Appendix 4E
Full Year Report for 30 June 2021

Name of entity: Murray River Organics Group Limited	
ABN 46 614 651 473	

Reporting period

Report for the financial year ended 30 June 2021
Previous corresponding period is the financial year ended 30 June 2020

Results for announcement to the market
(All amounts in this report are expressed in $'000 unless otherwise stated)

Revenue from continuing ordinary activities	down	11.88%	to 42,603
Loss from continuing ordinary activities after tax	down	44.60%	to (21,647)
Loss from continuing ordinary activities after tax attributable to members	down	44.60%	to (21,647)

Supplementary Comments

Refer to the attached financial report for the year ended 30 June 2021 for an explanation of the above figures, with emphasis on Note 2 in the Financial Report regarding the Directors' assessment of preparing the accounts on a going concern basis.

Ernst & Young (EY) are in the process of completing the audit of Murray River Organics Group Limited. The audit report is expected to include an emphasis of matter in relation to material uncertainty regarding the ability to continue as a going concern.

Dividends

No dividends were paid in FY21 and FY20.

Net tangible assets per security

	Current period Dollars per Share (1)	Previous corresponding period Dollars per Share
Net tangible asset backing per ordinary security (2)	$0.00	$0.01

(1) During the year ended 30 June 2021 the Company undertook a consolidation of capital on a 50 for 1 basis

Events subsequent to reporting date

Subsequent to 30 June 2021 the Company settled the property assets (comprising property, plant and equipment) held for sale at 30 June 2021 relating to the Mourquong Processing site and the Wargan, Merbein farm. Proceeds of $7.75m were received on 27 August 2021 for the property assets.

As of 30 June 2021, the Group was in breach of its Net Tangible Asset (NTA) financial covenant with its NAB banking facility. The NAB granted a waiver of the NTA covenant on 31 August 2021.

Murray River Organics Group Limited
ABN 46 614 651 473

Financial report for the year ended 30 June 2021

Contents

Commentary on Results

Over the past 12 months the Group has continued its extensive transformation process to restructure its farm operations, develop and build our retail brands and improve operating efficiencies in order to deliver long-term value for our shareholders.

The Group completed the sale of a number of farming properties during the year and completed the sale of its Wargan and Mourquong properties on 27 August 2021.

During the year we have continued to launch new Murray River Organics (MRO) branded products while expanding our export offer with partnerships in Asia, Europe and other key international markets.

On our owned farming assets, we have continued to remediate existing vineyards while exploring partnerships to exit farm ownership with long term fruit offtake arrangements. During the year $22.5m of asset sales was secured with proceeds used to reduce debt.

FY21 was not without its challenges with disappointing farms yields although they were up 28% on the prior year.

Farming Operations

The Murray River Organics farming portfolio continues its turnaround program, with the exiting of further farms and crops namely the properties at Nanglioc, Gol Gol and Fifth Street with table grape, wine and citrus plantings. In addition to this strategy, non-core dried vine fruit varieties were taken out of production including diamond muscats and gordo raisin.

The removal and sale of redundant farm machinery has also begun and will continue into FY22.

Changes to farm and agronomy management in FY22 will see a renewed focus on getting the basics right with nutrition, water and weed control being the key to delivery of continued improvements in yield.

The Group has also developed and implemented a new web-based farm management system to better monitor the farm activities. A clear picture of vine health and age is also now available across varieties, all of which, along with the good cane growth seen, should positively impact the FY22 harvest

Financial performance

	FY21 (i)	FY20 (i)	Change	
	$'000	$'000	$'000	%
Net sales revenue	42,603	48,349	(5,746)	(11.9%)
Underlying EBITDA excluding SGARA and AASB16 impact(ii)	(11,726)	(10,269)	(1,457)	(14.2%)
Depreciation	(3,619)	(4,927)	1,308	26.5%
Underlying EBIT excluding SGARA(iii) and AASB16 impact(ii)	(15,345)	(15,196)	(149)	(1.0%)
Finance Costs	(2,772)	(3,654)	882	24.1%
Reported loss after tax	(21,647)	(39,074)	17,427	44.6%
Working capital (iv)	14,491	19,610	(5,119)	(26.1%)
Net debt (v)	40,132	41,081	(949)	2.3%

(i) Unaudited non-IFRS financial table

(ii) EBITDA (Earnings Before Interest, Tax, Depreciation and Impairment)

(iii) EBIT (Earnings Before Interest and Tax)

(iv) Trade receivables and inventory less trade and other payables

(v) Net borrowings

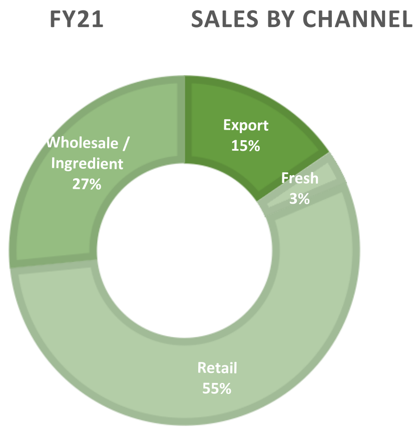
(vi) Net bank debt divided by total equity

Refer to "Explanation of certain non-International Financial Reporting Standards (IFRS) financial measures"

Sales overview

- The company achieved net sales of $42.603 million, down 11.9% on last year,
- Gross sales for National Retail were $24.515m, 15% lower than last year primarily driven by reduction in revenues from private label packing contracts.
- Sales for Wholesale & Ingredients grew by 20% despite some supply disruptions.
- Sales for Export grew by 14% with COVID-19 continuing to impact with country restrictions and closures experienced across all major export markets.
- Sales of Fresh were down 75% following the sale of the Fifth Street (Fresh Table Grapes), Gol Gol (citrus) and Nangiloc (citrus and wine) farms

- **Sales breakdown**
- National Retail – MRG products sold in supermarkets and specialty retail under both Murray River Organics' own brands and private label Australian supermarkets and specialty retailers accounted for approximately 55% of sales revenue;
- Export represents 15% of sales;
- Wholesale and Ingredients (including Bulk Retail) business represent 27% of sales: and
- Fresh included citrus representing 3% of total sales which prior to being exited during FY21



Farm harvest 2021

Our dried vine fruit harvest yielded 833 tonnes, which was an increase of 182 tonnes on the previous year.

The improved yield was however below the forecasted yields due to some poor agronomy decisions on certain varieties and issues with water delivery at key growth stages. Despite these challenges, several Murray River Organics farms continue to produce promising yields per hectare.

The farming team implemented a harvest program to follow industry best practice timings and MRG's new agronomy and irrigation program implemented this season is expected to result in significantly improved yield performance for dried vine fruit next season as evidenced by the increased cane growth we are observing.

Total dried vine fruit from third-party growers was 824 tonnes, 861 tonnes lower than last season. This reduction was due to a significant rain weather event in a specific area of the Sunraysia region which resulted in our largest third party farm unable to deliver a crop. When removing this farm, the overall third party was slightly up on the previous year.

The Company recorded a fair value loss on agricultural produce (referred to as "self generating and regenerating assets" or "SGARA") of $2.571 million.

