



MARQUIS
MACADAMIAS

2023

ANNUAL
REPORT

Annual General Meeting 2023

The 41th Annual General Meeting for Marquis Macadamias Limited will be held at 10.30am (AEST) on Friday, 25 August 2023.

Meeting in Person

The Meeting will be held at Ballina RSL, 1 Grant Street, Ballina NSW 2478. For Shareholders attending the Meeting in person, registration is available from 9:45am.

Virtual AGM

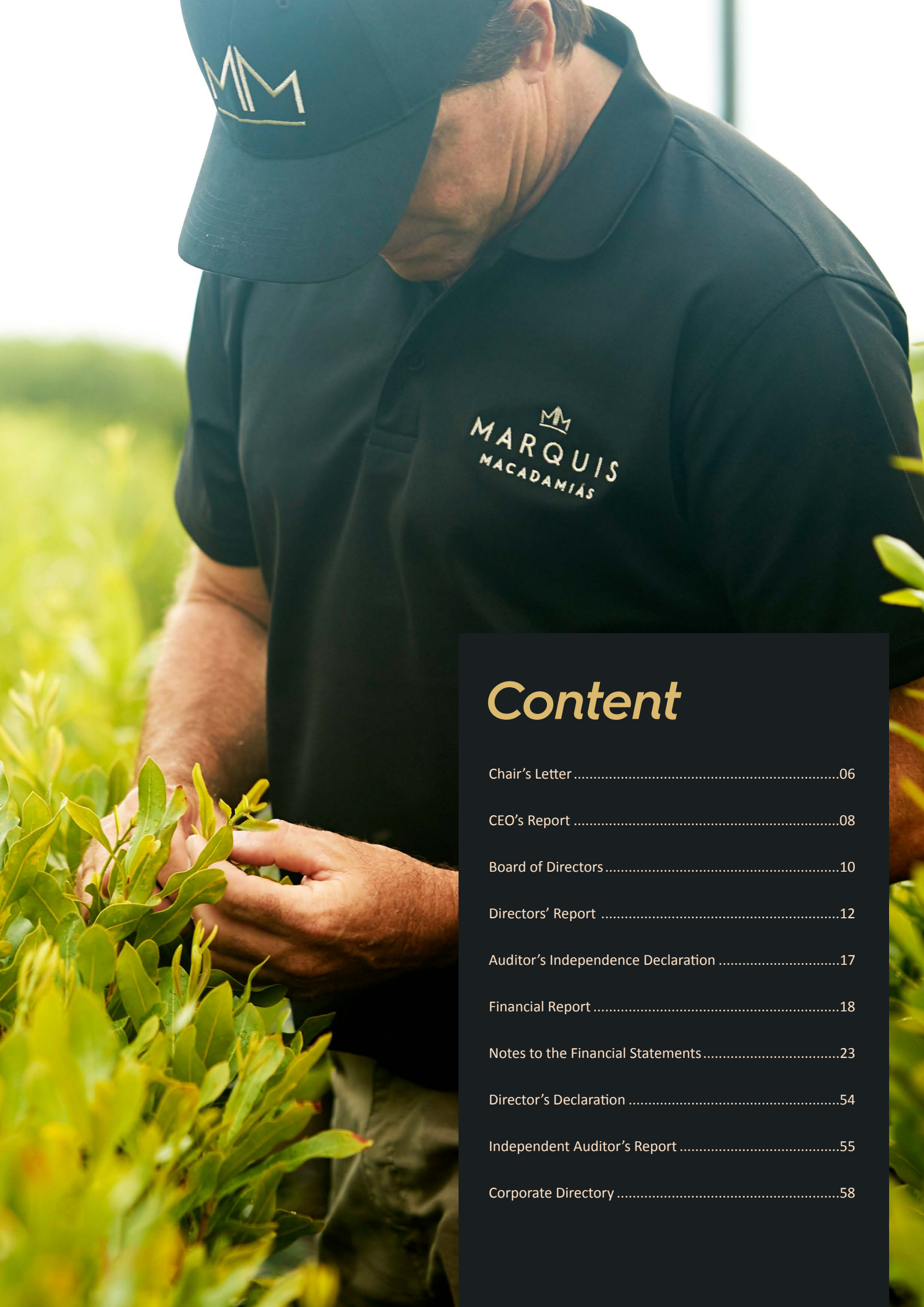
To ensure that all Shareholders can participate, even if they are unable to attend the venue, the Meeting will be webcast live via the Lumi online platform. You will be able to listen to the proceedings, view the presentation, ask questions and vote.

