

Results for announcement to the market

We have provided this results announcement to the market in accordance with Australian Securities Exchange (ASX) Listing Rule 4.2A and Appendix 4D for the Consolidated Group ('Beston') comprising Beston Global Food Company Limited ('the Company') [ABN: 28 603 023 383] and its controlled entities ('the Group') for the half-year ended 31 December 2023 compared to the half-year ended 31 December 2022.

Consolidated results, commentary on results and outlook.

	31 December 2023 (\$'000)	31 December 2022 (\$'000)	Movement (\$'000)	Movement %
Revenue from ordinary activities – continuing operations	81,035	84,557	(3,522)	-4.2
Profit/(loss) before tax from continuing operations	(14,148)	(837)	(13,311)	-1,590.0
Loss before tax attributable to equity holders	(18,764)	(2,060)	(16,701)	-810.7
Income tax (expense)/benefit	(22)	-	(22)	-100.0
Loss after tax attributable to equity holders	(18,786)	(2,060)	(16,726)	-811.9

The commentary on the consolidated results and outlook, including the change in state of affairs and likely developments of the Group, are set out in the Review of Operations section of the Financial Report.

Net tangible assets per share

	31 December 2023 \$ per share	31 December 2022 \$ per share
Net tangible assets per share	0.007	0.037

In accordance with Chapter 19 of the ASX Listing Rules, net tangible assets per share represents the total assets, including right-of-use assets, less intangible assets, less liabilities ranking ahead of, or equally with, ordinary share capital and divided by the number of ordinary shares on issue at the end of the year. Net tangible assets for the half-year ended 31 December 2023 are \$14.0 million (half-year ended 31 December 2022: \$73.5 million).

Distributions

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

Independent auditor's report

The Consolidated Interim Financial Statements upon which this announcement of the results to the market is based have been reviewed and the Independent Auditor's Review Report to the members of Beston Global Food Company Limited is included in the attached Financial Report.

Financial report

for the half-year ended 31 December 2023

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Review of operations

A review of the results of the continuing operations of the consolidated entity during the half-year is as follows:

Summary of continuing operations	1H24	1H23	Variance
Milk supply (million litres)	88.9	81.9	7
Production volumes (tonnes)			
Mozzarella	8,570	8,317	253
Whey powder	3,928	4,048	(120)
Lactoferrin	9.7	8.5	1.2
Sales volumes (tonnes)			
Mozzarella	7,187	7,778	(591)
Whey powder	3,948	3,457	491
Lactoferrin	9.5	10.5	(1)
	\$'000s	\$'000s	Variance
Product sales from continuing operations	81,035	84,557	(3,522)
Gross margin	7,961	18,967	(11,006)
Gross margin %	9.8%	22.4%	(12.6%)
Loss before income tax	(14,148)	(837)	(13,311)

During the financial half-year period ended 31 December 2023, the consolidated statutory net loss before tax attributable to the owners of Beston Global Food Company Ltd was \$18.8 million, \$16.8 million unfavourable against the comparative period.

Revenues from the continuing operations of the consolidated entity decreased by 4.2% to \$81 million. This excludes circa \$6 million of sales on the water to export customers (1H23: \$1.3 million).

Gross margins of the continuing operations decreased compared to the comparative period. This was largely driven by a high milk price relative to global commodity prices and inflationary pressure on the BFC cost base.

Equity attributable to the equity holders of Beston Global Food Company Ltd as at 31 December 2023 was \$14.0 million.

Directors' report

The Directors present their report on the consolidated entity consisting of Beston Global Food Company Limited ('the Company') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023. Throughout the report, the consolidated entity is referred to as the Group.

Directors

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

- R N Sexton
- S Gerlach
- N Longstaff
- C Hayman
- K Reid

Principal activities

During the year the principal continuing activities of the Group consisted of the production of dairy products into local and international markets.

Dividends – Beston Global Food Company Limited

There were no dividends provided for during the half-year ended 31 December 2023 (31 December 2022: nil).

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations on page 4.

Significant changes in the state of affairs

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

Events since the end of the financial half year

Post 31st of December 2023, BFC received and accepted a non-binding indicative offer from a third party to purchase the shares in Provincial Food Group Pty Ltd and the associated property.

