East 33 Ltd
ABN 70 636 173 281
Registered office: 12 Point Road, Tuncurry, NSW, 2428

30 August 2023

Results for announcement to the market

Preliminary Report of East 33 Limited for the year ended 30 June 2023

ABN 70 636 173 281

This Preliminary Final report is provided to the Australian Securities Exchange (ASX) under Listing Rule 4.3A.

Current Reporting Period:	Year ended 30 June 2023
Previous Corresponding Period:	Year ended 30 June 2022

This report should be read in conjunction with the interim financial statements.

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East 33 Limited

For the Year Ended 30 June 2023

Revenue and Net Profit/(Loss)

		Percentage Change %		Amount $
Revenue from ordinary activities	Up	9%	to	24,620,930
Profit/(loss) from ordinary activities after tax attributable to members	Up	3%	to	(9,198,659)
Net profit/(loss) attributable to members	Up	3%	to	(9,198,659)

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

Commentary on the results and review of operations will be sent as part of the audited financial statements for the year ended 30 June 2023.

1. Details Relating to Dividends (Distributions)

ASX Append 4E.14.2

The company did not declare a dividend during the financial period and has not declared a dividend since the end of the financial period.

Source Reference

ASX Append 4E.14.1

2. Earnings Per Share

	2023 $ per share	2022 $ per share
Basic earnings/(loss) per share (EPS)	(0.020)	(0.034)
Diluted earnings/(loss) per share (EPS)	(0.020)	(0.034)

Basic Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2023 $	2022 $
Earnings (a)	(9,198,659)	(8,962,136)

	2023 Number	2022 Number
Weighted average number of ordinary shares	449,634,289	263,516,924
Weighted average number of dilutive ordinary shares	449,634,289	263,516,924

Source Reference

ASX Append 4E.9

3. Net Tangible Assets and Net Assets Per Security

	2023 $ per share	2022 $ per share
Net tangible asset surplus/(deficit) per security	0.078	0.01
Net asset surplus/(deficit) per security	0.06	0.13

4. Details of Entities Over which Control Has Been Gained or Lost

N/A

5. Segment Information

ASX Append 4E.14.4

Refer to Note 3 of the interim financial statements attached

6. Discontinuing Operations

Sale of bottle shop.

7. Other Significant Information

ASX Append 4E.12

N/A

8. Information on Audit or Review

ASX Append 4E.15

This preliminary final report is based on accounts to which one of the following applies.

	The accounts have been audited		The accounts have been subject to review
X	The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed

ASX Append 4E.16

Description of likely dispute or qualification if the accounts have not yet been audited or subjected to review or are in the process of being audited or subjected to review.

None

ASX Append 4E.17

Description of dispute or qualification if the accounts have been audited or subjected to review.

N/A

East 33 Limited

ABN 70 636 173 281

Unaudited Financial Statements - 30 June 2023

Contents

Corporate Directory

Directors	Hon. Sarah Courtney (Non-Executive Chair) Michael Ryan (Non-Executive Director) Gary Higgins (Non-Executive Director) Ben Cameron (Non-Executive Director) Veronica Papacosta (Non-Executive Director)
Company Secretary	Melanie Leydin
Notice of annual general meeting	The Company will hold its Annual General Meeting of shareholders on 24 November 2023.
Registered office	12 Point Road Tuncurry, NSW 2428 Ph: +61 2 8001 6310
Principal place of business	12 Point Road Tuncurry NSW 2428
Auditor	HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street Perth WA 6000
Solicitors	Thomson Geer Law Level 28, Waterfront Place 1 Eagle Street Brisbane QLD 4000
Bankers	NAB Level 3, 2 Carrington Street Sydney NSW 2000
Share registry	Link Market Services Ltd Level 12, 680 George Street, Sydney NSW 2000 Ph: 1300 554 474
Stock exchange listing	East 33 Limited shares are listed on the Australian Securities Exchange (ASX code: E33)
Website	https://east33.sydney

Statement of profit or loss and other comprehensive income

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Revenue	4	24,621	22,636
Cost of sales	6	(17,344)	(16,515)
Gross profit		7,277	6,121
Biological assets change in fair value	12	3,403	(4,247)
Other income	5	173	783
Expenses			
Employee benefits expense		(11,588)	(10,102)
Marketing expense		(169)	(549)
Occupancy expenses		(511)	(386)
Legal costs		(125)	(56)
Share-based payments	36	-	(31)
Administration expenses	6	(1,578)	(1,591)
Total operation expenses		(13,971)	(12,715)
Fair value (loss)/gain of financial assets and liabilities	20	(270)	3,940
Earnings before interest, tax, depreciation and amortisation		(3,388)	(6,118)
Depreciation, amortisation and impairment expense	6	(4,924)	(2,009)
Finance costs	6	(885)	(835)
Loss before income tax expense		(9,197)	(8,962)
Income tax expense	7	(1)	-
Loss after income tax expense for the year		(9,198)	(8,962)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		**-**	**-**
Total comprehensive loss for the year		(9,198)	(8,962)
		$	**$**
Basic loss per share	35	(0.020)	(0.034)
Diluted loss per share	35	(0.020)	(0.034)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Assets			
Current Assets			
Cash and cash equivalents	8	893	3,408
Trade and other receivables	9	1,557	1,670
Biological assets	12	3,099	2,017
Inventories	10	265	235
Assets held for sale	11	-	650
Total current assets		5,814	7,980
Non-current assets			
Biological assets	12	2,198	3,192
Property, plant and equipment	13	10,288	11,464
Right-of-use assets	14	1,591	1,811
Intangible assets	15	27,003	30,152
Deferred tax assets	7	1,671	609
Total non-current assets		42,751	47,228
Total assets		**48,565**	**55,208**
Liabilities			
Current liabilities			
Trade and other payables	16	1,760	1,624
Other liabilities	21	400	400
Deferred acquisition consideration	17	1,179	680
Borrowings	18	4,309	502
Financial liabilities at fair value	20	5,930	-
Lease liabilities	19	186	314
Total current liabilities		13,764	3,520
Non-current liabilities			
Lease liabilities	19	1,532	1,726
Deferred tax liability	7	1,603	541
Deferred acquisition consideration	17	100	1,129
Borrowings	18	100	8,802
Financial liabilities at fair value	20	-	5,660
Other liabilities	21	400	800
Provisions		-	126
Total non-current liabilities		3,735	18,784
Total liabilities		**17,499**	**22,304**
Net assets		**31,066**	**32,904**
Equity			
Issued capital	22	56,643	49,283
Reserves	36	-	31
Accumulated losses		(25,577)	(16,410)
Total equity		**31,066**	**32,904**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Statement of changes in equity

