Australian Dairy Nutritionals

APPENDIX 4E - PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2024

AUSTRALIAN DAIRY NUTRITIONALS GROUP (ASX CODE: AHF)

ACN: 057 046 607

RESULTS FOR ANNOUNCEMENT TO THE MARKET

References to the 'Group' throughout this report relate to Australian Dairy Nutritionals Limited and its controlled entities.

	Change	$'000 2024	$'000 2023
Revenue from ordinary activities	Up 7%	6,263	5,856
Loss from ordinary activities after tax attributable to members	Down 21%	(7,439)	(9,394)
Loss for the period attributable to members	Down 21%	(7,356)	(9,329)

	Cents	
	2024	2023
Net tangible asset backing per share	4.1	5.4

	Amount per Share (cents)	Franked Amount per Share (cents)	Tax Rate for Franking
Final dividend	Nil	Nil	Nil
Interim dividend	Nil	Nil	Nil
Record date			Not applicable

The Group does not have any dividend re-investment plan in operation.

Loss or gain of control over other entities

There has been no loss or gain of control over other entities during the year.

Associates

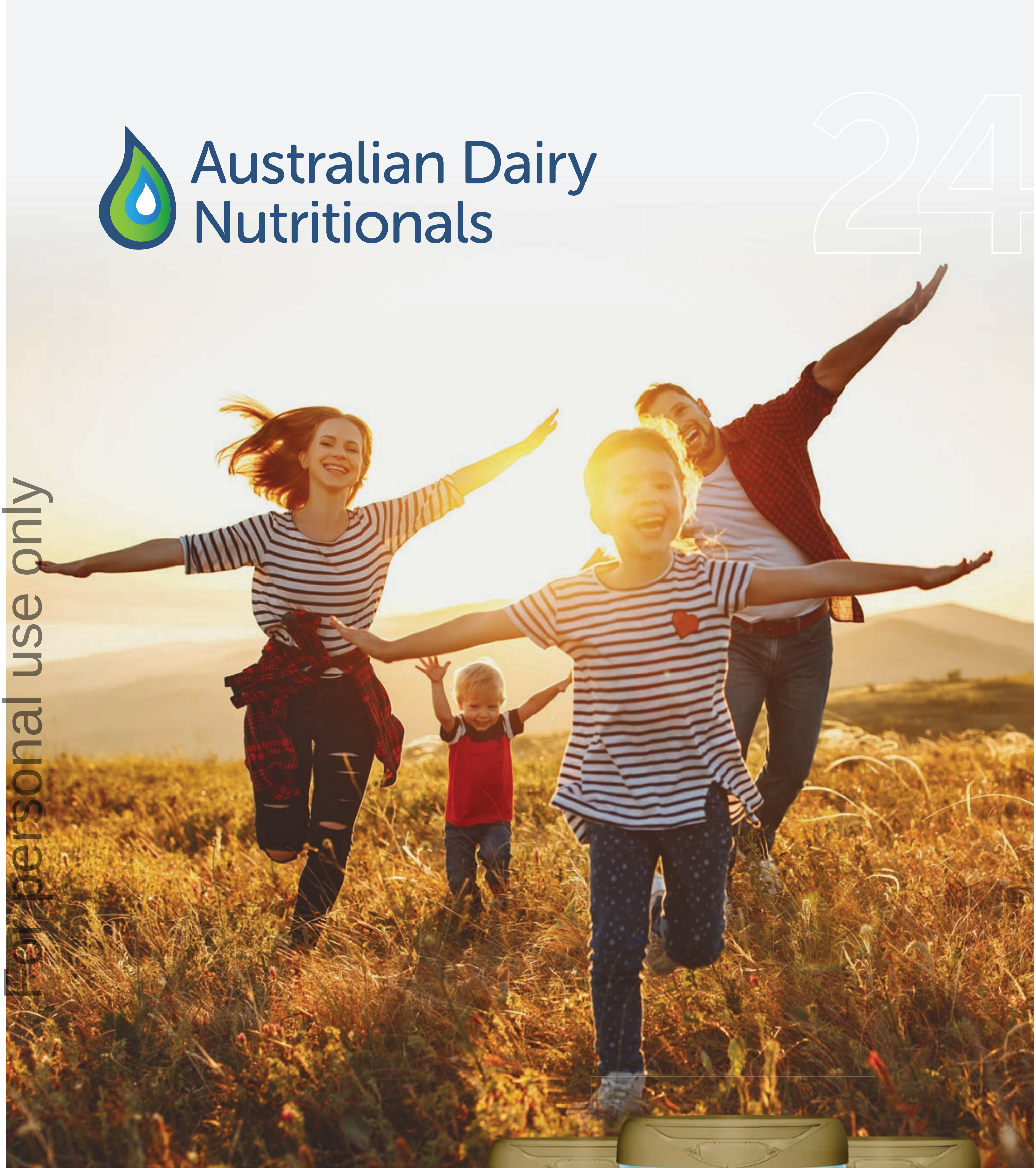
The Group does not have any associates.

Audit Status

This Appendix 4E is based on the Annual Report, which has been subject to audit, with the Independent Auditor's Report included.

Additional Appendix 4E disclosure requirements can be found in the 2024 Australian Dairy Nutritionals Group Annual Report attached.

Australian Dairy Nutritionals



ANNUAL REPORT **2024**

AUSTRALIAN DAIRY NUTRITIONALS GROUP

BOARD OF DIRECTORS

Peter Nathan
Non-Executive Chair

Jason Dong
Non-Executive Director

Scott Lai
Non-Executive Director

COMPANY SECRETARY

Elizabeth Spooner
Company Secretary

REGISTERED OFFICE

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STOCK EXCHANGE

Australian Dairy Nutritionals Group is listed on the official List of the Australian Securities Exchange Limited (ASX).

The ASX Code is "AHF".

WEBSITE

adnl.com.au

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The Group is well placed to fundamentally change the trajectory of the business over the medium to long term with its change in strategic direction.

CHAIR AND CEO'S REPORT

Peter Nathan
Chair

Sundaranathan Mahinthan
CEO

$6.26m
FY24 REVENUE

$26.73m
NET ASSETS

$6.11m
CASH AT FY24 CLOSING

FY24 WAS A CHALLENGING YEAR FOR THE BUSINESS AS ALTHOUGH REVENUE OF $6.26M IN FY24 EXCEEDED THE REVENUE IN FY23 OF $5.86M, IT WAS NONE THE LESS SUB-SCALE, AND THE NET LOSS IN FY24 OF $7.44M WAS UNFAVOURABLE COMPARED WITH THE LOSS OF $7.09M ACHIEVED IN FY23. THE LOSS WAS LARGELY ATTRIBUTED TO LOWER THAN FORECASTED INFANT FORMULA SALES FOR THE YEAR.

The net assets of the Group at 30 June 2024 totalled $26.73m, a decrease of $6.79m from June 2023. The decrease in net assets was predominantly due to operating losses, offset by the equity capital raising in July 2023. The Groups borrowings were $1.74m at 30 June 2024, however it is worth noting the loan from Gippsreal Limited was repaid 27 August 2024 to make the Group debt free at the date of this report.

Cash closed at $6.11m in FY24 compared with $2.01m in FY23 due to the sale of the South Brucknell farm.

The board and management has now completed a full strategic review of the business and have formulated a new strategic road map which it will begin to execute in FY25. It is planned to more fully utilise the unique assets and competitive advantage of the business. The business is in the process of developing key strategic partnerships and valuable brand assets which leverage its competitive advantage.

The current partnership with our Vietnam distributor Dunamex is progressing well, with a pleasing sales volume growth trajectory and consumer off-take in this attractive market opportunity.

The Group is well placed to fundamentally change the trajectory of the business over the medium to long term with its change in strategic direction. We look forward to informing the market of key initiatives as soon as details are finalised and negotiations completed.

Over the next year the focus will be to ensure we maximise our production volumes at our Camperdown facility with the longer-term objective of achieving full plant capacity.

Management and the board have conducted a complete cost review and have identified some areas of savings which will be realised in FY25. The new management team will continue to focus on efficiency and cost control as a priority as well as delivering best in class product quality.

We would like to express our thanks to all of our shareholders, staff, suppliers and customers for your continued support over the past 12 months.

Peter Nathan
Chair

30 August 2024

Sundaranathan Mahinthan
CEO

30 August 2024

Over the next year the focus will be to ensure we maximise our production volumes at our Camperdown facility with the longer-term objective of achieving full plant capacity.

DIRECTORS' REPORT

The Board of directors of Australian Dairy Nutritionals Limited **(the Company)** submits to members the Annual Report of the Company and its controlled entities **(the Group)** for the financial year ended 30 June 2024.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN THE NATURE OF THOSE ACTIVITIES

The principal activities of the Group during the year were:

- ownership of dairy farms via Regen Properties Pty Ltd (Regen Properties);
- operation of dairy farms and ownership of livestock through SW Dairy Farms Pty Ltd (SWD);
- manufacture of Ocean Road Dairies Organic A2 infant formula base powders at 160 Depot Road, Camperdown, Victoria; and
- distribution of the Group's infant formula ranges through Organic Nutritionals Pty Ltd (Organic Nutritionals).

There has been no significant changes in the nature of these activities during this year.

BUSINESS MODEL AND OBJECTIVES

The infant formula category continues to remain a challenging but still commercially attractive market opportunity. Locally, a few large players dominate the category and significant investment is needed to gain meaningful consumer trial.

Although the infant formula category in China has experienced recent volume and value decline, it remains the largest infant formula category in the world, with a retail value of approx. 22 billion USD. It is also a highly fragmented market from both a brand and channel perspective, which still provides a very attractive opportunity for a successful brand entry.

Over the last year, the Group has established distribution of our Ocean Road Dairies infant formula range in JD.co.hk as a first step in entry to the China market. The recent data suggest that the English label products are growing in China post the Covid period, signalling that Chinese consumers are looking for high quality overseas products at reasonable price.

With the recent board and management changes, the Group has reviewed and subsequently significantly revised its strategy which it now intends to execute. The strategy intends to best use its assets in vertical integration, small run size manufacturing assets, and brand building capability to succeed in the market.

Going Concern

The financial statements have been prepared using the going concern basis of preparation. During the year the Group incurred a loss of $7.44 million (2023: $9.39 million loss), has total accumulated losses of $53.46 million and had a net cash outflow from operations of $4.44 million (2023: $7.05 million outflow). The Group's cash and cash equivalent balance as at 30 June 2024 was $6.11 million and it has an unutilised 2-year loan facility of $1.22 million.

The Board is satisfied the going concern basis of preparation remains appropriate, reaching such a conclusion after having regard to the circumstances which they consider reasonably likely to affect the Group during the period of at least one year from the date of this report.

The Board has been closely monitoring working capital and cash flows throughout the year while infant formula product sales build, and the Group works to gain access to international markets.

The Board is confident in the Group's ability to continue as a going concern for the 12-month period based on its current cash and cash equivalents and forecasts for the next 12 months. In addition to the above, as a listed entity, the Group also has capital raising opportunities available to it from existing shareholders as well as sophisticated investors with strong alignment to the Group's strategy and future objectives.

The Board are satisfied at the date of signing the financial report there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

The financial report does not include any adjustments to the amounts or classifications of recorded assets or liabilities that might be necessary should the Group not continue as a going concern.

DIRECTORS' REPORT, CONTINUED.

OPERATING RESULTS

The consolidated net loss attributed to members of the Group, after providing for income tax was $7,439,176 (2023: $9,393,955).

This result is comprised of the following results:

- net loss from the nutritional powders segment of $3,704,420 (2023: $3,859,599).
- net loss from the dairy farm segment of $1,928,606 (2023: $724,160).
- corporate costs of $1,806,150 (2023: $2,504,559).
- loss from discontinued operations in the 30 June 2023 comparative of $2,305,637.

Total revenue for FY24 is $6,263,071, up 7% against the FY23 comparative period of $5,855,677.

Below is a breakdown of total revenue by segment:

- total revenue and other income from the dairy farms segment of $5,594,894 (2023: $5,442,236).
- total revenue from the nutritional powders segment of $668,177 (2023: $413,441).

The increase in dairy farms segment revenue of $152,658 in FY24 is largely attributable to an increase in livestock sales as a result of the Brucknell South farm sale, offset by a reduction in production volumes and milk sales associated with a decrease in herd size following the sale.

The nutritional powders segment revenue in FY24 increased by $254,736 compared to FY23, reflecting the sales launch in Vietnam in Q3 FY24. Although an increase, this is a disappointing result and demonstrates that domestic sales have been slower to build than anticipated due to the lack of brand traction achieved in a highly competitive and mature category.

Total expenses from continuing operations for FY24 were $13,702,247, up 7% against the FY23 comparative period of $12,943,995.

Below is a breakdown of total expenses by segment:

- total expenses from the dairy farms segment of $7,523,500 (2023: $6,166,396).
- total expenses from the nutritional powders segment of $4,372,597 (2023: $4,273,040).
- Total corporate expenses of $1,806,150 (2023: $2,504,559)

The dairy farms segment expenses increase of $1,357,104 on the 2023 comparative is largely attributable to an increase in the deemed cost of livestock sold and increased feed costs.

The nutritional powders segment expenses increase of $99,557 on the 2023 comparative is largely attributable to an impairment expense for the write-down of the intangible asset associated with the Future brand of $244,592. The other operating costs are relatively flat and are reflective of operating the facility on limited production.

The decrease in corporate expenses of $698,409 on the 2023 comparative is attributed to decreases in employment and consulting costs.

FINANCIAL POSITION

The net assets of the Group at 30 June 2024 total $26,726,569, a $6,796,785 decrease from the June 2023 comparative of $33,523,354. The decrease is primarily driven by operating losses, offset by the equity capital raising in July 2023.

The key assets and liabilities in the statement of financial position at 30 June 2024 are:

- cash and cash equivalents of $6,106,312 (2023: $2,007,429);
- inventories of $1,632,793 (2023: $1,507,153);
- property, plant and equipment of $18,851,582 (2023: $26,381,586);
- intangible assets of $393,707 (2023: $635,732);
- biological assets of $1,873,697 (2023: $3,535,686); and
- total borrowings of $1,739,957 (2023: $nil).

DIRECTORS' REPORT, CONTINUED.

REVIEW OF OPERATIONS

DAIRY FARM SEGMENT

Regen Properties Pty Ltd (land owner) and SW Dairy Farms Pty Ltd (farm operator)

Dairy farm segment performance

For the first time in the last four years, seasonal conditions in Southwest Victoria have not been as favourable for dairy farming, with drier than normal conditions. The dairy farms segment net loss for the financial year was $1,928,606 (2023: $724,160 loss). Included in the loss are non-cash costs for losses from changes to fair value of livestock of $346,132 (2023: $238,913 loss) and the deemed cost of livestock sold $1,554,415 (2023: $641,606), which is materially above the 2023 comparative because of the herd restructure and reduction following the Brucknell South farm sale.

