

Appendix 4D**Half Year Report for the six months to 31 December 2023**

Name of entity: FARM PRIDE FOODS LIMITED

ABN or equivalent company reference: 42 080 590 030

1. Reporting period

Report for the half year ended: 31 December 2023

Previous corresponding periods: Financial year ended 30 June 2023
Half- year ended 31 December 2022**2. Results for announcement to the market**

Revenues from ordinary activities (<i>item 2.1</i>)	Up	26.04%	to	\$48,188,000
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Down	87.59%	to	(922,000)
Net loss for the period attributable to members (<i>item 2.3</i>)	Down	87.59%	to	(922,000)
Dividends (<i>item 2.4</i>)		Amount per security		Franked amount per security
Interim dividend		- ¢		- ¢
Final dividend		- ¢		- ¢
Previous corresponding period		- ¢		- ¢
Record date for determining entitlements to the dividend (<i>item 2.5</i>)				N/A
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>):				
Refer to Director's report				

3. Net tangible assets per security (*item 3*)

	31 Dec 2023	31 Dec 2022
Net tangible asset backing per ordinary security	2.92¢	3.5¢

4. Details of entities over which control has been gained or lost during the period: (item 4)

Control gained over entities

Name of entities (item 4.1)	N/A	
Date(s) of gain of control (item 4.2)	N/A	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 4.3)		\$ -
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)		\$ -

Loss of control of entities

Name of entities (item 4.1)	N/A	
Date(s) of loss of control (item 4.2)	N/A	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 4.3).		\$ -
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)		\$ -

5. Dividends (item 5)

	Date of payment	Total amount of dividend
Interim dividend year ended 30 June 2023	N/A	\$ -
Final dividend year ended 30 June 2023	N/A	\$ -

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	- ¢	- ¢	- ¢
Previous year	- ¢	- ¢	- ¢

6. The financial information provided in the Appendix 4D is based on the reviewed half-year condensed consolidated financial report (attached).

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030**

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**FARM PRIDE FOODS LIMITED
ABN 42 080 590 030
AND CONTROLLED ENTITIES**

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2023**

This half-year financial report is to be read in conjunction with
the financial report for the year ended 30 June 2023.

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

Corporate Information

ABN 42 080 590 030

Directors

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

Management

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

Company Secretary

Justin Mouchacca (appointed:10 October 2023)

Registered Office and principal place of business

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

Solicitors

QR Lawyers
Level 6
400 Collins Street
Melbourne, Victoria 3000

Financiers

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

Tradeplus 24 Australia Pty Ltd
Level 2, 696 Bourke Street
Melbourne Vic 3000

Share Register

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

ASX: FRM

Auditors

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

Internet Address

www.farmpride.com.au

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FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2023

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FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

The Directors present their report together with the financial report of the consolidated entity consisting of Farm Pride Foods Limited ('the Company') and the entities it controlled (or the 'Group'), for the half-year ended 31 December 2023 and auditor's report thereon.

Directors

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

George Palatianos	Non-executive Director, Chair
Darren Lurie	Managing Director
Bruce De Lacy	Non-executive Director
Malcolm Ward	Non-executive Director

The Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of operation

Statutory consolidated net profit after tax attributable to the members of Farm Pride Foods Ltd ("Statutory Profit") for the half year ended 31 December 2023 was a loss of \$0.922million (2022: loss \$7.430million). Earnings before interest, tax, depreciation, and amortization (EBITDA) was \$3.669million (2022: loss \$2.813million).

The following table reconciles the statutory profit to EBITDA for the half year ended 31 December 2023:

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Statutory (loss)	(922)	(7,430)
Add back:		
- Interest (finance costs)	1,494	1,207
- Depreciation and amortisation	3,097	3,410
EBITDA	3,669	(2,813)

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FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

Review of operations (continued)

The financial and operational turnaround of the Group continued in the first half of the 2024 financial year.

The Group's net revenue from customers increased 26% to \$48.16 million (2023: \$38.19 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$3.669 million (2023: \$2.813 million loss), an improvement of approximately \$6.482 million on the previous corresponding period.

The loss after-tax of \$922k represented a similar \$6.508m improvement on the previous corresponding period.

During the period, the focus on improving farming activities, production, grading, and processing efficiencies, across the business continued. Multiple new appointments in farm management were made and the company owned rearing facilities are now consistently producing birds for the Group's laying farms. On-going repairs and maintenance are taking place across farms and egg processing facilities to further enhance efficiencies identified.

