



Appendix 4D

HALF-YEAR REPORT

31 December 2024

ABN 18 074 969 056

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# 1. Reporting Period and previous corresponding period.

Reporting period: Half-year ended 31 December 2024  
 Previous reporting period: Half-year ended 31 December 2023

# 2. Results for announcement to the market.

## Key Information

				\$'000
Revenue from ordinary activities	Up	%	to	-
(Loss) from ordinary activities after tax attributable to members	Up	26%	to	(1,766)
(Loss) for the period attributable to members	Up	26%	to	(1,766)

The Group's operating loss after tax for the half-year ended 31 December 2024 amounted to \$1,766,358 (31 December 2023 – loss of \$2,387,590).

Dividends	Amounts per share Cents	Franked amount per share Cents
Final	Nil	N/A
Interim	Nil	N/A
Record date for determining entitlements		N/A

## Explanation of results

During the period, Foresta Group Holding Limited ('the Company' or 'Foresta') continued with the development plan to build a world first patented integrated pine chemicals and torrefied wood pellet plant in New Zealand. During the period Foresta entered into a letter of intent with Lawter (NZ) Limited which outlines their intention to purchase torrefied wood pellet, wood rosin and wood turpentine from FORESTA's New Zealand project. In addition, the Company entered into an agreement with E3 Carbon whereby E3 Carbon has granted to the Company an unconditional exclusive license to use their advanced torrefaction technology ("Technology") in New Zealand and Australia until 31 December 2025. The Company has also been granted an exclusive license to use the Technology in New Zealand for a period of fifteen (15) years, subject to the satisfaction (or waiver) of certain conditions subsequent which must be satisfied or waived on or before 31 December 2025, unless otherwise agreed by FORESTA and E3 CARBON.

At 31 December 2024, the Company has entered into a binding convertible note agreement with an entity associated with Company's director, Mr Russell Allen, for an investment of AU\$2,000,000 through a convertible note subscription which is planned to settle on or around 31 March 2025. In addition, The Group has continued to work with claims preparations experts in order to finalise its property damages claim in relation to the fire at the Apple Tree Creek in November 2021. The Group's insurance underwriter confirmed indemnity over the claim in February 2022. During the reporting period the Company received an offer of \$2,230,000 as final settlement with a partial payment of \$800,000 received on 3 October 2024 bringing the total funds received under the claim to \$2,200,000. Management is currently working

through the settlement offer with its insurance advisors.

3. Net Tangible Assets.

	Current Year	Previous Year
Net tangible asset backing per ordinary share	0.06 cents	0.35 cents

4. Details of entities over which control has been gained or lost during the period, including the follow.

Control gained over entities  
N/A

Control lost over entities  
N/A

5. No dividends or distribution payments have been made during the period.

6. No dividend or distribution reinvestment plans are in operation.

7. Details of subsidiaries, associates and joint venture entities.

Name unlisted	Principle activities	Country of incorporation	Class of shares	Ownership interest	
				31 Dec 2024 %	31 Dec 2023 %
Subsidiaries of Foresta Group Holdings Limited					
AQL Mining Pty Ltd	Mining of gravel and general fill	Australia	Ord	100	100
Essential Queensland Pty Ltd	Natural pine chemicals extraction	Australia	Ord	100	100
Farmacule BioIndustries Pty Ltd	Research and development	Australia	Ord	100	100
Foresta (NZ) Limited	Natural pine chemicals and wood pelleting	New Zealand	Ord	100	100
Leaf Sciences Pty Ltd	Intellectual property owner	Australia	Ord	100	100
Leaf Research Pty Ltd	Research and development	Australia	Ord	100	100
Leaf Performance Plan Pty Ltd	Trustee of employee share trust	Australia	Ord	100	100
Leaf Resources USA, LLC	Investor in Leaf Development LLC	USA	Ord	100	100
Subsidiaries of Leaf Resources USA, LLC					
Leaf Development LLC	Investment company	USA	Ord	80	80
Subsidiaries of Leaf Development LLC					
Leaf Malaysia OpCo Sdn. Bhd.	Investment company	Malaysia	Ord	100	100



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8. Foreign entities – not applicable.

9. Audit

The financial report has been independently reviewed by BDO Audit Pty Ltd, who have issued an unmodified review conclusion. The Independent Auditor's Review Report contains a material uncertainty relating to going concern and refers to the disclosures in Note 3 of the interim financial report.

10. Commentary on the results for the period.

Refer to the commentary included in the attached 31 December 2024 Financial Report.