After removing the impact of fair value movements of livestock and deemed cost of sales in both financial years, the dairy farm operating segment's financial performance is down on FY23 with an operational net loss of $28,059 (2023: $156,359 profit). This is largely a result of increased feed costs for FY24 as a result of the drier conditions, offset by additional sales of livestock from the herd reduction.

Livestock values

Livestock values continued to soften during the year as a result of a decline in the export market, softening milk price and unfavourable seasonal conditions. This has resulted in a loss from changes in fair value of livestock of $346,132 (2023: $238,913 loss).

Farm values

Registered valuers Preston Rowe Paterson completed an independent valuation on the Yaringa farm for the year ended 30 June 2023. The basis of the valuation was 'As Is and In Use' with vacant possession and the fair value of the farm was $8,400,000.

The Board has reviewed the carrying amount at 30 June 2024 and are satisfied it is not impaired. The carrying amount for the Yaringa farm of $8,544,216 represents the independent valuation from June 2023 plus capitalised costs from the valuation date, less depreciation (refer Note 13(a)(ii)).

FY25 Farmgate milk price

After a period of record prices in FY23, farmgate conventional milk prices have continued to soften. Despite this, demand for organic farmgate milk has remained steady and SWD is contracted for all the excess organic milk produced by its farms at the same price as FY24.

NUTRITIONAL POWDERS SEGMENT

Nutritional powders segment performance

The nutritional powders segment net loss for the financial year was $3,704,420 (2023: $3,859,599).

The operating costs are relatively flat and are reflective of operating the facility on limited production.

The Ocean Road Dairies infant formula range has been available in Chemist Warehouse stores nationally since November 2022. The sales off-take has been below expectations.

The Group decided to discontinue the Future Gradulac Gentle infant formula range (Future) due to poor consumer sales. The Group's revised strategy intends to best use its assets and brand building capability to succeed in the market.

In FY24, there is a write-down in relation to the short-dated discontinued Future range of $419,412 (reported in the 31 December 2023 half-year) and a $192,786 write-down of short-dated Ocean Road Dairies infant formula and associated ingredients at 30 June 2024. There has also been an impairment for the write-down of the intangible assets associated with the Future range of $244,592.

Land and Buildings - Independent Valuation

Registered valuers IPN Valuers - Greater Geelong completed an independent valuation of the Depot & Old Geelong Road land and infant formula building for 30 June 2023. The basis of valuation was a cost approach using the summation of land and improvements, supported by comparable sales evidence and capitalisation of income. The combined fair value was assessed at $5,100,000 and an impairment expense of $149,769 was reflected in the profit and loss on 30 June 2023. At the 30 June 2024, with reference to the previous valuation, IPN Valuers completed an updated assessment of the current fair value at $4,900,000 and an impairment expense of $111,630 is reflected in the profit and loss for 30 June 2024.

DIRECTORS' REPORT, CONTINUED.

Property, Plant and Equipment - Independent Valuation

Registered valuers Compass Valuation & Asset Services completed an independent valuation of the infant formula property, plant and equipment for 30 June 2024. The basis of valuation was the market approach where possible, with the cost approach considered and employed where necessary and the fair value was assessed at $4,985,020. Although the fair value exceeds the current carrying value, the property, plant and equipment is carried at cost so continues to be carried at $4,813,689.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Farm Sale

On 22 December 2023 the Group announced to the ASX that it had entered into a binding contract of sale for the Brucknell South farm for $7,125,000 and the sale completed on 24 April 2024.

Capital Raising

During the year, the Group has undertaken the following capital raising to support its cash flows as it works to establish distribution networks for its products:

- On 11 July 2023, a private placement to specific sophisticated investors to raise $710k at a price of $0.022 per share.

Loan Facility

On 5 December 2023, the Group established a $3,000,000 secured loan facility with Gippsreal Limited. The facility is secured against the Group's Yaringa dairy farm as well as a first ranking security over the assets of the borrower in connection with the property. The loan is for a period of 24 months and the lender has the right to review the terms and conditions of the loan on an annual basis. Interest is calculated on a variable interest rate at the Reserve Bank of Australia prevailing rate plus a margin of 5.4% per annum. At 30 June 2024 the Group had drawn down $1,780,000 (2023: $nil) of the facility. On 27 August 2024, the Group repaid the drawn down $1,780,000 of its loan facility with Gippsreal Limited, net of prepaid interest.

In the opinion of the directors, there are no other significant changes in the state of affairs of the Group that occurred during the year that are not disclosed elsewhere in this report or in the accompanying financial statements.

EVENTS AFTER THE REPORTING PERIOD

On 27 August 2024, the Group repaid the drawn down $1,780,000 of its loan facility with Gippsreal Limited, net of prepaid interest.

In the opinion of the directors there are no other material matters that have arisen since 30 June 2024 that have significantly affected or may significantly affect the Group, that are not disclosed elsewhere in this report or in the accompanying financial statements.

ENVIRONMENTAL ISSUES

The Group is regulated by environmental obligations contained in the *Environment Protection Act 1970* (Cth) and is subject to water licensing restrictions under the *Water Act 1989* (Vic). The Group is also subject to a Trade Waste Agreement with Wannon Water which regulates effluent disposal from the Depot Road manufacturing facility.

The Group considers itself to be in compliance with its environmental obligations.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

After a significant period of investment in transitioning its dairy farms to organic A2 protein milk production and construction of the Group's infant formula manufacturing facility, the Group's s vertical integration strategy is now complete. In FY25 and beyond, the Group will focus on the following core areas:

- sale and distribution of its infant formula ranges and complementary products;
- increasing the capacity and efficiency of its manufacturing operations;
- refining its farming operations; and
- effective management of non-operational costs.

BUSINESS RISK

The Group consists of complementary businesses in dairy farming and manufacture and distribution of infant formula products. The Group is exposed to a range of strategic, financial, operational, environmental and related risks that are inherent when operating in agricultural and fast-moving consumer goods markets. The Group has an enterprise risk management framework which, together with corporate governance, provides a framework for managing the material uncertainties impacting the Group.

DIRECTORS' REPORT, CONTINUED.

Below is a summary of some of the key risks impacting the Group but is not intended to be an exhaustive list:

Milk Prices

Milk prices are set by the Australian and global markets depending on the product type, seasonal demand and tariffs. In recent years, competitive forces within Australia have influenced fresh milk pricing whereas the export market for milk product is determined by international supply and demand and global seasonal conditions. Changes in domestic and global milk pricing will affect the revenue earned by the Group.

Operating Risks

The operation of processing factories, farms and other agricultural and manufacturing activities involves risks to employees, contractors, livestock and plant and equipment. This may include through accident, malfunction, acts of God, infectious disease, and other events which are not foreseeable, unable to be insured against or which the Group and management have little or no control or knowledge. Some events may cause considerable or even catastrophic damage to the Group and its assets. There can be no assurance that the Group can avoid or insure against such events.

Environmental Risks

Agricultural businesses are exposed to various environmental risks such as fire, flood, drought, unseasonal rain, wind, storms and similar events of nature which can have adverse or positive impacts on the operation of the business and financial performance.

This could include increased operational costs, disruption to operations or impact on the health and well-being of livestock. These risks are part of the operation of agricultural businesses and there may be limited avenues to mitigate such risks.

Development Projects

The Group may undertake new projects to build new facilities and expand existing facilities, which may include installation of an additional dryer or installation of the high-speed canning line. There are risks associated with development projects, including trial and testing delays, cost overruns or, the development may not perform to its designed capacity initially or at all. This may result in delays in anticipated revenues flowing from the developments, all of which could have an adverse effect on the Group's revenues and costs.

Access to Specialised Raw Materials

As the Group moves to manufacture more complex nutritional products and organic products, it will need to source raw materials from a variety of domestic and international suppliers. Some of these raw materials have limited supply, long lead times and require forward commitments to secure supply. If the Group does not manage its inventory requirements of these raw materials it may experience delays in production of its products and product outages. This may in turn cause issues with the Group's customers if customer supply arrangements are impacted.

Customer / Supplier Contract Security

The supply of the Group's products to major retailers in Australia are governed by limited supply agreements which include six-monthly reviews at which time products may be removed from sale in those retailers. Such reviews could reduce the number of the Group's products sold by this channel, adversely impacting the Group's revenues in the future.

Food Safety / Quality

While the Group maintains and follows good industry quality and assurance practices there remains a risk of product contamination in supply, production and storage of the Group's products. A product contamination or threat of contamination may cause reputational damage to the Group and its brands from the perspective of suppliers, customers, the general public and regulators. This may also result in significant product recall costs, compensation payments and penalties all of which have an adverse effect on the Group's revenue, profitability and reputation.

Funding and Access to Capital

In order to support large increases in demand for the Group's products and increase inventory or, to expand the Group's infant formula plant capacity or install the high-speed blending and canning line, further capital may need to be raised. There is no guarantee that those funds will be able to be raised, or if they are raised, raised at a cost which is acceptable to the Group. Further, any equity capital raising may dilute existing shareholders in the Group.

DIRECTORS' REPORT, CONTINUED.

Marketing Investment and Competitive Landscape

The infant formula and infant nutrition segment is highly competitive and many large, long established businesses participate in the segment. These brands have very large marketing budgets to promote their products making it difficult for new brands to gain exposure in the market. There is no guarantee that the level of marketing investment available to the Group will be sufficient to increase brand or product awareness in the market or, that consumers will develop the required level of trust in the Group's brands/products to consider trying or switching to them. Furthermore, there is no guarantee that other participants in the segment won't introduce similar products to the Group's products potentially eroding the Group's competitive advantage.

Inventory Management

Predicting market and consumer demand for new products is very difficult. Furthermore, manufacturing facilities often require minimum production volumes to manufacture products or components of a product. There is a risk of large inventory write offs and/or brand damage if inventory of finished products (particularly products with shelf-life restrictions) or components of products materially exceed demand.

Infectious Diseases and Export Risks

An outbreak of COVID-19 or another infectious disease at the Group's production plant could cause the temporary shutdown of that plant and standing down of staff, with a consequential effect on production and revenues. Furthermore, the discovery of infectious diseases affecting livestock in Australia may require isolation or even destruction of livestock or, restrictions on movement of livestock both domestically and internationally. This would have significant impact of the Group's farming operations and its raw milk production volumes.

The Group is also exposed to the global dairy market and the availability of export opportunities of milk from Victoria. If country borders are closed or imports or exports limited, then there is a risk that there will be excess local supply, attracting a lower price, and reducing the prices which the Group is able to obtain for its products.

Global Climate Conditions Risk

Changes in global and regional weather and climate conditions are not easily or reliably predicted and, can have a positive or negative effect on farm and manufacturing production which in turn affects revenues and costs. Domestic and international legislation, regulation and similar programs introduced to mitigate such climate change may have positive or adverse effects on Group financial performance and asset values over time.

Regulatory / Compliance Risk

Changes in relevant taxes, legal and administration regimes, accounting practice and government licensing and operations policies may adversely affect the financial performance of the Group. The sale of infant formula products is highly regulated both domestically and in international markets. Failure to comply with these regulations may damage the reputation of the Group and its brands and impact the financial performance of the Group including access to international markets. In addition, in order to perform its activities the Group must comply with the environmental legislation of Federal, State and Local governments, which may include changes to the conditions of or further obligations under its environmental and water use licences and other regulated entitlements.

Consumption Trends

Vegan or plant-based products are becoming more mainstream and as a result there is potential for future movement away from traditional dairy milk-based products, which could adversely impact the Group's revenues in the future.

DIRECTORS' REPORT, CONTINUED.

INFORMATION ON DIRECTORS

The following persons held office as directors of the Company during or since the end of the year.
The names and details of the directors are:

Name	Position
Peter Nathan	Non-Executive Director and Chair (appointed 3 June 2024)
Zhao Hui (Jason) Dong	Non-Executive Director (appointed 15 April 2021)
Qing (Scott) Lai	Non-Executive Director (appointed 7 August 2023)
Peter Skene	Executive Director (appointed 10 April 2024 & resigned 14 June 2024)
Bernard Kavanagh	Non-Executive Director (resigned 10 April 2024)
Martin Bryant	Non-Executive Director (resigned 13 September 2023)
Adrian Rowley	Non-Executive Director (resigned 27 July 2023)

Peter Nathan	**Non-Executive Director and Chair**
Qualifications	Bachelor of Business (Marketing), University of South Australia
Directorships held in other listed entities in the past 3 years	No other current or former directorships in listed entities.
Interest in Group securities & options	Nil.

Mr Peter Nathan is an experienced corporate executive with strong financial acumen and pioneer in the infant formula business. Peter is the former CEO of Asia Pacific for the a2 Milk Company (ASX:A2M) and was instrumental in a2's success, leading its most profitable business segment and delivering exceptional shareholder value and growing revenue from $7m to $1.3bn over his 14 year tenure.

Jason Dong	**Non-Executive Director**
Qualifications	Master of Commerce (University of Melbourne) Bachelor of Economics, Shanxi University of Finance and Economics, China
Directorships held in other listed entities in the past 3 years	No other current or former directorships in listed entities.
Interest in Group securities & options	A relevant interest in 500,000 shares at 30 June 2024.

Jason Dong was appointed to the Board on 15 April 2021. Jason is a highly skilled executive with extensive experience working with Australian and Chinese enterprises to promote trade and industry relationships. His previous roles include Industry Adviser and Research Fellow for the Centre of International Agricultural Research of the Chinese Academy of Agricultural Sciences and a member of the Industry Advisory Board for the Centre for Asian Business and Economics at the University of Melbourne.

DIRECTORS' REPORT, CONTINUED.

Scott Lai	Non-Executive Director
Qualifications	Bachelor of Commerce - Banking, Finance and Risk Management (Griffith University) Master of Commerce - Professional Accounting (Griffith University)
Directorships held in other listed entities in the past 3 years	No other current or former directorships in listed entities.
Interest in Group securities & options	A relevant interest in 49,064,135 shares at 30 June 2024.

Scott Lai was appointed to the Board on 7 August 2023. Scott brings strong financial market knowledge and an extensive network of more than 1,000 corporate and high net worth investors to the Group. He also has a strong track record of establishing and growing innovative businesses in highly regulated sectors including financial services and energy markets with demonstrated skills managing teams of more than 100 employees. In 2017 Mr Lai founded IJ Financial Services Pty Ltd and has grown this business to be a preeminent leader in the fund investment and mortgage loan industry in Queensland with a specific focus on the Chinese market. Mr Lai is also a director of IJ Funds Management Pty Ltd which has been a major shareholder in the Group since 2022.

