285
Cash and cash equivalents at end of the year	21	1,987	2,150

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

Note 1: Summary of significant accounting policies

The following is a summary of significant accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated. Farm Pride Foods Limited (the Company or parent entity) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

(a) Basis of preparation of the financial report

This financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The financial report is presented in Australian dollars.

The financial report was authorised for issue by the directors as at 30 August 2023.

Compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements of Farm Pride Foods Ltd also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the consolidated entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) Going concern

The financial report has been prepared on the basis that the Group is a going concern, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the year ended 30 June 2023 (FY23) the Group incurred a net loss after tax of \$9.112 million (2022: loss \$19.782 million). The Group incurred a net loss of \$7.430 million in the first half of FY23 and a loss of \$1.682 million in the second half of FY23. This improved financial performance in the second half of FY23 was also reflected in the EBITDA of the Group which improved from negative \$2.813 million in the first half of FY23 to positive \$2.608m in second half of FY23. Net cash flow from operating activities was an outflow of \$3.403 million (2022: cash outflow \$3.734 million). As at 30 June 2023 current assets of \$27.392 million exceeded current liabilities of \$19.696 million by \$7.696 million. (2022: current assets of \$22.737 million exceed current liabilities of \$18.924 million by \$3.813 million). Borrowings of \$15.624 million (2022 \$11.575 million) are classified as non-current. The Group raised \$4.877m before costs by way of a non-renounceable entitlement offer and placement to sophisticated investors during FY23.

As described in Note 16 the Group has three debt facilities at 30 June 2023 providing funding of up to \$16.881 million. These facilities were drawn to \$15.814 million as at 30 June 2023. The facilities expire on 31 August 2024. Whilst at this time renewal is not certain, the directors have no reason to believe the facilities will not be renewed based on achieving the Group's forecasts over the next 12 months. In determining the basis for preparation of the financial report, the directors have assessed the financial performance, future operating plans, financial forecasts, existing financial position and recent equity raising by the Group. The directors believe there are reasonable grounds to expect the Group to be able to continue as a going concern for at least 12 months from the date of issue of the financial report, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. It is acknowledged however that there are uncertainties associated with the forecast assumptions including the ability to maintain and grow revenues, contain, and further reduce costs.

Farm Pride Foods Limited and Controlled Entities Notes to the financial statements

The Group is continuing to review its operations to identify further efficiencies, cost savings and revenue opportunities. A number of these have already been identified and implemented with benefits starting to be realised and reflected in the improved trading results in the second half of FY23. Further benefits are expected to be realised in FY24. As a result of the above, the directors have concluded that the going concern basis is appropriate.

Given the circumstances detailed above, as well as the potential impacts of changing supply and demand conditions affecting the Australian egg and grain industry more broadly, there exists uncertainty that could cast doubt on the ability of the Group to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business, and at the amounts stated in the financial report.

(c) Biological assets

Biological assets comprise flocks of hens. As there is no active market for flocks of hens, the biological assets are recorded based upon the capitalised cost of the flock less accumulated amortisation. The cost is amortised over the productive life of the flock. This is between 50 and 60 weeks. The flocks are held for the purposes of producing eggs.

(d) Borrowing costs

Borrowing costs are expensed as incurred, except for borrowings directly incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale. Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and other costs that an entity incurs in connection with its borrowing of funds.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(f) Employee benefits

Short term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

Other long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, duration of service and employee turnover, and are discounted at rates determined by reference to market yields as the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the period in which the change occurs.

Other long-term employee benefit 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 date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(g) Events after the reporting period

Events after the reporting period are those events, favourable or unfavourable, that occur between the end of the reporting period and the date when the financial report is authorised for issue.

The amounts recognised in the financial statements reflect events after the reporting period that provide evidence of conditions that existed at the reporting date. Whereas events after the reporting period that are indicative of conditions that arose after the reporting period (i.e. which did not exist at the reporting date) are excluded from the determination of the amounts recognised in the financial statements.

(h) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of:

- (a) The group's business model for managing the financial assets; and
- (b) The contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the group are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the group's transactions with its customers and are normally settled within 30 days.

Consistent with both the group's business model for managing the financial assets and the contractual cash flow characteristics of these assets, trade and other receivables are subsequently measured at amortised cost.

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

- (a) debt instruments measured at amortised cost;
- (b) debt instruments classified at fair value through other comprehensive income; and receivables from contracts with customers, contract assets and lease receivables.

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from

Farm Pride Foods Limited and Controlled Entities Notes to the financial statements

contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The group determines expected credit losses based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

The group has identified contractual payments more than 365 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the group's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the group applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

The measurement of expected credit losses reflects the group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the group's exposure at default, discounted at the financial asset's original effective interest rate. Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) breach of contract;
- (c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e. reduced directly) when the counterparty is in severe financial difficulty and the group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the group. Recoveries, if any, are recognised in profit or loss.

(i) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the group's functional and presentation currency.

Transactions and balances

Transactions undertaken in foreign currencies are recognised in the group's functional currency, using the spot rate at the date of the transaction.

(j) Foreign currency translations and balances

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are restated to the spot rate at the reporting date.

Except for certain foreign currency hedges, all resulting exchange gains or losses are recognised in profit or loss for the period in which they arise.

(k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST.

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Impairment of non-financial assets

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, any goodwill recognised by the entity is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

An impairment loss is recognised where the carrying amount of the asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

(m) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. 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 the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit nor taxable profit or loss.

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(n) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct material, direct labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Costs are assigned on a standard cost basis which approximates actual cost. The standard cost basis is reviewed by management regularly and adjusted to reflect current conditions, where necessary. Net realisable value is an estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

(o) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the group, and an estimate of costs to be incurred by the group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e. the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e. the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(p) Other revenue

Interest revenue is recognised using the effective interest method.

Other revenue is recognised when the right to receive income or other distribution has been established.

(q) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which the parent entity controls. The parent entity controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are derecognised from the date that control ceases.