Further information on how to participate in the Meeting is provided in the Notice of Annual General Meeting which you can access at <http://marquis.com/agm-2023/>.

Marquis Macadamias Ltd ABN 93 002 607 972

Our Mission

To bring both the delicious taste and the health benefits of macadamias to the world.



Content

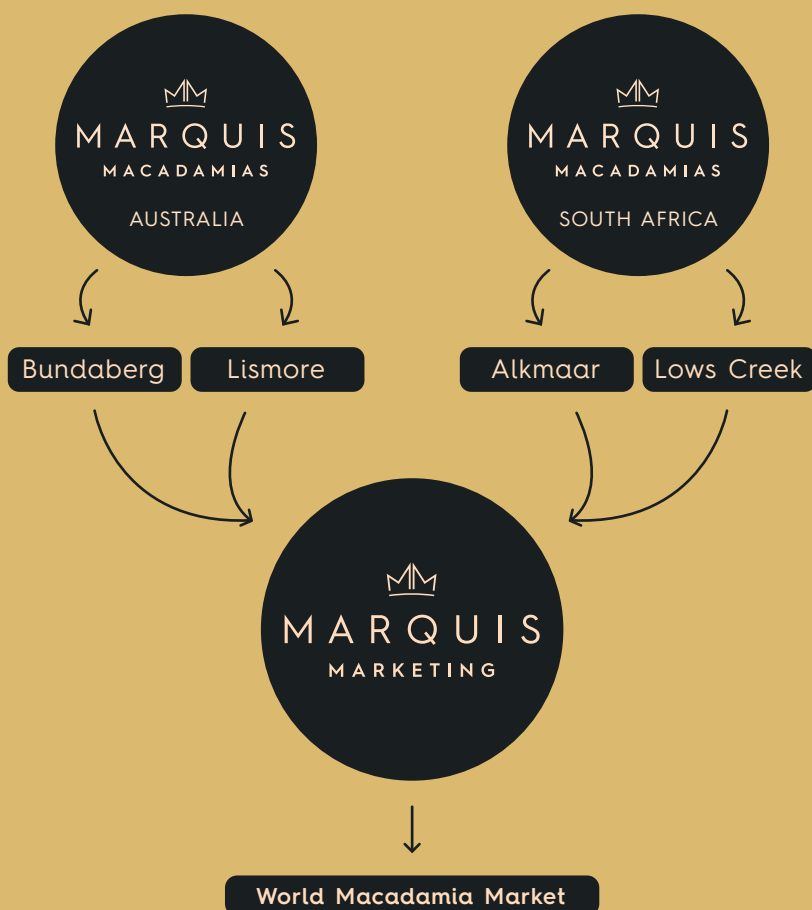
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Marquis Macadamias has been a trusted industry player for over 41 years. We pride ourselves on being a stable and sustainable long-term partner for our shareholders and we will draw on our extensive experience to meet the challenges we are currently facing.

Aligned with our dedication to excellence, we strategically invest in enhancing crop processing efficiency. By adopting cutting-edge technologies and improving our infrastructure, our goal is to optimise operations, reduce waste, and boost productivity. These investments aim to deliver high-quality products to the market, benefiting our growers and our overall competitiveness in the global marketplace.

With our unwavering commitment, we are confident in our ability to adapt to the ever-changing market landscape and make the most of opportunities as they arise.