Consolidated	Issued capital $'000	Accumulated losses $'000	Share-based payment reserves	Total equity $'000
Balance at 1 July 2021	12,728	(7,448)	-	5,280
Loss after income tax expense for the year	-	(8,962)	-	(8,962)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	(8,962)	-	(8,962)
Transactions with owners in the capacity as owners:				
Equity issued during the year net of share issue costs	31,370	-	-	31,370
Notes converted to Equity	5,185	-	-	5,185
Share based payments	-	-	31	31
Balance at 30 June 2022	**49,283**	**(16,410)**	**31**	**32,904**

Consolidated	Issued capital $'000	Accumulated losses $'000	Share-based payment reserves	Total equity $'000
Balance at 1 July 2022	49,283	(16,410)	31	32,904
Loss after income tax expense for the year	-	(9,198)	-	(9,198)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	(9,198)	-	(9,198)
Transactions with owners in the capacity as owners:				
Equity issued during the year net of share issue costs	7,360	-	-	7,360
Performance rights forfeited	-	31	(31)	-
Balance at 30 June 2023	**56,643**	**(25,577)**	**-**	**31,066**

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

Statement of cash flows

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Cash flows from operating activities			
Receipts from customers		24,759	22,954
Government grants received		-	639
Payment of legal settlement	21	(400)	(420)
Payments to suppliers and employees		(27,882)	(25,672)
Income taxes paid		(32)	(268)
Interest paid on borrowings		(673)	(382)
Net cash used in operating activities	34	(4,228)	(3,149)
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired	32	-	(11,499)
Payment for vendor finance	32	(666)	(9,725)
Sale of property plant and equipment		880	-
Payments for property, plant and equipment	13	(243)	(2,522)
Payments for intangible assets		(225)	-
Proceeds from sale of business		75	-
Net cash used in investing activities		(179)	(23,746)
Cash flows from financing activities			
Proceeds from share capital raised	22	7,967	32,000
Net proceeds from borrowings	18	224	10,061
Repayment of borrowings	18	(5,305)	(9,657)
Capital raising transaction costs	22	(607)	(2,534)
Repayment of lease liabilities	19	(387)	(416)
Net cash provided by financing activities		1,892	29,454
Net (decrease)/increase in cash and cash equivalents		(2,515)	2,559
Cash and cash equivalents at the beginning of the financial year		3,408	849
Cash and cash equivalents at the end of the financial year	8	893	3,408

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

Notes to the Financial Statements

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

Going concern

The Group incurred an operating loss of $9.2 million (2022: $8.9 million) for the year ended 30 June 2023 has a net cash outflow from operating activities amounting to $4.2 million (2022: $3.1 million) and has a working capital deficit of $7.9 million (2022: $4.5 million surplus). Notwithstanding the above, the Directors are of the opinion that the Group is a going concern because:

- On 16 August 2023 the Group entered into a binding agreement with Yumbah finance for a loan in the amount of $15 million. The Loan Facility constitutes a whole of business facility and will be used for the full repayment of the balance outstanding of the $9.0 million loan facility in place with the National Australia Bank (NAB Loan Facility), the payment of $6.0 million payable under the Class A Redeemable Convertible Preference Shares (RCPS) due in January 2024 and other working capital requirements.
- The Group has reduced payroll costs and other operating costs, and increased its sale prices of oysters to enable it to improve operational cash flows.

The Board considers that based on its assessment of operating cash flows it is appropriate in the Group's current circumstances to prepare its financial report on a going concern basis, which assumes continuity of normal business activities and the settlement of liabilities in the ordinary course of business.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of East 33 Limited ('the Company' or 'the parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. East 33 Limited and its subsidiaries together are referred to in these financial statements as the 'the Group'.

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

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Functional and presentation currency

The financial statements are presented in Australian dollars, which is East 33 Limited's functional and presentation currency.

Revenue recognition

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The revenue recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised at a “point in time” being the delivery of oysters and seafood to customer or alternatively when the goods are collected by customer.

Revenue arises mainly from the sale of oysters and seafood. The Group generates revenue largely in Australia.

Revenue from restaurant sales is generated through dine-in or alternatively collection by customer, being ‘point in time’ when the performance obligation is satisfied, control is transferred to the customer and revenue is recognised at the transaction price.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax.

Government grants

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

Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

East 33 Limited (the ‘head entity’) and its wholly-owned Australian subsidiaries have formed an income tax consolidated Group under the tax consolidation regime. The head entity will account for the Group’s current and deferred tax amounts. In addition to its own current and deferred tax amounts, the head entity will recognise the future in the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and the unused tax credits assumed from each subsidiary in the tax consolidated Group.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

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

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Biological assets

Biological assets consist of oysters. These assets have been measured at fair value less costs to sell in accordance with AASB 141 Agriculture. The estimated fair values are based on a typical growth cycle of the oyster and takes into account catch method, location of oyster, mortality rates, infrastructure used, an estimate of the number of oysters at period end and oyster prices reflecting the age and condition of the oysters.

These assumptions are reviewed at each reporting date and amended if required. Changes in the fair value of the oysters are reflected in the statement of profit or loss and other comprehensive income.

Inventories

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial Instruments

Financial Instruments are initially measured at their fair value. Transaction costs are included as part of the initial measurement except for financial assets at fair value through profit and loss.

Classification and subsequent measurement

Financial instruments are subsequently measure at fair value through profit and loss, amortised cost using the effective interest method, or fair value through other comprehensive income. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation technique are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Impairment

At the end of each reporting period, the Group assesses whether there are any expected credit losses in relation to its financial assets, and if so, allowance is made for these.

In the case of financial assets carried at amortised cost, loss events may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contract rights to receipt of cash flows expire, or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Property, Plant and Equipment

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

Depreciation

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

Class of Fixed Asset	Depreciation Rate	Depreciation Method
Plant and equipment	10% - 40%	Straight Line
Computer equipment	20%	Straight Line
Buildings	5%	Diminishing value
Motor Vehicles	18.75% - 25%	Diminishing value

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Oyster Leases Acquisition Costs

Oyster leases acquisition costs are measured on the cost basis and therefore carried at cost less any accumulated impairment except for leases acquired through business combinations which are recorded at fair value on acquisition in line with AASB3 Business Combinations. In the event the carrying amount of an oyster lease is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss.

The Group's Government awarded oyster leases are classified as 'production leases' by the New South Wales Department of Primary Industries (NSW DPI) and are granted for a maximum term of 15 years on water leases and 25 years on crown leases with options to extend for a further 15 years (water leases) . Upon the expiry of any given term, they are renewable for successive terms. As such, the useful life of the leases is based on maximum terms inclusive of extension options.

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

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

In accordance with AASB 136 Impairment of Assets, goodwill associated with current and prior year acquisitions has been allocated to CGU's and tested for impairment at year end.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are not currently provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted.

The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued Capital

Ordinary shares are classified as equity.