COMPANY SECRETARY

Ms Elizabeth Spooner serves as company secretary of the Company. She was appointed as the Company Secretary on 22 February 2024.

Elizabeth Spooner is a Senior Company Secretary and Corporate Lawyer at Confidant Partners, a corporate secretarial provider. Ms Spooner holds a Juris Doctor degree from the Australian National University, a Bachelor of Business Administration with Bachelor of Arts and a Graduate Diploma of Applied Corporate Governance from the Governance Institute. Elizabeth Spooner is an experienced governance and compliance professional who works closely with a number of boards of both listed and unlisted public companies.

Kate Palethorpe was Company Secretary and General Counsel during the year. She was appointed since 14 September 2018 and resigned effective 31 January 2024 when she was replaced by Peter Skene as Company Secretary. Peter Skene resigned as Company Secretary on 22 February 2024 and was replaced by Elizabeth Spooner. Ms Palethorpe held a relevant interest in 1,000,000 shares as at 30 June 2024.

MEETINGS OF DIRECTORS

The Board generally meets on a monthly basis either in person or by telephone conference. Directors meet bi-annually with the Group's auditor to discuss relevant issues arising in relation to the half year review and annual audit. On matters of corporate governance, the Board retains a direct interest rather than through a separate committee structure which at this stage is appropriate for a Board of this size and structure. At each Board meeting written reports in relation to operating strategies and activities are provided as well as risk and compliance matters with a particular focus on occupational health and safety, food safety and quality and key strategic and emerging risks.

Aside from formally constituted directors' meetings, the directors and chair are in regular contact regarding the operation of the Group and particular issues of importance.

DIRECTORS' REPORT, CONTINUED.

The number of directors' meetings and number of meetings attended by each of the Company directors during the financial year are set out in the table below:

Directors	Meetings eligible to attend	Meetings attended
Peter Nathan	2	2
Jason Dong	15	14
Scott Lai	14	13
Peter Skene	3	3
Martin Bryant	3	3
Adrian Rowley	1	1
Bernard Kavanagh	10	9

DIVIDENDS PAID OR RECOMMENDED

The directors have not recommended or paid a dividend for the year ended 30 June 2024 (2023: $nil) at the date of this report.

INDEMNIFYING OFFICERS OR AUDITOR

During the financial year, the Company paid an insurance premium in respect of an insurance policy insuring the directors, the company secretary and all executive officers of the Group against a liability incurred as a consequence of holding that office in the Group to the extent permitted by the Corporations Act 2001. The amount of the premium was $41,750 (2023: $41,740) for all directors and officers for the year.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such by an officer or auditor.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of a court to bring proceedings against or on behalf of the Group or to intervene in any significant proceedings to which any such entity is a party for the purpose of taking responsibility for all or any part of those proceedings. No proceeding has had or is likely to have a material impact on the financial position of the Group.

NON-AUDIT SERVICES

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and is satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

i) all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and,

ii) the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional Ethical Standards Board.

During the year ended 30 June 2024 there was no payment to external auditors for non-audit services (2023: $nil).

OPTIONS / PERFORMANCE SECURITIES

At the date of this report, there are no unissued ordinary shares of Australian Dairy Nutritionals Limited under option or right.

A summary of movements in options and other performance securities is set out in Note 26.

For details of options and performance securities issued to directors and executives as remuneration, refer to the Remuneration Report.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2024 has been received and a copy can be found at page 23.

DIRECTORS' REPORT, CONTINUED.

REMUNERATION REPORT

Remuneration Policy

The remuneration policy of Australian Dairy Nutritionals Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific incentives based on achievement of key operational and strategic objectives affecting the Group's performance. Whilst the Board acknowledges that the Group received a second strike in relation to the remuneration report for financial year ending 30 June 2023, the Board has acted on the message from shareholders to ensure the remuneration policy is appropriate and effective in its ability to attract and retain high-quality KMP to manage the Group, as well as create goal congruence between directors, executives and shareholders based on the performance of the Group.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is as follows:

- the remuneration policy is developed and approved by the Board. The Group does not have a remuneration committee due to the current size and nature of the Group's activities. Professional advice is sought by the Board from independent external consultants when required;
- All KMP receive a base salary (which is based on factors such as role and experience, market comparison with equivalent roles, performance and length of service) plus superannuation;
- Performance incentives are based on the achievement of strategic and operational objectives by the KMP, which are agreed in advance, typically shortly after the Group's budget and strategy for the relevant financial year is approved;
- Performance incentives are only paid if the Board determines the KMP has met the predetermined key performance indicators (KPIs);
- Incentives paid in the form of equity are intended to align the interests of the KMP with the Group and the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means; and
- The Board reviews KMP packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors. Performance of KMP is reviewed on an ongoing basis with a formal review conducted annually, typically after issue of the Group's audited result for the relevant financial year. This includes review of the relevant KMP's performance against agreed objectives and award of incentives (if applicable). The remuneration policy is designed to attract a high caliber of executives and reward them for performance leading to long-term growth in shareholder value.

KMP receive, at a minimum, a superannuation guarantee contribution in line with legislation, which is currently 11.5%. Some individuals, however, may choose from time to time to sacrifice part of their salary to increase payments towards superannuation.

There are currently no defined benefit superannuation entitlements to KMP and upon retirement KMP are paid employee benefit entitlements accrued to the date of retirement. Any options or rights not exercised before or on the date of termination will lapse (unless otherwise agreed by the Board).

All remuneration paid to KMP is valued at the cost to the Group and expensed.

The Board's policy is to remunerate non-executive directors at market rates for their time, commitment, and responsibilities. The Chair determines payments to the directors and reviews their remuneration annually, based on performance, market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to directors is subject to approval by shareholders at the annual general meeting.

Directors and executives are entitled to participate in the Company's Long Term Incentive Plan (LTIP) to align their interests with shareholders' interests. Given the second strike against the 2023 Remuneration Report, the Board elected not to seek approval for any performance incentives in respect of financial year 2024.

KMP or closely related parties of KMP are prohibited from entering hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration. In addition, the Board's remuneration policy prohibits directors and KMP from using Australian Dairy Nutritionals Limited shares as collateral in any financial transaction, including margin loan arrangements.

DIRECTORS' REPORT, CONTINUED.

Engagement Of Remuneration Consultants

During the financial year, no consultants were engaged by the remuneration committee to review the elements of KMP remuneration and provide recommendations. As the size and nature of the Group's activities increase, this may become necessary.

Performance-Based Remuneration

Performance incentives are set annually, in consultation with KMP and based on the Group's strategic and operational objectives, both short term and long term. For executives, a portion of the measures typically focus on the overall performance of the Group (measured by specific performance metrics) and a portion are tailored to the operational area each individual is accountable for. The KPIs target areas the Board believes hold greatest potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals.

Performance in relation to the KPIs is assessed annually, based on an assessment of the KMP's performance against the agreed KPIs. In determining whether a KPI has been achieved, the Group bases the assessment on audited figures; however, where the KPI involves comparison of the Group, or a division within the Group, to the market, independent reports may be obtained from other organisations.

Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and the Board determines whether the relative attached KPI is approved.

Relationship Between Remuneration Policy And Group Performance

As noted above, the remuneration policy provides for a fixed and variable component of remuneration for KMP's of the Group. The fixed component of a KMP's remuneration is a contractual obligation and cannot be amended without the agreement of the relevant KMP or, termination of the KMP. The remuneration policy provides for a variable component of the KMP's remuneration which is at-risk and only granted to the KMP if pre-agreed performance conditions are achieved. The variable component of the KMP's remuneration is designed to reward the KMP only for performance which contributes to the performance of the Group thereby aligning the experience of the KMP with the experience of the shareholder. The issue of performance-based incentives to KMP pursuant to the Group's Long Term Incentive Plan is to align KMP and shareholder interests. The Group believes this policy to be effective in driving KMP's and other Group personnel to increase shareholder wealth in future years.

Performance Conditions Linked To Remuneration

During this financial year, the Group did not issue any performance incentives to KMP's.

Key Management Personnel (KMP) Shareholdings

The number of ordinary shares held directly, indirectly, or beneficially by each KMP (or their related parties) of the Group during the financial year is as follows:

30 June 2024	Balance at 01/07/2023	Initial Interest	Purchased on Market	Expired Loan Securities	Final Interest	Balance at 30/06/2024
Current KMP:						
Peter Nathan (i)	-	-	-	-	-	-
Jason Dong	500,000	-	-	-	-	500,000
Scott Lai (ii)	-	43,264,120	5,800,015	-	-	49,064,135
Sundaranathan Mahinthan (iii)	-	-	-	-	-	-
Former KMP:						
Adrian Rowley (iv)	1,911,000	-	-	-	(1,911,000)	-
Martin Bryant (v)	2,500,000	-	-	-	(2,500,000)	-
Bernard Kavanagh (vi)	-	-	-	-	-	-
Peter Skene (vii)	15,073,951	-	-	(7,000,000)	(8,073,951)	-
	19,984,951	**43,264,120**	**5,800,015**	**(7,000,000)**	**(12,484,951)**	**49,564,135**

(i) Appointed as the chariman 03 June 2024
(ii) Appointed as a director 07 August 2023
(iii) Appointed as CEO 18 June 2024
(iv) Resigned as a director 27 July 2023
(v) Resigned as chair 13 September 2023
(vi) Resigned as chair 10 April 2024
(vii) Resigned as CEO 14 June 2024

DIRECTORS' REPORT, CONTINUED.

Other Equity-Related KMP Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

Changes In Directors And KMP Subsequent To Year-End

There has been no change in directors or KMP subsequent to year end.

Employment Details Of Members Of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated Group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

			Proportions of Elements of Remuneration Related to Performance (Other than Options/Rights Issued)		Proportions of Elements of Remuneration Not Related to Performance
			Non-salary Cash-based Incentives	Securities	Fixed Salary
Name	**Position Held**	**Contract Details**	**%**	**%**	**%**
Peter Nathan	Chair	N/A	-	-	100
Jason Dong	Director	N/A	-	-	100
Scott Lai	Director	N/A	-	-	100
Sundaranathan Mahinthan	Group CEO	3 months' notice	-	-	100
Former KMP:					
Martin Bryant	Chair	N/A	-	-	100
Adrian Rowley	Director	N/A	-	-	100
Bernard Kavanagh	Director	N/A	-	-	100
Peter Skene	Group CEO	3 months' notice	-	-	100

In the current year, no KMP received any performance-based remuneration.

DIRECTORS' REPORT, CONTINUED.

Remuneration Expense Details For The Year Ended 30 June 2024

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the Group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Key Management Personnel (KMP)	Short Term Benefit		Post Employment	Long-term Benefit	Termination Benefits	Equity-settled Share-based Payments	Total
	Salary / Director's Fees	Annual Leave	Super Contributions	LSL	Termination Benefits	Performance Rights	
	$	$	$	$	$	$	$
Current KMP:							
Peter Nathan - 2024	6,250	-	688	-	-	-	6,938
Peter Nathan - 2023	-	-	-	-	-	-	-
Scott Lai - 2024	58,535	-	6,439	-	-	-	64,974
Scott Lai - 2023	-	-	-	-	-	-	-
J Dong - 2024	60,000	-	6,600	-	-	-	66,600
J Dong - 2023 (ii)	202,497	-	6,300	-	-	2,500	211,297
Sundaranathan Mahinthan - 2024	12,639	-	1,453	-	-	-	14,092
Sundaranathan Mahinthan - 2023	-	-	-	-	-	-	-
Former KMP:							
A Rowley - 2024	5,000	-	550	-	-	-	5,550
A Rowley - 2023 (i)	63,450	-	3,150	-	-	-	66,600
M Bryant - 2024	15,208	-	1,673	-	-	-	16,881
M Bryant - 2023	75,000	-	7,875	-	-	-	82,875
B Kavanagh - 2024	56,306	-	6,194	-	-		62,500
B Kavanagh - 2023	78,000	-	8,190	-	-	2,500	88,690
P Skene - 2024	336,221	140,751	36,275	99,411	102,500	-	715,158
P Skene - 2023	382,404	16,197	25,000	9,211	-	-	432,812
Total - 2024	**550,159**	**140,751**	**59,872**	**99,411**	**102,500**	**-**	**952,693**
Total - 2023	**801,351**	**16,197**	**50,515**	**9,211**	**-**	**5,000**	**882,274**

(i) This includes directors' fees and an amount paid in accordance with a contract arrangement with Watershed Funds Management Pty Ltd, an entity associated with Adrian Rowley.

(ii). This amount includes director's fees and an amount paid in accordance with a contract arrangement with Ozvic Victoria Pty Ltd, an entity associated with Jason Dong.

DIRECTORS' REPORT, CONTINUED.

Options And Rights Granted As Share-Based Payments

During the year ended 30 June 2024 are as follows:

		Grant Details			Exercised		Expired		
	Balance at 01/07/2023	**Issue Date**	**No.**	**Value ($)**	**No.**	**Value ($)**	**No.**	**Value ($)**	**Balance at 30/06/2024**
P Skene	7,000,000	-	-	-	-	-	(7,000,000)	-	-
Total	**7,000,000**	**-**	**-**	**-**	**-**	**-**	**(7,000,000)**	**-**	**-**

During the year ended 30 June 2023 are as follows:

		Grant Details			Exercised		Forfeited		
	Balance at 01/07/2022	**Issue Date**	**No.**	**Value ($)**	**No.**	**Value ($)**	**No.**	**Value ($)**	**Balance at 30/06/2023**
P Skene	7,500,000		-	-	(500,000)	(9,000)	-	-	7,000,000
M Bryant[1]	500,000		-	-	-	-	(500,000)	(9,000)	-
A Rowley	500,000		-	-	(500,000)	(9,000)	-	-	-
J Dong	500,000	24/11/2022	1,000,000	29,000	(500,000)	(9,000)	(1,000,000)	(29,000)	-
B Kavanagh	-	24/11/2022	1,000,000	29,000	-	-	(1,000,000)	(29,000)	-
Total	**9,000,000**		**2,000,000**	**58,000**	**(1,500,000)**	**(27,000)**	**(2,500,000)**	**(67,000)**	**7,000,000**

1. Martin Bryant was entitled to 500,000 director performance rights (TSR hurdle) at 30 June 2022. As announced to the ASX on 25 August 2022, he elected not to receive the securities to which he is entitled and these have been cancelled.