Organisational Structure



Highlights

100% grower owned

23,990 tonnes of NIS processed

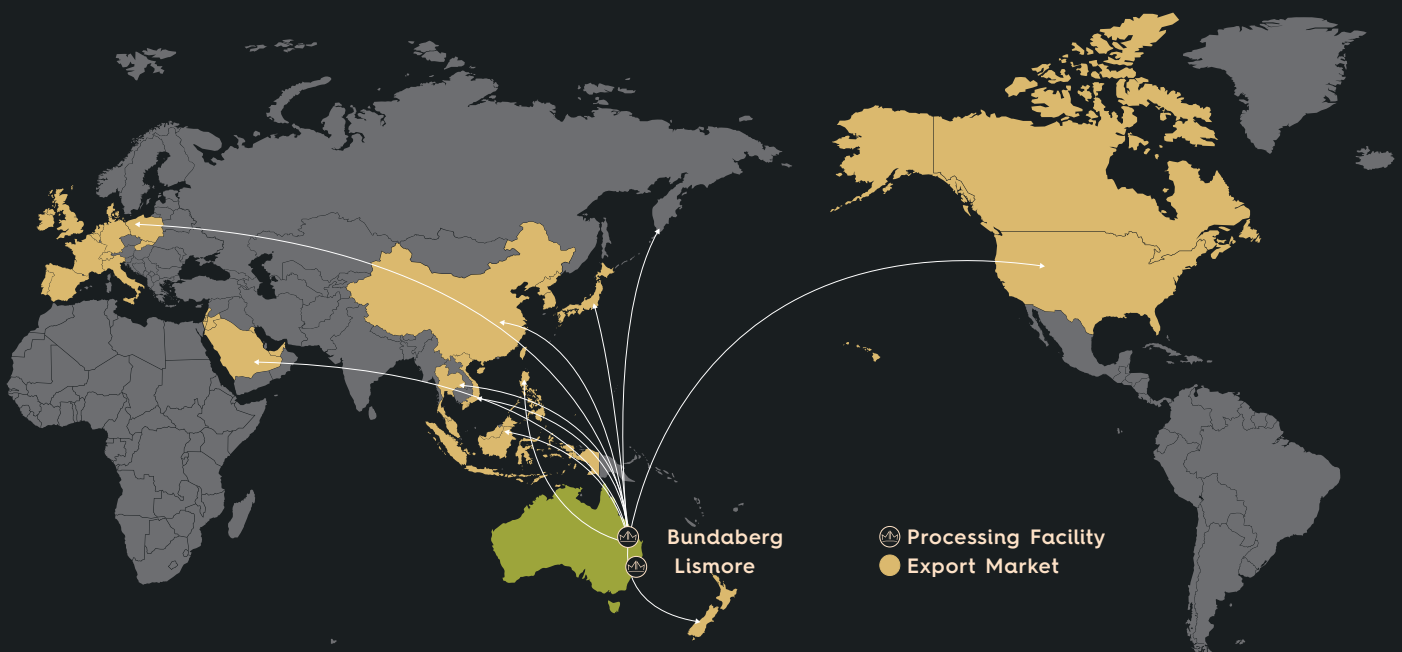
360+ Australian growers

45+ global export countries

360+ staff across three locations

42% of total Australian crop

Geographic Reach



Chair's Letter

DEAR SHAREHOLDER

I would first like to acknowledge Andrea Lemmon, the previous Chair, for her efforts in the role. Andrea's input into both Marquis Marketing and Marquis Macadamias was invaluable, and we wish her all the best in her future endeavours.

Secondly, I want to acknowledge Larry McHugh and his service to the Marquis Group over the past 30 years. In particular, I would like to acknowledge his leadership within the company and his broader contribution to the macadamia industry.

Finally, I want to recognise Phil Zadro's importance to our industry. Phil is a pioneer across all facets of the macadamia industry and has dedicated over 40 years to it. From pioneering the industry into new growing regions around the world through developing orchards and processing, right through to the marketing and sales of macadamia products; without his drive, vision and leadership, the industry as we know it may never have existed. I would like to wish Phil a happy 'semi' retirement in the field, continuing his passion of developing new orchards and driving those around him to excel.

The 2022 season saw approximately 24,000 tonne (t) of crop delivered to Marquis, which was one of the highest on record, with Total Kernel Recoveries (TKR) being higher in both Lismore and Bundaberg, with Lismore averaging 38% compared to 36.8% in 2021 and Bundaberg 39% compared to 38.1% in 2021. Reject levels were average at 3.1% in both Lismore and Bundaberg.

The combination of sound kernel recovery, bonuses and subsidies saw growers receive on average \$2.69/kg across all deliveries to Marquis for the 2022 season, with the Company (Consolidated Entity) reporting a post-tax profit of \$0.869m compared to a post-tax loss of \$5.290m in the prior year.