Other financial performance

	FY21 (i)	FY20 (i)	Change	
	$'000	$'000	$'000	%
Reported loss after tax	(21,647)	(39,074)	17,427	44.6%
Operating lease expense (prior to adoption of AASB16)	(716)	(895)	179	20.0%
Finance costs	2,772	3,654	(882)	24.1%
EBIT-L (loss)	(19,591)	(36,315)	16,725	46.1%
Significant items				
Revaluation loss on properties and assets held for sale	845	3,157	(2,312)	73.2%
Loss on disposal of properties	248	11,739	(11,491)	97.9%
Impairment of bearer plants	-	696	(696)	100.0%
Business restructuring costs	582	258	324	(125.6%)
Underlying EBIT-L (loss)	(17,916)	(20,465)	2,549	12.5%
Less SGARA loss	2,571	5,269	(2,698)	51.2%
Underlying EBIT-SL (loss)	(15,345)	(15,196)	(149)	(1.0%)
Depreciation and amortisation	3,619	4,927	(1,308)	26.5%
Underlying EBITDA-SL (loss)	(11,726)	(10,269)	(1,457)	(14.2%)

(i) Unaudited non-IFRS financial table

NMF means Not a Meaningful Figure

Refer to "Explanation of certain non-International Financial Reporting Standards (IFRS) financial measures"

- The Company incurred a net loss of $21.647 million (2020: loss of $39.074m) and net cash outflows from operating activities of $9.529 million (2020: net cash outflow of $15.423m)
- The Company recorded a fair value loss on agricultural produce ("SGARA") of $2.571 million (2020: loss of $5.269m).

Cash flow and capital management

Summary of statement of cashflows	FY21	FY20	Change	
	$'000	$'000	$'000	%
Net cash used in operating activities	(9,529)	(15,423)	5,894	(38.2%)
Net cash from/(used in) investing activities	11,117	(3,692)	14,809	(401.1%)
Net cash (used in)/from financing activities	(1,897)	19,030	(20,927)	(110.0%)
Net increase in cash and cash equivalents	**(309)**	**(85)**	**(224)**	**263.5%**
Cash and cash equivalents at the beginning of the year	1,129	1,214	(85)	(7.0%)
Cash and cash equivalents at the end of the year	**820**	**1,129**	**(309)**	**(27.4%)**

- Cash flows from "operating activities" for the year were negative $9.529 million, which despite the difficult trading conditions was a significant improvement on the prior year. The improved operating cashflows reflect a reduced level of working capital, reduced farming costs and other savings in the cost of doing business.

	FY21 (i)	FY20 (i)	Change	
Working Capital	$'000	$'000	$'000	%
Trade and other receivables	8,177	6,151	2,026	32.9%
Inventories	11,730	20,789	(9,059)	(43.6%)
Trade and other payables	(5,416)	(7,330)	1,914	(26.1%)
Working Capital	14,491	19,610	(5,119)	(26.1%)
Agricultural produce	422	1,743	(1,321)	(75.8%)
Working Capital incl Agricultural produce	14,913	21,353	(6,440)	(30.2%)

(i) Unaudited non-IFRS financial table

- Working capital (trade and other receivables, inventories and trade and other payables) reduced by $5.119 million driven by reduced inventories. Agricultural produce reduced by $1.321 million driven by the exit of fresh fruit farms. Other receivables include $4.0 million proceeds receivable from the sale of farm assets.
- Net debt was $40.132 million (2020: $41.081 million). The Group has continued to draw on its facilities to execute its turnaround and growth plans.

- On 3 March 2021, the Company reached an agreement with its financier in relation to amendments to its Banking Facilities. The amended Banking Facilities were extended to 31 October 2022 and provides the Company with a term loan facility of $40.000 million subject to principal repayments on the term loan facility upon the sale of farm assets. During the year $10.2 million was repaid from the proceeds of farm asset sales and further $12.000 million is expected to be repaid in the first quarter of FY22 following settlement of the Nangiloc, Wargan and Mouquong properties.

- The Group is required to maintain compliance with certain financial covenants related to agreed Minimum Underlying EBITDA-S and Net Tangible Assets measures. The Company was in breach of its covenants at 30 June 2021. The company's financier granted a waiver following the breach. Following the breach, the company is required to record its debt facility as current until a waiver is granted. The company was granted a waiver on 31 August 2021 which reconfirmed the facility repayment date of 31 October 2022, with a minimum repayment of $10.000 million by 30 April 2022.

Explanation of certain non-International Financial Reporting Standards (IFRS) financial measures

Please be aware that certain information included in this report is considered ‘non-IFRS financial information’ under Regulatory Guide 230 ‘Disclosing non-IFRS financial information’ published by ASIC. The Company believes that these non-IFRS financial measures provide useful information to readers in measuring the financial performance and condition of the Company. As non-IFRS financial measures are not defined under Australian Accounting Standards (“AAS”) or International Financial Reporting Standards (“IFRS”), these do not have a prescribed meaning. Therefore, the way in which the Company calculates these measures may be different to the way other companies calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non-IFRS financial measures.

In particular, the following unaudited non-IFRS financial measures are included in this report:

1. **Net Debt**
    - Net Debt, represents total borrowings less cash and cash equivalents.

2. **EBIT-L**
    - EBIT-L, represents earnings or losses before interest, tax, excluding the impact of AASB 16 *Leases*.

3. **Underlying EBIT-SL**
    - Underlying EBIT-SL, represents earnings or losses before interest, tax, and before the fair value gain or loss on Self-Generating and Regenerating Assets (“SGARA” or biological assets), excluding the impact of AASB 16 *Leases*, and excluding significant items as agreed with the Company’s financier.

4. **EBIT-SL**
    - EBIT-SL, represents earnings or losses before interest, tax, and before the fair value gain or loss on Self-Generating and Regenerating Assets (“SGARA” or biological assets), excluding the impact of AASB 16 *Leases*.

5. **Underlying EBITDA-SL**
    - Underlying EBITDA-SL, represents earnings or losses before interest, tax, depreciation, amortisation, impairment and before the fair value gain or loss on Self-Generating and Regenerating Assets (“SGARA” or biological assets), excluding the impact of AASB 16 *Leases*, and excluding significant items as agreed with the Company’s financier.

6. **EBITDA-SL**
    - EBITDA-SL represents earnings or losses before interest, tax, depreciation, amortisation, impairment and before the fair value gain or loss on Agricultural Produce (SGARA), excluding the impact of AASB 16 *Leases*.

7. **Net Tangible Assets (NTA)**
    - Net Tangible Assets represents total assets less intangible assets less total liabilities (excluding deferred tax liabilities) less deferred tax assets, excluding the impact of AASB 16 *Leases*.

Changes in the state of affairs

During the financial year there were no significant changes in the state of affairs of the Group, other than as referred to in this Financial Report.

Subsequent events

Subsequent to 30 June 2021 the Company settled the property assets (comprising property, plant and equipment) held for sale at 30 June 2021 relating to the Mourquong Processing site and the Wargan, Merbein farm. Proceeds of $7.75m were received on 27 August 2021 for the property assets.

As of 30 June 2021, the Group was in breach of its Net Tangible Asset (NTA) financial covenant with its NAB banking facility. The NAB granted a waiver of the NTA covenant on 31 August 2021.

Environmental regulation

The entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Murray River Organics is certified by Australian Certified Organic (certificate number 11486).