(r) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if it is highly probable their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Except in some limited circumstances, such as in the case of deferred tax balances and items measured at fair value on a recurring basis, non-current assets and assets and liabilities comprising disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair values less costs of disposal.

An impairment loss is recognised when the carrying amount of a non-current asset or disposal group held for sale exceeds its fair value less costs of disposal and is recognised immediately in profit or loss. Any impairment loss on a disposal group is allocated first to any goodwill attributable to the disposal group, and then to the remaining assets and liabilities on a pro rata basis, except for inventories, deferred tax assets and assets otherwise measured at fair value on a recurring basis. Gains are recognised in respect of any subsequent increases in fair value less costs of disposal of non-current assets or disposal groups held for sale, but only to the extent of any cumulative impairment losses previously recognised.

(s) Property, plant and equipment

Cost and valuation

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance are recognised in profit or loss as incurred.

Depreciation

Land is not depreciated. The depreciable amounts of all other property, plant and equipment are calculated using the straight-line method over their estimated useful lives commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

	2023	2022
- Buildings	Up to 40 years	Up to 40 years
- Plant and equipment	1 to 20 years	1 to 20 years
- Leased plant and equipment	5 to 20 years	5 to 20 years

(t) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when the group can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development. Capitalised development costs are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to capitalised development costs is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, capitalised development costs are measured at cost, less accumulated amortisation and any accumulated impairment losses.

(u) Revenue from contracts with customers

Sales

The Group's contracts with customers for the sale of egg products include one performance obligation. The Group recognises revenue from sale of products at the point in time when control of the asset is transferred to the customer on delivery of the goods. The normal credit terms are 30 to 60 days.

Variable consideration

Some contracts for the sale of products provide customers with rebates and promotional discounts which give rise to variable consideration. The variable consideration is estimated at contract inception using the expected value method based on forecast, timing of settlement and/or volumes and is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is subsequently resolved.

The amount of revenue reflects the consideration to which the Group expects to be entitled to in exchange for those goods.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring products to a customer before payment is due, a contract asset is recognised for the right to the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer products to customers for which the Group has received consideration from the customer in advance. If a customer pays consideration before the Group transfers products to the customer, a contract liability is recognised when the payment is made, or the payment is due. Contract liabilities are recognised as revenue when the Group provides the product under the contract.

(v) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(w) Segment reporting

Management has determined the operating segments based on the reports reviewed by the board of directors (the chief operating decision maker as defined under AASB 8) that are used to make strategic and operating decisions. The board of directors considers the business primarily from a geographic perspective. On this basis the Group has identified one reportable segment, Australia. The Group does not operate in any other geographic segment.

(x) Comparatives

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

(y) Rounding of amounts

The group have applied the relief under ASIC Corporates (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the Financial Reports and in the Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

(z) Adoption of new and revised Accounting Standards:

The group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2022. These standards do not have a material impact on the Group's financial results or position.

(aa) Standards and interpretations issued but not yet effective:

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future periods. The Group has decided not to early adopt any of these new and amended pronouncements. These pronouncements are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

Note 2: Significant accounting estimates and judgements

Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment of non-current assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the Group. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment or future product expectations. If an indicator of impairment exists, the recoverable amount of the asset is determined. Refer to Note 13(b) for further details.

(b) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences and tax losses to the extent that management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(c) Fair value measurements

Certain financial assets and liabilities are measured at fair value. Fair values have been determined in accordance with fair value measurement hierarchy. Refer to Note 3(d): Fair Value Measurements for the details of the fair value measure key assumptions and inputs.

(d) Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, and technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(e) Biological assets

The cost of flocks of hens are amortised over the productive life of the flock, which is between 50 and 60 weeks. This is based on the characteristics of the flock and the Group's historical operating experience.

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

(f) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(g) Rebates and promotional discounts liabilities

Rebates and promotional discounts are either settled monthly on settlement of invoice or accrued at balance sheet date depending on the exact timing of the customer claim. The Group estimates the rebate and promotional discount based on the percentage specified in the customer contract and the timing of settlement and/or volumes sold taking into account previous claims made.

(h) Inventory provisions

Management's judgement is applied in determining the inventory provisions for obsolescence and net realisable value, where the estimated selling price of inventory is lower than the cost to sell based on historical observations and management expectations.

(i) Share Based Payments:

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments on the date at which they are granted. The value of equity instruments granted is determined according to the fair value of goods or services received unless that fair value cannot be estimated reliably, in which case the fair value is determined by reference to the underlying value of equity instruments granted.

Note 3: Financial instruments risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including market risk (commodity prices, foreign currency and interest rate risk), liquidity risk and credit risk.

The Group's senior management oversees the management of these risks by using various financial instruments, including derivative financial instruments. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The use of financial derivatives is subject to approval by the Board of Directors.

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations. The Group is exposed to some foreign currency risk as the purchase of plant and equipment from time to time is denominated in foreign currencies.

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

The Group holds the following financial assets and financial liabilities at reporting date:

	2023	2022
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	1,987	2,150
Receivables	8,619	7,920
	10,606	10,070
Financial liabilities		
Payables	14,327	12,560
Lease liabilities	18,734	23,240
Borrowings	15,814	11,575
	48,875	47,375

(a) Market risk

(i) Commodity price risk

The Group is affected by the price variability of certain commodities. The Group's main sales product is shell eggs which is a commodity that is subject to market conditions. Where possible the Group enters longer term relationships with key customers that create more certainty around volumes and price. The Group's activities also require the ongoing purchase of grain and/or feed stock and is therefore affected by fluctuations in the price of feed ingredients, primarily wheat and soy. The Group manages this exposure utilising forward grain and/or feed stock purchase commitments through its key suppliers, within certain price parameters agreed by the Board of Directors.

(ii) Foreign exchange risk

The majority of the Group's operations are denominated in Australian dollars, therefore minimising the impact of foreign currency risk. The Group undertakes some transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed utilising forward foreign exchange contracts, subject to approval by the Board of Directors.

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments (normally Euro) for future purchases of plant and equipment.

(iii) 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.