Date: 28 February 2025  
By order of the Board  
Mark Licciardo  
Company Secretary

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# Interim Financial Report

For the half-year ended  
31 December 2024

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## Directors' Report

The Directors of Foresta Group Holdings Limited present their report together with the financial statements of Foresta Group Holdings Limited ('the Company', 'Foresta Group' or 'FGH') and its controlled entities ('the Group') for the period ended 31 December 2024.

### Directors' details

The names and details of the directors of the Company during or since the end of the financial half year are:

<b>Pai-Heng (Henry) Cheng</b>	Chair of the Board – Appointed 6 April 2023 Executive Director – Appointed 6 April 2023 Member of the Audit and Risk Committee: Appointed 6 April 2023
<b>Maurizio (Maurice) Fabiani</b>	Executive Director – Appointed 6 April 2023 Member of the Audit and Risk Committee: Appointed 6 April 2023
<b>Russell Allen</b>	Non-executive Director – Appointed 12 July 2024
<b>Ramon Mountfort</b>	Managing Director – Appointed 22 December 2020 resigned 12 July 2024

### Review of Operations and Financial Results

The Group's operating loss for the half year period was \$1,766,358 (31 December 2023 loss – \$2,387,590). At 31 December 2024, the Group's net assets totalled \$1,614,248, which included cash assets of \$598,440.

### Principal Activities

During the period, our principal activities included detailed formulation of technical and operations aspects for the construction of a commercial pine chemicals and wood pellet production facility in New Zealand, and research and development of environmentally sustainable methods of extracting wood chemicals on an industrial level.

### Operational Update

#### Project Overview

FORESTA's goal is to manufacture ~2 million tonnes of torrefied (Black) wood pellets, sourced from renewable pine plantations to provide an alternative energy solution for coal, of which New Zealand consumes 2.1 million tonnes per annum. Coal consumption contributes to approximately 5% of New Zealand's total annual greenhouse gas emissions.

FORESTA's world-first, patented integrated pine chemicals and torrefied wood pellets manufacturing processes, delivers multiple products. We will produce high-value natural pine resins and pine oils as well as black wood pellets, yielding multiple revenue streams that provide nearly double the revenue of traditional stand-alone pine chemical or wood pellet plants production facilities.

FORESTA have built an outstanding team of professionals to deliver this project. Over the last 2 years we have obtained supply chain agreements including sustainable pine wood supply, sales and marketing with supporting contracts and agreements and solid experienced management and corporate governance.

We have sourced leading industry consultants to carry out the required design and regulatory consents to enable the project to succeed. These expert consultants will also be engaged to monitor construction and plant commissioning, where required.

## Board Update

Ramon Dudley Mountfort formally resigned from the Board on 12 July 2024. Furthermore, the Company advised that Russell Wayne Allen was appointed to the Board as a Non-Executive Director effective 12 July 2024.

## Convertible Note Agreement

FORESTA entered into a convertible note agreement with an entity associated with the Company's director, Mr Russell Allen, for an investment of 2 million Australian dollars (\$2,000,000 AUD) (before costs) through a convertible note subscription which is planned to settle on or around 31 March 2025. The proceeds of the convertible notes will provide the Company with general working capital. During the period the Company also completed two additional capital raising through the issue of convertible notes raising \$575,000 that were used for working capital purposes.

## Placement Raises \$1,150,000 AUD

The Placement was offered at an issue price of \$0.005, representing a 25% premium to the last closing price of the Company's shares of \$0.004 per share on 30 September 2024 (being the last recorded closing sale price of the Shares on ASX prior to the Company's suspension from the commencement of trading on 1 October 2024). Investors received one (1) free attaching unlisted option for each share issued, exercisable at \$0.02 with a 2-year expiry. The Placement was supported by new and existing sophisticated and professional investors, and directors of the Company.

## Proposed Offtake Arrangements

FORESTA signed a Letter of Intent with **Lowter (NZ) Limited** (LAWTER), which outlines the intention of LAWTER to purchase the following products from our proposed manufacturing facility in Kawerau, New Zealand:

- Torrefied wood pellets (approximately 1,200 tonnes per annum)
- Wood rosin (approximately 4,000 tonnes per annum)
- Wood turpentine (approximately 1,000 tonnes per annum)

This collaboration highlights the demand for sustainable and innovative alternatives to fossil fuel products.

## Technology License Agreement with E3 CARBON

Pursuant to the terms of the Agreement, E3 CARBON has granted to the Company an unconditional exclusive license to use the Technology in New Zealand and Australia until 31 December 2025. The Company has also been granted an exclusive license to use the Technology in New Zealand for a period of fifteen (15) years, subject to the satisfaction (or waiver) of certain conditions subsequent which must be satisfied or waived on or before 31 December 2025, unless otherwise agreed by FORESTA and E3 CARBON.