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Revenue	4a	42,603	48,349
Other income	4b	620	463
Fair value loss from agricultural produce	8	(2,571)	(5,269)
Change in finished goods		(3,389)	5,386
Raw materials, consumables used and farming input costs		(35,117)	(46,785)
Administration expense		(1,899)	(1,762)
Selling expenses		(1,384)	(1,465)
Employee benefits expense	5	(7,927)	(8,935)
Depreciation expense	5	(3,619)	(4,927)
Freight out and distribution expenses		(1,684)	(2,086)
Other expense		(2,833)	(2,539)
Finance costs	5	(2,772)	(3,654)
Loss on disposal of properties	12	(248)	(11,739)
Revaluation loss on properties and assets held for sale	5	(845)	(3,157)
Impairment of bearer plants		-	(696)
Business restructuring costs	5	(582)	(258)
Loss for the year		**(21,647)**	**(39,074)**
Attributed to:			
Equity holders of the parent		(21,647)	(39,074)
		(21,647)	**(39,074)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
(Loss) / Gain on revaluation of assets	12	(1,943)	564
Income tax effect of other comprehensive income		-	-
Items that may be reclassified subsequently to profit or loss:			
Net movement in cash flow hedges		378	(400)
Income tax effect of other comprehensive income		-	-
Total other comprehensive income / (loss)		(1,565)	164
Total comprehensive loss for the year		**(23,212)**	**(38,910)**
Attributed to:			
Equity holders of the parent		(23,212)	(38,910)
Basic earnings per share (cents per share)		(49)	(185)[1]
Diluted earnings per share (cents per share)		(49)	(185)[1]

[1] Comparative earnings per share (EPS) have been restated as a result of the share consolidation that took place in FY21, refer to note 17.

Consolidated statement of financial position at 30 June 2021

	Note	2021 $'000	2020 $'000
Current assets			
Cash and cash equivalents	20	820	1,129
Trade and other receivables	6	8,177	6,151
Inventories	7	11,730	20,789
Agricultural produce	8	422	1,743
Other financial assets	9	113	-
Other assets	10	1,626	773
		22,888	**30,585**
Assets held for sale	11	5,603	5,379
Total current assets		**28,491**	**35,964**
Non-current assets			
Property, plant and equipment	12	16,476	35,955
Right-of-use assets	19	2,419	3,014
Total non-current assets		**18,895**	**38,969**
Total assets		**47,386**	**74,933**
Current liabilities			
Trade and other payables	13	5,416	7,330
Borrowings	14	40,952	11,607
Lease liabilities	19	584	543
Provisions	15	441	530
Other financial liabilities		-	303
Total current liabilities		**47,393**	**20,313**
Non-current liabilities			
Borrowings	14	-	30,603
Lease liabilities	19	2,269	2,853
Provisions	15	577	576
Deferred tax liabilities		-	-
Total non-current liabilities		**2,846**	**34,032**
Total liabilities		**50,239**	**54,345**
Net assets		**(2,853)**	**20,588**
Equity			
Contributed equity	17	174,505	174,505
Reserves	18	(40,645)	(38,851)
Accumulated losses		(136,713)	(115,066)
Total equity		**(2,853)**	**20,588**

Consolidated statement of changes in equity for the year ended 30 June 2021

	Contributed equity $'000	Retained earnings/ (Accumulated losses) $'000	Corporate re-organisation reserve $'000	Share-based payments reserve $'000	Asset revaluation reserve $'000	Hedging reserve $'000	Total equity $'000
Balance at 30 June 2019	**150,888**	**(75,766)**	**(47,453)**	**939**	**6,781**	**47**	**35,436**
Balance at 1 July 2019	**150,888**	**(75,766)**	**(47,453)**	**939**	**6,781**	**47**	**35,436**
Impacts of adoption of new accounting standards (i)	-	(226)	-	-	-	-	(226)
Adjusted balance at 1 July 2019	**150,888**	**(75,992)**	**(47,453)**	**939**	**6,781**	**47**	**35,210**
Loss for the year	-	(39,074)	-	-	-	-	(39,074)
Other comprehensive income / (loss)	-	-	-	-	564	(400)	164
Total comprehensive loss for year	**-**	**(39,074)**	**-**	**-**	**564**	**(400)**	**(38,910)**
Issue of shares	26,582	-	-	-	-	-	26,582
Equity raising costs (net of tax)	(2,965)	-	-	-	-	-	(2,965)
Share-based payments	-	-	-	671	-	-	671
Balance at 30 June 2020	**174,505**	**(115,066)**	**(47,453)**	**1,610**	**7,345**	**(353)**	**20,588**
Balance at 1 July 2020	**174,505**	**(115,066)**	**(47,453)**	**1,610**	**7,345**	**(353)**	**20,588**
Loss for the year	-	(21,647)	-	-	-	-	(21,647)
Other comprehensive loss	-	-	-	-	(1,943)	378	(1,565)
Total comprehensive loss	**-**	**(21,647)**	**-**	**-**	**(1,943)**	**378**	**(23,212)**
Issue of shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share-based payments	-	-	-	(229)	-	-	(229)
Balance at 30 June 2021	**174,505**	**(136,713)**	**(47,453)**	**1,381**	**5,402**	**25**	**(2,853)**

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Consolidated statement of cash flows for the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		49,066	58,245
Payments to suppliers and employees		(57,289)	(70,472)
Receipts from government grants		1,203	555
Interest paid		(2,509)	(2,595)
Interest paid – Colignan property lease		-	(1,156)
Net cash used in operating activities	20 (b)	**(9,529)**	**(15,423)**
Cash flows from investing activities			
Payments for property, plant and equipment		(742)	(3,835)
Proceeds from sale of property, plant and equipment		11,859	143
Net cash from/(used in) investing activities		**11,117**	**(3,692)**
Cash flows from financing activities			
Proceeds from borrowings		11,745	11,750
Repayment of borrowings		(11,615)	(10,922)
Repayment of lease liabilities		(544)	(574)
Proceeds from equipment loans		128	73
Repayment of equipment loans		(1,611)	(1,752)
Payments for borrowing costs		-	(259)
Payments for Colignan property lease surrender fee		-	(1,325)
Proceeds from issue of share capital		-	25,004
Payments for transaction costs from issue of share capital		-	(2,965)
Net cash from/(used in) financing activities		**(1,897)**	**19,030**
Net (decrease) in cash and cash equivalents		(309)	(85)
Cash and cash equivalents at the beginning of the year		1,129	1,214
Cash and cash equivalents at the end of the year		**820**	**1,129**

Notes to the financial statements

1. General information

These are the consolidated financial statements of Murray River Organics Group Limited (the "Company"), comprising of the Company and its controlled entities (the "Group").

The Company is a for-profit entity limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

2. Significant accounting policies

Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

These consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations. Compliance with Australian Accounting Standards and Interpretations ensures that the consolidated financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for agricultural produce, certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Going concern basis

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

At the date of this report, the Directors have reviewed the Group's turnaround plan and detailed financial forecasts which assumes continued operating losses for FY22. In developing the forecasts consideration has been given to additional capital management initiatives required to fund the operating losses. These capital management initiatives include raising additional equity and additional working capital facilities in conjunction with its asset sales program and the pursuit of value-accretive acquisitions.

The Group is party to a multi-option banking facility with the National Australia Bank ("NAB banking facility") as detailed in Note 14.

Under the terms of the NAB banking facility, the Group is required to comply with certain undertakings and other obligations which include:

- is in compliance with a financial covenant relating to minimum EBITDA and Net Tangible Asset measures; and

- making principal repayments on the term loan facility to ensure the NAB term facility reduces to $30 million by 30 April 2022, along with any net funds received from asset sales to be used to pay down the bank facility.

The Company was in breach of its NAB banking facility debt covenants as at 30 June 2021. The NAB has granted a waiver of the breaches and the company is confident that funds generated from the recent sale of assets will be sufficient to meet the required principal repayments by 30 April 2022.