		Vested	Unvested
	Balance at 30/06/2023	**No.**	**No.**
P Skene[1]	7,000,000	7,000,000	-
	7,000,000	**7,000,000**	**-**

[1]Loan Securities issued under the Company's Long Term Incentive Plan which were canceled and bought back on 19 January 2024 and are no longer on issue.

DIRECTORS' REPORT, CONTINUED.

Other Transactions With KMP And/Or Their Related Parties

As set out in Note 24(b) of the financial statements, the Group had the following transactions with KMP:

Adrian Rowley is a director of Watershed Funds Management Pty Ltd. During the comparative year ended 30 June 2023, Watershed Funds Management Pty Ltd was paid $33,450 for the provision of services by Adrian Rowley as director. There was no amounts due at 30 June 2023.

Jason Dong is a director of OZVIC Group Pty Ltd. During the comparative year ended 30 June 2023, OZVIC Group Pty Ltd was paid $142,497 for the provision of consultancy services by Jason Dong.

Second Strike - 2023 AGM

At the Company's 2022 Annual General Meeting (AGM), more than 25% of the votes cast on the resolution to adopt the 2022 Remuneration Report were against the resolution and accordingly, the Company received a 'first strike' on its Remuneration Report. At the Company's 2023 AGM, more than 25% of the votes cast on the resolution to adopt the 2023 Remuneration Report were against the resolution, which constituted the Company's 'second strike' on its Remuneration Report. Having received two strikes, a Board spill resolution was put to shareholders to vote at the 2023 AGM. The spill resolution was not passed by shareholders and therefore a spill meeting was not convened within 90 days of the 2023 AGM. If the 2024 Remuneration Report receives a strike at the AGM, it will constitute a 'first strike' for the purposes of section 250U of the Corporations Act and there will be no requirement to put a spill resolution to shareholders.

Despite receiving a second strike at last year's AGM, the Board recognises the significant support for our Remuneration Report which increased to over 60% from 49% a year before. While the Board were naturally disappointed with the result, the directors were grateful at the overwhelming support for the board in relation to the spill resolution.

The second strike against the adoption of the 2023 Remuneration Report was a serious message for the Board from shareholders. The Board has taken the second strike seriously and taken the following measures to deliver greater transparency to shareholders in relation to Board and Executive remuneration and to ensure there is greater alignment between executive and shareholder experience whilst also honouring its contractual obligations to its personnel:

(a) the CEO and other Executives only received the fixed component of their remuneration for financial year 2024 and, neither the CEO or other Executives received variable performance-based remuneration in relation to financial year 2024;

(b) any variable performance-based remuneration component for the CEO and other Executives in relation to financial year 2025 will be tied to performance hurdles determined by the Board.

Peter Nathan
Chair

30 August 2024

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the overall Corporate Governance of the Group.

The Board monitors the operational and financial position and performance of the Group and oversees the business strategy, including approving the strategic goals of the Group and considering and approving its business plan and the associated farm, processing and corporate budgets.

The Board is committed to maximising performance and growth and generating appropriate levels of shareholder value and returns. In conducting the Group's business, the Board strives to ensure the Group is properly managed to protect and enhance shareholder interests and that the Group operates in an open and transparent corporate governance environment. In accordance with this, the Board has developed and adopted a framework of Corporate Governance systems, processes, policies and risk management practices and internal controls that it believes are appropriate for the Group.

The ASX Listing Rules require the Group to report on the extent to which it has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Fourth Edition) (ASX Principles and Recommendations) throughout the financial year ended 30 June 2024. The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the Reporting Period, and which is current as of 30 August 2024, was approved by the Board as part of the Annual Report and can be found on the Investor Centre page at https://adnl.com.au/investorcentre

The Corporate Governance Statement, which was lodged with this Annual Report, discloses the extent to which the Group will follow the recommendations taking into account the relatively small size of the Group in determining the extent of practical implementation.

The principal governance related policies and practices are as follows:

- Corporate Governance Statement
- Board Charter
- Securityholder Communication Policy
- Risk Management Policy
- Market Disclosure Policy
- Share Trading Policy
- Code of Conduct
- Board Skills Matrix

Details of the Group's key policies, charters for the Board and code of conduct are available on the Group's website under the Investor Centre at www.adnl.com.au.

AUDITOR'S INDEPENDENCE DECLARATION

Nexia Australia

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Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

To the Directors of Australian Dairy Nutritionals Limited

As lead auditor for the audit of the financial statements of Australian Dairy Nutritionals Group for the financial year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Dairy Nutritionals Limited and the entities it controlled during the year.

Yours sincerely

Nexia Brisbane Audit P/L

Nexia Brisbane Audit Pty Ltd

Gavin Ruddell
Director

Date: 30 August 2024

Advisory. Tax. Audit.

FINANCIAL STATEMENTS **2024**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $	2023 $
Continuing Operations			
Revenue	3(a)	6,263,071	5,855,677
Administration and non-dairy related costs	3(b)(v)	(771,791)	(916,179)
Employment expenses	3(b)(iv)	(3,061,012)	(3,352,074)
Finance costs	3(b)(i)	(136,181)	(56,748)
Dairy farm related costs	3(b)(ii)	(4,141,911)	(3,659,058)
Infant formula product related costs	3(b)(iii)	(2,286,716)	(3,176,790)
Depreciation and amortisation		(1,047,867)	(752,858)
Deemed cost of livestock sold	10	(1,554,415)	(641,606)
Loss from changes in fair value of livestock	10	(346,132)	(238,913)
Impairment expenses	3(b)(vi)	(356,222)	(149,769)
Loss before income tax		**(7,439,176)**	**(7,088,318)**
Income tax expense		-	-
Loss from continuing operations		**(7,439,176)**	**(7,088,318)**
Discontinued operations			
Loss from discontinued operations after tax		-	(2,305,637)
Loss for the period		**(7,439,176)**	**(9,393,955)**
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Fair value movement on land and buildings at fair value through other comprehensive income		-	1,208,691
Other comprehensive loss for the year		**-**	**1,208,691**
Total comprehensive loss for the year		**(7,439,176)**	**(8,185,264)**
Loss attributable to:			
Company shareholders		(7,356,460)	(9,307,436)
Trust unitholders		-	(21,730)
Non-controlling interest		(82,716)	(64,789)
		(7,439,176)	**(9,393,955)**
Total comprehensive loss attributable to:			
Company shareholders		(7,356,460)	(8,098,745)
Trust unitholders		-	(21,730)
Non-controlling interest		(82,716)	(64,789)
		(7,439,176)	**(8,185,264)**
Earnings per share from continuing and discontinued operations:			
Basic earning per share (cents)	29	(1.14)	(1.68)
Diluted earnings per share (cents)	29	(1.14)	(1.68)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	2024 $	2023 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	6,106,312	2,007,429
Trade and other receivables	7	598,073	660,390
Inventories	8	1,623,793	1,507,153
Biological assets	10	238,558	225,521
Other current assets	9	384,093	276,267
Total Current Assets		**8,950,829**	**4,676,760**
Non-Current Assets			
Biological assets	10	1,635,139	3,535,686
Right of use assets	11	515,340	1,009,996
Intangible assets	12	393,707	635,732
Property, plant & equipment	13	18,851,582	26,381,586
Total Non-Current Assets		**21,395,768**	**31,563,000**
Total Assets		**30,346,597**	**36,239,760**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	1,078,758	945,138
Lease liabilities	11	464,215	555,605
Provisions	15	268,196	699,559
Borrowings	16	1,739,957	-
Total Current Liabilities		**3,551,126**	**2,200,302**
Non-Current Liabilities			
Lease liabilities	11	48,452	484,920
Provisions	15	20,450	31,184
Total Non-Current Liabilities		**68,902**	**516,104**
Total Liabilities		**3,620,028**	**2,716,406**
Net Assets		**26,726,569**	**33,523,354**
EQUITY			
Issued capital	17	76,733,411	76,091,020
Reserves	18	3,604,766	6,551,895
Accumulated losses		(53,463,264)	(49,053,933)
Equity attributable to shareholders		**26,874,913**	**33,588,982**
Non-controlling interests			
Accumulated losses		(148,344)	(65,628)
Equity attributed to non-controlling interests		**(148,344)**	**(65,628)**
Total Equity		**26,726,569**	**33,523,354**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $	2023 $
Cash Flows from Operating Activities			
Receipts from customers		6,845,112	8,836,952
Payments to suppliers and employees		(10,942,982)	(15,814,031)
Interest received		20,916	4,046
Finance costs		(362,042)	(78,153)
Net operating cash flows	6(b)	**(4,438,996)**	**(7,051,186)**
Cash Flows from Investing Activities			
Payment for property, plant & equipment	13(b)	(249,247)	(825,881)
Proceeds from sale of property, plant & equipment		7,016,339	7,146,669
Payment for non-current assets held for sale		-	(30,900)
Payment for intangible assets	12(a)	(32,342)	(110,011)
Cash on disposal of VFD		-	(2,937)
Net investing cash flows		**6,734,750**	**6,176,940**
Cash Flows from Financing Activities			
Net proceeds from issue of shares	17(a)(i)	642,391	1,434,032
Proceeds from borrowings - unsecured		332,820	630,555
Repayment of borrowings - unsecured		(297,915)	(630,555)
Proceeds from borrowings - secured		1,676,014	-
Repayment of related party loan		-	(500,000)
Repayment of lease principal		(550,181)	(484,053)
Net financing cash flows		**1,803,129**	**449,979**
Net increase / (decrease) in cash held		4,098,883	(424,267)
Cash at the beginning of the period		2,007,429	2,431,696
Cash at the end of the financial period		**6,106,312**	**2,007,429**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Issued Capital Ordinary	Asset Revaluation Reserve	Option Reserve	Non-controlling Interests	Accumulated Losses	Total
	$	$	$	$	$	$
Balance at 1 July 2023	**76,091,020**	**6,477,280**	**74,615**	**(65,628)**	**(49,053,933)**	**33,523,354**
Comprehensive income for the year						
Loss attributable to company shareholders for the period	-	-	-	-	(7,356,460)	(7,356,460)
Non-controlling interests	-	-	-	(82,716)	-	(82,716)
Total comprehensive loss for the period	**-**	-	**-**	**(82,716)**	**(7,356,460)**	**(7,439,176)**
Transactions with equity holders in their capacity as equity holders and other transfers						
Transfer to retained earnings	-	(2,872,514)	(74,615)	-	2,947,129	-
Contribution of equity, net of transaction costs	642,391	-	-	-	-	642,391
Total transactions with equity holders	**642,391**	**(2,872,514)**	**(74,615)**	**-**	**2,947,129**	**642,391**
Balance at 30 June 2024	**76,733,411**	**3,604,766**	**-**	**(148,344)**	**(53,463,264)**	**26,726,569**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2023

	Issued Capital Ordinary	Asset Revaluation Reserve	Option Reserve	Non-controlling Interests	Accumulated Losses	Total
	$	$	$	$	$	$
Balance at 1 July 2022	**43,563,897**	**7,160,545**	**866,364**	**23,899,417**	**(35,541,736)**	**39,948,487**
Comprehensive income						
Loss attributable to company shareholders for the period	-	-	-	(21,730)	(9,307,436)	(9,329,166)
Non-controlling interests	-	-	-	(64,789)	-	(64,789)
Other comprehensive income for the period	-	1,208,691	-	-	-	1,208,691
Total comprehensive loss for the period	**-**	**1,208,691**	**-**	**(86,519)**	**(9,307,436)**	**(8,185,264)**
Transactions with equity holders in their capacity as equity holders and other transfers:						
Contribution of equity, net of transaction costs	1,434,032	-	-	-	-	1,434,032
Director performance rights	-	-	5,000	-	-	5,000
Share-based payments - shares.	231,100	-	-	-	-	231,100
Share-based payment - supplier	90,000	-	-	-	-	90,000
Transfer to retained earnings	-	(1,891,956)	(769,749)	-	2,661,705	-
Transfer from NCI on de-stapling	30,744,991	-	-	(23,878,525)	(6,866,466)	-
Shares issued on exercise of rights	27,000	-	(27,000)	-	-	-
Total transactions with equity holders	**32,527,123**	**(1,891,956)**	**(791,749)**	**(23,878,525)**	**(4,204,761)**	**1,760,132**
Balance at 30 June 2023	**76,091,020**	**6,477,280**	**74,615**	**(65,628)**	**(49,053,933)**	**33,523,354**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements were authorised for issue by the Board of Directors as at the date of signing the directors' declaration.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern

The financial statements have been prepared using the going concern basis of preparation. During the year the Group incurred a loss of $7.44 million (2023: $9.39 million loss), has total accumulated losses of $53.46 million and had a net cash outflow from operations of $4.44 million (2023: $7.05 million outflow). The Group's cash and cash equivalent balance as at 30 June 2024 was $6.11 million and it has an unutilised 2-year loan facility of $1.22 million.

The Board is satisfied the going concern basis of preparation remains appropriate, reaching such a conclusion after having regard to the circumstances which they consider reasonably likely to affect the Group during the period of at least one year from the date of this report.

The Board has been closely monitoring working capital and cash flows throughout the year while infant formula product sales build, and the Group works to gain access to international markets.

The Board is confident in the Group's ability to continue as a going concern for the 12-month period based on its current cash and cash equivalents and forecasts for the next 12 months. In addition to the above, as a listed entity, the Group also has capital raising opportunities available to it from existing shareholders as well as sophisticated investors with strong alignment to the Group's strategy and future objectives.

The Board are satisfied at the date of signing the financial report there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

The financial report does not include any adjustments to the amounts or classifications of recorded assets or liabilities that might be necessary should the Group not continue as a going concern.

(b) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the Company and all subsidiaries from the date on which control is obtained by the Company.

Subsidiaries are entities controlled by the Company. Control exists when the Company 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-entity transactions, balances and unrealised gains on transactions between Company entities 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 Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company. A list of subsidiaries appears in Note 23 to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(c) Income tax

Under current income tax legislation, the Trust is not liable to pay tax provided its taxable income and realised capital gains are distributed to unitholders. The liability for capital gains tax that may arise if the land and buildings were sold is not accounted for in this report.

The Company's income tax expense for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

Tax consolidation

The Company and its wholly owned entities (this excludes the Trust) have formed a tax-consolidated group with effect from 1 July 2014 and are, therefore, taxed as a single entity from that date. The head entity within the tax consolidated group is Australian Dairy Nutritionals Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group, using the 'separate taxpayer within the group' approach by reference to carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities or assets and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts referred to in the following section. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits to the tax consolidated group will be available against which the asset can be utilised. Any subsequent period adjustment to deferred tax assets arising from unused tax losses, as a result of revised assessments of the probability of recoverability, is recognised by the head entity only.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(c) Income tax (cont'd)

Tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax consolidate group, has entered into a tax funding arrangement, which sets out the funding obligations of members of the tax consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. The inter-entity receivable (payable) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with other members of the tax consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement, as payment of any amounts under the tax sharing agreement is considered remote.