Marquis' financial performance was impacted by the decreasing prices achieved for our crop during the year. The impact of the falling prices meant we had to finalise the NIS price to match the value that could be achieved and ensure the company made a modest profit, following the \$5.290m loss in 2021. Cost pressures also had an impact on continual CPI increases, in underlying costs and rising interest rates from historic lows.

The decision to finalise the notional price at \$2.45/kg at 33% SRK and 3% RKR was a difficult, yet necessary one. Required by key stakeholders, including the key finance provider, it was an important step to maintain the company's stability and equity. As a grower, I am well aware of the impact that this has on the financial sustainability of our shareholders. The absolute priority of the Marquis Group is to arrest this decline as soon as possible.

Both this year and last year included an inventory impairment at year-end. This year was \$10.971m compared to the prior year of \$6.320m, which has been driven by the significant drop in the market price of all kernel styles in the past 12 months.

The revenue was \$128.5m compared to the prior year of \$156.8m, which decreased year on year by \$28.3m, representing the decreasing average prices achieved in



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We are exploring new markets for both kernel and NIS and investing in technology and processes to improve efficiency and reduce costs.

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the market. Due to the current challenging climate of the industry and minimal profit for the financial year, no dividend was declared for the 2022/23 financial year.

The consolidated net asset position of the Group has slightly increased to \$50.334m from \$50.166m the previous year. The minimal change is driven by the profit after tax noted above, a small increase in share capital issued. However, it was offset by foreign currency reserve reduction.

The value of new shares that can be issued based on the audited 2022/23 result is now \$16.82 a share.

While 2023 has also started on a similar footing, we are working on strategies to improve the NIS price to be paid to our Shareholders. We are exploring new markets for both Kernel and NIS and investing in technology and processes to improve efficiency and reduce costs.

With an eye on the future, we continue to actively plan the expansion of the Bundaberg facility in line with the forecasted increase in NIS production within this region. The timeline for commencement will align with our strategic objectives, forecasted NIS supply and the financial ability to complete the project. The Board is acutely aware of the need to be able to pass the maximum value back to our current shareholders in the current market conditions.

Our investment in, and oversight of Marquis Marketing, continues to be a foundation of our business. The ability to leverage the benefits of this joint venture has and will continue to provide the best path forward for the sales and marketing of the products we produce and sell.

Thank you to the Board Members, Executive, Management and Staff of Marquis Macadamias. Your contribution over the past year has been significant. We recently welcomed a new CEO and look forward to Mr Ben Adams' contribution to the company's daily management and input to the business's strategic plan.

On behalf of the Board, I would also like to take this opportunity to thank our shareholders for their support through what has been a challenging year.