Founded in 2015 and headquartered in Hamburg, Germany, E3 CARBON is on a mission to turn CO<sub>2</sub>-neutral torrefied biomass (biocarbon) into a new global commodity. E3 CARBON, together with UK-based Ceramic Drying Systems Limited ("CDS"), have developed a leading torrefaction process ready for commercial and industrial scaling. Founded in 1983, CDS is among the key engineering and equipment suppliers for industrial thermal treatment and torrefaction



systems, with teams located in 10 different countries. This key strategic partnership will enable FORESTA to produce high-quality 'torrefied wood pellets', a sustainable and efficient biomass fuel, at the Company's flagship integrated manufacturing facility to be developed in Kawerau, New Zealand. E3 CARBON's industry-leading torrefaction technology will allow the production of high-quality torrefied wood pellets in a highly efficient manner to meet the stringent requirements of national and international markets.

## Fast-Track Approval

Stage 1 (construction and operation of a pine chemical and torrefied wood pellet plant) of the Company's flagship project in Kawerau, New Zealand, is included as 1 of 12 projects in the Bay of Plenty Region in New Zealand's *Fast-Track Approvals Act 2024*.

The purpose of the Fast-track Approvals legislation is to provide a streamlined decision-making process to facilitate the delivery of infrastructure and development projects with significant regional and/or national benefits, which currently includes a total of 149 'listed projects' comprising housing or land developments, renewable energy projects, mining projects and other roading, quarrying and farming projects.

## Project Development

### Kawerau

#### Utilities

A comprehensive feasibility study on water supply and wastewater systems has been completed to ensure there are no constraints that could impact our processes. Horizon has been engaged to initiate the power design study, marking an important step toward securing the necessary energy infrastructure for the project.

### Earthworks Consent (Stage 1)

The Stage 1 Earthworks Consent application remains under review, however the few outstanding queries were being resolved, moving us closer to approval.

## Forest Supply and Collaborative Partnerships

Key supply opportunities within New Zealand's forestry sector have been identified, with contractual negotiations now in their final stages. Concurrently, we are building and strengthening relationships with local Māori iwi and corporations. Recognising their role as kaitiaki (guardians) of the land and forests, we aim to foster partnerships that support economic opportunities, cultural preservation, and sustainable stewardship of natural resources.

In addition, we are actively engaging with government bodies, including local and regional councils and the Crown, to ensure our project aligns with national policies and regional development goals.

## Apple Tree Creek

The Group has continued to work with claims preparations experts in order to finalise its property damages claim in relation to the fire at the Apple Tree Creek in November 2021. The Group's insurance underwriter confirmed indemnity over the claim in February 2022. During the reporting period the Company received an offer of \$2,230,000 as final settlement with a partial payment of \$800,000 received on 3 October 2024 bringing the total funds received under the claim to \$2,200,000. Management is currently working through the settlement offer with its insurance advisors.

Work Health and Safety (WHS) authorities have formally acknowledged the reclassification of the site as a chemical storage facility, reflecting its current use and compliance requirements.

Efforts to relocate or sell assets from the site are ongoing. These activities are being conducted with the aim of maximising value and ensuring efficient management of resources during this transitional period.

## Outlook for 2025

In the latter part of December 2024, the enactment of the *Fast-Track Approvals Act 2024* marked a significant milestone for FORESTA, reinforcing the importance of our flagship project to New Zealand's energy security as one of 149 key initiatives selected under this groundbreaking new legislation. Combined with our exclusive technology agreement with E3 Carbon and strong government support, we are well-positioned for a strong 2025.

Securing funding remains critical and we are actively exploring a range of investment options, including private equity investment, debt financing and government grants, to drive progress.

This year, our focus is on breaking ground while identifying short to medium-term revenue opportunities and capitalising on low-hanging fruit to generate early returns and build momentum for long-term growth.

## Events arising since the end of the reporting period

Since 31 December 2024, no matters have arisen which may significantly affect the operations of the Group, other than as follows:

- On 6 February 2025, the remaining noteholder converted the 7,500,000 notes and accrued interest of \$2,876 into 7,787,671 fully paid ordinary shares and 7,787,671 unlisted options with an exercise price of \$0.02 on or before 6 February 2026.
- On 24 January 2025, shareholders approved the placement of 16,000,000 ordinary shares to current directors at a value of \$80,000. Each share also had a free-attaching option with an expiry date of 6 February 2027, that can be exercised at \$0.02 per option.

## Rounding of amounts

The Company is of a kind referred to in Corporations Instrument referred to in ASIC Legislative Instrument 2016/91, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

## Directors' authorisation

This report is made in accordance with a resolution of the Board of Directors and is signed by authority for and on behalf of the directors.