(d) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(e) Inventories

Inventories and consumables held for use in operations are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The method used to determine costs for inventory categories are:

Feedstocks, hay and silage: Purchase price of inventory and other direct costs for farm produced inventory.

Packaging: Purchase price of packaging including transport costs.

Raw materials: Purchase price of raw materials including transport costs.

Finished goods: Purchase price of raw materials, direct labour, other direct production costs and overheads.

(f) Biological Assets

Biological assets are comprised of crops and livestock (dairy cattle). Biological assets are measured at fair value less costs to sell, with any change recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets, including freight and direct selling costs.

The Group, at each reporting date, appoints an external, independent valuer who having recent experience in the location and nature of cattle held by the Group performs a valuation for the reporting date. Fair value is determined by reference to market values for cattle of similar age, weight, breed and genetic make-up. The fair value represents the estimated amount for which cattle could be sold on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(f) Biological Assets (cont'd)

In the event an independent valuer has not been appointed the Group determines whether an active or other effective market exists for a biological asset in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an active market does not exist then the directors use one of the following valuation methods, when available, in determining fair value:

- the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the end of the reporting period; or
- market prices, in markets accessible to the entity, for similar assets with adjustments to reflect differences.

(g) Financial instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

All of the Group's financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability; that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

The Group does not have any financial liabilities classified as held for trading, designated as fair value through profit or loss or any financial guarantee contracts.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost; or
- fair value through other comprehensive income, or through profit and loss.

Measurement is on the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group does not have any financial assets classified at fair value through other comprehensive income or through profit and loss.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial assets:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity which was elected to be classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost;

Loss allowance is not recognised for:

- financial assets measured at fair value.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the simplified approach to impairment, as applicable under AASB 9: Financial Instruments.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groupings of historical loss experience, etc.).

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(h) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated impairment losses and accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. 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 in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(l) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors 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.

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Depreciation

The depreciable amount of all fixed assets, including buildings but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful-life rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate (years)
Land	Not depreciated
Buildings	40 years
Fixed Improvements	30 years
Plant and equipment - owned	3-10 years
Plant and equipment - leased	2-5 years
Motor Vehicles	5 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income in the period which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(i) Leases (the Group as lessee)

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(j) Employee Benefits

Short-term employee benefits
Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Equity-settled payments
Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to equity. The fair value of options is determined using a binomial pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(k) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Intangible Assets other than Goodwill

Recipes, formulations, trademarks and patents

Recipes, formulations, trademarks and patents are recognised at cost of acquisition. They have an indefinite life and are tested annually for impairment and carried at cost less any accumulated impairment losses.

Product development

Product development is recorded at cost, has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Product development has an estimated useful life of between one and three years.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less.

(n) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

(o) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(q) Revenue and Other Income

Revenue recognition policies are as follows:

The sale of dairy farm and nutritional powder segment products are measured at the fair value of consideration received net of any trade discounts and volume rebates allowed.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(q) Revenue and Other Income (cont'd)

The sale of nutritional powders represents a single performance obligation and accordingly, revenue will be recognised in respect of the sale of these goods at the point in time when control over the corresponding goods and services is transferred to the customer (i.e. at a point in time for sale of goods when the goods are delivered to the customer or transfer to the freight forwarder).

Dairy cattle fair value adjustments are determined at the end of each reporting date (refer Note 10). The amount of the net increment or decrement in the fair value is recorded as either revenue or expense and is determined as:

- The difference between the total net fair value of dairy cattle recognised at the beginning of the financial year and the total fair value of dairy cattle recognised as at the reporting date; less
- Costs expected to be incurred in realising the fair value (including freight and selling costs).

Dairy cattle sales are recognised when:

- there has been a transfer of control to the customer (through the execution of a sales agreement at the time of delivery of the cattle to the customer);
- the quantity and quality of the cattle has been determined; and
- the price is fixed and generally title has passed.

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

(r) Critical Accounting Estimates and Judgments

The preparation of the financial statements requires directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The director's continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Judgements and estimates are based on historical experience and on other various factors they believe are reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Accounting measurements for which significant judgements, estimates and assumptions have been made are:

- Carrying value determination of land and buildings, refer Note 13(a);
- Carrying value determination of right of use assets, refer Note 11(a);
- Carrying value determination of intangible assets, refer Note 12(a)(i);
- Fair value determination of livestock, refer Note 10;
- Share-based payments, refer Note 26; and
- Income tax and other taxes, refer Note 5;

Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(s) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(t) New and Amended Accounting Standards and Interpretations Adopted by the Group

The Australian Accounting Standards Board (AASB) has issued a number of standards and amendments to standards that are mandatory for the first time in the reporting period commenced 1 July 2023. The Group has assessed and determined that there are no new or amended standards applicable for the first time for the financial report for the year ended 30 June 2024, that materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 2: PARENT ENTITY

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	2024	2023
	$	$
Statement of Financial Position		
Assets		
Current Assets	18,537,194	18,145,754
Non-current Assets	12,233,444	12,695,232
Total Assets	**30,770,638**	**30,840,986**
Liabilities		
Current Liabilities	1,751,585	757,466
Non-current Liabilities	2,434	64,614
Total Liabilities	**1,754,019**	**822,080**
Equity		
Issued capital	76,733,410	76,091,020
Reserves	-	74,615
Retained earnings	(47,716,791)	(46,146,729)
Total Equity	**29,016,619**	**30,018,906**
Statement of Comprehensive Income		
Total loss	(1,644,679)	(25,728,692)
Total comprehensive loss	(1,644,679)	(25,728,692)

Contingent liabilities and guarantees

The Company does not have any contingent liabilities or guarantees for the year ended 30 June 2024.

Contractual commitments

At 30 June 2024, the parent company had not entered into any contractual commitments.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 3: REVENUE AND EXPENSES

	Footnote	2024 $	2023 $
(a) Revenue			
Continued operations			
Revenue from contracts with customers	(i)	6,175,188	5,804,396
Other sources of revenue	(ii)	87,883	51,281
		6,263,071	**5,855,677**
Discontinued operations			
Revenue from contracts with customers	(i)	-	2,131,077
Other sources of revenue	(ii)	-	12,556
		-	**2,143,633**
		6,263,071	**7,999,310**

(i) Revenue disaggregation

The revenue is disaggregated by service line and timing of revenue recognition.

	2024 $	2023 $
Service lines		
- Nutritional powders	640,895	407,300
- Dairy Farms	5,534,293	5,397,096
- Dairy Processing	-	664,743
- Consumer Direct	-	1,466,334
	6,175,188	**7,935,473**
Timing of revenue recognition		
Services transferred to customers:		
- at a point in time	**6,175,188**	**7,935,473**
(ii) Other sources of revenue		
Interest - unrelated	20,916	4,046
Farm costs recoveries	25,100	31,200
Fuel rebate and other revenue	41,867	28,591
	87,883	**63,837**
(b) Expenses		
(i) Finance costs		
Loans - secured	88,878	-
Loans - unsecured	19,556	25,906
Loan - related party	-	2,904
Right of use assets	27,747	27,938
	136,181	**56,748**

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NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 3: REVENUE AND EXPENSES, (cont'd)

	Note	2024	2023
(b) Expenses continued.		**$**	**$**
(ii) Dairy related costs			
Feed costs		2,334,127	1,722,050
Repairs, maintenance and vehicle costs		346,029	363,926
Animal health costs		20,323	31,495
Land holding and lease costs		25,850	30,969
Breeding and herd testing expenses		86,810	59,032
Dairy shed expenses		136,518	104,183
Electricity		117,594	125,688
Other dairy farm related costs		1,074,660	1,221,715
		4,141,911	**3,659,058**
(iii) Infant formula related costs:			
Cost of goods sold		460,730	294,461
Inventory impairment		612,198	916,519
Manufacturing related costs		728,955	909,352
Advertising and marketing costs		327,722	660,970
Property related costs		40,831	28,368
Other infant formula costs		116,280	367,120
		2,286,716	**3,176,790**
(iv) Employee benefits expense			
Employee and director remuneration costs		3,061,012	3,120,974
Equity settled share-based payment costs	26(e)	-	231,100
		3,061,012	**3,352,074**
(v) Administration and non-dairy related costs			
Administraion costs		401,846	504,929
Equity settled share-based payment - professional costs	26(e)	-	90,000
Professional costs		326,622	277,543
Property costs		43,323	43,707
		771,791	**916,179**
(vi) Impairment expenses			
Property, plant and equipment	13	111,630	149,769
Intangible assets	12	244,592	-
		356,222	**149,769**

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NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 4: DISCONTINUED OPERATIONS

2023 Comparative:

a) On 22 August 2022, the Group ceased fresh milk processing at its Camperdown Dairy Manifold Street site and on 29 June 2023 the Group announced the sale of the Camperdown dairy equipment and transfer of the Manifold Street lease to complete the closure of the discontinued fresh dairy processing activites. Cash consideration of $1,050,000 was received and a $1,025,217 loss on disposal of property, plant and equipment was recorded in discontinued operations.

(b) With the closure of the Group's fresh milk processing at Camperdown and with the consumer direct business achieving losses, the Group sold Victorian Farmers Direct Pty Ltd On 28 April 2023 for $19,600. A gain of $12,557 from disposal of subsidiaries was recorded in discontinued operations.

	2024	2023
(c) Statement of Profit or Loss and Other Comprehensive Income for the period from discontinued operations:	$	$
Revenue	-	2,131,076
Other Income	-	12,557
Employment expenses	-	(477,152)
Finance costs	-	(18,634)
Dairy product related costs	-	(2,805,531)
Depreciation and amortisation expense	-	(122,736)
Loss on disposal of property, plant and equipment	-	(1,025,217)
Loss before income tax	-	(2,305,637)
Income tax expense	-	-
Net loss from discontinued operations	**-**	**(2,305,637)**

(d) The net cash flows of the discontinued operation, which have been incorporated into the statement of cash flows, are as follows:

	2024	2023
	$	$
Net cash outflow from operating activities	-	(1,222,900)
Net cash outflow from investing activities	-	1,048,774
Net cash outflow from from financing activities	-	(79,395)
Net cash outflow by discontinued operations	**-**	**(253,521)**

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NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 5: INCOME TAX EXPENSE

	2024 $	2023 $
(a) The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable / (benefit) on profit / (loss) from ordinary activities before income tax at 25% (2023: 25%):	(1,859,794)	(2,311,047)
Add / (less)		
Tax effect of:		
- trust (profit) / loss not recognised	-	(1,711,184)
- current period tax losses not recognised	274,626	2,049,103
- net amount of expenses not currently deductible	783,316	2,033,810
- other income not included in assessable income	801,852	(60,682)
Income tax expense / (benefit) attributable to entity	-	-

Applicable weighted average effective tax rates are nil due to losses.

(b) Deferred tax assets not recognised

Deferred tax assets and liabilities not brought to account, the net benefit of which will only be realised if the conditions for deductibility set out in Note 1 occur. The amount of losses ultimately available is also dependent on compliance with conditions of deductibility imposed by law.

	2024 $	2023 $
Temporary differences	2,035,735	452,820
Tax losses	11,867,419	11,592,793
Net unbooked deferred tax assets	**13,903,154**	**12,045,613**

The Group has significant carry forward tax losses and will only be able to utilise these losses subject to it satisfying certain carry forward rules and other taxation legislation such as the Same Business Test and/or the Continuity of Ownership Test. Due to the changes that have occurred within the Group since these losses commenced accumulating, there is uncertainty as to the likelihood of the Group being able to utilise these losses. The Group has previously endeavoured to obtain a private ruling as to the status of its carry forward losses from the Australian Taxation Office (ATO) only to be advised that the ATO will not rule on the applicability of carry forward tax losses until such time as the Group endeavours to utilise those losses.

The 2023 comparative year amounts have been re-stated to agree to tax returns as lodged.

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NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 6: CASH AND CASH EQUIVALENTS

	Note	2024 $	2023 $
Current			
Cash at bank and in hand		6,106,312	2,007,429
Total cash and cash equivalents	27	**6,106,312**	**2,007,429**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(a) Reconciliation of Cash

		2024 $	2023 $
For the purpose of the Consolidated Cash Flow Statement, cash includes cash and cash equivalents comprising the following at 30 June 2024:			
Cash at bank and in hand		6,106,312	2,007,429
		6,106,312	**2,007,429**

(b) Reconciliation of Profit after Income Tax to Cash Flows from Operations

	2024 $	2023 $
Net loss after income tax	(7,439,176)	(9,393,955)
Adjustment of non cash items		
Amortisation & depreciation	1,047,867	875,593
Deemed cost of livestock disposed	1,554,415	641,606
Fair value adjustment of biological assets	346,132	238,913
Net loss on disposal of property, plant and equipment	9,933	41,276
Loss on disposal of property, plant and equipment - discontinued operations	-	1,025,217
Inventory impairments	612,198	916,519
Impairment expenses	356,222	149,769
Bad debts and impairment provision	-	7,193
Gain on disposal of subsidiary	-	(12,557)
Finance costs	88,878	(2,770)
Equity settled share-based payments	-	258,600
Changes in assets and liabilities, net of the effects of purchase of subsidiaries		
(Increase) / decrease in trade and other receivables	49,527	301,979
(Increase) / decrease in other assets	(40,466)	276,139
(Increase) / decrease in inventories	(728,838)	(865,232)
Increase / (decrease) in trade and other payables	146,411	(1,514,678)
Increase / (decrease) in provisions	(442,098)	5,202
Net operating cash flows	**(4,438,996)**	**(7,051,186)**

(c) Changes in liabilities arising from finance activities

	1 July 2023 $	Cash flows $	Non-cash Movements $	30 June 2024 $
Borrowings	-	1,710,919	29,038	1,739,957
Lease liabilities	1,040,525	(527,858)	-	512,667
	1,040,525	**1,183,061**	**29,038**	**2,252,624**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 7: TRADE AND OTHER RECEIVABLES

	Note	2024 $	2023 $
Current			
Trade debtors		529,625	621,253
Other receivables		68,448	39,137
Total current trade and other receivables	27	**598,073**	**660,390**

The Group applies the simplified approach to providing for expected credit loss prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group has not recorded an impairment for expected credit losses in the current or prior year as all trade and other receivables are considered credit worthy with no material balances past due. The effect of any expected credit loss is considered immaterial.