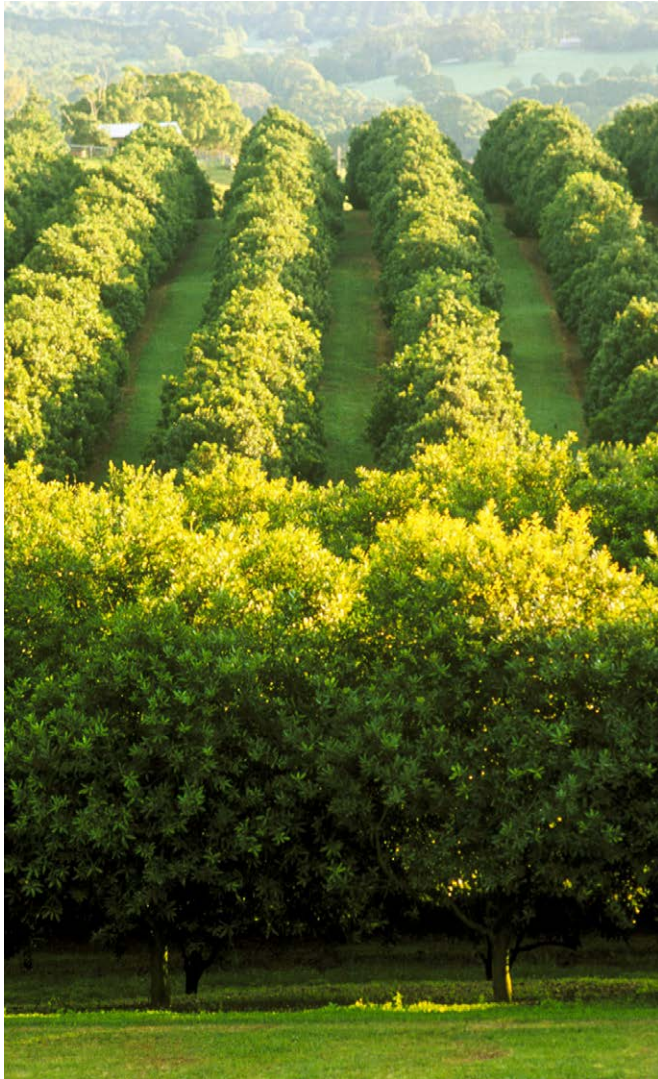
Clayton Mattiuzzi
Director and Chair



CEO's Report

DEAR SHAREHOLDER

As the CEO, I would like to express my thanks to those growers and staff who have made me welcome during my first six months in the role. While I am not new to the industry, we are all experiencing very challenging conditions not seen in the macadamia industry for over a decade, if at all.



In 2022 we saw the retirement of the long-serving CEO, Larry McHugh. Larry has done an exceptional job, along with the board, in creating two modern and efficient facilities and a global Sales and Marketing organisation. While employed by Marquis and the preceding organisations, Larry also contributed to the industry at large, holding directorships of the Australian Macadamia Society and the World Macadamia Organisation. He has been instrumental in both improvements in kernel processing and market development. On behalf of our staff, I would like to thank Larry for all his efforts.

2022 will be remembered as one of the most challenging seasons for a variety of reasons, including devastating floods, and the kernel market crashing. The notional price for the 2022 crop was a reduction to the prior year due to the prevailing market conditions. The decision was also made to accept only shareholder grown NIS and long term non-shareholder supply, reducing the business's exposure to the market. This was continued in 2023 when only Shareholder grown NIS was accepted to minimize the exposure to inventory being held and any associated impairments.



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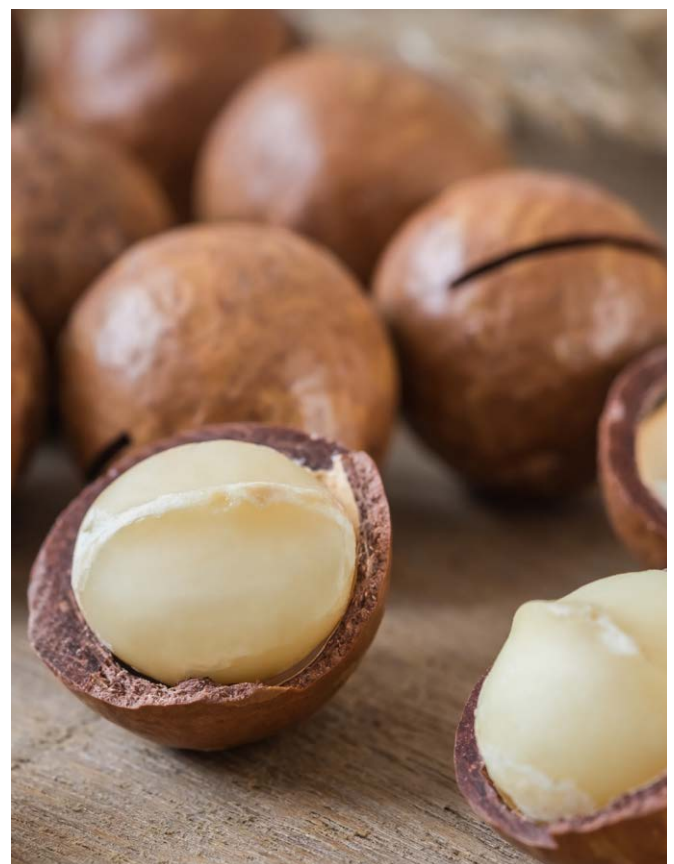
Both Marquis Macadamias and Marquis Marketing are working with the common goal of lifting the notional price for 2023/24 through extra efforts in marketing, processing efficiencies and increases in NIS exports.

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The crop's growing conditions during the end of 2021 and into the start of 2022 were generally good and flowed into a good run at harvest in the Bundaberg Region.