The Group's exposure to interest rate risks in relation to future cash flows and the weighted average effective interest rates on classes of financial assets and financial liabilities is shown in the table below.

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

Sensitivity

The following sensitivity analysis is assessed on the interest rate risk exposures in existence at reporting date. At 30 June 2023, if interest rates had moved as illustrated in the table below, with all other variables held constant, the post-tax profit and equity would have been impacted as follows:

	Impact on post-tax profit and equity	
	2023	2022
	\$'000	\$'000
Interest rates – increase by 100 basis points	(89)	-
Interest rates – decrease by 100 basis points	89	-

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who assess the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows. Refer to the Group's funding arrangements disclosed in Note 16.

Maturities of financial liabilities

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both principal and estimated interest cash flows. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at reporting date.

2023	<6 months	6-12 months	1-5 years	Over 5 years	Total	Fixed/ Floating
	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial liabilities						
Trade and other payables	(14,327)	-	-	-	(14,327)	-
Long Term Floating Loan	-	-	(14,225)	-	(14,225)	Floating 9%
Long Term Fixed Loan	(93)	(97)	(349)	-	(539)	Fixed at 7.5%
Working Capital Loan	-	-	(1,050)	-	(1,050)	Floating 6.6%
Lease liability	(1,837)	(1,423)	(5,537)	(9,937)	(18,734)	Fixed at 3%
	(16,164)	(1,423)	(21,351)	(9,937)	(48,875)	

2022	<6 months	6-12 months	1-5 years	Over 5 years	Total	Fixed/ Floating
	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial liabilities						
Trade and other payables	(12,560)	-	-	-	(12,560)	-
Loans	-	-	(11,575)	-	(11,575)	Floating 9%
Lease liability	(2,488)	(2,047)	(7,942)	(10,763)	(23,240)	Fixed at 3%
	(15,048)	(2,047)	(19,517)	(10,763)	(47,375)	

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations under a financial instrument or customer contract, resulting in financial loss to the Group. The Group manages its credit risk by dealing with creditworthy counterparties. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The aging analysis of trade and other receivables is provided in Note 8(b). As the Group undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with credit terms.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for impairment, represents the Group's maximum exposure to credit risk.

(d) Fair value of financial instruments

The only financial assets or financial liabilities carried at fair value are forward foreign currency contracts from time to time. These instruments are considered to be Level 2 financial instruments as their measurement is derived from inputs other than quoted prices that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices).

The fair value of forward foreign currency is obtained from third party valuations derived from discounted cash flow forecasts of forward exchange rates at the end of the reporting period and contract exchange rates.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the financial year.

The carrying amount of other financial assets and financial liabilities recorded in the financial statements approximate their fair values.

Note 4: Revenue

Disaggregation of revenue

In the following table, revenue is disaggregated by major product.

	Consolidated	
	2023	2022
	\$'000	\$'000
Type of product¹		
Shell egg	44,648	48,058
Egg product	35,547	24,660
Other	2,586	1,322
Total revenue from contracts with customers	82,781	74,040
Profit on sale of Keysborough site ²	-	2,448
Other income	61	89
Total revenue	82,842	76,577

¹ The majority of sales (99.9%) are made in Australia. Revenue is recognised at a point in time, upon satisfaction of the Group's performance obligation, being delivery of the products to the customer.

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

²The sale of Keysborough generated cash inflows of \$18.500m less transaction costs of \$0.383m. With the sale subject to a long-term lease of fifteen years with an additional five-year option, the proceeds from the sale have been accounted for in accordance with AASB 16 Leases. As a result, a significant amount of the proceeds from sale are offset against the right of use asset for the Keysborough site instead of being recognised as profit on sale of an asset in the current period. This results in the recognition of a right of use asset of \$1.866m, a lease liability of \$14.998m and a gain on sale of \$2.448m.

Note 5: Loss from continuing operations

Loss from continuing operations before income tax has been determined after the following specific expenses:

	Consolidated	
	2023	2022
	\$'000	\$'000
Cost of goods sold		
Changes in inventories of finished goods and work in progress	307	(310)
Raw materials and consumables used	59,922	56,770
	60,229	56,460
Employee benefits expenses		
Salaries and wages	17,163	15,251
Employee superannuation contributions	1,472	1,317
Total employee benefits expenses	18,635	16,568
Depreciation of non-current assets and leased assets		
Land and buildings	887	1,058
Plant & equipment	1,764	1,644
Right of use and leased assets	3,738	4,461
Total depreciation of non-current assets	6,389	7,163
Foreign exchange translation loss	3	1
Flock amortisation (note 10)	10,745	10,058
Finance costs – interest expense	2,518	2,177
Impairment of property, plant and equipment	-	4,754

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

Note 6: Income tax

	Consolidated	
	2023 \$'000	2022 \$'000
(a) Components of tax expense:		
Deferred tax expense	-	5,827
Income tax expense	-	5,827
(b) Income tax reconciliation		
(Loss) / profit before income tax	-	(13,955)
At the statutory income tax rate of 30% (2022: 30%)	-	(4,187)
Derecognition of carry forward losses and timing differences	-	5,827
Non-deductible expenses	-	1,427
Tax losses not brought to account	-	2,760
Income tax expense	-	5,827
(c) Movement in deferred tax assets and (liabilities)		
Balance at beginning of year	-	5,827
Derecognition of carry forward losses and timing differences	-	(5,827)
Balance at the end of the year	-	-
(d) Deferred tax assets not brought to account		
Operating losses at 30%	8,644	5,687
Deductible temporary differences not recognized	5,985	6,209
Total deferred tax assets not brought to account	14,629	11,896

Note 7: Dividends

	Consolidated	
	2023 \$'000	2022 \$'000
(a) Dividends proposed and recognised as a liability		
	Nil	Nil
(b) Franking credit balance		
Balance of franking account at year end	11,485	11,485

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

Note 8: Receivables

	Consolidated	
	2023	2022
	\$'000	\$'000
Trade receivables	8,133	7,465
Allowance for expected credit losses	(22)	(6)
	8,111	7,459
Other receivables	508	461
	8,619	7,920

(a) Terms and conditions

Trade receivables are non-interest bearing and generally on 30-to-60-day terms.
Other receivables are non-interest bearing and have repayment terms between 30 and 60 days.