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

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings/loss per share

Basic earnings/loss per share is calculated by dividing the profit/loss attributable to the owners of East 33 Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Standards and interpretations applicable to 30 June 2023

In the year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

New Accounting Standards and Interpretations not yet mandatory or early adopted

The Directors have also reviewed all Standards and Interpretations issued but not yet adopted for the year ended 30 June 2023. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

General information

The financial statements cover East 33 Limited as a Group consisting of East 33 Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is East 33 Limited's functional and presentation currency.

East 33 Limited is a listed public Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

12 Point Road
Tuncurry NSW 2428

Principle place of business

12 Point Road
Tuncurry NSW 2428

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Valuation of Biological Stock

Management value oysters held for sale at their fair value less costs to sell in accordance with AASB 141 Agriculture. Estimated fair values are based on estimated selling prices observed in the industry and other relevant factors that ultimately impact fair value. Where there are no observable prices, management may determine a fair price based on certain deductions made on the closest comparable prices. These estimates may vary from net proceeds ultimately achieved.

There is inherent uncertainty in the biomass estimate and resultant fair valuation of the Biological assets. This is common to all such valuations and best practice methodology is used to facilitate reliable estimates. The estimated fair value of oyster inventory is based on a stock lifecycle model developed internally by the Group which incorporates various key assumptions to simulate stock growth which are regularly reviewed and updated. These assumptions include anticipated:
- Oyster prices less cost to sell
- Mortality rates
- Spawning cycles
- Seasonal growth rates

Actual growth will invariably differ to some extent, which is monitored along with mortality rates during periodic physical grading and harvest counts. Perpetual stock records are then adjusted and reconciled following the completion of each periodic physical count.

Fair value hierarchy

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level than an input that is significant to the measurements can be categorised into as follows:

Level 1 Unadjusted quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 Unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included at level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Note 2. Critical accounting judgements, estimates and assumptions

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

i. Market approach uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
ii. Income approach converts estimated future cash flows or income and expenses into a single discounted present value.
iii. Cost approach reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risk. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The Group's valuation of biological assets, oyster/crown leases and redeemable convertible preference shares are considered to be Level 2 in the fair value hierarchy. There were no transfers between levels of the fair value hierarchy during the period.

Estimation of useful lives of assets

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

Goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 15 for further information.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 3. Operating segments

The Group is organised into three operating segments based on differences in products and services provided: oyster farming, distribution and sundry business units including corporate, online sales, restaurant and bottle shop. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Oyster farming	Growing and wholesaling of live oysters in Australia
Distribution	Wholesale and retail distribution of oysters in Australia
Corporate and Sundry	Selling liquor to retail customers, provision of restaurant services, online sales of oysters and complimentary products in Australia.

Segment Report 2023

	Farming	Distribution	Corporate and sundry business units	Total
	2023 $'000	**2023 $'000**	**2023 $'000**	**2023 $'000**
Revenue				
Revenue from external customers	2,303	20,664	1,654	**24,621**
Intersegment sales	3,310	411	-	**3,721**
Total segment revenue	5,613	21,075	1,654	**28,342**
Other income	69	14	90	**173**
Biological assets change in fair value	3,403	**-**	-	**3,403**
Cost of sales	(3,589)	(13,215)	(540)	**(17,344)**
Intersegment purchases	(371)	(3,238)	(112)	**(3,721)**
Total cost of sales	(3,960)	(16,453)	(652)	**(21,065)**
Employee benefits expense	(5,498)	(2,923)	(3,167)	**(11,588)**
Total employee benefit expenses	(5,498)	(2,723)	(3,167)	**(11,388)**
Fair value loss on financial liabilities	-	-	(270)	**(270)**
Goodwill impairment	(1,443)	(1,500)	-	**(2,943)**
Depreciation and amortisation	(1,398)	(105)	(478)	**(1,981)**
Finance costs	-	-	(885)	**(885)**
Other expenses	(776)	(344)	(1,263)	**(2,383)**
Segment result before tax	(3,990)	(236)	(4,971)	**(9,197)**
Income tax expense	-	**-**	(1)	**(1)**
Net loss for the year	(3,990)	(236)	(4,972)	**(9,198)**
Non-current segment assets*	23,620	15,570	3,561	**42,751**
Total segment assets	27,139	17,707	3,719	**48,565**
Segment liabilities	(2,155)	(852)	(14,492)	**(17,499)**

* Additions to non-current assets include Oystercloud software acquisition of $450,000 allocated to Farming CGU. There was $243,000 additions to PPE also allocated to Farming CGU.

Segment Report 2022

	Farming	Distribution	Corporate and sundry business units	Total
	2022 $'000	**2022 $'000**	**2022 $'000**	**2022 $'000**
Revenue				
Revenue from external customers	2,599	17,906	2,131	**22,636**
Intersegment sales	3,070	436	-	**3,506**
Total segment revenue	5,669	18,342	2,131	**26,142**
Other income	205	216	362	**783**
Biological assets change in fair value	(4,247)	**-**	-	**(4,247)**
Cost of sales	(4,206)	(10,737)	(1,572)	**(16,515)**
Intersegment purchases	(313)	(3,070)	-	**(3,383)**
Total cost of sales	(4,519)	(13,807)	(1,572)	**(19,898)**
Employee benefits expense	(4,428)	(2,032)	(3,642)	**(10,102)**
Intersegment purchases	(124)	**-**	-	**(124)**
Total employee benefit expenses	(4,552)	(2,032)	(3,642)	**(10,226)**
Fair value gain on financial liabilities	-	-	3,940	**3,940**
Depreciation, impairment and amortisation	(1,538)	(156)	(315)	**(2,009)**
Finance costs	(86)	(7)	(742)	**(835)**
Other expenses	(594)	(288)	(1, 730)	**(2,612)**
Segment result before tax	(9,662)	2,268	(1,568)	**(8,962)**
Income tax expense	-	**-**	-	**-**
Net (loss) for the year	(9,662)	2,268	(1,568)	**(8,962)**
Non-current segment assets	26,656	17,174	3,398	**47,228**
Total segment assets	30,008	20,897	4,303	**55,208**
Segment liabilities	(3,593)	(747)	(17,964)	**(22,304)**

Note 4. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Consolidated – 2023	Oyster Farming 2023 $'000	Distribution 2023 $'000	Sundry 2023 $'000	Total 2023 $'000
Oyster sales	2,303	20,664**	-	**22,967**
Restaurant sales	-	-	1,542	**1,542**
Bottle shop sales*	-	-	86	**86**
Sundry sales	-	-	26	**26**
	2,303	20,664	1,654	**24,621**
Geographical regions				
Australia	2,303	20,664	1,654	**24,621**
	2,303	20,664	1,654	**24,621**
Timing of revenue recognition				
Goods transferred at a point in time	2,303	20,664	1,654	**24,621**

*Bottle shop was sold during the year.
** Customers accounting for over 10% of Distribution revenue include Costco (10.6%) and Foodlink (22.6%)