(a) Lifetime Expected Credit Loss Credit Impaired

2024	Current	> 30 days past due	> 60 days past due	>90 days past due	Total
	$	$	$	$	$
Expected loss rate	0%	0%	0%	0%	-
Gross carrying amount	594,583	-	-	3,490	**598,073**
Loss allowance provision	-	-	-	-	-

2023	Current	> 30 days past due	> 60 days past due	>90 days past due	Total
	$	$	$	$	$
Expected loss rate	0%	0%	0%	0%	-
Gross carrying amount	621,453	38,718	219	-	**660,390**
Loss allowance provision	-	-	-	-	-

Credit Risk

The Group has a significant concentration of credit risk with two (2023: one) key customer totaling $454,417 (2023: $527,291) or 76% (2023: 80%) of receivables at balance date. There is no impairment on these customers and outstanding amounts, the customers have always paid within terms and are within terms at year end.

The class of assets described as "trade and other receivables" is considered to be the main source of credit risk to the Group.

On a geographical basis, the Group has all credit risk exposures in Australia.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.

The Group writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(b) Financial Assets Measured at Amortised Cost

	Note	2024 $	2023 $
Trade and other receivables			
Total current		598,073	660,390
Total financial assets measured at amortised cost	27	**598,073**	**660,390**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 8: INVENTORIES

	Note	2024	2023
Current		**$**	**$**
Feedstocks, hay and silage		140,934	225,901
Packaging		65,631	18,161
Raw materials, finished goods and chemicals		1,417,229	1,263,091
Total inventories (at cost)		**1,623,793**	**1,507,153**

NOTE 9: OTHER ASSETS

		2024	2023
		$	**$**
Current			
Prepayments		363,043	227,017
Bonds and deposits	27	21,050	49,250
Total other assets		**384,093**	**276,267**

NOTE 10: BIOLOGICAL ASSETS

		2024	2023
	Footnote	**$**	**$**
Current			
Feed crops		238,558	225,521
Non-current			
Dairy livestock	(i)	1,635,139	3,535,686
Total biological assets		**1,873,697**	**3,761,207**
Opening carrying amount		3,535,686	4,416,205
Deemed cost of livestock disposed		(1,554,415)	(641,606)
Loss from changes to fair value		(346,132)	(238,913)
Closing carrying amount		**1,635,139**	**3,535,686**

Movement during the year (herd numbers):

	2024	2023
	No.	**No.**
Opening balance	2,305	2,227
Natural increase and attrition	754	860
Sales	(1,385)	(782)
Closing balance	**1,674**	**2,305**

(i) Biological assets represent the dairy livestock owned by the Group. At 30 June 2024, the livestock has been valued at fair value, by independent stock agents, based on the prices in the open cattle market in the locality of the dairy operations. A fair value loss of $346,132 (2023: $238,913) has been recognised in profit and loss at 30 June 2024, and represents price movements, natural increase and the movement in ages of young stock.

Financial risks associated with the Group's dairy herd relates to selling prices of milk, and is managed by way of contracted revenue prices.

During the year ended 30 June 2024, the Group produced 5.8 million litres (2023: 6.2 million litres) of raw milk. The average number of cows milked during the year was 939 (2023: 1,051).

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 11: RIGHT OF USE ASSETS

(a) AASB 16 related amounts recognised in the statement of financial position

	2024 $	2023 $
Right of use assets		
Leased land and buildings	1,483,969	1,483,968
Accumulated depreciation	(968,629)	(473,972)
Total right of use assets	**515,340**	**1,009,996**

Movement in carrying amounts:	**Footnote**		
Opening balance	(i)	1,009,996	569,654
Additions	(ii)	-	1,081,099
Disposals	(iii)	-	(168,858)
Depreciation expense		(494,656)	(471,900)
Net carrying amount		**515,340**	**1,009,996**

(i) The Group has the following carried forward land and building leases recognised under AASB16.

- a 3-year lease on 368 acres of land on Cooramook Road, Grassmere, Victoria, with an expiry date of 24 December 2024.
- a 3-year lease on a warehouse at 3/216 Blackshaws Road, Altona North, Victoria, with an expiry date of 31 May 2025.
- a 3-year lease on 410 acres of land at 463 Moreys Road, Brucknell, Victoria with an expiry date of 14 July 2025.
- a 3-year lease on 229 acres of land at 463 Moreys Road, Brucknell, Victoria with an expiry date of 14 July 2025.
- a 3-year and 3 months lease on 651 acres of land at Claidheamh, Darlington, Victoria with an expiry date of 22 March 2026.

(ii) The Group did not enter into any leases recognised under AASB 16 during the year.

(iii) There were no disposals of leases recognised under AASB 16 during the year.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 11: RIGHT OF USE ASSETS, (cont'd)

(b) AASB 16 related amounts recognised in the statement of profit or loss

	Note	2024 $	2023 $
Depreciation charge related to right of use assets		376,743	414,266
Interest expense on lease liabilities (included in finance costs)		27,747	23,334

(c) AASB 16 related amounts recognised in the statement of cash flows

Total cash outflows for leases		550,181	484,053

(d) Lease liabilities

	Note	2024 $	2023 $
Current			
Lease liabilities		464,215	555,605
Total current lease liabilities		**464,215**	**555,605**
Non-current			
Lease liabilities		48,452	484,920
Total non-current lease liabilities		**48,452**	**484,920**
Total lease liabilities	27	**512,667**	**1,040,525**

NOTE 12: INTANGIBLE ASSETS

	2024 $	2023 $
Recipes, formulations, trademarks and patents		
-at cost	385,737	597,987
	385,737	**597,987**
Product development		
-at cost	59,505	59,505
Less accumulated amortisation	(51,535)	(21,760)
	7,970	**37,745**
Total intangible assets	**393,707**	**635,732**

(a) The movement in carrying amounts of intangibles comprises:	**Footnote**		
Opening balance		635,732	547,481
Additions in year		32,342	110,011
Impairment expenses	(i)	(244,592)	-
Amortisation		(29,775)	(21,760)
Closing balance		**393,707**	**635,732**

(i) The useful lives of intangible assets have been assessed at 30 June 2024 and following the deletion of the Future range the Board has written off the Recipes, formulations, trademarks and patents for the Future brand.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Footnote	2024 $	2023 $
Land, buildings and improvements			
- at fair value		13,550,778	20,500,000
less accumulated depreciation		(106,562)	-
	(a)	**13,444,216**	**20,500,000**
Plant and equipment			
- at cost		6,900,204	6,901,800
less accumulated depreciation		(1,492,838)	(1,020,214)
		5,407,366	**5,881,586**
Total property, plant and equipment		**18,851,582**	**26,381,586**

(a) Below is a table showing the carrying value of land and buildings and improvements by property:

Property name	Footnote	Acquisition Date	2024	2023
Brucknell No 2	(i)	22 October 2014	-	7,000,000
Yaringa - Nirranda South	(ii)	4 October 2018	8,544,216	8,400,000
Infant Formula Facility	(iii)	1 July 2022	4,900,000	5,100,000
Total			**13,444,216**	**20,500,000**

(i) Registered valuers Preston Rowe Paterson completed an independent valuation of the farm for 30 June 2023. The basis of the valuation was 'As Is and In Use' with vacant possession and the fair value of the farm was $7,000,000. On 22 December 2023 the Group announced to the ASX that it had entered a binding contract of sale for the farm for $7,125,000 and the sale completed on 24 April 2024.

(ii) Registered valuers Preston Rowe Paterson completed an independent valuation of the farm for 30 June 2023. The basis of the valuation was 'As Is and In Use' with vacant possession and the fair value of the farm was $8,400,000. The Board has reviewed carrying amounts at 30 June 2024 and are satisfied they are not impaired and the best estimate of the property values are the independent valuations from June 2023 plus capitalised costs from the valuation date, less depreciation. As per (i) above, the Brucknell No 2 farm sale completed 24 April 2024 for a price in excess of the the 30 June 2023 valuation, providing further support the estimate remains appropriate.

(iii) Registered valuers IPN Valuers - Greater Geelong completed an independent valuation of the Depot & Old Geelong Road land and infant formula building for 30 June 2023. The basis of valuation was a cost approach using the summation of land and improvements, supported by comparable sales evidence and capitalisation of income. The combined fair value was assessed at $5,100,000 and an impairment expense of $149,769 was reflected in the profit and loss on 30 June 2023. At 30 June 2024, with reference to the previous valuation, IPN Valuers completed an updated assessment of the current fair value at $4,900,000 and an impairment expense of $111,630 is reflected in the profit and loss for 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 13: PROPERTY, PLANT AND EQUIPMENT, (cont'd)

(b) Movements in the carrying amounts:

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land, Buildings & Improvements	Plant & Equipment	Total
2024	$	$	$
Balance beginning of the financial year	20,500,000	5,881,586	26,381,586
Additions	178,216	71,031	249,247
Disposals	(6,987,592)	(38,679)	(7,026,271)
Transfer between classes	(5,451)	5,451	-
Fair value adjustments	(111,630)	-	(111,630)
Depreciation expense	(129,327)	(512,023)	(641,350)
Balance at end of financial year	**13,444,216**	**5,407,366**	**18,851,582**

	Land, Buildings & Improvements	Plant & Equipment	Total
2023	$	$	$
Balance beginning of the financial year	19,359,298	7,643,990	27,003,288
Additions	134,095	691,786	825,881
Disposals	(118,059)	(2,177,612)	(2,295,671)
Fair value adjustments	1,284,536	-	1,284,536
Depreciation expense	(159,870)	(276,578)	(436,448)
Balance at end of financial year	**20,500,000**	**5,881,586**	**26,381,586**

NOTE 14: TRADE AND OTHER PAYABLES

	Note	2024 $	2023 $
Current			
Trade creditors		336,903	485,711
Sundry creditors and accrued expenses		741,855	459,427
Total trade and other payables		**1,078,758**	**945,138**
Financial liabilities at amortised cost classified as trade and other payables			
Total Trade and other payables		1,078,758	945,138
Financial liabilities as trade and other payables	27	**1,078,758**	**945,138**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 15: PROVISIONS

	2024 $	2023 $
Current		
Employee benefits	268,196	699,559
Total current provisions	**268,196**	**699,559**
Non-Current		
Employee benefits	20,450	31,184
Total non-current provisions	**20,450**	**31,184**
	288,646	**730,743**
Opening Balance	730,743	725,541
Additional provisions	74,627	276,434
Amounts used	(516,724)	(271,232)
Closing Balance	**288,646**	**730,743**

Provision for employee benefits

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(j) to this report.

NOTE 16: BORROWINGS

	Footnote	2024 $	2023 $
Current			
Loans - unsecured	(i)	34,905	-
Loans - secured	(ii)	1,780,000	-
Transaction costs		(74,948)	-
Total current borrowing		**1,739,957**	**-**

(i) The Group has unsecured short-term loans for payment of the Group's insurance policies.

(ii) On 5 December 2023, the Group established a $3,000,000 secured loan facility with Gippsreal Limited. The facility is secured against the Group's Yaringa dairy farm as well as a first ranking security over the assets of the borrower in connection with the property. The loan is for a period of 24 months and the lender has the right to review the terms and conditions of the loan on an annual basis. Interest is calculated on a variable interest rate at the Reserve Bank of Australia prevailing rate plus a margin of 5.4% per annum. At 30 June 2024 the Group has drawn down $1,780,000 (2023: $nil) of the facility.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 17: ISSUED CAPITAL

	2024	2023
	$	$
Contributed equity of the Group	76,733,411	76,091,020

(a) Movement in ordinary shares at 30 June 2024:

Details	Date	Number of Shares	Issued Capital	Issue Price
			$	$
Opening balance	1 Jul 2023	611,472,858	76,091,020	-
Placement shares (i)	11 Jul 2023	32,272,727	710,000	0.022
Placement shares (ii)	11 Jul 2023	12,121,212	-	-
Cancellation of loan securities (iii)	19 Jan 2024	(9,500,000)	-	-
Transaction costs	-	-	(67,609)	-
30 June 2024	**-**	**646,366,797**	**76,733,411**	**-**

(i) On 11 July 2023, there were 32,272,727 shares issued to sophisticated investors. The fair value of shares issued, determined by reference to the placement price of $0.022, was $710,000, with transaction costs of $67,609.

(ii) On 26 April 2023, there were 33,333,333 shares issued to Mr Xin Yang in a private placement. The fair value of shares issued, determined by reference to the placement price of $0.03, was $1,000,000, with transaction costs of $50,000. Subsequent to the initial issue, on 11 July 2023, Mr Yang was issued a further 12,121,212 top up shares to ensure consistency with the price of the completed share purchase plan on 29 June 2023.

(iii) On 19 January 2024, 9,500,000 loan securities issued under the Company's Long Term Incentive Plan were bought back.

(b) Movement in stapled securities at 30 June 2023:

Details	Date	Number of Stapled Securities	Shareholders	Unitholders	Issued Capital	Issue Price
			$	$	$	$
Opening balance	01 Jul 2022	548,552,225	43,563,897	30,744,991	74,308,888	-
Employee performance securities (i)	24 Aug 2022	3,230,000	226,100	-	226,100	0.070
Performance rights exercised (ii)	24 Aug 2022	1,500,000	27,000	-	27,000	0.018
Transfer from NCI on de-stapling (iii)	5 Dec 2022	-	30,744,991	(30,744,991)	-	-
Supplier securities (iv)	16 Dec 2022	1,800,000	90,000	-	90,000	0.050
Employee performance securities (v)	16 Dec 2022	100,000	5,000	-	5,000	0.050
Placement shares (vi)	26 Apr 2023	33,333,333	1,000,000	-	1,000,000	0.030
Share purchase plan (vii)	29 Jun 2023	22,957,300	505,061	-	505,061	0.022
Transaction costs		-	(71,029)	-	(71,029)	-
30 June 2023		**611,472,858**	**76,091,020**	**-**	**76,091,020**	**-**

Until 5 December 2022, the stapled securities of the Group were comprised of one share in the Company and one unit in the Trust.

(i) On 24 August 2022, there were 3,230,000 stapled securities issued as a share-based payment under the AHF Long Term Incentive Plan at a price of $0.070 per security. The fair value of securities issued, determined by reference to the market price, was $226,100.

(ii) On 24 August 2022, there were 1,500,000 stapled securities issued at a price of $0.018 per security upon vesting of employee performance rights.

(iii) On 5 December 2022, the Company and the Trust were destapled.

(iv) On 16 December 2022, there were 1,800,000 shares issued as a share-based payment for consulting services under the AHF Long Term Incentive Plan at a price of $0.05 per security. The fair value of securities issued, determined by reference to the market price, was $90,000.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 17: ISSUED CAPITAL, (cont'd)

(v) On 16 December 2022, there were 100,000 shares issued as a share-based payment under the AHF Long Term Incentive Plan at a price of $0.050 per security. The fair value of securities issued, determined by reference to the market price, was $5,000.