The Board has confidence in the continued operational turnaround with \$941K allocated to capital improvements during the period vs \$84k in the prior corresponding period and expect this expenditure will continue to drive improved productivity and efficiency across the business.

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

The Group has entered into a contract of sale for a parcel of surplus non-arable land at Lethbridge, Geelong which will deliver proceeds of \$2.350 million. This sale is expected to complete during the current quarter.

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

Significant changes in the state of affairs

There have been no significant changes in the Group's state of affairs during the half year other than as detailed above.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year ended 31 December 2023 is provided with this report.

Rounding of amounts to nearest thousand dollars

The amounts contained in the report and in the half year financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Group under ASIC Corporations Instrument 2016/191. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.



George Palatianos
Director
28 February 2024

FARM PRIDE FOODS LIMITED

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

In relation to the independent auditor's review for the half-year ended 31 December 2023, to the best of my knowledge and belief there have been:

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

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



STEPHEN SCHONBERG
Partner

28 February 2024



PITCHER PARTNERS
Melbourne

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Notes	Half-year	
		31 Dec 2023 \$'000	31 Dec 2022 \$'000
Revenue and other income			
Revenue from contracts with customers	2	48,162	38,187
Interest revenue and other income	2	26	46
		48,188	38,233
Less: Expenses			
Changes in inventories of finished goods and work in progress		1,215	199
Raw materials and consumables		(33,037)	(29,395)
Employee benefits expense		(10,960)	(9,663)
Depreciation		(3,097)	(3,410)
Loss on disposal of property, plant & equipment		-	(28)
Finance costs		(1,494)	(1,207)
Other expenses		(1,737)	(2,159)
		(922)	(7,430)
Loss before income tax expense		(922)	(7,430)
Income tax (expense) / benefit		-	-
		(922)	(7,430)
Loss after tax		(922)	(7,430)
Total comprehensive loss for the half-year		(922)	(7,430)
Earnings per share for profit attributable to the equity holders of the parent entity:			
Basic loss per share (cents per share)		(0.64)	(13.46)
Diluted loss per share (cents per share)		(0.64)	(13.46)

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FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	31 Dec 2023 \$'000	30 June 2023 \$'000
Current Assets			
Cash and short-term deposits		2,206	1,987
Trade and other receivables		8,605	8,619
Inventories		5,760	4,545
Biological assets		9,549	9,662
Other current assets		1,266	757
Assets held for sale	4	1,822	1,822
Total current assets		29,208	27,392
Non-current Assets			
Biological assets		534	349
Property, plant and equipment		21,439	21,838
Leased Assets		10,634	6,336
Total non-current assets		32,607	28,523
TOTAL ASSETS		61,815	55,915
Current Liabilities			
Trade and other payables		14,278	14,327
Lease liabilities		3,801	3,305
Borrowings	5	18,090	190
Provisions		2,129	1,874
Total current liabilities		38,298	19,696
Non-current liabilities			
Borrowings	5	249	15,624
Lease liabilities		18,947	15,429
Provisions		120	115
Total non-current liabilities		19,316	31,168
TOTAL LIABILITIES		57,614	50,864
NET ASSETS		4,201	5,051
EQUITY			
Contributed equity		34,307	34,307
Share option reserve		143	71
Retained losses		(30,249)	(29,327)
TOTAL EQUITY		4,201	5,051

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FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	Contributed equity	Share option reserve	Retained losses	Total equity
		\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2023		34,307	71	(29,327)	5,051
Loss for the half-year		-	-	(922)	(922)
Total comprehensive income		-	-	(922)	(922)
Transactions with owners in their capacity as owners					
Share based payments	6		72	-	72
Balance as at 31 December 2023		34,307	143	(30,249)	4,201

	Contributed equity	Share option reserve	Retained losses	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2022	29,578	-	(20,215)	9,363
Loss for the half-year	-	-	(7,430)	(7,430)
Total comprehensive income	-	-	(7,430)	(7,430)
Balance as at 31 December 2022	29,578	-	(27,645)	1,933