The ability of the Group to meet its operational cash requirements and remain within the limits of the NAB banking facility is dependent in part on meeting forecast trading results and cash flows. These forecasts are necessarily based on best-estimate assumptions that may or may not occur as expected and are subject to influences and events outside of the control of the Group including, but not limited to the impact of the COVID-19 pandemic and other events impacting agricultural production.

Subject to the successful execution of the capital management initiatives referred to above and the continued support from the Group's financier and based on the Group's trading and cash flow forecasts, the Directors believe that the going concern basis of preparation of the Financial Report is appropriate.

In the event that the Group is not able to meet its trading and cash flow forecasts, successfully execute the capital management initiatives and fulfil its obligations under the NAB facility there is a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and, therefore, continue its business activities and realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Classifications

Certain classifications have been made in the financial report to ensure that prior year comparative information conforms to the current year presentations.

Accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the "parent entity") and its subsidiaries (referred to as "the Group" in these financial statements) as defined in AASB 10 *Consolidated Financial Statements*.. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the Group are eliminated in full.

(b) Revenue recognition

The Group recognises revenue from the sale of organic and better-for-you food products, including dried vine fruit, fresh produce and variety other dried food products.

Revenue from the sale of goods is recognised when the performance obligation relating to the sale has been satisfied; being the point in time at which control of the goods passes to the customer upon delivery of the goods consistent with the trading terms of the contract with the customer. Contract liabilities arising from revenue received from customers in advance of recognition are disclosed as 'deferred income'.

Revenue is measured based on contracted selling prices, rebates and promotional expenditure. Rebates and promotional expenditure are deducted from the selling price in determining reported revenue. Rebates and promotional expenditure are recognised concurrently with the sale of the related goods and can be variable based on estimated customer purchasing patterns.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Inventories

Inventories purchased from suppliers are valued at the lower of cost and net realisable value. Own grown dried fruit and citrus stocks are measured at fair value less estimated costs to sell at the point of harvest. A fair value adjustment is recognised in profit and loss at the point of harvest. Once harvested, this fruit is measured under AASB 102 *Inventories* at the lower of its fair value at point of harvest less costs to sell and net realisable value. Finished goods include the cost of raw materials, processing and packaging costs and an allocation of overhead costs (depending on the stage of production).

(e) Agricultural produce

Agricultural produce represents any unharvested produce valued in accordance with AASB 141 *Agriculture*. Agricultural produce is measured at their fair value less harvesting and selling costs on initial recognition and at each reporting date. The fair valuation takes into account selling prices and current growing costs, harvest costs, packing costs (if applicable), and selling costs.

Net increments and decrements in the fair value of the growing assets are recognised as income or expense in profit or loss, determined as:

- The difference between the total fair value of the biological assets recognised at the beginning of the reporting period and the total fair value of the biological assets recognised at reporting date.
- Costs incurred in maintaining or enhancing the biological assets.
- The fair value of agricultural produce harvested during the reporting period is measured at their fair value less estimated costs to be incurred up until the time of harvest.

The aggregate gain or loss arising on initial recognition and from changes in fair value less estimated point of sale costs is recognised as income or expense of the period. All of the Group's citrus trees and vines are classified as bearer plants as outlined in Note 2(f).

The new season crop is initially measured at cost, being those costs incurred in readying the biological assets for the future cultivation and harvest. The fair value less costs to sell of the new season crop is not reliably measurable given the immaturity of the crop and uncertainty of the quality and yield of the future harvest at the reporting date.

(f) Property, plant and equipment

Freehold land, buildings and bearer plants are measured at their revalued amounts being fair value at the date of valuation. Fair value is determined on the basis of a Directors valuation which is regularly supported by an independent valuation prepared by external valuation experts. The valuation approach adopted is a direct comparison and discounted cash flow method. The valuation approach adopted is outlined in Note 12.

The Group's citrus trees and vines qualify as bearer plants. Bearer plants are solely used to grow produce over their productive lives. Agricultural produce growing on bearer plants remains within the scope of AASB 141 *Agriculture* and continues to be measured at fair value less cost to sell at the point of harvest.

Any revaluation increase arising on the revaluation of freehold land, buildings and property improvements is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land, buildings and bearer plants is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation on revalued assets is charged to profit or loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any deferred taxes, is transferred directly to retained earnings.

Plant and equipment, leasehold improvements and assets under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. All leased assets are depreciated over their useful life, or if shorter, the period of the lease.

The following estimated useful lives are used in the calculation of depreciation:

• Plant, equipment and tooling	1-10 years
• Bearer plants	25 years
• Buildings and property improvements	50 years
• Office equipment	3-5 years
• Motor vehicles	3-5 years
• Leasehold improvements and right-of-use assets	10-25 years (or lesser of lease term)

(g) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the fair value less costs to sell, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. This further incorporates information and assumptions that a market participant would consider when pricing the item under consideration, the time value of money and the risks specific to the asset or cash-generating unit. Costs to dispose are incremental costs directly attributable to the disposal, excluding finance costs and income tax expense.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. A financial asset is measured at amortised cost when held to collect contractual cash flows, whereas financial assets which are held both to collect contractual cash flows and to sell are classified as fair value through other comprehensive income.

<u>Trade and other receivables</u>

Trade and other receivables are measured at amortised cost less impairment, being an allowance for expected credit losses.

(i) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date. In calculating the present value, the Group applies the high-quality corporate bond rate in Australia applicable to the timing of estimated future cash outflows.

Payments for superannuation benefits are recognised as an expense when employees have rendered service entitling them to the contributions.

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(k) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised costs, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings including bank overdrafts, and lease liabilities.

<u>Classification as debt or equity</u>
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Costs directly attributable to the issue of shares are recognised as a deduction of equity, net of tax effect.

<u>Financial liabilities at amortised cost</u>

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Trade and other payables are recognised at amortised cost, comprising the original debt less principal payments and amortisation.

<u>Derecognition of financial liabilities</u>

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(l) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the consolidated statement of profit or loss and other comprehensive income/ statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Tax consolidated group

Murray River Organics Group Limited and its wholly owned entities have formed an income tax consolidated group, with Murray River Organics Group Limited as the head entity.

The tax consolidated group has not implemented a tax funding agreement between the entities of the tax consolidated group. Assets or liabilities arising with the entities within tax consolidated group are recognised as amounts receivable from or payable to other entities of the tax consolidated group.

The tax consolidated group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

(m) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (“GST”), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(n) Borrowing costs

Borrowing costs incurred for the construction or development of any qualifying asset (bearer plants) are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Directly attributable costs incurred to establish or renew a debt funding facility are capitalised in the net amount of loans and borrowings initially measured at fair value and subsequently measured by applying the EIR method (refer to Note 2(k).

All other borrowing costs, inclusive of all ongoing facility fees, bank charges, and interest, are expensed as incurred.

(o) Foreign currency

The presentation and functional currency of the Company and its Australian subsidiaries is Australian dollars.

<u>Foreign currency transactions</u>

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date.

Exchange differences are recognised in profit or loss in the period in which they arise except that:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks.

(p) Derivative financial instruments

The Group is exposed to changes in foreign exchange rates from its activities. The Group uses forward foreign exchange contracts to hedge these risks. Derivative financial instruments are not held for speculative purposes.