Consolidated – 2022	Oyster Farming 2022 $'000	Distribution 2022 $'000	Sundry 2022 $'000	Total 2022 $'000
Oyster sales	2,599	17,906	11	**20,516**
Restaurant sales	-	-	1,300	**1,300**
Bottle shop sales	-	-	349	**349**
Online sales	-	-	447	**447**
Sundry sales	-	-	24	**24**
	2,599	17,906	2,131	**22,636**
Geographical regions				
Australia	2,599	17,906	2,123	**22,628**
Other	-	-	8	**8**
	2,599	17,906	2,131	**22,636**
Timing of revenue recognition				
Goods transferred at a point in time	2,599	17,906	2,131	**22,636**

Note 5. Other Income

	Consolidated	
	2023 $'000	**2022 $'000**
Adjustments on prior year acquisitions	65	16
Government grants	-	639
Other sundry income	108	128
Other income	173	783

Note 6. Expenses

	Consolidated	
	2023 $'000	**2022 $'000**
Loss before income tax includes the following specific expenses:		
Cost of sales		
Total cost of sales	17,344	16,515
Depreciation		
Property plant and equipment	1,139	1,012
Right-of-use-assets	186	187
Total depreciation	1,325	1,199
Impairment		
Goodwill	2,943	-
Property plant and equipment	-	250
Amortisation		
Oyster/Crown leases	548	545
Software	108	15
Total amortisation	656	560
Total depreciation, amortisation and impairment	4,924	2,009

	2023 $'000	**2022 $'000**
Finance Costs		
Interest and finance charges paid/payable on borrowings	569	539
Unwinding of the discount on provisions	316	296
Finance costs expensed	885	835

	2023 $'000	2022 $'000
Administration expenses		
Insurance costs	283	410
Professional fees	224	214
Licences	13	20
Consultants	209	159
Bank fees	61	53
IT related costs	126	194
Repairs and maintenance	196	79
Other costs	466	462
Administration expenses	1,578	1,591

Note 7. Income tax expense and deferred tax

	Consolidated 2023 $'000	Consolidated 2022 $'000
Income tax expenses		
Current tax	-	-
Deferred tax – origination and reversal of temporary differences	-	-
Adjustment recognised for prior periods	1	-
Aggregate income tax expense	1	-
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	-	13
Increase/(decrease) in deferred tax liabilities	-	(13)
Deferred tax – origination and reversal of temporary differences	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(9,198)	(8,962)
Tax at the base rate entity rate of 25% (25% FY22)	(2,299)	(2,241)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-deductible amounts	9	6
Other non-assessable amounts	51	(989)
Change in corporate tax rate	-	-
Current year deferred tax loss not recognised	3,644	3,295
Movements in other deferred tax assets and liabilities not recognised	(1,405)	(71)
	-	-
Adjustment recognised for prior periods	1	-
Income tax expense	1	-

Note 7. Income tax expense and deferred tax (continued)

	Consolidated 2023 $'000	Consolidated 2022 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Employee benefits	138	162
Tax assets (carried forward losses)	1,103	(63)
Leases	430	510
Deferred tax asset	1,671	609
Movements		
Opening balance	609	622
(Debited)/Credited to profit or loss	1,062	(13)
Closing balance	1,671	609

	Consolidated 2023 $'000	Consolidated 2022 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Right of use assets	398	453
Fair value gain on biological assets	1,205	88
Deferred tax liability	1,603	541
Movements		
Opening balance	541	554
(Credited)/Debited to profit or loss	1,062	(13)
Closing balance	1,603	541

Note 8. Cash and cash equivalents

	Consolidated 2023 $'000	Consolidated 2022 $'000
Cash on hand	2	220
Cash at bank	891	3,188
	893	3,408

Note 9. Trade and other receivables

	Consolidated 2023 $'000	Consolidated 2022 $'000
Trade receivables	1,313	1,335
Prepaid expenses and deposits	244	335
	1,557	1,670

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023	2022	2023	2022	2023	2022
Consolidated	%	%	$'000	$'000	$'000	$'000
Not overdue	0%	0%	1,266	1,182	-	-
3 to 6 months overdue	0%	0%	10	43	-	-
Over 6 months overdue	0%	0%	37	110	-	-
			1,313	1,335	-	-

Note 10. Inventories

	Consolidated 2023 $'000	Consolidated 2022 $'000
Finished goods at cost	34	139
Oyster stock at cost	231	96
	265	235

Note 11. Assets held for sale

	Consolidated 2023 $'000	Consolidated 2022 $'000
Buildings and improvements	-	650
	-	650

During the financial year, the sale of the property settled for $750,000.

Note 12. Biological assets

	Consolidated 2023 $'000	Consolidated 2022 $'000
Fair Value of Oyster stock	5,297	5,209
Current – at fair value	3,099	2,017
Non-Current – at fair value	2,198	3,192
Total Biological Assets	5,297	5,209
Ageing of Biological Assets		
Less than 1 year old	637	785
Between 1-2 years old	1,561	2,407
Two years and older	3,099	2,017
Total Biological Assets	5,297	5,209

	Consolidated 2023 $'000	Consolidated 2022 $'000
Reconciliation of Biological Assets		
Stock value at the beginning of the period	5,209	12,692
Biological assets acquired through business combinations	-	501
Biological assets acquired post business acquisitions	564	538
Mortality and low yield*	(1,106)	(4,194)
Fair value movement in biological assets	4,509	(53)
Cost of sales	(3,879)	(4,275)
Biological stock at the end of the period	5,297	5,209

Refer to Note 2 for valuation technique for biological assets and significant estimates and judgements applied.

Biological assets consist of live oysters in the water with an average lifecycle of 3 years.
The oysters are grown and farmed in Northern NSW namely Wallis Lakes, Manning Point and Port Stephens.

* Mortality and low yield associated with QX disease in Port Stephens and flood losses has been included in the biological assets change in fair value in the statement of profit and loss and other comprehensive income.