The Northern Rivers region was badly affected by rain and flooding. A major flooding event at the end of February and followed up again in March, resulting in crop loss, orchard damage and widespread devastation among the Northern Rivers community where many of our growers and staff reside.

Over 20 staff at the Lismore factory had their dwellings affected by the floods, many others were impacted by their efforts to assist people in need. The Lismore team rallied donations to assist affected staff and the broader community.



The record-breaking weather at Lismore produced other challenges as harvest was late leading to a delay in the commencement of processing. Cracking and sorting commenced almost two months later than usual as a result. The impact of the flood, combined with rolling covid waves led to general staff shortages, meaning the factory ran undermanned for the majority of the year. The weather-affected crop had high levels of Commercial Grade, adding to the challenge and processing costs.

When the ground dried out enough, harvest commenced at full pace, with delivery records shattered across several weeks. Marquis received and processed 24,000t, with Bundaberg receiving just over 11,000t and Lismore 13,000t, which was the second largest year on record for both plants. Processing was challenging and the market conditions worsened as the season progressed. The Australian Industry data showed that whole kernel recovery was low at 35% and our processing results followed this trend.

The market, and subsequent prices, for macadamia products continued to fall throughout the year, accelerating at the end of 2022 and into 2023. As a direct result, the notional price was confirmed at \$2.45/kg for 33% SKR, 3% RKR, down from the original notional price of \$3.80/kg.

The decision to reduce the notional price was not taken lightly, as I am acutely aware of the devastating impact this has had on our suppliers and shareholders. This decision was required to enable the business to remain financially stable, continue to be able to borrow funds to finance subsequent season crops and maintain an equity position to drive growth and investment for future years.

While market conditions are low, we must continue to find ways to drive efficiency and cost savings. Projects completed in 2022 included a new cold room and undercover awning at Lismore. This room has been well used in recent months to store a large volume of NIS prepared for export, reducing freight and external storage costs. New Multiview Colour Sorters were installed at both locations to improve efficiency in kernel processing.

Planning on the Bundaberg expansion project has continued throughout the year and will be progressed at the appropriate time to enable Maquis to continue to process our shareholders growing volume of NIS.



Both Marquis Macadamias and Marquis Marketing are working with the common goal of lifting the notional price for 2023/24 through extra efforts in marketing, processing efficiencies and increases in NIS exports.

I would like to thank all the supplying shareholders and our staff for their efforts in what has been a very difficult year. While current conditions are challenging, I firmly believe the Macadamia Industry has a very bright future, and I look forward to working for you throughout 2023 and beyond as we rebuild.

Ben Adams
Chief Executive Officer



Board of Directors

MARQUIS MACADAMIAS IS LED BY AN EXPERIENCED TEAM OF DIRECTORS.



CLAYTON MATTIAZZI
Non-Executive
Director

Has been in the macadamia industry for over 15 years and has wide-ranging experience in all aspects of macadamia production including nursery management, farm development, orchard management and post-harvest handling.

Clayton has a Bachelor of Applied Sciences (B.A.Sc) Agronomy and Crop Science (University of Queensland).



JUSTIN FONTANA
Non-Executive
Director

Justin joined Hinkler Park Plantations in 2017. Since being a part of the macadamia industry, he has gained knowledge and experience in farm development, orchard management, and sorting shed operations.

Justin has a degree in Landscape Architecture and is currently a director of Saratoga Holdings Pty Ltd.



ANDREW LESLIE
Non-Executive
Director

Accountant for the Queensland State Government for 20 years, specialising in management reporting including detailed budgeting, financial reporting, performance reporting and project funding submissions. Macadamia grower and Marquis Macadamias shareholder for the past 19 years, owning a macadamia farm and involved in the management of three other family run macadamia orchards and one share farm orchard in the Alstonville area. Owned and operated a successful retail Garden Centre called the 'Alstonville Garden House' on his macadamia farm for 5 years and started a macadamia skin care range in March 2017 selling products to retail outlets throughout Australia and overseas.

Andrew has a Bachelor of Economics and a Post Graduate Diploma of Financial Management from the University of New England in Armidale, NSW. He is a member of the Remuneration Committee.