**Henry Cheng**

Chairman

28 February 2025



**Maurice Fabiani**

Director

28 February 2025

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## Auditor's Independence Declaration



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### DECLARATION OF INDEPENDENCE BY R J LIDDELL TO THE DIRECTORS OF FORESTA GROUP HOLDINGS LIMITED

As lead auditor for the review of Foresta Group Holdings Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Foresta Group Holdings Limited and the entities it controlled during the period.



**R J Liddell**

Director

**BDO Audit Pty Ltd**

Brisbane, 28 February 2025

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 31 December 2024

	Notes	31-Dec 2024 \$	31-Dec 2023 \$
<b>Revenue</b>			
Interest Income		-	1,036
Gain / (loss) on disposal of assets		168,086	(4,844)
Other income		-	35,532
<b>Expenses</b>			
Operational expenses		(49,950)	(96,275)
Depreciation and amortisation		(50,517)	(158,508)
Employee and consultant expenses		(1,413,658)	(1,548,289)
Corporate compliance expenses		(87,351)	(78,833)
Other expenses		(142,036)	(378,417)
Finance costs		(174,526)	(114,636)
Foreign currency loss		(16,406)	(44,356)
<b>Loss before income tax</b>		<b>(1,766,358)</b>	<b>(2,387,590)</b>
Income tax benefit		-	-
<b>Loss for the period</b>		<b>(1,766,358)</b>	<b>(2,387,590)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(1,766,358)</b>	<b>(2,387,590)</b>
<b>Earnings Per Share from Continuing Operations</b>		<b>Cents</b>	<b>Cents</b>
Basic loss per share	7	(0.07)	(0.11)
Diluted loss per share	7	(0.07)	(0.11)

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	31-Dec 2024 \$	30-Jun 2024 \$
<b>Current Assets</b>			
Cash and cash equivalents		598,440	185,748
Trade and other receivables	8	1,488,213	2,307,361
Inventories		-	3,303
Other current assets		23,145	71,403
Non-current assets held for sale		-	124,492
<b>Total Current Assets</b>		<b>2,109,798</b>	<b>2,692,307</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	1,183,375	938,487
Right-of-use assets		67,618	92,975
Other non-current assets		37,813	37,899
<b>Total Non-Current Assets</b>		<b>1,288,806</b>	<b>1,069,361</b>
<b>Total Assets</b>		<b>3,398,604</b>	<b>3,761,668</b>
<b>Current Liabilities</b>			
Trade and other payables		281,349	497,578
Borrowings – other loans	10	22,493	45,233
Lease liability		196,447	127,766
Provisions		107,402	160,364
Liabilities directly associated with non-current assets held for sale		-	72,561
<b>Total Current Liabilities</b>		<b>607,691</b>	<b>903,502</b>
<b>Non-Current Liabilities</b>			
Borrowings	10	116,791	85,312
Lease Liability		1,041,511	1,129,131
Provisions		18,363	52,910
<b>Total Non-Current Liabilities</b>		<b>1,176,665</b>	<b>1,267,353</b>
<b>Total Liabilities</b>		<b>1,784,356</b>	<b>2,170,855</b>
<b>Net Assets</b>		<b>1,614,248</b>	<b>1,590,813</b>
<b>Equity</b>			
Issued capital	11	37,075,549	35,462,635
Reserves	12	1,548,500	1,371,621
Accumulated losses		(37,009,801)	(35,243,443)
<b>Total Equity</b>		<b>1,614,248</b>	<b>1,590,813</b>

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2024

	Issued Capital	Accumulated Losses	Convertible Note Reserve	Share Based Payment Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2023	32,406,009	(25,593,298)	-	1,185,296	7,998,007
Loss for the period	-	(2,387,590)	-	-	(2,387,590)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(2,387,590)	-	-	(2,387,590)
Shares issued	2,382,508	-	-	-	2,382,508
Share issue transaction costs	(115,880)	-	-	-	(115,880)
Total transactions with owners	2,266,628	-	-	-	2,266,628
Balance at 31 December 2023	34,672,637	(27,980,888)	-	1,185,296	7,877,045
Balance at 1 July 2024	35,462,635	(35,243,443)	-	1,371,621	1,590,813
Loss for the period	-	(1,766,358)	-	-	(1,766,358)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(1,766,358)	-	-	(1,766,358)
Shares issued	1,150,000	-	-	-	1,150,000
Share issue transaction costs	(18,600)	-	-	-	(18,600)
Issue of convertible notes	-	-	336,019	-	336,019
Shares issued - convertible notes	481,514	-	(159,140)	-	322,374
Total transactions with owners	1,612,914	-	176,879	-	1,789,793
Balance at 31 December 2024	37,075,549	(37,009,801)	176,879	1,371,621	1,614,248