Note 13. Property, plant and equipment

	Consolidated 2023 $'000	Consolidated 2022 $'000
Plant and equipment – at cost	6,693	7,064
Less: Accumulated depreciation	(1,471)	(1,027)
	5,222	6,037
Buildings and improvements -at cost	5,062	5,078
Less: Accumulated depreciation	(373)	(201)
	4,689	4,877
Motor Vehicles – at cost	544	607
Less: Accumulated depreciation	(230)	(124)
	314	483
Office Equipment – at cost	43	51
Less: Accumulated depreciation	(23)	(21)
	20	30
Computer Equipment – at cost	85	65
Less: Accumulated depreciation	(42)	(28)
	43	37
Total	10,288	11,464

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and equipment $'000	Buildings and improvements $'000	Motor vehicles $'000	Office equipment $'000	Computer equipment $'000	Total $'000
Balance at 1 July 2021	4,709	4,384	170	43	31	9,337
Additions	1,329	684	606	-	22	2,641
Additions through business combinations (note 32)	994	900	75	-	3	1,972
Transfer to intangibles (note 15)	-	(300)	-	-	-	(300)
Disposals	(115)	-	(156)	(1)	(2)	(274)
Assets classified as held for sale (note11)	-	(650)	-	-	-	(650)
Provisions for impairment	(150)	-	(100)	-	-	(250)
Depreciation expense	(730)	(141)	(112)	(12)	(17)	(1,012)
Balance at 30 June 2022	**6,037**	**4,877**	**483**	**30**	**37**	**11,464**
Additions	163	42	-	2	36	243
Disposals	(534)	(58)	(63)	(10)	(16)	(681)
Depreciation on disposals	301	76	5	7	12	401
Depreciation expense	(745)	(248)	(111)	(9)	(26)	(1,139)
Balance at 30 June 2023	**5,222**	**4,689**	**314**	**20**	**43**	**10,288**

Note 13. Property, plant and equipment – continued

During the year management made either a full or partial provision against the carried cost of low value plant and equipment items as well as motor vehicles to reflect the consumption of economic benefits.

Note 14. Right-of-use assets

	2023 $'000	2022 $'000
Oyster and Crown leases - right-of-use	1,697	1,697
Property leases	347	424
Less: Accumulated amortisation	(453)	(310)
	1,591	1,811

Reconciliation of Right-of-use assets

	2023 $'000	2022 $'000
Opening Balance	1,811	1,725
Additions	-	273
Disposals	(34)	-
Amortisation	(186)	(187)
	1,591	1,811

The Group leases land on crown land and oyster leases from the NSW Department of Primary Industry. As per AASB 16 Leases, the present value of oyster and crown leases acquired by the Group are discounted over the initial lease period as well as the renewal option period as set out in the lease agreements.

Note 15. Intangibles assets

	2023 $'000	2022 $'000
Goodwill	17,758	17,758
Less: impairment	(2,943)	-
	14,815	17,758
Oyster/Crown Leases	13,059	13,059
Less: Accumulated amortisation	(1,303)	(755)
	11,756	12,304
Software – at cost	562	112
Less: Accumulated amortisation	(130)	(22)
	432	90
	27,003	**30,152**

Note 15. Intangibles assets- continued

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Oyster and Crown Leases $'000	Software $'000	Total $'000
Balance at 1 July 2021	358	11,987	25	12,370
Transfer from buildings and improvements (note 13)	-	300	-	300
Additions	-	-	84	84
Additions through business combinations (note 32)	17,400	562	-	17,962
Disposals	-	-	(4)	(4)
Amortisation expense	-	(545)	(15)	(560)
Balance at 30 June 2022	17,758	12,304	90	30,152
Additions	-	-	450	450
Impairment provision	(2,943)	-	-	(2,943)
Disposals	-	-	-	-
Amortisation expense	-	(548)	(108)	(656)
Balance at 30 June 2023	14,815	11,756	432	27,003

Goodwill Impairment testing

AASB136 requires entities to perform an annual assessment of goodwill and other intangibles to ensure the carrying value of such assets does not exceed their recoverable amount.

Goodwill from current and past business combinations has been allocated to cash generating units (CGU) as follows:
- Farming CGU $1,443k
- Distribution CGU $16,315k

As the fair value of assets and liabilities allocated to the CGU's could not be determined based on market observable inputs, the Value in Use approach based on a discounted cash flow projection, was adopted for the purposes of estimating the recoverable amount of such assets and liabilities.
Capital asset pricing model (CAPM) was used for the purposes of deriving an appropriate discount rate.
Key inputs in estimating VIU for each cash generating unit are as follows:

	Farming CGU	Distribution CGU
Discount rate	14.5%	13.5%
Goodwill allocated to CGU ($Millions)	1.44	16.30
Intangible assets allocated to CGU ($Millions)	12.19	-
Tangible assets allocated to CGU ($Millions)	7.61	0.65
Average oyster price ($)	1.01	1.34
Average volume increase p.a. in the next two years (%)	15% *	5%

*Farming volume increase estimate is based on timing of bio stock maturity and seasonal trade patterns.

For impairment testing purposes, biological assets have been excluded as such assets are recorded at fair value less cost of disposal under AASB 141.

Based on the above inputs, directors concluded that:
- A full impairment of $1,443k should be recorded within the farming CGU.
- A partial impairment $1,500k should be recorded within the distribution CGU.

Note 16. Trade and other payables

	2023 $'000	2022 $'000
Trade payables	735	991
Employee benefits	500	426
Accrued expenses	243	153
Provisions	200	-
Other payables	82	54
	1,760	1,624

Note 17. Deferred Acquisition Consideration

	2023 $'000	2022 $'000
Cash deferred consideration	1,279	1,809
Equity deferred consideration	-	-
Amounts payable for Business Acquisitions	1,279	1,809

	2023 $'000	2022 $'000
Current deferred consideration	1,179	680
Non-current deferred consideration	100	1,129
Amounts payable for Business Acquisitions	1,279	1,809

Note 18. Borrowings

Short- term borrowings	2023 $'000	2022 $'000
NAB facility	4,267	379
Equipment finance leases	42	123
	4,309	502

Long- term borrowings	2023 $'000	2022 $'000
NAB Facility	-	8,563
Other equipment finance loans	100	239
	100	8,802
Total Loans	4,409	9,304

Reconciliation of Loans	**2023 $'000**	**2022 $'000**
Opening balance	9,304	8,675
Loan drawdown	224	10,061
Asset finance loan drawdown	-	345
Borrowing costs	-	(629)
Amortisation of borrowing costs	210	192
Loan interest accrued	(24)	317
Loan repayments*	(5,305)	(9,657)
Closing balance	4,409	9,304

The NAB loan is secured by first mortgages over the Group's assets and it carries an interest rate of 5.50% + BBSY (currently 1.84%). The loan agreement also contains interest cover ratio covenants which the Group did not meet at balance sheet date. The Group received a letter of no action from NAB in respect of the covenant breach before the year end.

The original repayment term is three years, with interest and principal to be repaid at regular quarterly intervals. $250,000 in principal is paid quarterly from October 2021 to July 2022, with principal repayments increasing to $625,000 quarterly from October 2022 and a balloon repayment of $4,625,000 July 2024.

During the last financial the lender has agreed to defer the October 2022 to July 2023 principal repayments totalling $2.5 million until the repayments of $625,000 per quarter start again in October 2023.

* During the year, the NAB working capital loan used a revolving facility whereby excess cash was offset against the facility to minimise interest payable. Any payments into the facility increase the draw facility limit by the same amount with the exception of the principal repayments as amended by the lender above.

At balance sheet date the available draw balance is $4,515k.

At balance sheet date the NAB financial covenants have been breached, a letter of no action was received from the lender whereby it reserves the right to take action subsequent to the year end but won't do so for the time being.