The Group uses derivative financial instruments, being options and forward foreign currency contracts to hedge the risk associated with foreign currency fluctuations. Such derivatives are stated at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

For derivatives that qualify for hedge accounting, the method for recognising gains and losses on changes in fair value depends on whether the derivative is classified as a fair value hedge or a cash flow hedge. Derivatives are classified as fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability and as cash flow hedges when they hedge exposure to variability in cash flows that are attributable to either a particular risk associated with a recognised asset or liability or to a forecast transaction. The Group documents at inception of the hedge the relationship between the hedging instruments (derivatives) and the hedged items, as well as the risk management objective and strategy for undertaking the hedge transaction.

The Group also documents, both at inception of the hedge and on an ongoing basis whether the derivatives that are used in the hedging transactions have been, and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve and transferred to profit or loss when the hedged item affects profit or loss. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss. However, when the cash flow hedge relates to a forward foreign exchange contract to hedge a highly probable forecast transaction or firm commitment that results in a non-financial asset (e.g. inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the initial cost or carrying amount of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gains or losses on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of comprehensive income and recognised in net profit or loss for the year.

(q) Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(r) Non-current asset held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(s) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government assistance which does not have conditions attached specifically relating to the operating activities of the entity is recognised in accordance with the accounting policies above.

(t) Leases

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the relevant commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the relevant lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the relevant lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the relevant lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the relevant commencement date), and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The Group applies the practical expedient to not separate non-lease components from lease components, and instead accounts for each lease component and any associated lease components as a single lease component.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the relevant lease commencement date if the interest rate implicit in the lease is not readily determinable. After the relevant commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments for short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Significant judgements

The Group has made the following judgements with respect to its leases as lessee:

- *Determining the lease term of contracts with renewal options*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its property leases to lease the assets for additional terms of 5 to 10 years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e. a change in business strategy). The Group excluded the renewal option as part of the lease term for leases of its office and warehouse premises as the Group is not reasonably certain to exercise the options.

- *Determining the incremental borrowing rate*

The Group has applied judgement to determine the incremental borrowing rate, which affects the amount of lease liabilities or right-of-use assets recognised. The Group reassesses and applies the incremental borrowing rate on a lease by lease basis at the relevant lease commencement date based on the term of the lease (or the remaining term of the lease at the initial date of application).

(u) Changes in accounting policy, accounting standards and interpretations

The Group has adopted all relevant new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board which are effective for annual reporting periods beginning on or after 30 June 2021. None of the new standards or amendments to standards that are mandatory for the first time materially affected any of the amounts recognised in the current period or any prior period.

(v) Accounting standards and interpretations issued but not yet effective

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The effects of the followings standards and interpretations are not expected to be material:

- AASB 2014-10 Amendments to Australian Accounting Standards: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (effective: 1 January 2022)
- AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB10 and AASB128 (effective: 1 January 2022)
- AASB 2017-5 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (effective: 1 January 2022)

In June 2021, IFRIC published an agenda decision in relation to the accounting treatment when determining net realisable value (NRV) of inventories, in particular what costs are necessary to sell inventories under IAS 2 Inventories (the international equivalent of AASB 102 Inventories). The Group is currently assessing the impact the agenda decision will have on its current accounting policy and whether an adjustment to inventory may be necessary. Accordingly, a reliable estimate of the impact of the IFRIC agenda decision on the Group cannot be made at the date of this report, however based on preliminary analysis performed, the Group isn’t expecting a material impact from the adoption of the IFRIC agenda decision. The Group expects to complete the implementation of the above IFRIC agenda decision as part of its 31 December 2021 reporting.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Agricultural produce

The unharvested citrus crop (if applicable) is classified as a biological asset and valued in accordance with AASB 141 *Agriculture*. In applying this standard, the Group has made various assumptions at the reporting date as the selling price of the crop can only be estimated and the actual crop yield or produce not harvested at the reporting date will not be known until it is completely processed and sold. Refer to Note 8 for assumptions pertaining to the current year crop. Agricultural produce is measured at fair value less costs to sell. The fair value inputs are considered Level 3 with reference to the fair value hierarchy. Refer to Note 12 for further details regarding the fair value hierarchy.

(b) Net realisable value of inventory

Inventories 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. Management has recorded a provision based on the value of inventory that is likely to be sold below cost using past experience and judgement of the age (including expiry dates) and likely sell through rates of specific inventory items. Refer to Note 7 for further details.

(c) Impairment of assets

Management's judgement is applied in determining the impairment of assets in accordance with AASB 136 *Impairment of Assets*. If the recoverable amount (higher of the value in use and fair value less cost to sell) is lower than the carrying value of an asset, the difference is recognised as impairment in the profit or loss. Refer to Note 12 for further details.

(d) Developing vine capital expenditure

Refer to Note 12 for further details.

(e) Land, buildings and bearer plants at revalued amounts

Refer to Note 12 for further details.

4. Revenues

	2021 $'000	2020 $'000
a. Revenue from contracts with customers	**42,603**	48,349
b. Other income		
Net gain on sale of property, plant and equipment	348	20
Net foreign exchange (losses)/gains	(117)	392
Other	389	51
	620	463

5. Expenses

Loss before tax includes the following specific expenses:

	2021 $'000	2020 $'000
Depreciation expense of non-current assets:		
Depreciation of property, plant and equipment	3,024	3,740
Depreciation of right-of-use assets	595	1,187
Total depreciation of non-current assets	**3,619**	**4,927**
Employee benefits expense:		
Salaries and wages expenses	9,016	9,978
Superannuation benefits	680	751
Government grants – Job Keeper	(668)	(880)
Share-based payments expense	(229)	671
Employee benefits expenses capitalised to agricultural produce and bearer plants	(872)	(1,585)
Total employee benefits expense	**7,927**	8,935

5. **Expenses** (Continued)

	2021 $'000	2020 $'000
Business restructuring costs:		
Redundancies (i)	362	77
Professional fees and other (ii)	220	181
Total business restructuring costs	**582**	258

(i) Redundancies relates to restructure of the executive and operations teams. These items are excluded from the 'employee benefits expense'.

(ii) Professional fees comprise of costs associated with the business restructuring.

	2021 $'000	2020 $'000
Finance costs:		
Interest on banking facilities	2,405	2,565
Interest on lease liabilities – right-of-use assets (Colignan property)	-	1,156
Interest on lease liabilities – right-of-use assets (other)	173	207
Amortisation of deferred borrowing costs	226	105
Other financing costs	98	-
Bank facilities modification (loss) / gain	(130)	184
Capitalised interest relating to qualifying assets	-	(563)
Total finance costs	**2,772**	3,654
Impairment:		
Bearer plants impairment	-	696
Total impairment of non-current assets	**-**	696
Revaluation loss on properties and assets held for sale:		
Land, bearer plants and properties	845	2,162
Assets held for sale	-	995
Total revaluation loss on properties and assets held for sale	**845**	3,157
Expected credit losses	342	153

6. Trade and other receivables

	2021 $'000	2020 $'000
Trade receivables	4,510	5,759
Allowance for expected credit losses	(452)	(233)
	4,058	5,526
Government grants receivable – Job Keeper	-	325
GST receivable	75	199
Other receivable - Proceeds from the sale of assets	4,044	101
	8,177	6,151
Aging of trade receivables that are not impaired		
Not past due	3,381	4,814
Past due 1-30 days	492	655
Past due 31-60 days	104	42
Past due 61 days+	81	15
	4,058	5,526
Movements in the allowance for expected credit losses were:		
Opening balance at 1 July	233	181
Impairment loss recognised	342	153
Amounts written on / (off)	(123)	(101)
Closing balance at 30 June	**452**	233
Aging of allowance for expected credit losses at 30 June is as follows:		
Not past Due	131	151
Past due 1-30 days	50	-
Past due 31-60 days	73	-
Past due 61 days+	198	82
	452	233

Trade receivables are non-interest bearing with credit terms generally settled within 30 days depending on the nature of the sales transaction.