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 December 2024

	Notes	31-Dec 2024 \$	31-Dec 2023 \$
<b>Net cash flows from operating activities</b>			
Receipts from customers		-	49,356
Other income		-	100,000
Payments to suppliers & employees		(1,868,280)	(2,111,899)
Interest received		-	1,037
Interest Paid		(39,587)	(97,004)
<b>Net cash used in operating activities</b>		<b>(1,907,867)</b>	<b>(2,058,510)</b>
<b>Cash flows from investing activities</b>			
Insurance recoveries		800,000	-
Payment for plant & equipment		(205,171)	(358,409)
Receipts on sale of plant & equipment		168,086	87,836
<b>Net cash provided by investing activities</b>		<b>762,915</b>	<b>(270,573)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	11	1,150,000	2,332,508
Share issue transaction costs	11	(18,600)	(115,880)
Proceeds from issue of convertible notes	10	575,000	-
Proceeds from borrowings		-	89,136
Repayment of principal portion of borrowings		-	(440,641)
Payment of principal portion of lease payments		(123,832)	(85,610)
<b>Net cash provided by (used in) financing activities</b>		<b>1,582,568</b>	<b>1,779,513</b>
Net increase in cash and cash equivalents		437,616	(549,570)
Foreign exchange losses		(24,924)	(8,959)
Cash and cash equivalents at the beginning of the period		185,748	1,439,583
<b>Cash and cash equivalents at the end of the period</b>		<b>598,440</b>	<b>881,054</b>

The accompanying notes form part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. Nature of operations

The principal activities included detailed formulation of technical and operations aspects for the construction of a commercial pine chemicals and wood pellet production facility in New Zealand, and research and development of environmentally sustainable methods of extracting wood chemicals on an industrial level.

## 2. General information and basis of preparation

Foresta Group Holdings Limited is a company limited by shares, incorporated and domiciled in Australia and is a for-profit entity for the purposes of preparing the financial statements.

The half-year financial statements for the consolidated entity, which consists of Foresta Group Holdings Limited and its subsidiaries (together referred to as the Group) for the half-year ended 31 December 2024 were authorised for issue by the Board of Directors on 28 February 2025. The directors have the power to amend and reissue the financial statements.

The half-year financial statements are general purpose financial statements that:

- have been prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standard AASB134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'
- include the assets and liabilities of all the subsidiaries of the Company as at 31 December 2024 and the results of the subsidiaries for the half-year then ended. Inter-entity transactions with, or between, subsidiaries are eliminated in full on consolidation
- have been prepared on a historical cost basis
- are measured and presented in Australian dollars, which is Foresta Group Holdings Limited's functional and presentation currency, with all values rounded to the nearest dollar unless otherwise stated, in accordance with ASIC Legislative Instrument 2016/191.

The half-year financial statements do not include all of the information required for full-year financial statements. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 June 2024 and any public announcements made by the Group during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Group's accounting policies have been consistently applied to all period present, unless otherwise stated.

Unless otherwise stated, comparative period balances have not been restated.

## 3. Going Concern

The financial statements have been prepared on a going concern basis, reflecting the expectation that the Group will continue its normal business operations and successfully realise its assets while discharging its liabilities in the ordinary course of business.

In the half-year ending 31 December 2024, the Group incurred a loss before income tax of \$1,766,358 (2023: \$2,387,590) and negative cash flows from operating activities were recorded at \$1,907,867 (2023: negative \$2,058,510).

The ongoing operation of the Group is dependent upon:

- The Group raising additional funding from shareholders or other parties; and/or
- The Group reducing expenditure in line with available funding.

These conditions, particularly in conjunction with the challenges faced in revenue generation, give rise to a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Despite these challenges, the Group remains committed to its strategic goals, particularly the establishment of the New Zealand factory, and is optimistic about achieving these objectives within the next 12 months and beyond. To address immediate financial obligations, the Group has undertaken the following:

- Successfully executed a convertible note agreement to receive \$2,000,000 on or around 31 March 2025.
- Received an offer of \$2,230,000 as final settlement in relation to its ongoing insurance claim in connection with assets damaged in the Apple Tree Creek incident, with a partial payment of \$800,000 received on 3 October 2024. Management is currently working through the settlement offer with its insurance advisors.
- Undertaken a process of divesting assets related to the Apple Tree Creek site and exiting its lease agreement for the facility, a strategy intended to reduce debt and generate essential liquidity.

Securing funding for the construction of the New Zealand factory is also a priority. The Group has presented its comprehensive business plan to the New Zealand government and international investors and is engaged in exploratory discussions with financial institutions and investors to secure a combination of equity and debt financing.