Subsequent to year end, the group refinanced the NAB loan and replace it with a loan from a related party on similar terms to better align its cashflows to debt repayment terms entered into. Please refer to Note 38 for further details.

Note 19. Lease liabilities

	2023 $'000	**2022 $'000**
Right of use lease liability	1,716	1,882
Finance lease liabilities	2	158
	1,718	2,040

	2023 $'000	**2022 $'000**
Current lease liabilities	186	314
Non-current lease liabilities	1,532	1,726
	1,718	2,040

Note 19. Lease liabilities- continued

	2023 $'000	2022 $'000
Reconciliation of right of use lease liabilities		
Opening Balance	1,882	1,780
Additions through business combinations	-	273
Disposals	(16)	-
Lease payments	(256)	(274)
Interest unwind	106	103
Closing Balance	1,716	1,882

	2023 $'000	2022 $'000
Reconciliation of finance lease liabilities		
Opening Balance	158	241
Additions through business combinations	-	59
Leases terminated*	(25)	-
Lease payments	(131)	(142)
Closing Balance	2	158

*An equipment finance leases originally taken out by Ms Verdich Pty Ltd converted during the period into a monthly rental under better commercial terms.

Note 20. Financial liabilities at fair value

	2023 $'000	2022 $'000
Redeemable convertible preference shares class A at fair value	5,695	5,451
Redeemable convertible preference shares class B at fair value	235	209
	5,930	5,660

	2023 $'000	2022 $'000
Current liability	5,930	-
Non-current liability	-	5,660
	5,930	5,660

Note 20. Financial liabilities at fair value- continued

The key terms of the RCPS are:

Whose option to convert	Amount of RCPS	Conversion terms	Premium on conversion	Maturity date
Vendor	$6 million (Class A)	Higher of $0.2/share or 25% discount to 30 days VWAP	25%	2.5 years after issue date
East 33	$3.6 million (Class B)	Higher of $0.2/share or 25% discount to 30 days VWAP	25%	2.5 years after issue date

Both classes of redeemable convertible preference shares have been designated at fair value through profit and loss.

The redeemable preference shares were valued using Monte Carlo simulation.

Security Class	Class A	Class B
Number of Securities	6,000	3,600
Face Value	$1,000 each	$1,000 each
Issue Date	21 July 2021	21 July 2021
Maturity Date	21 January 2024	21 January 2024
Conversion Right	Convertible at election of holder	Convertible at election of issuer
Conversion Price	Conversion price is the higher of: $0.20 or 25% discount to the 30-day VWAP immediately prior to date of request from the holder to convert	Conversion price is the higher of: $0.20 or 25% discount to the 30-day VWAP immediately prior to date of request from the issuer to convert
Redemption Price	$6,000,000 (Face Value)	$4,140,000 (Face Value plus 15%)

The key inputs to the valuation are as follows:

	Inception	Balance Date
Volatility (%)	54%	122%
Risk free rate (%)	0.07%	4.43%
Share price at this date ($)	0.245	0.019

A reconciliation of the fair value movement is outlined below:

	Class A $'000	**Class B $'000**	**Total $'000**
Face value on issue date	6,000	3,600	9,600
Inception fair value (gain) for the year	(549)	(3,391)	(3,940)
Fair value of instruments at 30 June 2022	5,451	209	5,660
Fair value loss for the period	244	26	270
Fair value of instruments at 30 June 2023	5,695	235	5,930

Note 21. Other liabilities

Current liabilities	2023 $'000	2022 $'000
Settlement of legal claim	400	400
	400	400

Non-current liabilities	2023 $'000	2022 $'000
Settlement of legal claim	400	800
	400	800

During the previous financial year an out of court settlement with a former shareholder was reached by the Group totaling $1.62 million. An initial payment of $0.42 million was made in July 2021 with a further $0.4 million made in July 2022. The non-current portion of the settlement is outlined above.

Note 22. Issued capital

	Consolidated			
	30 Jun 2023 Shares	30 Jun 2022 Shares	30 Jun 2023 $	30 Jun 2022 $
Ordinary shares - fully paid	519,088,699	277,651,940	56,643,530	49,283,895

Movements in ordinary share capital

Details	Date	Shares	Issue price $	Total $
Ordinary shares				
Balance	1 July 2022	277,651,940		49,283,895
Rights Issue	13 Oct 2022	241,436,759	0.033	7,967,413
Less Capital raising costs				(607,778)
Balance	30 Jun 2023	519,088,699		56,643,530

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

Note 23. Dividends

Dividends

No dividends were paid during the financial year.

Note 24. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (price risk and interest rate risk), credit risk and liquidity risk. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks as well as ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units where appropriate. Finance reports to the Board on a monthly basis.

Market risk

Price risk

The financial liabilities at fair value through profit and loss (FVTPL) in respect of the convertible notes class A and B are subject to the group’s share price risk as the fair value is derived with reference to the share price.

A share price fluctuation of +/- 10% will have a nil effect on the profit and loss in respect of class A convertible notes as the embedded option is deep out of the money.

An increase in the share price of 10% will have a negative effect on the profit and loss of $34k in respect of class B convertible notes whereas a decrease of 10% in share price fluctuation will have a positive effect of $34k.

Interest rate risk

Borrowings at amortised cost for the NAB loan have a variable interest rate as there is a margin charged on the risk-free rate. A fluctuation of +/- 100 basis points with have a negative/positive effect on the profit and loss of $45k.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

The available draw balance as part of the NAB borrowing facilities at the reporting date is $4,514,785.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2023	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,760	-	-	-	1,760
Vendor Liabilities	-	1,179	100	-	-	1,279
Redeemable convertible preference shares	-	5,930	-	-	-	5,930
Other payables	-	400	400	-	-	800
Interest-bearing						
Borrowings	8.58%	4,309	41	59	-	4,409
Lease liability	5.67%	186	275	421	836	1,718
Total non-derivatives		13,764	816	480	836	15,896

Consolidated - 2022	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,624	-	-	-	1,624
Vendor Liabilities	-	680	1,129	-	-	1,809
Redeemable convertible preference shares	-	-	-	5,660	-	5,660
Other payables	-	400	400	400	-	1,200
Interest-bearing						
Borrowings	6.58%	502	3,400	5,402	-	9,304
Lease liability	4.85%	314	392	421	913	2,040
Total non-derivatives		3,520	5,321	11,883	913	21,637

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 25. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Land and buildings	-	4,689	-	4,689
Intangible leases	-	11,756	-	11,756
Biological assets	-	5,297	-	5,297
Total assets	-	21,742	-	21,742
Liabilities				
Redeemable convertible preference shares	-	5,930	-	5,930
Total liabilities	-	5,930	-	5,930

Consolidated - 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Land and buildings	-	4,877	-	4,877
Intangible leases	-	12,304	-	12,304
Biological assets	-	5,209	-	5,209
Total assets	-	22,390	-	22,390
Liabilities				
Redeemable convertible preference shares	-	5,660	-	5,660
Total liabilities	-	5,660	-	5,660

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The basis of the valuation of land and buildings is cost less accumulated depreciation except for land and buildings acquired under business combinations which are valued at fair value on acquisition in line with AASB3. The land and buildings acquired during the year were valued based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of land and buildings being valued.