Likely developments and expected results of operations

Refer to the review of operations on page 4 for information on likely developments and future prospects of the Group.


Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Rounding of amounts

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

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



R N Sexton
Chairman

Adelaide

29 February 2024

Auditor's independence declaration



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Auditor's Independence Declaration to the Directors of Beston Global Food Company Limited

As lead auditor for the review of the half-year financial report of Beston Global Food Company Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- No contraventions of any applicable code of professional conduct in relation to the review; and
- No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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



Ernst & Young



L A Carr
Partner
Adelaide
29 February 2024

Beston Global Food Company Limited
ABN 28 603 023 383

Interim financial report

31 December 2023

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These interim financial statements are the consolidated interim financial statements for the Group consisting of Beston Global Food Company Limited and its subsidiaries.

The financial statements are presented in Australian currency.

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

Its registered office is:

Beston Global Food Company Limited
Ground floor, 84 Greenhill Road
Wayville SA 5034

Its principal place of business is:

Beston Global Food Company Limited
Ground floor, 84 Greenhill Road
Wayville SA 5034

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations on page 4 and in the directors' report on page 5, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on the 29 February 2023. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website:

www.bestonglobalfoods.com.au

Consolidated statement of comprehensive income

For the half-year ended 31 December 2023

	Notes	31 December 2023 \$'000	31 December 2022 \$'000 Restated
Revenue from continuing operations			
Sale of goods	3	81,035	84,557
Other revenue	3	18	18
		81,053	84,575
Other income	4(a)	8	65
Expenses	4(b)		
Cost of sales of goods		(73,074)	(65,608)
Other expenses from ordinary activities			
Operating overheads		(9,444)	(9,216)
Selling and distribution		(2,490)	(2,942)
Corporate overheads and business support		(6,237)	(5,817)
Profit/(loss) from operations		(10,184)	1,057
Finance income	4(c)	42	107
Finance expenses	4(c)	(2,914)	(2,001)
Net finance expense		(2,872)	(1,894)
Impairment of non-financial assets		(1,092)	-
Loss before income tax		(14,148)	(837)
Income tax (expense)/benefit	5	(22)	-
Profit/(loss) before income tax		(14,170)	(837)
Discontinued operations			
Loss after tax for the period from discontinued operations	6	(4,613)	(1,221)
Loss for the period		(18,783)	(2,058)
<i>Item that may be reclassified to the profit or loss</i>			
Exchange differences on translation of foreign operations		(3)	(8)
Other comprehensive gain for the period, net of tax		(3)	(8)
Total comprehensive loss or the period		(18,786)	(2,066)
Loss is attributable to:			
Owners of Beston Global Food Company Limited		(18,783)	(2,052)
Non-controlling interests		-	(6)
		(18,783)	(2,058)
Total comprehensive loss for the period is attributable to:			
Owners of Beston Global Food Company Limited		(18,786)	(2,060)
Non-controlling interests		-	(6)
		(18,786)	(2,066)
Loss per share attributable to the ordinary equity holders			
Basic loss per share from continuing operations	14(a)	(0.71)	(0.08)
Basic loss per share from discontinued operations	14(b)	(0.23)	(0.11)
		(0.94)	(0.19)
Diluted loss per share from continuing operations	14(a)	(0.71)	(0.08)
Diluted loss per share from discontinued operations	14(b)	(0.23)	(0.11)
		(0.94)	(0.19)

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

Consolidated balance sheet

As at 31 December 2023

		31 December 2023 \$'000	30 June 2023 \$'000
	Notes		
Current assets			
Cash and cash equivalent	7(a)	244	230
Trade and other receivables	7(b)	18,138	20,896
Prepayments		3,096	1,209
Inventories		28,454	18,397
		49,932	40,732
Assets held for sale		7,890	12,821
		57,822	53,553
Non-current assets			
Right-of-use assets		554	630
Property, plant and equipment		50,573	48,878
Intangible assets		58	1,195
		51,185	50,703
Total assets		109,007	104,256
Current liabilities			
Trade and other payables	7(c)	26,655	20,607
Unearned revenue		232	348
Financial liabilities	7(d)	62,007	20,619
Provision for income tax		22	-
Employee benefit obligations		1,445	1,359
		90,361	42,933
Liabilities directly associated with assets held for sale		3,155	3,467
		93,516	46,400
Non-current liabilities			
Financial liabilities	7(d)	1,323	24,404
Employee benefit obligations		137	68
		1,460	24,472
Total liabilities		94,976	70,872
Net assets		14,031	33,384
Contributed equity	9(a)	203,272	203,272
Other reserves		(8,343)	(8,340)
Accumulated losses		(180,898)	(162,115)
		14,031	32,817
Non-controlling interests		-	567
Total equity		14,031	33,384