(b) Allowance for expected credit losses

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Movements in the allowance for expected credit losses were:</i>		
Opening balance as at 1 July	6	6
Increase in allowance for expected credit losses	16	-
	22	6

Trade and other receivables ageing analysis as at 30 June is:

	Gross 2023	Loss Allowance 2023	Gross 2022	Loss Allowance 2022
	\$'000	\$'000	\$'000	\$'000
Not past due	8,482	-	7,923	-
Past due	159	22	3	6
	8,641	22	7,926	6

Due to the short-term nature of these receivables, their carrying value approximates their fair value.
The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.

Note 9: Inventories

	Consolidated	
	2023	2022
	\$'000	\$'000
CURRENT		
Raw materials	3,274	3,366
Finished goods	1,271	1,485
Total inventories	4,545	4,851

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

Note 10: Biological assets

	Consolidated	
	2023	2022
	\$'000	\$'000
Current	9,662	5,897
Non-current	349	403
Total	10,011	6,300
Flocks		
Cost	16,318	14,409
Less: Accumulated amortisation	(6,307)	(8,109)
	10,011	6,300
Opening written down value	6,300	8,017
Additions	14,560	8,341
Amortisation	(10,745)	(10,058)
Disposal	(104)	-
Closing written down value	10,011	6,300

The number of birds held by the Group as at 30 June 2023 was 1,163,255 (2022: 1,223,354).

The average output per bird is approximately 5.5 eggs per week during their productive period.

Note 11: Other current assets

	Consolidated	
	2023	2022
	\$'000	\$'000
Prepayments and deposits	757	1,919

Note 12: Assets held for sale

	Consolidated	
	2023	2022
	\$'000	\$'000
Assets held for sale	1,822	-

Assets held for sale

The Group has entered into a contract to sell the non-arable land portion of one of its farms. The settlement process is expected to complete in either the 1st or 2nd quarter of FY24.

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

Note 13: Property, plant and equipment

2023	Land and buildings	Plant and equipment	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000
Cost	24,073	46,982	570	71,625
Accumulated depreciation and impairment	(8,873)	(40,914)	-	(49,787)
Net book value	15,200	6,068	570	21,838
Opening net book value as at 1 July 2022	17,900	7,418	195	25,513
Additions	-	-	1,050	1,050
Impairment losses	-	-	-	-
Disposal	(23)	(229)	-	(252)
Transfers	32	643	(675)	-
Transfer to assets held for sale	(1,822)	-	-	(1,822)
Depreciation	(887)	(1,764)	-	(2,651)
Net book value as at 30 June 2023	15,200	6,068	570	21,838

2022	Land and buildings	Plant and equipment	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000
Cost	25,893	47,796	195	73,884
Accumulated depreciation and impairment	(7,993)	(40,378)	-	(48,371)
Net book value	17,900	7,418	195	25,513
Opening net book value as at 1 July 2021	18,632	12,011	984	31,627
Additions	4	521	817	1,342
Impairment losses	-	(4,754)	-	(4,754)
Disposal	-	-	-	-
Transfers	322	1,284	(1,606)	-
Depreciation	(1,058)	(1,644)	-	(2,702)
Net book value as at 30 June 2022	17,900	7,418	195	25,513

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

(a) Assets pledged as security

Included in the balances of freehold land and buildings and plant and equipment are assets over which first mortgages have been granted as security over loans (see note 16). The terms of the first mortgage preclude the assets from being sold or being used as security for further mortgages without the permission of the first mortgage holder. The mortgage also requires buildings that form part of the security to be fully insured at all times.

(b) Impairment testing of non-current assets

The Group performed an impairment test as at June 2023. The recoverable amount of the Group's property, plant and equipment was determined on a value-in-use basis, using cash flow forecasts covering a 5-year period and perpetual cash flow projections beyond the 5-year budget period using a growth rate of 3.0% (2022: 3.0%) that approximates the long-term average growth rate for the sector, and a post-tax discount rate of 12% (2022: 10%). Based on this determination, management concluded that the recoverable amount of the Group's property, plant and equipment was greater than its carrying amount at 30 June 2023 and that the Group's non-current assets were not impaired.

Note 14: Lease assets and liabilities

Lease assets

2023	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Cost	21,680	1,381	23,061
Accumulated depreciation	(15,593)	(1,132)	(16,725)
Net book value	6,087	249	6,336
Opening net book value as at 1 July 2022	9,640	451	10,091
Depreciation	(3,553)	(185)	(3,738)
Disposal	-	(17)	(17)
Net book value as at 30 June 2023	6,087	249	6,336

Lease assets

2022	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Cost	21,680	1,408	23,088
Accumulated depreciation	(12,040)	(957)	(12,997)
Net book value	9,640	451	10,091
Opening net book value as at 1 July 2021	10,203	763	10,966
Recognition of leased assets - additions	3,586	-	3,586
Depreciation	(4,149)	(312)	(4,461)
Net book value as at 30 June 2022	9,640	451	10,091

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

Lease liabilities

	2023	2022
	\$'000	\$'000
Lease liabilities		
Current lease liabilities	3,305	4,535
Non-current lease liabilities	15,429	18,705
Total carrying amount of lease liabilities	<u>18,734</u>	<u>23,240</u>
Lease expenses and cashflows		
Depreciation expense on lease assets	3,738	4,461
Interest expense on lease liabilities	616	746
Repayment of lease liability	4,506	4,899
Total cash outflow relating to leases	5,122	5,645

Note 15: Payables

	Consolidated	
	2023	2022
	\$'000	\$'000
Trade creditors	11,349	7,735
Other payables and accruals	2,978	4,825
	<u>14,327</u>	<u>12,560</u>

(i) Terms and conditions

Our standard terms are 30 days from the end of month.