A provision for impairment is made based on the expected credit losses ("ECL") for trade and other receivables. The Group has applied the simplified approach in AASB 9 and has calculated ECLs based on lifetime expected credit losses. A provision for ECL is determined based on historic credit loss rates and adjusted for forward looking factors specific to the debtor and the economic environment, further considering the Group's limited trading history.

Further Information about the credit risk exposure on the Group's trade and other receivables using a provision matrix has not been disclosed due to the expected credit losses being determined based on forward looking factors specific to the debtor and the economic environment as at 30 June 2021 and 30 June 2020.

7. Inventories

	2021 $'000	2020 $'000
Packaging stock (at cost)	1,463	1,149
Raw materials (at cost or fair value less costs to sell at the point of harvest)	5,804	10,884
Finished goods (at lower of cost and net realisable value)	6,503	9,892
Provision for stock obsolescence	(2,040)	(1,136)
	11,730	**20,789**

8. Agricultural produce

	2021 $'000	2020 $'000
Citrus unharvested – at fair value less costs to sell	-	1,141
New season crop – at cost	422	602
Total	**422**	**1,743**
Reconciliation of changes in carrying amount		
Opening balance	1,743	2,054
Fair value (loss) from agricultural produce	(2,571)	(5,269)
Increase due to costs incurred to maintain and enhance the biological asset	5,841	12,844
Derecognition on disposal of farm assets:		
Colignan property under lease	-	(2,156)
Nangiloc farm (Part A)	(305)	-
Fifth Street farm	(890)	-
Gol Gol farm	(1,305)	-
Decreases due to harvest (transferred to inventory)	(2,091)	(5,730)
Closing balance	**422**	**1,743**

Product - Yields (tonnes)	2021 Tonnes	2020 Tonnes
Harvested prior to 30 June	2,880	4,019
Estimated hanging fruit at 30 June	-	2,047
Total	**2,880**	**6,066**
	$'000	**$'000**
Total crop value	**1,947**	**5,419**

8. Agricultural produce (Continued)

The following are key inputs and assumptions used to determine the fair value less cost to sell at the point of harvest.

Assumption	Loose Organic ($/kg)	Loose Conventional ($/kg)	Table Grapes ($/kg)	Citrus ($/kg)	Wine grapes ($/kg)	Hemp ($/kg)
Fair value less costs to sell at point of harvest - 2021	2.62	2.10	-	-	-	-
Fair value less costs to sell at point of harvest - 2020	2.07	1.50	1.91	0.59	0.53	2.90

Valuation techniques and significant unobservable inputs

The fair valuation of agricultural produce is Level 3 in accordance with the fair value hierarchy, being substantially comprised of inputs to the agricultural produce that are not based on observable market data.

Type	Description	Valuation technique	Significant Unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Harvested own grown inventory; Hanging crop (grapes/dried fruit and citrus)	These are crops from vines and trees that have an annual crop production cycle and a reasonably stable development cycle.	The valuation model considers the market value of the crop.	Inclusive of: • Estimated future crop prices. • Estimated cash inflows based on forecasted sales. • Estimated yields per acre. • Estimated remaining farming, harvest, processing, transportation, and selling costs. • Risk adjustment factors	The estimated fair value would increase/ (decrease) if: • the estimated fruit prices were higher (lower); • the estimated yields per acre were higher (lower); • the estimated harvest farming, harvest, processing, transportation, and selling costs were lower (higher); or • the risk-adjustment factors were lower (higher).

9. Other financial assets

	2021 $'000	2020 $'000
Foreign currency forward contracts	113	-

10. Other assets

	2021 $'000	2020 $'000
Prepayments and other	1,176	773
Deposit receivable	450	-
	1,626	**773**

11. Assets held for sale

	2021 $'000	2020 $'000
Property assets	5,603	5,379

Property assets (comprising property, plant and equipment) held for sale at 30 June 2021 relate to the Mourquong Processing site and the Wargan, Merbein farm. Property assets (comprising property, plant and equipment) held for sale at 30 June 2020 relate to the Fifth Street farm. The assets held for sale are measured at the lower of existing carrying value and fair value less costs to sell.

12. Property, plant and equipment

	Freehold land at revalued amount $'000	Bearer plants at revalued amount $'000	Buildings and property improvements at revalued amount $'000	Leasehold improvements at cost $'000	Leased asset at cost $'000	Plant and equipment at cost $'000	Total $'000
Gross Carrying amount							
Balance at 1 July 2019	**15,044**	**13,842**	**5,229**	**15,088**	**25,234**	**22,272**	**96,709**
Additions	-	1,244	85	2,256	-	1,112	4,697
Transfer to right-of-use assets	-	-	-	(508)	(25,234)	-	(25,742)
Disposals	-	(114)	-	(13,787)	-	(1,033)	(14,934)
Impairment of bearer plants	-	(696)	-	-	-	-	(696)
Revaluation increment/(decrement) through profit and loss	-	(2,292)	130	-	-	-	(2,162)
Revaluation increment/(decrement) through asset revaluation reserve	1,229	(534)	(131)	-	-	-	564
Write-back of accumulated depreciation on revaluation	-	(1,078)	(323)	-	-	-	(1,401)
Balance at 1 July 2020	**16,273**	**10,372**	**4,990**	**3,049**	**-**	**22,351**	**57,035**
Additions	-	137	23	-	-	582	742
Disposals – Farms	(2,915)	(5,680)	(496)	-	-	-	(9,091)
Disposals - Other	-	-	-	-	-	(1,381)	(1,381)
Transfer to asset held for sale	(946)	(672)	(4,430)	-	-	(11,122)	(17,170)
Revaluation increment/(decrement) through profit and loss	-	(845)	-	-	-	-	(845)
Revaluation increment/(decrement) through asset revaluation reserve	(1,945)	-	2	-	-	-	(1,943)
Write-back of accumulated depreciation on revaluation	-	283	489	-	-	-	772
Balance at 30 June 2021	**10,467**	**3,595**	**578**	**3,049**	**-**	**10,430**	**28,119**

12. Property, plant and equipment (Continued)

	Freehold land at revalued amount $'000	Bearer plants at revalued amount $'000	Buildings and property improvements at revalued amount $'000	Leasehold improvements at cost $'000	Leased asset at cost $'000	Plant and equipment at cost $'000	Total $'000
Accumulated depreciation and impairment losses							
Balance at 30 June 2019	**-**	**(526)**	**(154)**	**(4,998)**	**(2,836)**	**(17,105)**	**(25,619)**
Depreciation expense	-	(594)	(169)	(158)	-	(2,819)	(3,740)
Transfer to right-of-use assets	-	-	-	129	2,836	-	2,965
Disposal	-	42	-	2,981	-	890	3,913
Write-back of accumulated depreciation on revaluation	-	1,078	323	-	-	-	1,401
Balance at 30 June 2020	**-**	**-**	**-**	**(2,046)**	**-**	**(19,034)**	**(21,080)**
Depreciation expense	-	(419)	(167)	(184)	-	(2,254)	(3,024)
Disposals - Farm	-	702	56	-	-	-	758
Disposals - Other	-	-	-	-	-	908	908
Transfer to asset held for sale	-	-	600	-	-	10,967	11,567
Write-back of accumulated depreciation on revaluation	-	(283)	(489)	-	-	-	(772)
Balance at 30 June 2021	**-**	**-**	**-**	**(2,230)**	**-**	**(9,413)**	**(11,643)**
Net book value as at 30 June 2020	**16,273**	**10,372**	**4,990**	**1,003**	**-**	**3,317**	**35,955**
Net book value as at 30 June 2021	**10,467**	**3,595**	**578**	**819**	**-**	**1,017**	**16,476**

The carrying values of property, plant and equipment are assessed for impairment indicators annually, or more frequently if indicators of impairment are present. Refer to details of the impairment assessment performed for the year ended 30 June 2021 in Note 12.2.