Note 26. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2023 $	**2022 $**
Short-term employee benefits	1,286,004	1,260,659
Post-employment benefits	106,335	106,954
Share-based payments	-	250,000
	1,392,339	1,617,613

Please refer to note 37 for share-based payment information.

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HLB Mann Judd, the auditor of the Company, its network firms and unrelated firms:

	2023 $	2022 $
Audit services – HLB Mann Judd		
Audit or review of the financial statements	124,771	132,000
Other services – HLB Mann Judd		
Taxation services	20,850	31,670
Independent Accountant's Report services	-	11,000
	20,850	42,670
	145,621	174,670

Note 28. Contingent liabilities

There were no contingent liabilities at 30 June 2023 and no contingent liabilities at 30 June 2022.

Note 29. Commitments

The Group has no commitments (capital or otherwise) at year end.

Note 30. Related party transactions

During the year an amount of $829,042 (FY22: $660,781) was invoiced Artisan Oysters Pty Ltd, an entity controlled by Mr Anthony Rupnik in respect of oyster shucking services rendered to CMB Seafoods, a subsidiary of the Group. At 30 June 2023 the amount outstanding was $1,263.

There were no other transactions with key management personnel and their related parties.

Parent entity

East 33 Limited is the parent entity.

Subsidiaries

Interests in the subsidiaries are set out in Note 33.

Key management personnel

Disclosures relating to key management personnel are set out in Note 26 and the remuneration report included in the Directors' Report.

Transactions with related parties.

Payments totaling $50,000 were made to Mr. Michael Ryan in respect of consulting services rendered to the parent entity during the financial year.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023 $'000	**2022 $'000**
Loss after income tax	(9,198)	(8,369)
Total comprehensive loss	(9,198)	(8,369)

Note 31. Parent entity information -continued

Statement of financial position

	Parent	
	2023 $'000	**2022 $'000**
Total current assets	60	552
Total assets	44,633	51,149
Total current liabilities	(12,391)	(1,814)
Total liabilities	(13,567)	(18,245)
Net Assets/(Liabilities)	31,066	32,904
Equity		
Issued capital	56,643	49,283
Reserves	-	31
Accumulated losses	(25,577)	(16,410)
Total equity	31,066	32,904

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 or 30 June 2022.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 or 30 June 2022.

Note 32. Business combinations and other acquisitions

No business acquisitions nor combinations were made by the Group during the year.

In relation to past business acquisitions, the Group has completed the assessment of the fair value of the assets and liabilities as at the date of the acquisition. There were no adjustments to acquisition accounting post finalisation of the acquisitions.

2023	**Vendor Finance $'000**
Payment to settle HR Browne acquisition	30
Payment to settle CMB acquisition	284
Payment re Troup acquisition	352
Total	666

Details of the prior year acquisitions are as follows:

2022	**CMB Fair value $'000**	**Troup Fair value $'000**	**Total Fair value $'000**
Trade and other receivables	1,228	-	1,228
Land and buildings	200	700	900
Plant and equipment	569	503	1,072
Inventory and deposits	267	-	267
Biological assets	-	501	501
Oyster and crown leases	-	562	562
Trade and other payables	(628)	-	(628)
Net assets acquired	1,636	2,266	3,902
Goodwill	16,315	1,085	17,400
Acquisition-date fair value of the total consideration transferred	17,951	3,351	21,302

	$'000	$'000	$'000
Representing:			
Issue of ordinary shares at 0.2c each	1,400	1,000	2,400
Issue of redeemable convertible shares class A	3,500	-	3,500
Issue of redeemable convertible shares class B	2,100	-	2,100
Cash paid to vendor	10,499	1,000	11,499
Working capital adjustment	51	-	51
Vendor balance payable	401	1,351	1,752
Total	17,951	3,351	21,302

2022	Vendor Finance $'000	Business Acquisitions $'000
Payment to settle Sciacca acquisition	2,345	-
Payment to settle Dent acquisition	11	-
Payment to settle MS Verdich and Sons acquisition	4,167	-
Payment to settle J Wilson acquisition	402	-
Payment to settle HR Browne acquisition	2,525	-
Payment to settle Diemar acquisition	275	-
Payment re CMB acquisition	-	10,499
Payment re Troup acquisition	-	1,000
Total	9,725	11,499

Summary of shares issued to vendors

Details	Date	Shares	Issue price $	Total $'000
Ordinary shares				
MS Verdich	21 July 2021	5,000,000	0.2	1,000
CMB	21 July 2021	7,000,000	0.2	1,400
Troup	21 July 2021	5,000,000	0.2	1,000
J Wilson	21 July 2021	2,000,000	0.2	400
Total		19,000,000		3,800

Summary of redeemable convertible preference shares issued to vendors

Details	Date	Shares	Issue price/share $	Total $'000
Class A convertible preference shares				
MS Verdich	21 July 2021	2,500	1,000	2,500
CMB	21 July 2021	3,500	1,000	3,500
Class B convertible preference shares				
MS Verdich	21 July 2021	1,500	1,000	1,500
CMB	21 July 2021	2,100	1,000	2,100
Total		9,600		9,600

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1.

Name	Principle place of business/ Country of Incorporation	Ownership Interest 2023 %	Ownership Interest 2022 %
Hamilton Supervisory	Australia	100%	100%
MS Verdich & Sons Pty Ltd	Australia	100%	100%
HR Browne & Sons Pty Ltd	Australia	100%	100%
East 33 Farming Pty Ltd	Australia	100%	100%
East 33 Deliveries Pty Ltd	Australia	100%	100%
Mid Coast Exco Pty Ltd	Australia	100%	100%
CMB Seafoods Pty Ltd	Australia	100%	100%

Note 34. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated 2023 $'000	Consolidated 2022 $'000
Loss after income tax expense for the year	(9,198)	(8,962)
Adjustments for:		
(Profit)/Loss on disposal of assets	(27)	37
Depreciation, amortisation and impairment expenses	4,924	2,009
Fair value adjustments – financial liabilities	270	(3,940)
Fair value adjustments – biological assets	(3,403)	4,247
Finance costs accrued	211	453
Other income	(14)	-
Share based payments	-	31
Gain from bargain purchases	(65)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	53	112
Decrease/(increase) in biological assets	3,315	3,738
Decrease/(increase) in inventories	(30)	142
Decrease/(increase) in deferred tax assets	(1,062)	13
Increase/(decrease) in trade and other payables	(256)	(399)
Increase/(decrease) in other liabilities	(8)	(617)
Increase/(decrease) in deferred tax liabilities	1,062	(13)
Net cash used in operating activities	(4,228)	(3,149)

Note 35. Earnings per share

	Consolidated 2023 $'000	Consolidated 2022 $'000
Loss after income tax	(9,198)	(8,962)

	Number	Number
Weighted average of ordinary shares used in calculating basic earnings per share		
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	449,634,289	263,516,924
Weighted average number of ordinary shares used in calculating diluted earnings per share	449,634,289	263,516,924

	$	$
Basic earnings per share	(0.020)	(0.034)
Diluted earnings per share	(0.020)	(0.034)

Note 36. Reserves

	Consolidated 2023 $'000	Consolidated 2022 $'000
Share based payment reserve	-	31
	-	31

The share-based payment reserve was recycled into equity as the underlying performance rights lapsed following resignation of directors and dissolution of the advisory committee.