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FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	Half-year	
		31 Dec 2023	31 Dec 2022
			Restated
		\$'000	\$'000
Cash flow from operating activities			
Receipts from customers		51,408	39,496
Payments to suppliers and employees		(47,961)	(40,967)
Finance costs		(1,440)	(1,144)
Net cash provided by/(used in) operating activities		2,007	(2,615)
Cash flow from investing activities			
Payment for property, plant and equipment		(941)	(84)
Net cash used in investing activities		(941)	(84)
Cash flow from financing activities			
Repayment of borrowings		(1,648)	(1,955)
Proceeds from borrowings		2,900	6,850
Repayment of lease liability		(2,099)	(2,658)
Net cash provided by/(used in) financing activities		(847)	2,237
Net increase/(decrease) in cash and cash equivalents		219	(462)
Cash and cash equivalents at beginning of the half-year		1,987	2,150
Cash and cash equivalents at end of the half-year		2,206	1,688

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NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2023

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The condensed consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Farm Pride Foods Limited (the Company) during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

This condensed half-year financial report covers the Company and its controlled entities as a consolidated entity. Farm Pride Foods Limited is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is 551 Chandler Road, Keysborough, Victoria. The Company is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the Directors as at the date of the Director's Report.

(a) Basis of preparation

The condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, as appropriate for for-profit entities, and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

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

Except as disclosed in Note 1(b), the accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2023.

(b) Summary of the significant accounting policies

The Group has applied all new and revised Australian Accounting Standards that apply to reporting periods beginning on or after 1 July 2023. The application of the new accounting standards did not have a material impact on the financial statements.

(c) Going concern

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

As outlined in the Director's report, significant improvements have been made across the business since the previous corresponding period resulting in improvements of \$4.622 million in operating cash flows, \$9.975 million in revenue, \$6.482 million in EBITDA and \$6.508 million in net profit for the half-year ended 31 December 2023 (half-year).

During the half-year the Group incurred a net loss after tax of \$0.922 million (2022: loss \$7.430 million). Net cash flow from operating activities was an inflow of \$2.007 million (2022: cash outflow \$2.615 million). As at 31 December 2023 current assets of \$29.208 million were exceeded by current liabilities of \$38.298 million by \$9.090 million (June 2023: current assets of \$27.392 million exceeded current liabilities of \$19.696 million by \$7.696 million). As outlined in Note 5 the Group's long term secured loan and working capital loan facilities expire in August 2024 and have not yet been renewed therefore they have been classified as current liabilities. A further loan from interests associated with Mr George Palatianos of \$1.250 million was received prior to the end of the period expiring at the end of June 2024. The directors have reasonable expectations that these facilities will be re-financed before their expiry dates. In addition, proceeds of \$2.350 million from the sale of the surplus land at Lethbridge are expected in the current quarter.

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
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In determining the basis for preparation of the financial report, the directors have assessed the financial performance, future operating plans, financial forecasts and existing financial position. The directors believe there are reasonable grounds to expect the Group will be able to continue as a going concern for at least 12 months from the date of issue of the financial report, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. It is acknowledged however that there are uncertainties associated with the forecast assumptions including the ability to maintain and grow revenues, contain, and further reduce costs.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis. Given the circumstances detailed above, as well as the potential impacts of changing supply and demand conditions affecting the Australian egg and grain industry more broadly, there exists uncertainty that could cast doubt on the ability of the Group to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business, and at the amounts stated in the financial report.

(d) Segment reporting

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

(e) Restatement of prior year statement of cash flow

In December 2022, the Group originally recognised a trade payable for insurance premium funding and the payments associated with the insurance premium funding as cash outflows from operating activities. In December 2023, it was identified that the liability should have been recognised in borrowings and the associated cashflows should have been presented as cash outflows from financing activities. The comparative figures for the six months to 31 December 2022 have been restated as follows:

	Half-year	
	31 Dec 2022	31 Dec 2022
		Restated
	\$'000	\$'000
Cash flow from operating activities		
Receipts from customers	39,496	39,496
Payments to suppliers and employees	(42,122)	(40,967)
Finance costs	(1,144)	(1,144)
Net cash provided by/(used in) operating activities	(3,770)	(2,615)
 Cash flow from investing activities		
Payment for property, plant and equipment	(84)	(84)
Net cash used in investing activities	(84)	(84)
 Cash flow from financing activities		
Repayment of borrowings	(800)	(1,955)
Proceeds from borrowings	6,850	6,850
Repayment of lease liability	(2,658)	(2,658)
Net cash provided by/(used in) financing activities	3,392	2,237
 Net increase/(decrease) in cash and cash equivalents	(462)	(462)
Cash and cash equivalents at beginning of the half-year	2,150	2,150
Cash and cash equivalents at end of the half-year	1,688	1,688

In summary, this resulted in a reduction in net cash outflows from operating activities of \$1.15 million and an increase in net cash outflows from financing activities of \$1.15 million.