12. Property, plant and equipment (Continued)

12.1 Fair value measurement of freehold land, buildings and bearer plants

The Group’s freehold land, buildings and bearer plants are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

During the 2020 financial year $3.401 million was capitalised relating to the development of existing or new vineyards which are determined to still be in development, that is, these vines are yet to deliver commercial quantities of produce. Management deems vines less than three years of age as developing vines. The nature of these expenses include: the purchase of young vines, buds, irrigation infrastructure, trellising systems, and a proportionate allocation of operational vineyard expenses including water, fuels, vehicle costs, and labour. The proportionate allocation of operational vineyard expenses is based on the number of vineyard patches that are considered immature as per proportions of the total number of patches.

The fair value measurements of the Group’s freehold land and buildings and bearer plants have been based on conditions existing and emerging as at 30 June 2021. The COVID-19 pandemic has created global economic and cultural shock that is affecting the lives and livelihoods of most Australians and those around the world. Market activity is therefore being impacted in many sectors.

The valuation methodologies adopted as at 30 June 2020 by Colliers International were the direct comparison and summation approaches which referenced certain comparable transactions that occurred prior to and after the onset of the COVID-19 pandemic. As a result, the valuations prepared by Colliers International have been reported based on a material valuation uncertainty. Less certainty and a higher degree of caution should be attached to the valuations than would normally be the case. Given the unknown future impact the COVID-19 pandemic may have on the real estate market, Colliers International has recommended that valuations are kept under periodic review.

Consequently, Directors engaged Colliers International to perform a review for the purposes of 30 June 2021 reporting. Following this review the Directors revised the property values accordingly.

The inclusion of a material valuation uncertainty clause in the desktop review reports for 30 June 2021 and the full valuation reports for 30 June 2020 is consistent with the guidelines issued by the Australian Property Institute, and highlights that while valuations can still be relied upon, due to the uncertain impacts of COVID-19 there is a potential for significant and unexpected movements in value over a relatively short period of time post the valuations being performed.

The Group's freehold land, buildings and bearer plants are classified as Level 3 with reference to the fair value hierarchy.

Fair value measurement

The fair value measurements of the Group stated above refer to the fair value hierarchy. These include:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the year ended 30 June 2021 (2020: Nil).

12. Property, plant and equipment (Continued)

12.2 Impairment assessment

During the current year ended 30 June 2021, the Group incurred a loss before tax of $21.647 million and performed an impairment assessment of the CGU (containing non-current assets).

The recoverable amount of the CGU has been determined based on a Fair Value less Costs of Disposal (“FVLCD”) methodology.

The Directors believe the use of the FVLCD methodology is appropriate to reflect the turnaround performance of the Group from its current position and is based on estimated fair values of each category of asset utilising input from independent valuation specialists. In prior years the FVLCD was estimated based on discounted cash flow methodology.

The estimate of the recoverable amount of the CGU is based on conditions existing and emerging as at 30 June 2021, including the Group’s assessment of the future impacts of the COVID-19 pandemic, which is impacting the markets within which the Group operates to varying degrees.

During the year ended 30 June 2020, the Group recognised a specific $0.696 million impairment charge on bearer plants at 31 December 2019 following a review of the Group’s farming operations.

12.3 Loss on disposal of properties

Fifth St Farm	2021 $'000
Net proceeds on sale	**6,107**
Assets disposed	
Agricultural produce (at cost)	890
Fair value gain on agricultural produce	272
Agricultural produce (at fair value)	1,162
Assets held for sale	5,379
Total disposal group	**6,541**
Gain / (Loss) on disposal of Fifth St Vineyard	**(434)**

The Fifth Street conventional fresh table grape farm was classified as held for sale at 30 June 2020. The property was sold during the period and settled on 23 December 2020.

Nangiloc Farm (Part A)	2021 $'000
Deposit received – held in trust	450
Receivable	4,050
Net proceeds on sale	**4,500**
Assets disposed	
Agricultural produce (at cost)	305
Fair value gain on agricultural produce	(10)
Agricultural produce (at fair value)	**295**
Property, plant and Equipment (or assets held for sale)	**4,567**
Disposal costs	
Legal and other	87
Total disposal group	**4,949**
Gain / (Loss) on disposal of Nangiloc Farm (Part A)	**(449)**

Gol Gol Farm	2021 $'000
Net proceeds on sale	**4,949**
Assets disposed	
Agricultural produce (at cost)	1,305
Fair value gain on agricultural produce	(789)
Agricultural produce (at fair value)	516
Property, plant and Equipment (or assets held for sale)	3,766
Disposal costs	
Restructuring and other costs	32
Total disposal group	**4,314**
Gain / (Loss) on disposal of Gol Gol Farm	**635**

13. Trade and other payables

	2021 $'000	2020 $'000
Trade payables	1,972	4,935
Other accruals and payables	2,883	2,379
Deferred income	561	18
Total	**5,416**	**7,330**

14. Borrowings

	2021 $'000	2020 $'000
Current		
Secured borrowings:		
Bank and trade finance loans (i)	38,915	10,000
Equipment loans (ii)	2,037	1,607
Total	**40,952**	**11,607**
Non-current		
Secured borrowings:		
Bank and trade finance loans (i)	-	28,690
Equipment loans (ii)	-	1,913
Total	**-**	**30,603**

The bank financing facilities (comprising term loans, equipment finance and other facilities) with the National Australia Bank are secured by the Group's assets by registered mortgage freeholds over the land and buildings, and first ranking fixed and floating charges over the Company and its subsidiaries (with corresponding cross guarantee). The multi-option banking facilities expire on 31 October 2022.

(i) Bank and trade finance loans

On 3 March 2021, the Group extended it financing arrangements to 31 October 2022 and agreed to reduce the facility limit to $40m as at 30 June 2021 and $30m as at 30 April 2022. The facility agreement requires that any net funds received from asset sales are required to be used to pay down the bank facility and the facility limit is permanently reduced by the amount of such repayment.

14. Borrowings (Continued)

The Group breached its financial covenants as 30 June 2021 and as a consequence has reported its debt as current as 30 June 2021. The Group's financier waived the breach of covenants on 31 August 2021.

(ii) Equipment loans

Equipment loans are secured over the assets under the financing arrangements.