Based on the financial injection scheduled for March 2025 and the range of other strategies and discussions with project funding providers, the Group remains confident that it will be able to fulfil its obligations. Management has determined that the going concern basis of accounting remains appropriate for the 31 December 2024 half-year financial reports. However, it's acknowledged that while the probability of raising future capital is high, there remains an inherent degree of uncertainty concerning the Group's ability to secure adequate capital or insurance recoveries, which could cast doubt over its ability to fulfil its commitments. Consequently, a material uncertainty is recognised regarding the Group's ability to sustain itself as a going concern. No adjustments have been made in the 31 December 2024 half-year report relating to the recoverability and classification of recorded asset amounts and classification of liabilities, which may become necessary should the Group's ability to continue as a going concern be compromised.

#### **4. New or amended Accounting Standards and Interpretation adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current period. This has not had a significant impact on the half-year report.

#### **5. Estimates**

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2024.

## 6. Segment information

The group has only one operating segment, being the production of wood chemicals, based on the information provided to the chief operating decision makers. Therefore, the results are the same as the consolidated entry and have not been repeated.

## 7. Earnings per share

Reconciliation of earnings used in calculating earnings per share	31 Dec 2024 \$	31 Dec 2023 \$
Loss attributable to the parent entity used in the calculation of basic and dilutive EPS	(1,766,358)	(2,387,590)
Loss attributable to the parent entity	(1,766,358)	(2,387,590)
<b>Weighted average number of ordinary shares</b>	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,395,547,382	2,137,216,902
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per shares	2,395,547,382	2,137,216,902
Loss per share and Diluted loss per share (cents)	(0.07)	(0.11)

### Calculation of dilutive EPS

As at 31 December 2024 there are 750,546,076 (31 December 2023: 476,398,849) unlisted options on issue which were not included in the calculation of diluted earnings per share due to being anti-dilutive.

All equity instruments described could potentially dilute basic earnings per share in the future.

## 8. Current assets – trade and other receivables

Consolidated	31-Dec 2024 \$	30-Jun 2024 \$
Insurance receivable	1,430,634	2,230,000
GST receivable	57,579	77,361
<b>Total trade and other receivables</b>	<b>1,488,213</b>	<b>2,307,361</b>

## 9. Non-current assets – property, plant and equipment

Property, plant and equipment are included in the accounts, at cost, on the following basis:

	Plant & Equipment \$	Motor Vehicles \$	Work in progress \$	Total \$
Cost	50,669	354,312	612,597	1,017,578
Accumulated depreciation	(11,716)	(67,375)	-	(79,091)
Closing balance at 30 June 2024	38,953	286,937	612,597	938,487
Cost	170,314	354,312	762,999	1,287,625
Accumulated depreciation	(17,007)	(87,243)	-	(104,250)
Closing balance at 31 December 2024	153,307	267,069	762,999	1,183,375

Movement in the carrying amounts for each class of property, plant and equipment between:

	Plant & Equipment \$	Motor Vehicles \$	Work in progress \$	Total \$
Opening written down value 1 July 2024	38,953	286,937	612,597	938,487
Additions	3,650	-	150,402	154,052
Disposals	-	-	-	-
Depreciation	(5,291)	(19,868)	-	(25,159)
Reclassification from assets held for sale	115,995	-	-	115,995
Closing written down value at 31 December 2024	153,307	267,069	762,999	1,183,375

## 10. Borrowings

Borrowings for the current period consist of the following:

### Current liabilities:

	31-Dec 2024	30-Jun 2024
Consolidated	\$	\$
Vehicle finance	14,496	13,861
Insurance premium funding	7,997	31,372
<b>Current borrowings</b>	<b>22,493</b>	<b>45,233</b>

### Non-current liabilities:

	31-Dec 2024	30-Jun 2024
Consolidated	\$	\$
Vehicle finance	77,244	85,312
Convertible Notes (a)	39,547	-
<b>Non-current borrowings</b>	<b>116,791</b>	<b>85,312</b>

#### (a) Convertible Notes

During the period the Company entered into the following convertible note agreements:

##### i) Convertible Note A

- Issue date: 31 July 2024
- Total amount raised: \$500,000
- Issue price: Face value of \$0.01 per convertible note
- Convertible notes issued: 50,000,000
- Interest rate: 10% per annum capitalised annually and payable upon conversion or redemption. The interest amount can be settled on the same terms as the convertible notes.
- Maturity date: The earlier to occur of the completion of a future capital raising and 31 July 2025.
- Security: The convertible notes are unsecured.
- Conversion: The convertible notes may be converted, subject to shareholder approval, at the sole discretion of the noteholder.
- Conversion price: \$0.01 per share. For every share issued at conversion, the subscriber will receive, subject to shareholder approval, one free attaching unlisted option exercisable at \$0.02 on the date that is one year from the date of issue.