(vi) On 26 April 2023, there were 33,333,333 shares issued to Mr Xin Yang in a private placement. The fair value of shares issued, determined by reference to the placement price of $0.03, was $1,000,000, with transaction costs of $50,000. Subsequent to the year end on 11 July 2023, Mr Yang was issued a further 12,121,212 top up shares to ensure consistency with the price of the completed share purchase plan on 29 June 2023.

(vii) On 29 June 2023, there were 22,957,300 shares issued on completion of a Share Purchase Plan (SPP). The fair value of shares issued, determined by reference to the SPP price of $0.022 per share, was $505,061.

NOTE 18: RESERVES

Nature and purpose of reserves

Option reserve

The option reserve records amounts recognised on issue of share-based payments (options and securities).

Asset revaluation reserve

The asset revaluation reserve records revaluation of land and buildings.

NOTE 19: COMMITMENTS

There are no capital expenditure commitments contracted for the year ended 30 June 2024 (2023: nil).

NOTE 20: CONTINGENT LIABILITIES

The Group does not have any contingent liabilities for the year ended 30 June 2024 (2023: nil).

NOTE 21: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2024.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	2024	2023
	$	$
Short term	690,910	817,548
Post-employment	59,872	50,515
Other Long-term	201,911	9,211
Share-based payments	-	5,000
	952,693	**882,274**

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's cost of providing for the Group's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year and termination payments.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity settled remuneration, as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 22: AUDITORS' REMUNERATION

Remuneration of the auditor for:

	2024	2023
	$	$
Audit and review of the financial statements	89,651	80,342

NOTE 23: CONTROLLED ENTITIES

Particulars in relation to controlled entities	Footnote	Class of Equity	2024 Percentage Owned	2023 Percentage Owned
Parent Entity:			%	%
Australian Dairy Nutritionals Limited	(a)			
Wholly Owned Controlled Entities				
SW Dairy Farms Pty Ltd		ordinary	100	100
Dairy Fund Management Limited	(b)	ordinary	-	100
Camperdown Dairy Company Pty Ltd		ordinary	100	100
Organic Nutritionals Pty Ltd		ordinary	100	100
Regen Properties Pty Ltd		ordinary	100	100
Regen Farms Pty Ltd		ordinary	100	100
Regen Operations Pty Ltd		ordinary	100	100
Camperdown Dairy Park Trust		units	100	100
Other Controlled Entities				
Ocean Dairy Pty Ltd		ordinary	50	50

All controlled entities have the same financial year end as that of the holding company and all controlled entities are incorporated in Australia. All entities principal place of business and country of incorporation is Australia. All ownership interests are directly held and have equal voting rights. There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

(a) Ultimate Controlling Entity

The ultimate controlling entity of the Group is Australian Dairy Nutritionals Limited.

(b) Deregistered entities

Dairy Funds Management Limited was deregistered on 3 July 2024.

(c) Transactions with Non-controlling interests in ADFT

ADFT was a controlled entity. On 5 December 2022, the shares in the Company were destapled from the units in the Trust. The consolidated financial statements for the year ended 30 June 2023 were presented as a continuation of the existing Group with the Company as the accounting parent entity. The destapling constitutes a transaction amongst owners, where previously they held their interest through the Company and Trust (the non-controlling interest), and after the destapling they hold all of their interest directly through the Company. The impact of the destapling has been recognised in equity whereby the issued units of the Trust have been transferred to issued capital in the Company and the retained earnings in the Trust have been transferred to retained earnings in the Company.

Following the destapling of ADFT and the Company, the Board elected to forgive all intercompany loans with ADFT. This resulted in a revenue from forgiveness of the loans of $6,866,466 in the June 2023 comparative.

NOTE 24: RELATED PARTY TRANSACTIONS

(a) The Group's main related parties are as follows

(i) Entities exercising control over the Group:

The ultimate parent entity that exercises control over the Group is Australian Dairy Nutritionals Limited, which is incorporated in Australia.

(ii) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 21.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 24: RELATED PARTY TRANSACTIONS, (cont'd)

(a) The Group's main related parties are as follows, continued.

(iii) Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

(b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

(i) Director related entities

Adrian Rowley is a director of Watershed Funds Management Pty Ltd. During the comparative year ended 30 June 2023, Watershed Funds Management Pty Ltd was paid $33,450 for the provision of services by Adrian Rowley as director. There was no amounts due at 30 June 2023.

Jason Dong is a director of OZVIC Group Pty Ltd. During the comparative year ended 30 June 2023, OZVIC Group Pty Ltd was paid $142,497 for the provision of consultancy services by Jason Dong. There was no outstanding amounts due at 30 June 2023.

(ii) Funding amongst Group entities is on an unsecured, interest free, no fixed term basis.

NOTE 25: SEGMENT REPORTING

The Group has identified its operating segments based on the internal reports that are reviewed by the Board in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the type or class of customer for the products or service; and
- external regulatory requirements.

The Group has two reportable segments:

Nutritional Powders - There has been no change to the nutritional powders segment which includes the processing and sale of dairy and nutritional products to domestic and international markets.

Dairy Farms - There has been no change to the dairy farms segment which includes the ownership and operation of dairy farms and dairy livestock for the production and sale of fresh raw milk for conversion to milk and milk products.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless otherwise stated, all amounts reported to the Board with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Corporate costs and KMP remuneration have not been allocated to segments but are reviewed by the Board and there are no intersegment sales.

Segment assets

If an asset is used across multiple segments, if possible, it is allocated to the segment that receives the majority of economic value from it, otherwise it is split between segments. Segment assets are generally identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are, if possible, allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment, otherwise they are split between segments. Segment liabilities include trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 25: SEGMENT REPORTING, (cont'd)

(i) Segment Performance

30 June 2024	**Nutritional Powders**	**Dairy Farms**	**Total**
	$	**$**	**$**
Revenue			
External sales	668,177	5,573,978	6,242,155
Interest revenue	-	20,916	20,916
Total segment revenue	**668,177**	**5,594,894**	**6,263,071**
Total group revenue			**6,263,071**
Segment net loss before tax	**(3,704,420)**	**(1,928,606)**	**(5,633,026)**
Reconciliation of segment result to group net profit/loss before tax:			
Amounts not included in segment result but reviewed by the Board:			
- Corporate charges	(903,075)	(903,075)	(1,806,150)
Net loss before tax			**(7,439,176)**

(ii) Segment Performance

30 June 2023			
Revenue			
External sales	413,441	5,438,190	5,851,631
Interest revenue	-	4,046	4,046
Total segment revenue	**413,441**	**5,442,236**	**5,855,678**
Total Group revenue	-	-	**5,855,678**
Segment net profit / (loss) before tax	**(3,859,599)**	**(724,160)**	**(4,583,759)**
Reconciliation of segment result to group net profit/loss before tax:			
Amounts not included in segment result but reviewed by the Board:			
- Corporate charges	(626,140)	(1,252,280)	(1,878,420)
- Corporate charges allocated to discontinued operations	-	-	(626,139)
Net loss from continuing operations before tax			**(7,088,318)**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 25: SEGMENT REPORTING, (cont'd)

(iii) Segment Assets

As at 30 June 2024	**Nutritional Powders**	**Dairy Farms**	**Total**
	$	**$**	**$**
Segment assets	14,863,323	15,483,274	30,346,597
Segment assets include:			
Additions to non-current assets	74,406	207,182	281,588

(iv) Segment Assets

As at 30 June 2023	**Nutritional Powders**	**Dairy Farms**	**Total**
	$	**$**	**$**
Segment assets	13,286,970	22,952,790	36,239,760
Segment assets include:			
Additions to non-current assets	786,292	1,261,599	2,047,891

(v) Segment Liabilities

As at 30 June 2024	**Nutritional Powders**	**Dairy Farms**	**Total**
	$	**$**	**$**
Segment liabilities	741,275	2,878,753	3,620,028

(vi) Segment Liabilities

As at 30 June 2023	**Nutritional Powders**	**Dairy Farms**	**Total**
	$	**$**	**$**
Segment liabilities	1,066,963	1,649,443	2,716,406

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 25: SEGMENT REPORTING, (cont'd)

(iv) Revenue by geographic region

Revenue attributable to external customers is disclosed below, based on the location of the external customer

	2024	2023
	$	$
Australia	6,038,283	5,855,678
Other foreign countries	224,788	-
Total revenue	**6,263,071**	**5,855,678**

(v) Assets by geographic region

The location of segment assets is disclosed below by geographical location of the assets

	2024	2023
	$	$
Australia	30,346,597	36,239,760
Other foreign countries	-	-
Total revenue	**30,346,597**	**36,239,760**

NOTE 26: SHARE BASED PAYMENTS

(a) Ordinary shares granted to employees under the Group Incentive Plan as share-based payments

During the year ended 30 June 2024, there were no ordinary shares granted to employees.

During the comparative year ended 30 June 2023 shares granted to employees were as follows:

Grant Date	Footnote	Number
24 August 2022	(i)	3,230,000
16 December 2022	(ii)	100,000

(i) On 24 August 2022, there were 3,230,000 stapled securities issued to management personnel of the Group at a price of $0.070 per security. The fair value of securities issued, determined by reference to the market price, was $226,100.

(i) On 16 December 2022, there were 100,000 stapled securities issued to an employee as part of a performance review at a price of $0.050 per security. The fair value of securities issued, determined by reference to the market price, was $5,000.

(b) Performance rights granted to employees under the Group Incentive Plan as share-based payments

A summary of movements in performance rights is as follows:

	2024	2023
Opening balance	-	2,000,000
Granted (i)	-	2,000,000
Forfeited (ii)	-	(2,000,000)
Exercised (iii)	-	(1,500,000)
Cancelled (iv)	-	(500,000)
Closing balance	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 26: SHARE BASED PAYMENTS, (cont'd)

(i) Granted performance rights

During the year ended 30 June 2024, there were no performance rights granted to employees.

During the comparative year ended 30 June 2023, the following performance rights were granted:

- On 24 November 2022 the Group issued 500,000 performance rights each to directors Bernard Kavanagh and Jason Dong (TSR hurdle).

  The issue price of the rights is 0.5 cents calculated using the Monte Carlo method, the expiry date is 30 June 2023 and the rights vest when total shareholder return is >30 in the period during 1 July 2022 to 30 June 2023. Other key inputs include volatility of 63.08% and a risk-free rate of 3.24%.

The fair value of the rights issued was $5,000.

- On 24 November 2022 the Group issued 500,000 performance rights each to Directors Bernard Kavanagh and Jason Dong (EBITDA hurdle).

  The issue price of the rights is 5.3 cents calculated using the Monte Carlo method, the expiry date is 30 June 2023 and the rights vest if the Group's audited operating EBITDA for the financial year ending 30 June 2023 is break even or above. Other key inputs include volatility of 63.08% and a risk-free rate of 3.24%.

The fair value of the rights issued is $53,000.

(ii) Forfeited performance rights

Performance rights are forfeited if performance hurdles are not satisfied or after the holder ceases to be employed by the Group, unless the Board determines otherwise.

During the year ended 30 June 2024, there were no performance rights forfeited.

During the comparative year ended 30 June 2023, 2,000,000 performance rights issued to Directors (TSR and EBITDA hurdles) were forfeited as performance hurdles were not met.

(iii) Exercised performance rights

During the year ended 30 June 2024, there were no performance rights exercised.

During the comparative year ended 30 June 2023, 1,500,000 stapled securities were issued to directors on exercise of performance rights.

(iv) Cancelled performance rights

During the year ended 30 June 2024, there were no performance rights cancelled.

In the comparative year ended 30 June 2023, Martin Bryant was entitled to 500,000 director performance rights (TSR hurdle). As announced to the ASX on 25 August 2022, he elected not to receive the securities to which he was entitled and these were canceled.

(v) Outstanding performance rights

As at 30 June 2024 there are no (2023: nil) performance rights on issue.

(c) Options

During the year ended 30 June 2024, 3,000,000 (2023: 6,500,000) lead manager options expired. There were no options issued or exercised during the year.

A summary of movements in options is as follows:

	2024	**2023**
Opening balance	3,000,000	9,500,000
Expired	(3,000,000)	(6,500,000)
Closing balance	**-**	**3,000,000**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 26: SHARE BASED PAYMENTS, (cont'd)

(d) Loan securities

During the year ended 30 June 2024, there were no loan securities issued, forfeited or exercised.

A summary of movements in the number of loan securities in the 30 June 2023 comparative is as follows:

	2024	2023
Opening balance	-	9,500,000
Expired (i)	-	(9,500,000)
Closing balance (exercisable)	**-**	**-**

(i) During the year ended 30 June 2023, 9,500,000 loan securities expired. The expired loan securities were cancelled and bought back on 19 January 2024 and there are no longer any on issue.

(e) Total expenses arising from share-based transactions recognised during the year

	Note	2024 $	2023 $
Equity settled share-based payments - employment benefit costs	3(b)(iv)	-	231,100
Equity settled share-based payments - professional costs	3(b)(v)	-	90,000

NOTE 27: FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments consist mainly of deposits with banks, accounts receivable, bonds and deposits, accounts payable, bank loans and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2024 $	2023 $
Financial assets			
Financial assets at amortised cost:			
Cash and cash equivalents	6	6,106,312	2,007,429
Loans and receivables	7	598,073	660,390
Bonds and deposits	9	21,050	49,250
Total financial assets		**6,725,435**	**2,717,069**

Financial Risk Management Policies

	Note	2024 $	2023 $
Financial liabilities			
Financial liabilities at amortised cost:			
Lease liabilities	11	512,667	1,040,525
Trade and other payables	14	1,078,758	945,138
Borrowings	16	1,739,957	-
Total financial liabilities		**3,331,382**	**1,985,663**

The main purpose of the financial instruments listed is to raise finance for the Group's operations when the Board considers it appropriate. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. Risks arising from the Group's financial instruments include interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 27: FINANCIAL RISK MANAGEMENT, (cont'd)

Treasury Risk Management

The Board considers financial risk exposure to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are reviewed by the Board when necessary. These include the use of credit risk policies and future cash flow requirements.

Financial Risk Exposures and Management

(a) Credit risk

The Group trades only with parties that it believes to be creditworthy. The maximum exposure to credit risk is equivalent to the financial assets' carrying value. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, however the Group will always have exposure to potential bad debts (see also Note 7).