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

Consolidated statement of changes in equity

For the half-year ended 31 December 2023

	Attributable to the owners of Beston Global Food Company Limited					
	Share capital \$'000	Other reserves \$'000	Accum losses \$'000	Total \$'000	NCI \$'000	Total equity \$'000
Balance at 1 July 2022	176,580	(8,376)	(113,258)	54,946	(799)	54,147
Profit/(loss) for the period	–	(8)	(2,052)	(2,060)	(6)	(2,066)
Other Comprehensive Income	–	–	–	–	–	–
Total Comprehensive income for the period	–	(8)	(2,052)	(2,060)	(6)	(2,066)
Issue of share capital	26,692	–	–	26,692	–	26,692
As at 31 December 2022	203,272	(8,384)	(115,310)	79,578	(805)	78,773
Balance at 1 July 2023	203,272	(8,340)	(162,115)	32,817	567	33,384
Profit/(loss) for the period	–	–	(18,783)	(18,783)	–	(18,783)
Other Comprehensive Income	–	(3)	–	(3)	–	(3)
Total Comprehensive income for the period	–	(3)	(18,783)	(18,786)	–	(18,786)
Disposal of investment	–	–	–	–	(567)	(567)
As at 31 December 2023	203,272	(8,343)	(180,898)	14,031	–	14,031

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

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Consolidated statement of cash flows

For the half-year ended 31 December 2023

	Notes	31 December 2023 \$'000	31 December 2022 \$'000
Cash flows from operating activities			
Receipts from customers		88,012	85,623
Payments to suppliers and employees		(99,705)	(93,596)
Interest paid		(2,735)	(2,114)
Net cash outflows from operating activities		(14,428)	(10,087)
Cash flows from investing activities			
Payments for PP&E	8(a)	(4,009)	(3,030)
Payments for intangibles	8(b)	-	(426)
Proceeds on disposal of PP&E		538	-
Net cash (outflows) from investing activities		(3,471)	(3,456)
Cash flows from financing activities			
Proceeds from the issue of shares		-	26,397
Proceeds from borrowings		20,510	4,035
Repayment of borrowings		(2,202)	(16,767)
Payment of lease liabilities		(96)	(301)
Transaction costs related to loans and borrowings		(290)	-
Proceeds from government grants		-	30
Cash inflows from financing activities		17,922	13,394
Net increase/(decrease) in cash and cash equivalents		23	(149)
Cash and cash equivalents at the beginning of the period		248	322
Net foreign exchange differences		42	99
Cash and cash equivalents at the end of period		313	272
Cash included in assets held for sale		69	-
Cash and cash equivalents at the end of period	7(a)	244	272
Total cash and cash equivalents at the end of the period		313	272

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

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1 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are for the Group consisting of Beston Global Food Company Limited and its subsidiaries.

(a) Basis of preparation

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

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

(i) Going Concern

The Group incurred a statutory net loss after tax of \$18.8 million and had net cash outflows from operating activities of \$14.4 million for the half year ended 31 December 2023. The Group has a deficiency in net current assets of \$35.7 million at 31 December 2023 based on the book value of assets. The financial statements have been prepared on the basis that the Group is a going concern which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

In September 2023, the Group outlined several activities that were critical to supporting the going concern assumption being: continued operational results improvement as forecast, ongoing support of its bankers or other financiers and milk suppliers, and successful completion of the divestment of non-core operations.

In November 2023, the Group announced the appointment of a corporate advisor to assist with considering a range of options for corporate actions in relation to the Dairy business as a result of on-going changes within the Australian dairy industry. At the date of these financial statements, a number of organisations have shown interest in exploring options. The Company will work with those organisations to determine what mutually acceptable outcomes might be achieved.