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

Note 16: Borrowings

	Consolidated	
	2023	2022
	\$'000	\$'000
Current		
<i>Secured</i>		
Borrowings:		
Long term loan (unsecured) ¹	190	-
	<u>190</u>	<u>-</u>
Non-current		
<i>Secured</i>		
Borrowings:		
Long term loan (secured) ²	14,225	11,575
Working capital loan ³	1,050	-
Long term loan (unsecured) ¹	349	-
	<u>15,624</u>	<u>11,575</u>

¹ The facility is unsecured. The maturity date of the facility is 28th February 2026.

² The facility is secured by a fixed charge over selected property and company assets. The maturity date of the facility is 31 August 2024.

³ The facility is secured over the Group's receivables. The facility was renewed in June 23. The maturity date of the facility is 31 August 2024.

At the reporting date, the consolidated entity's financing are as follows.

	Consolidated	
	2023	2022
	\$'000	\$'000
(i) Long Term Loan (secured)		
Facilities available	14,342	14,342
Facilities used	14,225	11,575
Facilities unused	117	2,767
(ii) Working Capital Loan		
Facilities available	2,000	-
Facilities used	1,050	-
Facilities unused	950	-
(iii) Long Term Loan (unsecured)		
Facilities available	539	-
Facilities used	539	-
Facilities unused	-	-

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

Note 17: Provisions

	Consolidated	
	2023 \$'000	2022 \$'000
Current		
<i>Employee benefits</i>		
Annual and other leave entitlements	997	1,018
Long service leave	877	811
	1,874	1,829
Non-current		
<i>Employee benefits</i>		
Long service leave benefits	115	177
	1,989	2,006

Note 18: Contributed Equity

	Consolidated	
	2023 \$'000	2022 \$'000
Issued and paid-up capital		
143,857,856 (2022: 55,180,175) Ordinary shares fully paid	34,307	29,578
	34,307	29,578

Each share is entitled to 1 vote per share.

Reconciliation:

Reconciliation of the number of ordinary shares outstanding at the beginning and end of the year:

	Number of ordinary shares	Share capital \$'000
Balance at 1 July 2021	55,180,175	29,578
Ordinary shares issued during the year	-	-
Balance at 30 June 2022	55,180,175	29,578
Ordinary shares issued during the year	88,677,681	4,877
Share issue costs (net of tax)	-	(148)
Balance at 30 June 2023	143,857,856	34,307

(a) NREO and Placement:

During the year, the company raised \$4.877m of additional capital (before costs) through a non-renounceable entitlement offer of new shares to eligible shareholders (NREO) and Placement as described below:

- i. **NREO:** On 25th January 2023, the company raised \$1.341m through a 7:12 pro rata NREO, with a further \$0.036m approved by shareholders at the Extraordinary General Meeting (EGM) held 23 February 2023. 25,041,317 new shares were issued at a price of 5.5 cents per share pursuant to the NREO.
- ii. **Placement:** At the EGM held 23 February shareholders also approved the Placement to sophisticated and professional investors to raise \$3.500m (before costs). 63,636,364 new shares were issued at a price of 5.5 cents per share pursuant to the Placement.

Before the issue of new shares, the Company's largest shareholder was West Coast Eggs Pty Ltd, holding 27,486,302 or 49.81% of the shares in the Company. West Coast Eggs Pty Ltd continues to be the largest shareholder of the Company subsequent to the issue of the new shares, holding 43,519,979 or 30.25% of the shares in the Company.

(b) Capital management

The Board reviews the capital structure on an ongoing basis. The Group's objective is to maintain an optimal capital structure which seeks to reduce the cost of capital and safeguard the Group's 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 or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

(c) Dividends

During the year ended 30 June 2023 no dividends were paid, declared or recommended (2022: Nil).

Note 19 (Loss)/Earnings per share

The following reflects the income and share data used in calculations of basic and diluted (loss)/earnings per share computations:

	Consolidated	
	2023	2022
	\$'000	\$'000
Net (loss) / profit from continuing operations	(9,112)	(19,782)

Weighted average

	2023	2022
	No. of shares	No. of shares
Weighted average number of shares used in calculating basic (loss)/earnings per share	92,129,209	55,180,175
Weighted average number of shares used to calculate diluted (loss)/earnings per share ¹	92,129,209	55,180,175

¹ Share Options and performance rights issued to Mr. Darren Lurie are not dilutive because their conversion to ordinary shares would increase loss per share.

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

Note 20: Share Based Payments

As described in the Director's Report, the company has granted share options and performance rights to Mr. Darren Lurie (Managing Director). The expense recognised in relation to these share-based payment transactions was recognised within other expenses within profit or loss were as follows:

	Consolidated	
	2023 \$'000	2022 \$'000
Total expense recognised	71	-

Note 21: Cash Flow Information

	Consolidated	
	2023 \$'000	2022 \$'000
(a) Reconciliation of cash flow from operations with profit after tax:		
(Loss)/profit from ordinary activities after tax	(9,112)	(19,782)
Non-cash items		
Depreciation	6,389	7,163
Impairment of property, plant and equipment	-	4,754
Flock amortisation	10,745	10,058
Net loss/(profit) on disposal of property, plant and equipment and leased assets	46	(2,439)
Non-cash movement on loan	600	488
Share options expense	71	-
Provision for doubtful debts	16	-
Non-cash interest	99	-
Non-cash movement on property, plant and equipment and leases	(304)	(23)
Changes in operating assets and liabilities net of effects from acquisition of businesses:		
(Increase) / decrease in trade and other receivables	(715)	(1,815)
(Increase) / decrease in inventory	306	(310)
(Increase) / decrease in biological assets	(14,456)	(8,341)
(Increase) / decrease in deferred tax asset	-	5,827
(Increase) / decrease in other assets	1,162	(1,141)
Increase / (decrease) in trade and other creditors	1,767	1,950
Increase / (decrease) in employee entitlements	(17)	(123)
Net cash flow from operating activities	(3,403)	(3,734)

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

(b) Reconciliation of cash and cash equivalents for the purposes of the Consolidated Statement of Cash Flows