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, bonds and deposits, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of those instruments. The Group generally does not require third party collateral.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing surplus cash with appropriately regulated financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table following presents contractual maturity of the Group's financial instruments. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates taking into consideration management expectations that Group banking facilities will be extended.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 27: FINANCIAL RISK MANAGEMENT, (cont'd)

(b) Liquidity risk, continued.

Financial Liability and Financial Asset Maturity Analysis:

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Borrowings	(1,739,957)	-	-	-	-	-	(1,739,957)	-
Lease liabilities	(464,215)	(555,605)	(48,452)	(484,920)	-	-	(512,667)	(1,040,525)
Trade & other payables	(1,078,758)	(945,138)	-	-	-	-	(1,078,758)	(945,138)
Total expected outflows	**(3,282,930)**	**(1,500,743)**	**(48,452)**	**(484,920)**	**-**	**-**	**(3,331,382)**	**(1,985,663)**
Financial assets - cash flows realisable								
Cash	6,106,312	2,007,429	-	-	-	-	6,106,312	2,007,429
Trade and other receivables	598,073	660,390	-	-	-	-	598,073	660,390
Bonds and deposits	19,250	30,000	1,800	19,250	-	-	21,050	49,250
Total anticipated inflows	**6,723,635**	**2,697,819**	**1,800**	**19,250**	**-**	**-**	**6,725,435**	**2,717,069**
Net (outflows) / inflows on financial instruments	**3,440,705**	**1,197,076**	**(46,652)**	**(465,670)**	**-**	**-**	**3,394,053**	**731,406**

(c) Market risk

Interest Rate Risks

The Group at the date of this report has $6,106,312 in variable rate cash balances and $1,780,000 in variable rate borrowings.

Sensitivity Analysis

The Group has performed sensitivity analysis relating to its exposure to variable interest rate at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest rate sensitivity analysis

At 30 June 2024, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2024	2023
	$	$
Change in profit		
- Increase in interest rate by 1%	43,263	20,074
- Decrease in interest rate by 1%	(43,263)	(20,074)
Change in equity		
- Increase in interest rate by 1%	(43,263)	(20,074)
- Decrease in interest rate by 1%	43,263	20,074

There has been no changes in the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 27: FINANCIAL RISK MANAGEMENT, (cont'd)

Fair Values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements.

	Footnote	Carrying Amount 2024 $	Carrying Amount 2023 $	Fair Value 2024 $	Fair Value 2023 $
Financial assets at amortised cost:					
Cash and cash equivalents	(i)	6,106,312	2,007,429	6,106,312	2,007,429
Trade and other receivables	(i)	598,073	660,390	598,073	660,390
Bonds and deposits	(i)	21,050	49,250	21,050	49,250
Total financial assets		**6,725,435**	**2,717,069**	**6,725,435**	**2,717,069**
Financial liabilities					
Trade and other payables	(i)	1,078,758	945,138	1,078,758	945,138
Lease liabilities	(ii)	512,667	1,040,525	512,667	1,040,525
Borrowings	(ii)	1,739,957	-	1,739,957	-
Total financial liabilities		**3,331,382**	**1,985,663**	**3,331,382**	**1,985,663**

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables, bonds and deposits and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value.

(ii) Fair values on borrowings and lease liabilities are determined using a discounted cash flow model incorporating current commercial borrowing rates.

NOTE 28: FAIR VALUE MEASUREMENT

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Biological assets
- Land and buildings

The Group may measure some items of property at fair value on a non-recurring basis. The Group does not subsequently measure any other assets or liabilities at fair value on a non-recurring basis.

(a) 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 that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 28: FAIR VALUE MEASUREMENT, (cont'd)

(a) Fair Value Hierarchy, continued.

The fair values of assets and liabilities that are not traded in an active market are determined using one valuation technique. This valuation technique maximises, to the extent possible, the use of observable market data. All significant inputs required to measure fair value are observable, therefore the asset or liability is included in Level 2.

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 the following valuation approach:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

This valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability including assumptions about risks. 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 following tables provide the fair values of the Group's assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

30 June 2024	Note	Level 1	Level 2	Level 3	Level 4	Total
		$	$	$	$	$
Non-financial assets						
Biological Assets	10	-	1,635,139	-	-	1,635,139
Land and buildings	13	-	13,444,216	-	-	13,444,216
Total non-financial assets recognised at fair value on a recurring basis		**-**	**15,079,355**	**-**	**-**	**15,079,355**

30 June 2023	Note	Level 1	Level 2	Level 3	Level 4	Total
		$	$	$	$	$
Non-financial assets						
Biological Assets	10	-	3,535,686	-	-	3,535,686
Land and buildings	13	-	20,500,000	-	-	20,500,000
Total non-financial assets recognised at fair value on a recurring basis		**-**	**24,035,686**	**-**	**-**	**24,035,686**

(b) Techniques and Inputs Used to Measure Level 2 Fair Values

In the absence of an active market for an identical asset, the Group selects and uses one or more valuation techniques to measure the fair value of the asset. 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 being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 28: FAIR VALUE MEASUREMENT, (cont'd)

(a) Fair Value Hierarchy, continued.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset, including assumptions about risks. 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 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.

Description	Fair Value at 30 June 2024	Valuation Technique(s)	Input Used
	$		
Non-financial assets			
Biological assets	1,635,139	Market approach using recent observable industry market data for dairy cattle	Breed, weight, condition
Land and buildings	13,444,216	Market approach using recent observable comparable sales evidence	Price per hectare, improvements value, current replacement cost
	15,079,355		

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 29: EARNINGS PER SHARE CALCULATIONS

	2024 cents	2023 cents
From continuing and discontinued operations :	(1.14)	(1.68)
Basic loss per share	(1.14)	(1.68)
Diluted loss per share		
From continuing operations :	(1.14)	(1.27)
Basic loss per share	(1.14)	(1.27)
Diluted loss per share		
From discontinued operations :	-	(0.41)
Basic loss per share	-	(0.41)
Diluted loss per share		

	2024 $	2023 $
Reconciliation of earnings to profit or loss:	(7,439,176)	(9,393,955)
Loss attributable to shareholders and unitholders		

	Number of Shares	Number of Shares
Weighted average number of stapled securities outstanding during the year used in calculating basic EPS		
Weighted average number of options outstanding	650,408,059	559,588,729
Weighted average number of stapled securities outstanding during the year used in calculating dilutive EPS	**650,408,059**	**559,588,729**

All options on issue are considered to be dilutive potential ordinary shares, however they are presently anti-dilutive at 30 June 2024 as the average market price of shares during the period is less than the exercise price of all options.

NOTE 30: DIVIDENDS

The directors have not recommended or paid a dividend for the year ended 30 June 2024 (2023: $nil) at the date of this report.

NOTE 31: EVENTS AFTER THE BALANCE DATE

On 27 August 2024, the Group repaid the drawn down $1,780,000 of its loan facility with Gippsreal Limited, net of prepaid interest.

In the opinion of the directors there are no material matters that have arisen since 30 June 2024 that have significantly affected or may significantly affect the Group, that are not disclosed elsewhere in this report or in the accompanying financial statements.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

Presented below is the consolidated entity disclosure statement for Australian Dairy Nutritionals Limited at 30 June 2024. This statement outlines the relevant information noted in the table below for each entity in Australian Dairy Nutritionals Limited consolidated group.

Entity name	Entity type	Place formed or incorporated	% of share capital held	Australian resident or foreign resident
Australian Dairy Nutritionals Limited	Body Corporate	Australia	n/a	Australian
SW Dairy Farms Pty Ltd	Body Corporate	Australia	100%	Australian
Camperdown Dairy Company Pty Ltd	Body Corporate	Australia	100%	Australian
Organic Nutritionals Pty Ltd	Body Corporate	Australia	100%	Australian
Regen Properties Pty Ltd	Body Corporate	Australia	100%	Australian
Regen Farms Pty Ltd	Body Corporate	Australia	100%	Australian
Regen Operations Pty Ltd	Body Corporate	Australia	100%	Australian
Ocean Dairy Pty Ltd	Body Corporate	Australia	50%	Australian
Camperdown Dairy Park Trust	Trust	Australia	n/a	Australian

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

For the year ended 30 June 2024

In the opinion of the directors of Australian Dairy Nutritionals Group:

(a) the financial statements and notes of the Company and of the Group are in accordance with the *Corporations Act 2001,* and:

 (i) give a true and fair view of the Company's and Group's financial position as at 30 June 2024 and of their performance for the year ended on that date; and

 (ii) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

(b) the consolidated entity disclosure statement presented on page 68 is true and correct.

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

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2024.

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

Peter Nathan
Chair

30 August 2024

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Nexia Australia

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Independent Auditor's Report to the Members of Australian Dairy Nutritionals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Dairy Nutritionals Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the Directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Material uncertainty related to going concern

We draw attention to Note 1(a) in the financial report which indicates that during the year the Group incurred a loss of $7.44 million (2023: $9.39 million loss) has total accumulated losses of $53.46 million and had a net cash outflow from operations of $4.44 million (2023: $7.05 million outflow). As stated in Note 1(a), these events or conditions, along with other matters as set forth in the note, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, CONTINUED.

Nexia Australia

Independent Auditor's Report to the Members of Australian Dairy Nutritionals Limited

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Assessment of carrying value of property, plant and equipment Refer Note 13 of the financial report. At 30 June 2024 key assets of the Group included property, plant and equipment of $18,851,582. During the year the Group continued to record operating losses and cash outflows from operating activities. Accounting standards require an entity to assess at the end of each reporting period whether there is any indication that an asset may be impaired. The Group has identified impairment indicators which required management to perform an impairment assessment. Impairment testing of property plant and equipment was a key audit matter due to the significance of the value of the recorded assets in the statement of financial position.	Our procedures included, but were not limited to: • We completed site visits at locations of material property, plant and equipment and inspected the general state of the assets to assess whether assets continue to be employed in the business and are in sound working order; • We performed procedures to determine that recorded assets existed and were reported completely and accurately in the financial records of the Group; • We assessed the competence and qualifications of the independent property, plant and equipment valuation experts used by the Group; • We assessed the valuation reports obtained by the Group, with reference to the methodology used, prior independent expert valuations, our knowledge of the Group assets obtained in conjunction with our audit procedures and the sale transaction of the Brucknell South farm; • We evaluated the adequacy of the disclosures made in the financial report regarding the assessment of the carrying value of the Groups property, plant and equipment.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, CONTINUED.

Nexia Australia

Independent Auditor's Report to the Members of Australian Dairy Nutritionals Limited (continued)

Other Information

The Directors are responsible for the other information. The other information comprises the information in Australian Dairy Nutritionals Limited's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibility of the Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of:

a) The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Report

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, CONTINUED.

Nexia Australia

Independent Auditor's Report to the Members of Australian Dairy Nutritionals Limited (continued)

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in pages 16 to 21` of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Australian Dairy Nutritionals Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Gavin Ruddell
Director

Level 28, 10 Eagle Street
Brisbane, QLD, 4000

Date: 30 August 2024

SHAREHOLDER INFORMATION

The following information was extracted from Australian Dairy Nutritional Group's Register of Shareholders on 19 August 2024:

TWENTY LARGEST SHAREHOLDERS - ORDINARY SECURITIES

		Securities Held	% of Issued Capital
1	XIN YANG	45,454,545	7.03
2	IJ FUNDS MANAGEMENT PTY LTD	42,503,864	6.58
3	MRS QIUMEI DING	32,000,000	4.95
4	MR LI ZENG	25,536,156	3.95
5	MR JIMMY THOMAS & MS IVY RUTH PONNIAH	22,203,671	3.44
6	WE SAY GO PTY LIMITED	21,021,589	3.25
7	MR JIMMY THOMAS & MS IVY RUTH PONNIAH	17,565,472	2.72
8	CORPORATE SOLUTIONS PTY LTD	15,309,892	2.37
9	BARADNIL PTY LIMITED	12,500,000	1.93
10	MR MARK RICHARD JONES & MS MARGARET TAI	11,000,000	1.70
11	OZSCIENTIFIC PTY LTD	10,344,442	1.60
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,595,902	1.48
13	MR XIN DONG	8,951,732	1.38
14	COSTINE PTY LTD	7,696,324	1.19
15	IAN&JON INVESTMENT PTY LTD	6,560,271	1.01
16	PJB BRADCO PTY LTD	5,685,000	0.88
17	FIDUCIARY NOMINEES PTY LTD	5,205,540	0.81
18	MR PETER JOHN SKENE & MRS LYNNE NICOLE SKENE	5,033,951	0.78
19	MOWSAN PTY LTD	4,928,022	0.76
20	MR ZHONGDE ZHAO	4,776,432	0.74
		313,872,805	**48.56**
	Total Securities on issue	**646,366,797**	**100.00**

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	Number of Securityholders	Shares	%
100,001 and Over	573	594,470,214	91.96
10,001 to 100,000	1,178	46,411,826	7.19
5,001 to 10,000	452	3,838,118	0.59
1,001 to 5,000	530	1,597,059	0.25
1 to 1,000	211	49,580	0.01
	2,944	**646,366,797**	**100.00**

MARKETABLE PARCELS

On 19 August 2024, using the last traded share price of $0.022 per share, there were 1,622 holdings totalling 12,559,950 shares, which were less than a marketable parcel ($500).

VOTING RIGHTS

On a show of hands, every member present in person or by proxy or attorney or being a corporation by its authorised representative shall have one vote. On a poll, every member who is present in person or by proxy or attorney, or being a corporation, by its authorised representative, shall have one vote for every share of which he is the holder.

SHAREHOLDER INFORMATION, CONTINUED.

SUBSTANTIAL SECURITYHOLDERS

The names of the substantial shareholders listed in the Group's register on 19 August 2024 are:

	Securities Held	% of Voting Power
XIN YANG	45,454,545	7.03
IJ FUNDS MANAGEMENT PTY LTD	42,503,864	6.58

UNLISTED OPTIONS/RIGHTS OVER ORDINARY SECURITIES

At the date of this report, there are no unissued ordinary shares of Australian Dairy Nutritionals Limited under option or right.

RESTRICTED SECURITIES

At the date of this report, there are no restricted securities of Australian Dairy Nutritionals Limited.

ANNUAL GENERAL MEETING

Australian Dairy Nutritionals Group Limited intends to hold the Annual General Meeting (AGM) on Wednesday, 27 November 2024.

An item of business at the AGM will be the re-election of Directors. In accordance with the Company's Constitution, the closing date for receipt of nomination from persons to be considered for election as a director at the AGM, is 8 October 2024. Any nomination must be received by the Company by no later than 5:00pm (AEDT) on 8 October 2024.

Further details in respect of the AGM will be provided in the Notice of Meeting to be dispatched to Shareholders.

Australian Dairy Nutritionals

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