Cash flow management

The six months ended 31 December 2023 saw the Group acquire 88.9 million litres of milk, 7 million litres higher than budgeted. The Group acquires milk produced by its farmers in accordance with contractual terms. The price paid for this milk is at historical highs whilst dairy product prices generally declined over the period. The conversion of that milk into dairy products has resulted in a significant increase in the Group's inventories. At 31st December 2023 total inventories were \$28.5million compared to \$22.8million at 31st December 2022. This trend continued into January and February 2024. This has placed significant pressure on the Group's working capital and requires close management over the next 3 month period.

Management is working to a plan to substantially reduce inventory levels in order to bring the Group's working capital to a normalised level over the next 3 months. Until such time as this achieved, the significant pressure on management of the working capital will continue. The Directors are confident there are realistic strategies available to them to manage working capital and extinguish liabilities in a timely manner, including but not limited to temporary increased finance facility limits, conversion of inventory to cash at marketable prices and negotiation of revised payment terms with certain suppliers.

A revised cash flow forecast has been prepared for the twelve-month period from the date of signing the interim financial statements, which reflects the current challenging market conditions. The cash flow forecast has been prepared based on management's and the Directors' assessment of the current economic, operating and trading performance assumptions. If this forecast is achieved, it will support the Directors' going concern assertion. These forecasts are dependent upon the following matters, which rely on the behaviour of external factors/parties:

- Management estimates of the milk and milk solids volumes, which are dependent on the Group's milk supply agreements and the output of contracted dairy farms.
- Management estimates of global product prices, specifically what prices are achievable in local and international markets, including the impacts of additional volumes being available for sale by the Company in challenging conditions.
- The cash payment and collection profiles being materially in line with the Group's payment terms, or revised payment terms.
- The ability of the Group to negotiate adequate debt facilities to support the financial requirements of the Group for the 12 months from the expiry of the current facilities.
- Management estimates of the milk price likely to be in place following 1 July 2024. These prices will be set in the context of the annual process required by the Dairy Code of Conduct.

Financing facilities

In September 2023, the Group completed its debt tender process which has introduced an additional financier and has increased facility limits of the Group's Invoice Finance Facility.

The Group's financial liabilities of \$63 million (30 June 2023: \$45 million) are primarily made up of three facilities at 31 December 2023:

- an Invoice Finance Facility capped at \$18 million of which \$13.5million was available at balance date (\$13.5 million drawn)
- Corporate Markets Loan of \$18.5 million (\$18.5 million drawn); and
- Business Overdraft Facility of \$22.1 million (\$21.2 million drawn),
- with the balance associated with property and asset finance facilities.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Going Concern (continued)

Financing facilities (continued)

In February 2024 the Group obtained approval for an extension of the Business Overdraft Facility for an additional \$7.7 million, taking the total facility to \$29.8million with an expiry date of 30 June 2024. The funds of \$7.7m have been provided by the bank and drawn down. Formal legal documentation for the increased facility is currently being finalised. The expiry date for the remainder of these facilities is 31 July 2024.

The Group's 12-month cashflow forecasts assume the continued availability of these or alternate facilities of a similar quantum beyond 31 July 2024. The Company will work towards establishing or renewing sufficient debt facilities prior to expiry of the current facilities on 30 June and 31 July 2024.

Divestment of non-core operations

The Group made the decision to divest or discontinue its non-dairy operations (Meat, Technology and Water businesses) and is well advanced in this process. A summary for each operation is as follows:

- Water - In November 2023 the Group reached a sales agreement to sell its 51% investment in the AquaEssence water business with proceeds of \$0.5 million received in November 2023.
- Technology - The Group has ceased all activities in the Technology business unit.
- Meat - The Group has entered into a non-binding agreement to sell the PFG Meat Business, which is expected to be finalised shortly. The proceeds from this divestment will be used to make permanent debt reductions.

In summary, having considered the foregoing matters and deliberated on the Group's business plans and operating forecasts, the Directors believe that the Group will continue as a going concern. To continue as a going concern the Group requires successful management of its short term cashflow requirements, operational forecasts to be achieved, ongoing support of its bankers or other financiers and milk suppliers, and successful completion of the divestment of non-core operations. However, in the event these conditions are not achieved this may cast significant doubt about the Group's ability to continue as a going concern. In that case, the Group may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of recorded liabilities that might be necessary should the consolidated entity not continue as a going concern.