Note 37. Share based payments

No share-based payments were made by the Group during the period.

In the prior year, the Group issued the following shares and performance rights as share-based payments:

- 19,000,000 shares to Vendors of MS Verdich Pty, J Wilson, CMB Seafoods Pty Ltd and AJ and JS Troup
- 1,250,000 shares to directors;
- 6,910,048 performance rights to director and advisors; and
- 75,000,000 performance rights to directors under common control transactions.

Note 38. Subsequent events

Debt Refinancing

On 16 August 2023 the Group entered into a binding agreement with Yumbah finance for a loan in the amount of $15 million (Loan Facility) repayable over a 5-year period and secured over all present and after acquired assets of East 33 and its subsidiaries.

The Loan Facility constitutes a whole of business facility and will be used for the full repayment of the balance outstanding of the $9.0 million loan facility in place with the National Australia Bank (NAB Loan Facility), the payment of $6.0 million payable under the Class A Redeemable Convertible Preference Shares (RCPS) due in January 2024 and other working capital requirements.

The key terms of the Loan Facility are as follows:

Financier: Yumbah Finance Pty Ltd.
Borrower: East 33 Limited.
Guarantors: All wholly owned subsidiaries of East 33.
Facility Limit: $15,000,000. To be drawn as follows:
• August 2023 - $8,000,000;
• December 2023 - $1,000,000;
• January 2024 - $4,000,000;
• June 2024 -$2,000,000.
Maturity Date: Five years after the date of financial close.
Repayment: • $Nil in the first year;
• $250,000 per quarter in the second year;
• $350,000 per quarter in in the third year, fourth and fifth year;
• The outstanding balance at the end of the term.

Security Documents:
The same securities as were in place under the NAB arrangements, namely:
• General security agreements over the Borrower and the Guarantors;
• Guarantee from each of the Guarantors;
• Mortgages over all Crown leases of East 33 and its subsidiaries;
• Mortgages of real property, including all oyster leases under which East 33 or a Guarantor is the sole lessee.

Prepayment: Loans may be prepaid in whole or in part on 5 Business Days' prior notice (but, if in part, by a minimum of $100,000). Any prepayment shall be made without premium or penalty.

Fees: An establishment fee of $120,000 payable on the first draw down. The $120,000 is inclusive of all legal cost and expenses of Yumbah Finance.

Interest: The aggregate of:
• 5% per annum; and
• Interest rate benchmark, BBSY (Bid).
Payment of Interest: Interest will be capitalised for the first 12 months following the initial drawdown and then paid monthly.

Financial covenants:

- Interest coverage: Interest Coverage based on earnings before interest, tax, depreciation and amortization (excluding non-cash impairments) will be:
  - 31 December 2023 - N/A;
  - 30 June 2024 - one (1) times;
  - 31 December 2024 - one (1) times;
  - 30 June 2025 (and subsequent) - two (2) times.

This is measured half yearly. If this is not satisfied, this will constitute a review event under the Loan Facility.

- Impairment charges: From June 2024, the total non-cash impairment charge may not be greater than $0.5m for any 12-month period.If this is not satisfied, this will constitute a review event under the Loan Facility.
- CAPEX vs Depreciation -from June 2024, maintenance CAPEX must not exceed depreciation for any 12-month period. If this is not satisfied, this will constitute a review event under the Loan Facility.

Foreclosure Acknowledgement by the mortgagee that it cannot foreclose, i.e. take possession, over any assets of

East 33 unless ASX Listing Rule 10.1 Shareholder Approval has been received, which approval is to be sought at the East 33 2023 AGM.

The Convertible Note:

Further, East 33 has entered into binding documentation for the issue of a convertible note to Yumbah Finance under the terms of a convertible note subscription agreement (Convertible Note Subscription Agreement) whereby, subject to receipt of the approval of holders of ordinary shares (Shares) in E33 (Shareholder Approval):

(a) East 33 will issue a convertible note (Convertible Note) to Yumbah Finance detailing that if, at the end of the term of the Loan Facility, Yumbah Finance has not been fully repaid, or in the event the Loan Facility is repayable early as a result of a payment event of default under the Loan Facility or an insolvency event of East 33 or any of its subsidiaries (Relevant Event of Default), the Convertible Note will be convertible into Shares in East 33 at the election of Yumbah Finance;

(b) The floating face value of the Convertible Note will be the amount remaining to be repaid to Yumbah Finance (principal, interest and any other secured money) at the end of the term of the Loan Facility (or earlier in the event of an earlier Relevant Event of Default); and

(c) The conversion price of the Convertible Note will be the higher of $0.021 or a 10% discount to the 20-day volume weighted average price calculated to the last trading day prior to the conversion date, which means there will be a floor price of $0.021 per Share.

Cancellation of the Letter of Credit

On 25 August 2023 the letter of credit totalling $1 million associated with the acquisition of Troup hatchery business was cancelled, with a concurrent vendor payment of $1 million being made on 23 August 2023.

Appointment of CEO

On 17 July 2023, the Group announced the appointment of Dr Justin Welsh as the CEO of the Group effective 16 October 2023.

Justin worked as the Chief Operations Officer of Aquaculture at Harvest Road Group in Western Australia. In this role he was responsible for the production strategy for both Akoya and Rock Oysters and oversaw the growth and expansion of both species.

Justin has led the development of new seafood brands and has coordinated domestic and international market research, product development and product launch events. Justin has a strong commitment to ESG principles, in particular environmental sustainability with specific experience in carbon mitigation.

Appointment of Non-Executive Director

On 26 July 2023, the Group announced the appointment of Ms Veronica Papacosta as non-executive director.

Ms Papacosta is an experienced director with over 20 years' experience in complex, fast-growing companies in seafood retail, commercial and residential property holdings, accounting, marketing and SME administration sectors.

Veronica is currently the Chief Executive Officer of Seafood Industry Australia, the national peak body representing the interests of Australian seafood, and a Managing Director of Sydney Fresh Seafood (Aust) Pty Ltd, a seafood retail business with 20 retail and food service sites across NSW and QLD.