Banking facilities

	2021 $'000	2020 $'000
Summary of financing arrangements		
Facilities limit at reporting date:		
Equipment loans	3,000	7,500
Bank loans	40,000	50,000
Bank guarantee	1,530	1,530
	44,530	**59,030**
Facilities utilised at reporting date:		
Equipment loans	2,037	3,520
Bank loans	38,955	38,825
Bank guarantee	870	460
	41,862	**42,805**
Facilities not utilised at reporting date:		
Equipment loans	963	3,980
Bank loans	1,045	11,175
Bank guarantee	660	1,070
	2,668	**16,225**

15. Provisions

	2021 $'000	2020 $'000
Current		
Employee entitlements	441	530
Total	**441**	**530**
Non-Current		
Employee entitlements	69	68
Make-good for property leases	508	508
Total	**577**	**576**

16. Other financial liabilities

	2021 $'000	2020 $'000
Foreign currency forward contracts	-	303

17. Contributed equity

Equity securities issued	Year ended 30 June 2021 Number '000	Year ended 30 June 2021 $'000	Year ended 30 June 2020 Number '000	Year ended 30 June 2020 $'000
Opening balance at 1 July	**2,205,741**	**174,505**	**433,761**	**150,888**
Issue of shares on capital raising	-	-	1,666,944	25,004
Share consolidation	(2,161,626)	-	-	-
Issue of shares to Arrow	-	-	105,036	1,578
Equity raising costs (net of tax)	-	-	-	(2,965)
Closing balance at 30 June	**44,115**	**174,505**	**2,205,741**	**174,505**

On 20 January 2021 the Company completed a consolidation of capital on a 50 for 1 basis. The consolidation of capital was approved by shareholders on 26 November 2020.

On 4 March 2020, a 3.843 for 1 accelerated pro-rate renounceable entitlement offer of 1,666.944 million new fully paid ordinary shares was completed, raising proceeds of $25.004 million before taking into account equity raising costs recorded in equity of $2.965 million for the year ended 30 June 2020.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

18. Reserves

		2021 $'000	2020 $'000
Reserves comprise:			
Asset revaluation reserve	(a)	5,402	7,345
Share based payment reserve		1,381	1,610
Hedging reserve		25	(353)
Group reorganisation reserve		(47,453)	(47,453)
		(40,645)	**(38,851)**

(a) Asset revaluation reserve		
Balance at the beginning of the year	7,345	6,781
Net revaluation (loss)/gain – property, plant and equipment	(1,943)	564
Net tax impact of revaluation gain or loss	-	-
Balance at the end of the financial year	**5,402**	**7,345**

19. Right of use assets and lease liabilities

	Colignan property $'000	Other property $'000	Plant and equipment $'000	Total $'000	Colignan property $'000	Other property $'000	Plant and equipment $'000	Total $'000
	Right of use asset				Lease liabilities			
As at 1 July 2019	-	2,859	158	**3,017**	-	3,549	160	**3,709**
Transfer from borrowings	-	-	-	**-**	26,233			**26,233**
Transfer from property, plant and equipment	22,398	379	-	**22,777**	-	-	-	**-**
Additions	-	-	695	**695**	-	-	695	**695**
Depreciation expense	(403)	(618)	(166)	**(1,187)**	-	-	-	**-**
Interest expense	-	-	-	**-**	1,156	175	32	**1,363**
Payments	-	-	-	**-**	(1,042)	(719)	(176)	**(1,937)**
Disposed	(21,995)	(293)	-	**(22,288)**	(26,347)	(320)	-	**(26,667)**
As at 30 June 2020	**-**	**2,327**	**687**	**3,014**	**-**	**2,685**	**711**	**3,396**
As at 1 July 2020	-	2,327	687	**3,014**	-	2,685	711	**3,396**
Depreciation expense	-	(382)	(213)	**(595)**	-	-	-	**-**
Interest expense	-	-	-	**-**	-	141	32	**173**
Payments	-	-	-	**-**	-	(479)	(237)	**(716)**
As at 30 June 2021	**-**	**1,945**	**474**	**2,419**	**-**	**2,347**	**506**	**2,853**

Set out below are the amounts recognised in profit and loss during the year ended 30 June 2021:

	30 June 2021 $'000	30 June 2020 $'000
Consolidated		
Depreciation expense	595	1,187
Interest expense	173	1,363
Total amount recognised in profit and loss	**768**	**2,550**

19. Right of use assets and lease liabilities (continued)

Set out below is a maturity analysis of lease liabilities:

	30 June 2021	30 June 2020
	Leases commenced $'000	Leases commenced $'000
Consolidated		
Less than one year	726	716
One to five years	2,470	2,627
More than five years	47	616
Total undiscounted amount	**3,243**	**3,959**

The Group has certain lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the right-of-use asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension that are not included in the lease term of lease liabilities at 30 June 2021:

	30 June 2021		30 June 2020	
	Extension options expected not to be exercised $'000	Termination options expected not to be exercised $'000	Extension options expected not to be exercised $'000	Terminatio n options expected not to be exercised $'000
Consolidated				
Less than one year	-	-	-	-
One to five years	-	-	-	-
More than five years	6,924	-	6,924	-
Total undiscounted amount	**6,924**	**-**	**6,924**	**-**

20. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdraft. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	2021 $'000	2020 $'000
Cash and cash equivalents	820	1,129
Bank Overdraft	-	-
	820	**1,129**

(b) Reconciliation of loss for the year to net cash used in operating activities

	2021 $'000	2020 $'000
Loss for the year	(21,647)	(39,074)
Adjustment for items not involving the outlay of cash:		
Expected credit losses	-	52
Profit on sale of property, plant and equipment	(348)	(21)
Government grants receivable - Job Keeper	-	(325)
Fair value loss of agricultural produce	2,571	5,269
Revaluation of properties and assets held for sale	845	3,157
Loss on disposal of properties	248	11,739
Share based payment expense	(228)	671
Unrealised foreign exchange loss	-	3
Depreciation expense	3,619	4,927
Impairment of non-current assets	-	696
Capitalisation of borrowing costs	-	(563)
Non-cash finance costs	96	289
Changes in net assets and liabilities:		
(Increase) / decrease in assets:		
Trade and other receivables	1,923	4,641
Inventories	9,265	1,480
Other assets	(403)	(3)
Agricultural produce	(3,223)	(7,112)
Increase / (decrease) in liabilities:		
Trade and other payables	(2,121)	(1,200)
Provisions	(126)	(49)
Net cash used in operating activities	**(9,529)**	**(15,423)**

20. Notes to the cash flow statement (Continued)

(c) Reconciliation of liabilities arising from financing activities

2021	**1 July 2020**	**Financing cash inflows / (outflows)**	**Non-cash changes**	**30 June 2021**
Bank loans	38,690	129	96	38,915
Equipment loans	3,520	(1,483)	-	2,037
Lease liabilities	3,396	(543)	-	2,853
Total liabilities from financing activities	**45,606**	**(1,897)**	**96**	**43,805**

2020	**1 July 2019**	**Financing cash inflows / (outflows)**	**Non-cash changes**	**30 June 2020**
Bank loans	37,832	569	289	38,690
Equipment loans	5,199	(1,679)	-	3,520
Lease liabilities	-	(574)	3,970	3,396
Total liabilities from financing activities	**43,031**	**(1,684)**	**4,259**	**45,606**

21. Events subsequent to reporting date

Subsequent to 30 June 2021 the Company settled the property assets (comprising property, plant and equipment) held for sale at 30 June 2021 relating to the Mourquong Processing site and the Wargan, Merbein farm. Proceeds of $7.75m were received on 27 August 2021 for the property assets.

As of 30 June 2021, the Group was in breach of its Net Tangible Asset (NTA) financial covenant with its NAB banking facility. The NAB granted a waiver of the NTA covenant on 31 August 2021.