(b) New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the half-year ended 31 December 2023, except for the adoption of new standards effective for reporting periods commencing on or after 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023/2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

(c) Key judgements, estimates and assumptions

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

(i) Financial forecasting

Management maintains a detailed financial model that it uses to forecast the future performance of each of its segments within the Group, and the Group. This model was updated for the latest available information as at 31 December 2023. Key uses of the financial model include understanding expected financial performance, capital expenditure, cash-flow and capital and debt management requirements of the Group. The financial model is also the key input for valuation purposes, including impairment assessments. Significant assumptions that drive the forecast outcomes are subject to detailed review for reasonableness by management, and approval by the Board.

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

(ii) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less cost to sell calculation is based on the detailed financial model, with cash flows derived from the forecast for the next five years.

The carrying value of the discontinued operations was impaired based on the non-binding offer received and accepted for the purchase of the shares in Provincial Food Group Pty Ltd.

As at 31 December 2023 the Dairy CGU fair value and impairment assessment was updated and resulted in an impairment of \$1.1 million of goodwill. Consistent with the disclosures set out in Note 8(b) of the 30 June 2023 financial statements, any deterioration in the key assumptions of discount rates and EBITDA margin over a 5 year period would lead to further impairment.

2 Segment information

(a) Description of segments

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

- The Australian Dairy segment which owns production plants and uses milk to produce cheese and other dairy products
- The Corporate segment provides business support to the operating segment.

(b) Segment results

The segment information for the half-year ended 31 December 2023 and the half-year ended 31 December 2022 provided to the executive management committee for the reportable segments are as follows:

	Australian Dairy \$'000	Corporate \$'000	Total Continuing Operations \$'000	Discontinued Operations \$'000	Total \$'000
31 December 2023					
Revenue					
Contracts with domestic customers	50,285	–	50,285	3,849	50,134
Contracts with international customers	30,750	–	30,750	–	30,750
Other revenue	18	–	18	4	22
Other income	8	–	8	4	12
Finance income	42	–	42	–	42
Total revenue	81,103	–	81,103	3,857	84,960
Expenses					
Cost of Sales	(73,074)	–	(73,074)	(3,329)	(76,403)
Other operating costs	(9,373)	(71)	(9,444)	(684)	(10,128)
Selling and distribution	(2,490)	–	(2,490)	(66)	(2,556)
Business support	(2,546)	(3,690)	(6,236)	(656)	(6,892)
Finance costs	–	(2,915)	(2,915)	(110)	(3,025)
Impairment of goodwill	(1,092)	–	(1,092)	–	(1,092)
Impairment of PP&E	–	–	–	(3,573)	(3,573)
Loss on disposal of property, plant & equipment	–	–	–	(52)	(52)
Total expenses	(88,575)	(6,676)	(95,251)	(8,470)	(103,721)
Loss for the period before tax	(7,472)	(6,676)	(14,148)	(4,613)	(18,761)

2 Segment information (continued)

(b) Segment results (continued)

	Australian Dairy \$'000	Corporate \$'000	Total Continuing Operations \$'000	Discontinued Operations \$'000	Total \$'000
31 December 2022					
Revenue					
Contracts with domestic customers	59,754	–	59,754	6,058	65,812
Contracts with international customers	24,803	–	24,803	–	24,803
Other revenue	18	–	18	6	24
Other income	41	24	65	–	65
Finance income	107	–	107	–	107
Total revenue	84,723	24	84,747	6,064	90,811
Expenses					
Cost of Sales	(65,608)	–	(65,608)	(5,333)	(70,941)
Other operating costs	(9,216)	–	(9,216)	(1,254)	(10,470)
Selling and distribution	(2,942)	–	(2,942)	(91)	(3,033)
Business support	(2,292)	(3,525)	(5,817)	(494)	(6,311)
Finance costs	–	(2,001)	(2,001)	(113)	(2,114)
Total expenses	(80,058)	(5,526)	(85,584)	(7,285)	(92,869)
Profit/(loss) for the period before tax	4,665	(5,502)	(837)	(1,221)	(2,058)

(c) Segment assets and liabilities

The information on segment assets and liabilities provided to the Executive Management Committee for reportable segments as at 31 December 2023 and 30 June 2023 is as follows:

	Australian Dairy \$'000	Corporate \$'000	Total Continuing Operations \$'000	Discontinued Operations \$'000	Total \$'000
As at 31 December 2023					
Total segment assets; including	96,782	4,335	101,117	7,890	109,007
Capital expenditure for the 6 months to 31 December 2023	3,456	–	3,456	553	4,009
Total segment liabilities	(84,756)	(7,065)	(91,821)	(3,155)	(94,976)
As at 30 June 2023					
Total segment assets; including	89,418	2,017	91,435	12,821	104,256
Capital expenditure for the 12 months to 30 June 2023	4,413	753	5,166	1,597	6,763
Total segment liabilities	(61,872)	(5,533)	(67,405)	(3,467)	(70,872)

3 Revenue

The Group derives the following types of revenue:

	31 December 2023 \$'000	31 December 2022 \$'000
Sale of goods		
Contracts with customers	81,035	84,557
Other revenue		
Leasing income	18	18
Total revenue	81,053	84,575

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

Sale of goods	31 December \$'000 Dairy
2023	
Australia	50,285
New Zealand	3,532
Asia	22,100
Europe	933
North America	4,185
Total	81,035

2022	
Australia	59,754
Asia	20,697
Europe	379
North America	3,727
Total	84,557

4 Other income and expenditure

	31 December 2023	31 December 2022
	\$'000	\$'000
(a) Other income		
Other items	8	51
Government grants	-	14
	8	65

(b) Break down of expenses by nature

Cost of inventories recognised as an expense	62,170	58,093
Employee benefits expense	12,011	11,063
Depreciation and amortisation	1,882	1,885
Other expenses	2,275	1,339
Consultancy expenses	858	874
Short-term and low value lease expense	190	61
Rates and taxes	54	56
Repairs and maintenance	1,776	1,724
Insurance expenses	1,578	1,590
Logistics and marketing expenses	8,451	6,900
	91,245	83,585

(c) Finance income and costs

Net exchange gains	42	107
Finance charges paid for financial liabilities	(2,914)	(2,001)
Net finance costs	(2,872)	(1,894)

5 Income Tax

	31 December 2023	31 December 2022
	\$'000	\$'000
Income tax	22	-
Total income tax expense	22	-
Income tax is attributable to:		
Tax payable by Beston Shanghai	22	-

6 Discontinued Operations

On 22 June 2023, Beston Global Food Company Limited (ASX: BFC) (the Group) publicly announced the decision of its Board of Directors to discontinue and divest its Provincial Food Group (PFG) and plant-based meats secondary process business, its Aquaessence water assets business and its Technology business. The results of the discontinued businesses are presented below:

(a) The income statement amounts classified as discontinued operations are as follows:

	Provincial Food Group \$'000	Aquaessence Pty Ltd \$'000	Beston Technologies Pty Ltd \$'000	Total \$'000
Half-year to 31 December 2023				
Sale of goods	3,838	11	–	3,849
Other revenue	–	4	–	4
	3,838	15	–	3,853
Other income	4	–	–	4
Expenses:				
Cost of goods sold	(3,312)	(17)	–	(3,329)
Operating overheads	(596)	(19)	(69)	(684)
Selling and distribution	(65)	(1)	–	(66)
Corporate overheads and business support	(640)	(9)	(7)	(656)
Loss from operations	(771)	(31)	(76)	(878)
Finance costs	(109)	(1)	–	(110)
Impairment of goodwill	–	(52)	–	(52)
Impairment of PP&E	(3,573)	–	–	(3,573)
Loss before tax from discontinued operations	(4,453)	(52)	(76)	(4,613)
Tax benefit	–	–	–	–
Loss for the year from discontinued operations	(4,453)	(84)	(76)	(4,613)

	Provincial Food Group \$'000	Aquaessence Pty Ltd \$'000	Beston Technologies Pty Ltd \$'000	Total \$'000
Half-year to 31 December 2022				
Sale of goods	5,965	93	–	6,058
Other revenue	–	6	–	6
	5,965	99	–	6,064
Other income	–	–	–	–
Expenses:				
Cost of goods sold	(5,260)	(73)	–	(5,333)
Operating overheads	(1,045)	(71)	(138)	(1,254)
Selling and distribution	(73)	(18)	–	(91)
Corporate overheads and business support	(477)	(13)	(4)	(494)
Loss from operations	(890)	(76)	(142)	(1,108)
Finance costs	(113)	–	–	(113)
Loss before tax from discontinued operations	(1,003)	(76)	(142)	(1,221)
Tax benefit	–	–	–	–
Loss for the year from discontinued operations	(1,003)	(76)	(142)	(1,221)