Cash at bank	1,987	2,150
	1,987	2,150

(c) Reconciliation of liabilities arising from financing activities

	As at 1 July	Financing cash flows	Non-Cash Changes Other	As at 30 June
	\$'000	\$'000	\$'000	\$'000
2023				
Bank loans	11,575	3,540	699	15,814
Lease liabilities	23,240	(4,506)	-	18,734
Total liabilities from financing activities	34,815	(966)	699	34,548
2022				
Bank loans	18,709	(7,277)	143	11,575
Lease liabilities	11,421	(4,899)	16,718	23,240
Total liabilities from financing activities	30,130	(12,176)	16,861	34,815

Note 22: Commitments

Farm cost commitments

Farm commitments relate to commitments for flock replenishment and other farm operating expenditure commitments:

	Consolidated	
	2023	2022
	\$'000	\$'000
Farm cost commitments	1,849	4,163

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

Note 23: Controlled Entities

The consolidated financial statements include the financial statements of Farm Pride Foods Limited and its controlled entities listed below:

List of companies in the group	Country of incorporation	Percentage owned	
		2023	2022
Parent entity:			
Farm Pride Foods Limited	Australia	100%	100%
Controlled entities of Farm Pride Foods Limited			
Big Country Products Pty Ltd	Australia	100%	100%
Farm Pride Property Pty Ltd	Australia	100%	100%
Mooroopna Farm Trading Pty Ltd	Australia	100%	100%
Farm Pride North Pty Ltd	Australia	100%	100%
Carton Packaging Pty Ltd	Australia	100%	100%

Note 24: Related party disclosures

(a) Parent entity and equity interests in related parties

The parent entity of the Group is Farm Pride Foods Limited, a listed public company, incorporated in Australia.

Details of the percentage of ordinary share held in subsidiaries are disclosed in Note 23.

(b) Ultimate parent entity

Until February 2023, the ultimate parent entity of the Group was AAA Egg Company Pty Limited, (AAA) private company, incorporated in Australia. AAA ceased to be the ultimate parent entity of the Group subsequent to the NREO and Placement issue as describe in Note 18.

(c) Key management personnel

Disclosures relating to key management personnel are set out in the Directors' report.

(d) Key management personnel compensation

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

	Consolidated	
	2023	2022
	\$'000	\$'000
Short-term employee benefits	907	655
Long term employee benefits	71	-
Post-employment benefits	77	60
	1,055	715

Detailed remuneration disclosures are provided in the Remuneration Report on page 12 to 14.

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

Note 24: Related party disclosures (continued)

(e) Transactions with directors and director-related entities

The value of transactions (inclusive of GST) and amounts receivable / (payable) between Directors and their related entities and Farm Pride Foods Limited and its controlled entities.

Director related entities	Transaction	Revenue		Expenditure		Balance Receivable / (Payable)	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Days Eggs Pty Ltd ¹ (P. Bell)	Egg supply / Purchases	8	-	223	-	(52)	-
Pure Foods Eggs Pty Ltd ¹ (P. Bell)	Egg sales	-	6	-	-	-	-
West Coast Eggs Pty Ltd ¹ (P. Bell / M. Ward)	Egg sales / Purchases	141	803	331	138	(46)	62
AAA Egg Company Pty Ltd ¹ (P. Bell / M. Ward)	Egg Purchases/ Loan Interest	-	-	12	-	-	-
Oakmeadow Pty Ltd ¹ (M. Ward)	Loan Interest	-	-	6	-	-	-
Morago Holdings Pty Ltd ¹ (P. Bell)	Loan Interest	-	-	17	-	-	-
Siamje ² (D. Lurie)	Consulting	-	-	84	-	-	-

¹Peter Bell and Malcolm Ward through their related entities provide birds, eggs and egg products to and acquire eggs, egg product and packaging from Farm Pride Foods Limited and its controlled entities. Peter Bell and Malcolm Ward through their related entities also provided unsecured interest-bearing loans during the year. Director's administrative expenses are reimbursed at cost. These transactions are on normal trading terms and conditions. Peter Bell resigned as director in September 2022.

²Darren Lurie through his related entity had provided consulting services to the business before his appointment as director in February 2023.

Transactions in the above table represent related party transactions for the full financial year from July '22 – June '23 and comparatives for July '21 - June '22.

Farm Pride Foods Limited and Controlled Entities
Notes to the financial statements

Note 25: Parent entity information

Information relating to Farm Pride Foods Limited:

	2023	2022
	\$'000	\$'000
Summarised statement of financial position		
Current assets	27,392	22,738
Total assets	55,914	58,744
Current liabilities	18,991	18,288
Total liabilities	50,113	48,660
Total equity of the Parent comprises of the following:		
Share capital	34,307	29,578
Retained (losses)	(28,577)	(19,494)
Share option reserve	71	-
Total shareholder's equity	5,801	10,084
Summarised statement of comprehensive income		
(Loss) of the parent entity	(9,083)	(19,591)
Total comprehensive (loss) of the parent entity	(9,083)	(19,591)

Farm Pride Foods Limited as parent has provided security over the loans of its subsidiaries by a fixed and floating charge (see note 16).

Note 26: Auditor's remuneration

	Consolidated Entity	
	2023	2022
	\$	\$
<i>Audit and other assurance services</i>		
Audit and review of the financial report of the entity and any other entity in the consolidated entity	222,587	187,690
<i>Other services</i>		
Taxation services	40,109	21,940
	262,696	209,630

Note 27: Subsequent Events:

There are no matters or circumstances which have arisen since 30th June 2023 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the group in future financial periods.

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 23 to 50 in accordance with the *Corporations Act 2001*:

- (a) Comply with Australian Accounting Standards and the *Corporations Regulation 2001*, and other mandatory professional reporting requirements;
- (b) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and
- (c) Give a true and fair view of the financial position of the Group as at 30 June 2023 and of its performance for the year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Farm Pride Foods Limited 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 by the Chief Executive Officer and Chief Financial Officer to the Directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ending 30 June 2023.