Following shareholder approval at the 29 November 2024 AGM, the noteholder elected to convert the 50,000,000 notes and accrued interest of \$17,397 into 51,739,726 fully paid ordinary shares and 51,739,726 unlisted options with an exercise price of \$0.02 on or before 4 December 2025.

ii) Convertible Note B

- Issue date: 12 September 2024
- Total amount raised: \$75,000
- Issue price: Face value of \$0.01 per convertible notes
- Convertible notes issued: 7,500,000
- Interest rate: 10% per annum capitalised annually and payable upon conversion or redemption. The interest amount can be settled on the same terms as the convertible notes.
- Maturity date: 12 September 2027.
- Security: The convertible notes are secured against all present and after acquired property of the Company.
- Conversion: The convertible notes may be converted at the sole discretion of the noteholder.
- Conversion price: \$0.01 per share. For every share issued at conversion, the subscriber will receive one free attaching unlisted option exercisable at \$0.02 on the date that is one year from the date of issue.

Subsequent to the financial period the noteholder converted the 7,500,000 notes and accrued interest of \$4,406 into 7,787,671 fully paid ordinary shares and 7,787,671 unlisted options with an exercise price of \$0.02 on or before 6 February 2026.

**Reconciliation of convertible notes**

Consolidated	Convertible Note A \$	Convertible Note B \$	Total \$
Opening balance 1 July 2024	-	-	-
Face value of notes issued	500,000	75,000	575,000
Equity component – conversion feature	(159,140)	(20,432)	(179,572)
Equity component – options	(137,020)	(19,427)	(156,447)
Effective interest expense	118,534	4,406	122,940
Value of notes and accrued interest converted to shares	(322,374)	-	(322,374)
Closing balance 31 December 2024	-	39,547	39,547

## 11. Equity – issued capital

### Fully paid ordinary shares

The current issued share capital of Foresta Group Holdings Limited consists only of fully paid ordinary shares; the shares do not have a par value. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Group, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

	31 Dec 2024 Number	31 Dec 2024 \$
<b>Movements in ordinary share capital</b>		
Balance at beginning of financial year	2,355,379,053	35,462,635
Shares issued (a)	8,000,000	80,000
Shares issued (b)	214,000,000	1,070,000
Shares issued (c)	51,739,726	481,514
Transaction costs	-	(18,600)
<b>Total contributed equity</b>	<b>2,629,118,779</b>	<b>37,075,549</b>

Notes for the above table, relating to the half year ended 31 December 2024, are:

- (a) On 4 December 2024, shareholders approved the placement of 8,000,000 ordinary shares to current directors at a value of \$80,000.
- (b) On 4 December 2024, the Company issued 214,000,000 ordinary shares at \$0.005 per share raising \$1,070,000. Each share also had a free-attaching option with an expiry date of 4 December 2026, that can be exercised at \$0.02 per option.
- (c) On 4 December 2024, the Company issued 51,739,726 ordinary shares following the conversion of 50,000,000 convertible notes and accrued interest to the date of conversion. Each issued share had an attaching option with expiry date of 4 December 2025, that can be exercised at \$0.02 per option.

### Options

The movement in share options is detailed below:

	31-Dec 2024 Number	30-Jun 2024 Number
<b>Consolidated</b>		
Outstanding at the beginning of the period	484,806,350	403,212,987
Granted during the period	265,739,726	198,056,350
Exercised during the period	-	-
Expired during the period	-	(116,462,987)
Forfeited during the period	-	-
<b>Outstanding at the end of the period</b>	<b>750,546,076</b>	<b>484,806,350</b>

The outstanding balance of options as at 31 December 2024 is represented below:

Grant Date	Expiry Date	Exercise Price	Share options 31 Dec 2024 Number	Share options 30 Jun 2024 Number
17 February 2020	1 March 2025	\$0.023	24,750,000	24,750,000
5 May 2022	30 June 2025	\$0.040	10,000,000	10,000,000
5 April 2023	31 December 2025	\$0.045	42,000,000	42,000,000
15 June 2023	31 December 2025	\$0.045	210,000,000	210,000,000
16 October 2023	16 October 2025	\$0.020	182,039,234	182,039,234
1 December 2023	1 December 2025	\$0.020	5,384,616	5,384,616
20 May 2024	20 May 2027	\$0.020	10,632,500	10,632,500
4 December 2024	4 December 2025	\$0.020	51,739,726	-
4 December 2024	4 December 2026	\$0.020	214,000,000	-
<b>Total</b>			<b>750,546,076</b>	<b>484,806,350</b>