6 Discontinued Operations (continued)

(a) The major classes of assets and liabilities classified as held for sale as at 31 December 2023 are as follows:

	Provincial Food Group
31 December 2023	\$'000
Assets	
Cash	69
Trade receivables	358
Property, plant and equipment	6,500
Intangible assets	2
Other receivables	140
Inventories	821
Assets held for sale	7,890
Liabilities	
Creditors	714
Financial liabilities	2,246
Other payables	90
Employee benefits	105
	3,155
Net assets directly associated with disposal group	4,735

(b) The net cash flows incurred by Provincial Food Group Ptd Ltd are as follows:

	Provincial Food Group
Half-year to 31 December 2023	\$'000
Operating	(410)
Investing	(553)
Financing	1,020
Net cash inflow	57

7 Financial assets and financial liabilities

(a) Cash and cash equivalents

	31 December 2023 \$'000	30 June 2023 \$'000
Cash at bank and in hand	244	230

(b) Trade and other receivables

	31 December 2023 Current \$'000	30 June 2023 Current \$'000
Trade receivables	16,019	18,659
Provision for impairment	(12)	(57)
	16,007	18,602
Other receivables	483	713
Goods and services tax (GST) receivable	1,648	1,581
	18,138	20,896

(i) Fair value of trade and other receivables

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

(c) Trade and other payables

	31 December 2023 \$'000	30 June 2023 \$'000
Current liabilities		
Trade payables	22,783	17,115
Goods and service tax (GST) payable	58	307
Accrued expenses	3,524	2,932
Payroll liabilities	268	191
Other creditors	22	62
	26,655	20,607

(i) Fair value of trade and other payables

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

7 Financial assets and financial liabilities (continued)

(d) Financial liabilities

			31 December 2023 \$'000	30 June 2023 \$'000
Current financial liabilities: loans and borrowings			45,971	11,173
Current financial liabilities: other			16,036	9,446
Current financial liabilities			62,007	20,619
Non-current financial liabilities: loans and borrowings			673	23,650
Non-current financial liabilities: other			650	754
Non-current financial liabilities			1,323	24,404

	Interest rate	Maturity	31 December 2023 \$'000	30 June 2023 \$'000
Financial liabilities: loans and borrowings				
Current				
Overdraft	8.72%	June 2024	21,153	9,830
Hire purchase facility	3.56%	December 2025	212	102
Hire purchase facility	4.91%	September 2029	3,638	823
Term loan	BBSY + 5.00%	July 2024	18,500	–
Property mortgage	BBSY + 5.00%	November 2024	2,091	418
Asset finance	14.07%	October 2026	377	–
			45,971	11,173
Non-current				
Hire purchase facility	3.56%	December 2025	–	160
Hire purchase facility	4.91%	September 2029	–	3,247
Term loan	BBSY + 5.00%	July 2024	–	18,500
Property mortgage	BBSY + 5.00%	November 2024	–	1,743
Asset finance	14.07%	October 2026	673	–
			673	23,650
Total financial liabilities: loans and borrowings			46,644	34,823
Financial liabilities: other				
Current				
Office lease liability	6.00%	August 2027	206	197
Insurance premium funding	1.99%	June 2024	2,368	751
Deposits on sale of trade debtors	10.87%	October 2026	13,462	8,498
			16,036	9,446
Non-current				
Office lease liability	6.00%	August 2027	650	754
			650	754
Total financial liabilities: other			16,685	10,200

At the reporting date, the Group was in breach of a bank covenant. Subsequent to balance date, a waiver was obtained from the bank and the facilities remained available.