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

NOTE 2: REVENUE AND OTHER INCOME

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Revenue from contracts with customers		
Shell egg	26,088	19,832
Product egg	20,020	17,636
Packaging	2,054	719
	48,162	38,187
Other income		
Other income	26	46
Total revenue and other income	48,188	38,233

NOTE 3: DIVIDENDS

No dividends were paid or proposed during the half-year (2022: nil).

NOTE 4: ASSETS HELD FOR SALE

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Assets held for sale	1,822	1,822

The Group has entered into a contract to sell the non-arable land portion of one of its farms. The settlement process is expected to complete in the third quarter of financial year 2024. The revised plan of sub-division is awaiting final inspection and the council's certificate of compliance. All other conditions for settlement have been completed.

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FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

NOTE 5: BORROWINGS

	Consolidated	
	31 Dec 2023 \$'000	30 June 2023 \$'000
Current		
<i>Secured</i>		
Short term loan (secured) ¹	14,276	-
Working capital loan ²	2,000	-
<i>Unsecured</i>		
Short term loan (unsecured) ³	1,250	-
Insurance Premium Funding ⁴	366	-
Long term loan (unsecured) ⁵	198	190
	18,090	190
Non-current		
<i>Secured</i>		
Short term loan (secured) ¹	-	14,225
Working capital loan ²	-	1,050
<i>Unsecured</i>		
Long term loan (unsecured) ⁵	249	349
	249	15,624
Total borrowings	18,339	15,814

¹ The facility is secured by a fixed charge over selected property and company assets. The maturity date of the facility is 31 August 2024.

² The facility is secured over the Group's receivables. The maturity date of the facility is 31 August 2024.

³ Short term loan has been provided by interests associated with the Group's Chair. The facility is unsecured. The maturity date of the facility is 30 June 2024.

⁴ The facility was obtained to finance the annual insurance premium for financial year 2024. The facility is unsecured. The maturity date of the facility is 13 March 2024.

⁵ The facility is unsecured. The maturity date of the facility is 28 February 2026.

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FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

At the reporting date, the Group's financing is as follows.

	31 Dec 2023 \$'000	30 June 2023 \$'000
(i) Short Term Loan (secured)		
Facilities available	14,342	14,342
Facilities used	14,276	14,225
Facilities unused	<u>66</u>	<u>117</u>
(ii) Working capital loan		
Facilities available	2,000	2,000
Facilities used	2,000	1,050
Facilities unused	<u>-</u>	<u>950</u>
(iii) Short Term Loan (unsecured)		
Facilities available	1,250	-
Facilities used	1,250	-
Facilities unused	<u>-</u>	<u>-</u>
(iv) Insurance Premium Funding		
Facilities available	366	-
Facilities used	366	-
Facilities unused	<u>-</u>	<u>-</u>
(v) Long term loan (unsecured)		
Facilities available	447	539
Facilities used	447	539
Facilities unused	<u>-</u>	<u>-</u>

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NOTE 6: SHARE-BASED PAYMENTS

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

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

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

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

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

The expense recognised in relation to these share-based payment transactions was recognised within other expenses within profit or loss were as follows:

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Total expense recognised	<u>72</u>	<u>-</u>

NOTE 7: SUBSEQUENT EVENTS

There are no matters or circumstances which have arisen since 31 December 2023 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

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FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

DIRECTORS DECLARATION

The Directors declare that the financial statements and notes set out on pages 7 to 17 in accordance with the *Corporations Act 2001*:

- (a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) Give a true and fair view of the financial position of the Group as at 31 December 2023 and of its performance for the half-year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Farm Pride Foods Limited and its controlled entities will be able to pay its debts as and when they become due and payable.

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



Director
28 February 2024
Melbourne

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

Conclusion

We have reviewed the half-year financial report of Farm Pride Foods Ltd ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

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

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

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty relating to Going Concern

We draw attention to Note 1(c) in the financial report, which indicates that the Group incurred a net loss of \$0.922m during the half year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its total assets by \$9.090m. These events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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FARM PRIDE FOODS LIMITED
ABN 42 080 590 030



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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

STEPHEN SCHONBERG
Partner

PITCHER PARTNERS
Melbourne

28 February 2024