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



Director
30 August 2023
Melbourne

FARM PRIDE FOODS LIMITED
ABN 42 080 590 030

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
FARM PRIDE FOODS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Farm Pride Foods Limited “the Company” and its controlled entities “the Group”, which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

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

- (a) giving a true and fair view of the Group’s financial position as at 30 June 2023 and of its financial performance for the year then ended; 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor’s report.

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

Material Uncertainty Related to Going Concern

Without modifying our opinion expressed above, attention is drawn to the matters set out in Note 1(b) – Going Concern in the financial report.

The conditions, as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Key Audit Matters

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

FARM PRIDE FOODS LIMITED
ABN 42 080 590 030

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
FARM PRIDE FOODS LIMITED

Key Audit Matter

How our audit addressed the key audit matter

Valuation of flock assets

Valuation of flock assets - \$10,011,000
Refer to Note 10: Biological Assets
The Group has \$10 million (\$6.3 million as at 30 June 2022) of biological assets, "the flock assets".

The flock assets should be valued at market value consistent with AASB 141 Agricultural assets, however, the lack of an active or liquid market for flock assets means the flock assets are measured at cost less accumulated amortisation and impairment losses. The amortisation rate is based on the estimated life of an individual flocks within the flock assets, and consequently the valuation of the flock assets as a whole is subject to judgement.

We have focused on this balance given it is based on significant estimates involving subjective judgements and uncertainties over the estimated flock assets life due to the impact of factors such as disease and productive capacity of the individual flocks.

Our testing of the flock assets valuation focused on assessing the appropriateness of management's judgements when determining the flock assets' estimated life.

Our procedures included, amongst others:

- Obtained client schedule for total flock assets as at 30 June 2023 and agreed to the general ledger;
- Assessed the underlying mathematical accuracy of the client schedule by performing a recalculation of the written down value of the flock assets as at 30 June 2023 based on the total capitalised cost, age and production life of each flock asset as at 30 June 2023;
- Tested the appropriateness of costs capitalised to flock assets by verifying a sample of costs back to supporting invoices/documentation;
- Held discussions with management and analysed the key assumptions used to determine productive life for each flock asset as at 30 June 2023.
- Assessed the adequacy of the presentation and disclosure of the flock assets in the financial report as at 30 June 2023.
- Obtained an understanding of the design and implementation of the controls over the valuation of flock assets.

FARM PRIDE FOODS LIMITED
ABN 42 080 590 030

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
FARM PRIDE FOODS LIMITED**

Valuation of Property, plant and equipment

Valuation of property, plant and equipment - \$21,838,000. Refer to Note 13: Property, plant and equipment

The Group has \$21.8 million (\$25.5 million as at 30 June 2022) of property, plant and equipment, which represents approximately 39% of total assets.

Australian Accounting Standards require the Group to assess, at the end of each reporting period, whether there is any indication of impairment to assets.

No impairments have been recorded.

We have focused on this balance due to the significance of the balance and the determination that property, plant and equipment is a single cash-generating unit.

The assumptions and methodologies used in the discounted cash-flow for the impairment assessment are complex judgements made by management such as forecasting revenue growth rate, terminal growth rate and discount rate.

Our testing of property, plant and equipment valuation focused on assessing the appropriateness of management's judgements in relation to its determination of cash-generating units and the associated discounted cash flow.

Our procedures included, amongst others:

- Evaluated the assumptions and methodologies utilised in the discounted cash flow prepared by management, including determination of discount rate, revenue growth rate, terminal growth rate and other key assumptions;
- Evaluated the determination of cash-generating units;
- Assessed the reasonableness of the discounted cash flow forecast in comparison to historical actuals and the forthcoming years Board approved detailed budget;
- Tested the mathematical accuracy of the discounted cash flow model;
- Assessed the impact of sensitivities to sales, cost of sales, gross margin and discount rate.
- Assessed the adequacy of the presentation and disclosure of property, plant and equipment in the financial report as at 30 June 2023.
- Obtained an understanding of the design and implementation of the controls over the valuation of Property, plant and equipment.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

FARM PRIDE FOODS LIMITED
ABN 42 080 590 030

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
FARM PRIDE FOODS LIMITED

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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.

FARM PRIDE FOODS LIMITED
ABN 42 080 590 030

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
FARM PRIDE FOODS LIMITED

- 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.

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 with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period 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.

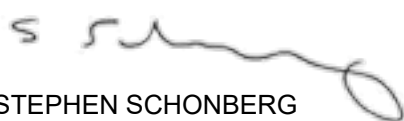
Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 16 of the directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Farm Pride Foods Limited and controlled entities, for the year ended 30 June 2023, 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.



STEPHEN SCHONBERG
Partner



PITCHER PARTNERS
Melbourne

Date: 30 August 2023

Farm Pride Foods Limited and Controlled Entities
ASX Additional Information

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 31 July 2023.

(a) Distribution of equity security

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

	No. of shareholders	No. of shares
1 - 1,000	368	212,794
1,001 - 5,000	644	1,777,789
5,001 - 10,000	242	1,785,509
10,001 - 100,000	284	7,938,879
100,001 +	66	132,142,885
 The number of shareholders holding less than a marketable parcel of shares are:	 895	 1,427,117