## 12. Equity – reserves

	31-Dec 2024 \$	30-Jun 2024 \$
<b>Share based payments reserve</b>		
Movements:		
Balance at beginning of the period	1,371,621	1,185,296
Share-based payment expense	-	186,325
<b>Balance at the end of the financial year</b>	<b>1,371,621</b>	<b>1,371,621</b>
<b>Convertible note reserve</b>		
Movements:		
Balance at beginning of the period	-	-
Convertible notes – conversion feature (refer note 10)	179,572	-
Convertible notes – options (refer note 10)	156,447	-
Convertible notes – conversion to shares (refer note 11)	(159,140)	-
<b>Balance at the end of the financial year</b>	<b>176,879</b>	<b>-</b>
<b>Total Equity – reserves balance</b>	<b>1,548,500</b>	<b>1,371,621</b>



### 13. Contingent assets, commitments, and contingent liabilities

#### Contingent Liabilities

##### Legal Proceedings from the Office of Work Health and Safety Prosecutor (OWHSP)

On 24 November 2023 the Group announced that the OWHSP had brought a claim and served a summons, statement of fact and complaint on the Company for an offence under section 32 of the Work Health and Safety Act 2011, following an investigation from Work Health and Safety Queensland. The investigation relates to the events on 12 November 2021 at the Group's facility in Apple Tree Creek, Queensland.

The maximum financial penalty to the Group is approximately \$1,500,000 (15,000 penalty units). The Court is currently conducting their review of all relevant information, and the Group will inform the public when the matter has been settled.

##### Public Liability Claim

The contractor that was injured during the explosion at the Apple Tree Creek plant on 12 November 2021 has lodged a liability claim against the Group for medical costs incurred as a result of the injury. The claim is currently administrated on behalf of the Group by the Group's public liability insurer. The Group has insurance cover which is expected to cover any potential claim in full.

### 14. Related party transactions

During the half-year ended 31 December 2024, Foresta Group Holdings Limited entered into a convertible note agreement with SWAT7D Pty Ltd, an entity associated with Director Russell Allen. The terms of the convertible note agreement are included in note 10 (a)(i).

The agreement is based on normal commercial terms and conditions.

### 15. Events subsequent to reporting date

Since 31 December 2024, no matters have arisen which may significantly affect the operations of the Group, other than as follows:

- On 6 February 2025, the remaining noteholder converted the 7,500,000 notes and accrued interest of \$2,876 into 7,787,671 fully paid ordinary shares and 7,787,671 unlisted options with an exercise price of \$0.02 on or before 6 February 2026.
- On 24 January 2025, shareholders approved the placement of 16,000,000 ordinary shares to current directors at a value of \$80,000. Each share also had a free-attaching option with an expiry date of 6 February 2027, that can be exercised at \$0.02 per option.


## DIRECTORS' DECLARATION

In the opinion of the directors of Foresta Group Holdings Limited:

- (a) the consolidated financial statements and notes of Foresta Group Holdings Limited for the half year ended 31 December 2024 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of its financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that Foresta Group Holdings Limited will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the half-year ended 31 December 2024.

This report is made in accordance with a resolution of the Board of Directors and is signed by authority for on behalf of the Directors.



Henry Cheng

Chairman

28 February 2025

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Foresta Group Holdings Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Foresta Group Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

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

- i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

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

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

#### Material uncertainty relating to going concern

We draw attention to Note 3 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

### Responsibility of the directors for the financial report

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

### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

**BDO Audit Pty Ltd**



**R J Liddell**  
Director

Brisbane, 28 February 2025

## Corporate Directory

Board of Directors:	Mr Pai-Heng (Henry) Cheng Dr Maurizio (Maurice) Fabiani Mr Russell Wayne Allen
Company Secretary:	Mr Mark Licciardo
Registered Office and Principal Place of Business:	Level 7, 330 Collins Street Melbourne VIC 3000 Australia
Auditors:	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 Australia
Stock Exchange:	Foresta Group Holdings Limited shares are listed on the Australian Securities Exchange (ASX)
Bankers:	Westpac Banking Corporation 260 Queen Street Brisbane QLD 4000 Australia  Australia and New Zealand Banking Group Limited 388 Collins Street Melbourne VIC 3000 Australia
Share Registry:	MUFG Pension & Market Services Level 10, Tower 4, 727 Collins Street Melbourne VIC 3000 Australia
Solicitors:	Steinepreis Paganin Level 6, 99 William Street Melbourne VIC 3000 Australia
ASX Code:	FGH
Website:	<a href="http://www.forestagroup.com.au">www.forestagroup.com.au</a>

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