7 Financial assets and financial liabilities (continued)

(e) Transferred financial assets that are not derecognised in their entirety

		31 December 2023	30 June 2023
	Notes	\$'000	\$'000
Securitisations			
Carrying amount of transferred assets		13,462	8,498
Carrying amount of associated liabilities	7(d)	(13,462)	(8,498)
Net position		–	–

A subsidiary company, Beston Pure Dairies Pty Ltd (BPD) has entered into an arrangement to sell a portion of its trade debtors to a financial institution at a value that reflects a discount to the face value of the debtor amounts. The arrangement is part of the effective management of the Group's working capital needs.

Under the arrangement, BPD receives 82% and 72% respectively of the face value of the domestic and export debtors amounts on sale to the financial institution in the form of a deposit. The remainder, net of the fair value discount, is received from the financial institution typically 45-60 days after the sale of the debtors. The credit risk of the underlying trade debtors is retained by BPD.

8 Non-financial assets and liabilities

(a) Property, plant and equipment

During the half-year ended 31 December 2023, the Group acquired assets with a cost of \$4.0 million (half-year ended 31 December 2022: \$3.0 million).

(b) Intangible assets

During the half-year ended 31 December 2023, the Group did not acquire any intangible assets (half-year ended 31 December 2022: \$0.4 million).

(c) Inventories

The Group recognised inventory at the lower of realisable value or cost. The inventory balance comprises of \$7.2 million (half-year ended 31 December 2022: \$0) held at net realisable value with the remainder held at cost.

9 Equity

(a) Contributed equity

	31 December 2023	30 June 2023	31 December 2023	30 June 2023
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	1,997,046,892	1,997,046,892	203,272	203,272

10 Dividends

There were no dividends provided for during the half-year to 31 December 2023 (2022: nil).

11 Contingent liabilities and contingent assets

The Group had no contingent assets or liabilities at 31 December 2023 (2022: \$nil).

12 Commitments

At 31 December 2023, the Group had entered into multi-year milk supply contracts which have terms of between 1 and 10 years. The estimated amounts that would be payable in respect of forecast volumes is \$311 million over this period.

At 31 December 2023, the Group had capital expenditure commitments of \$0.5 million.

13 Events occurring after the reporting period

Post 31st December 2023, BFC received and accepted a non-binding indicative offer from a third party to purchase the shares in Provincial Food Group Pty Ltd and the associated property.

14 Earnings per share

(a) Basic loss per share

	31 December 2023 Cents	31 December 2022 Cents
Loss from continuing operations attributable to ordinary equity holders	(0.71)	(0.08)
Loss from discontinued operations attributable to ordinary equity holders	(0.23)	(0.11)
Total basic loss per share attributable to ordinary equity holders	(0.94)	(0.19)

(b) Diluted loss per share

	31 December 2023 Cents	31 December 2022 Cents
Loss from continuing operations attributable to ordinary equity holders	(0.71)	(0.08)
Loss from discontinued operations attributable to ordinary equity holders	(0.23)	(0.11)
Total diluted loss per share attributable to ordinary equity holders	(0.94)	(0.19)

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

	31 December 2023 Cents	31 December 2022 Cents
Basic (loss) per share		
Loss attributable to the ordinary equity holders used in calculating basic (loss) per share:		
From continuing operations	(14,170)	(831)
From discontinued operations	(4,613)	(1,221)
Loss attributable to the ordinary equity holders of the parent for basic earnings	(18,783)	(2,052)
Effects of dilution	–	–
Loss attributable to the ordinary equity holders of the parent for diluted earnings	(18,783)	(2,052)

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

	2023 Number	2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings/(loss) per share	1,997,046,892	1,056,052,113

15 Related party transactions

(a) Transactions with other related parties

There were no transactions with related parties during the period.

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

There were no balances outstanding at the end of the reporting period in relation to transactions with related parties.

Directors' declaration

In the Directors' opinion:

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 24 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards *AASB 134 Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as of 31 December 2023 and of its performance for the half-year ended on that date, and
- (b) subject to the uncertainties and matters detailed in Note 1(a)(i), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



R N Sexton

Chairman

Adelaide

29 February 2023

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



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

Conclusion

We have reviewed the accompanying half-year financial report of Beston Global Food Company Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *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* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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.

Material uncertainty related to going concern

We draw attention to Note 1(a)(i) in the half-year financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibilities 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 responsibilities for the review of the half-year financial report

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.




L A Carr
Partner
Adelaide
29 February 2024