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

	Listed ordinary shares held	Percentage of ordinary shares
1 West Coast Eggs Pty Ltd	43,519,979	30.25
2 Dr Philip James Currie + Mrs. Anne Jennifer Currie	21,918,182	15.24
3 Bait of Brets Pty Ltd	21,818,182	15.17
4 LDL Custodians Pty Ltd	14,545,454	10.11
5 Oakmeadow Pty Ltd	3,772,075	2.62
6 Jadig Superannuation Pty Ltd	3,636,364	2.53
7 Mr Gavin Bruce De Lacy	2,214,748	1.54
8 Normpat Pty Ltd	2,064,250	1.43
9 Markcamp No 2 Pty Ltd	2,009,468	1.40
10 HSBC Custody Nominees (Australia) Ltd – A/C 2	1,857,193	1.29
11 David Ricardo Asset Management Pty Ltd	1,385,415	0.96
12 Glenmon No2 Pty Ltd	1,003,057	0.70
13 Mr Clinton James Quay	937,500	0.65
14 Merrill Lynch (Australia) Nominees Pty Limited	604,099	0.42
15 Fusion Electrics (Aust) P/L	475,000	0.33
16 Mr Genaro Paul Auriemma Mrs Dilaila Auriemma	400,000	0.28
17 Dr Walid Mohammed Abdel-Maksoud Aly	393,002	0.27
18 Gobblers Inc Pty Ltd	391,144	0.27
19 Vivre Investments Pty Ltd	375,000	0.26
20 Mr Raymond John Chamberlain	350,000	0.24
	<hr/> 123,670,112	<hr/> 85.96

ASX Additional Information (continued)

(c) Substantial shareholders

The names of substantial shareholders listed in the Company's register.

	No. of shares held	Percentage of ordinary shares
West Coast Eggs Pty Ltd	43,519,979	30.25
Dr Philip James Currie + Mrs Anne Jennifer Currie	21,918,182	15.24
Bait of Brets Pty Ltd	21,818,182	15.17
LDL Custodians Pty Ltd	14,545,454	10.11

(d) Voting rights

The voting rights are set out in Article Number 10 of the Company's Articles of Association. In summary, voting by or on behalf of members at a meeting shall be by show of hands or upon poll exercised by one vote for each fully paid ordinary share held or proportionate to the amount paid on each partly paid ordinary share held.

(e) Unquoted securities

Nil share options are on issue (2022: Nil).

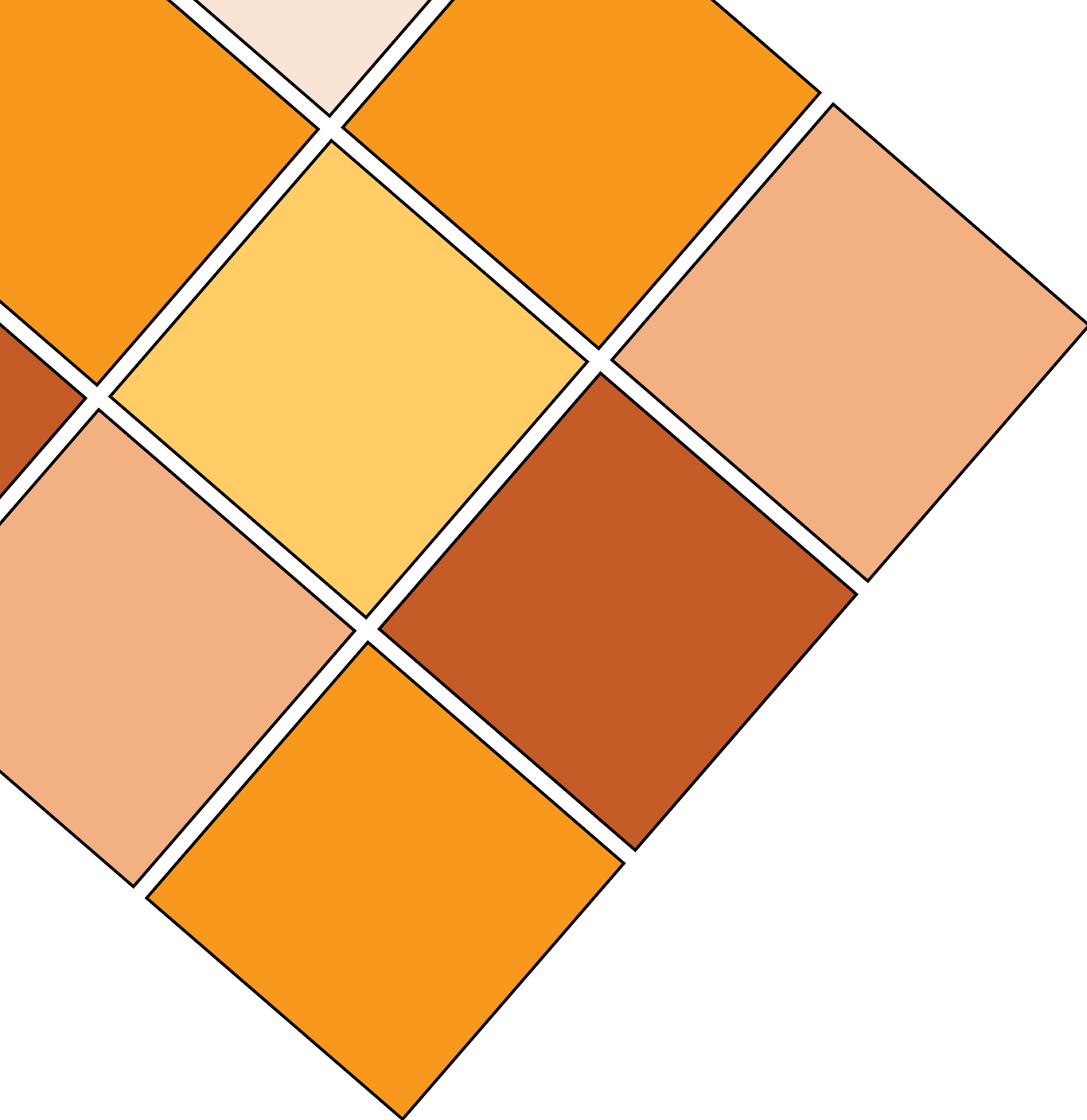
(f) Stock Exchange listing

Quotation has been granted for all the ordinary shares of the Company on all members Exchanges of the Australian Stock Exchange Limited.

Publicly accessible information

For information on corporate governance policies adopted by Farm Pride Foods Ltd refer to our website:

www.farmpride.com.au



PRIDE IN EVERY EGG

Farm Pride Foods Ltd.
ABN: 42 080 590 030

551 Chandler Road
Keysborough
Victoria 3173 Australia
Tel: 1300 693 347
farmpride.com.au