DONALD ROSS
Non-Executive
Director

Donald has over 30 years' experience in the macadamia industry after developing several farms in the northern rivers of NSW and also the Bundaberg, Queensland region. Donald's previous roles include Managing Director and Chief Executive Officer for large public and private companies. He has a Bachelor of Engineering from Sydney University and MBA, Master of Commercial Law and PhD from Macquarie University.



PETER ZADRO
Non-Executive
Director

Involvement in the Zadro family macadamia businesses since 1980. Director and CEO of the Saratoga Holdings Group including Hinkler Park Plantation in QLD, Victoria Park Plantations in NSW and Barberton Valley Plantations in South Africa. Previously worked with the Department of Agriculture, NSW, on plant breeding programmes for 3 years and for multinational telecommunications corporations in Australia and Europe for 16 years as an IT project manager and business analyst.

Peter has a Bachelor of Rural Science (Hons) University of New England, Armidale NSW.



DAVID BRYANT
Non-Executive
Director

David Bryant is Managing Director of Rural Funds Management Limited (RFM), a company he established in 1997. RFM entities operate 736 hectares of mature macadamia orchards in the Bundaberg and Glasshouse Mountains regions of Queensland and are developing approximately 5,000 hectares of macadamia plantings in Maryborough, Bundaberg and along the Fitzroy River near Rockhampton.

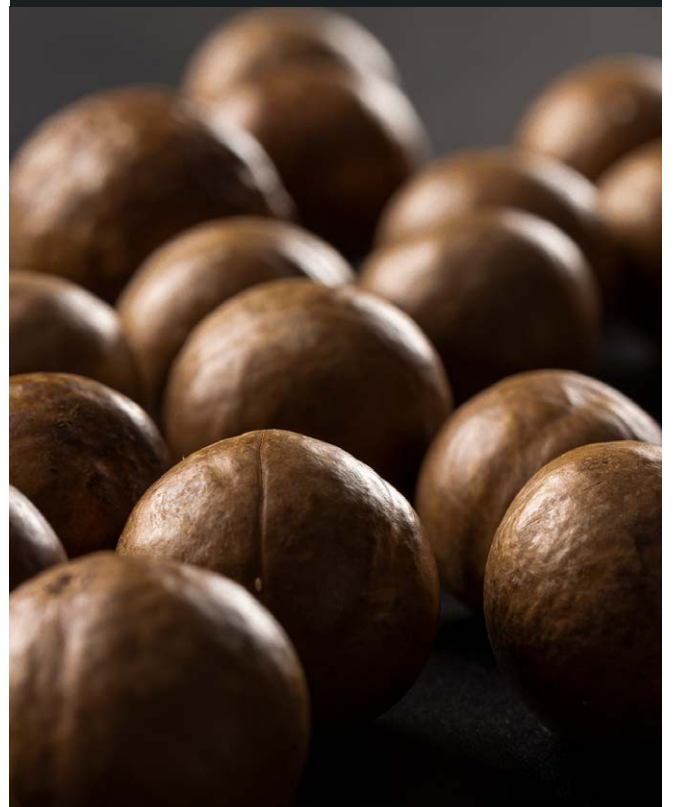
David brings extensive experience to Marquis, gained through more than 26 years developing and operating macadamia, almond, cattle, cropping, poultry, viticulture and water assets across Australia.



PETER COSTI
Non-Executive
Director

Peter has been a passionate contributor to and driver of the macadamia industry for over 24 years. From his home farm in Bundaberg, he has developed processes and innovations that have been used across the industry. Using this knowledge, Peter has also acquired, developed and subsequently sold additional large scale farms in the Bauple and Beerwah regions in Queensland.

Peter has been a current shareholder of Marquis Macadamias (formerly MPC Ltd and Pacific Gold) since 1998. He has also been the Chairman of Marquis Marketing and was a Director of Marquis Macadamias for 10 years, where he oversaw the integration and rebranding of MPC, Pacific Gold and MMI into the Marquis Group, which became the largest grower owned processor and marketer in Australia.



The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Marquis Macadamias Ltd and the entities it controlled at the end of, or during, the year ended 31 March 2023.

DIRECTORS

The following persons were directors of Marquis Macadamias Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Peter John Costi (Appointed 01/09/22)
- Andrew Jon Leslie
- Clayton Joel Mattiazzi
- Scott David Norval (Resigned 1/09/22)
- Andrea Joan Lemmon (Resigned 14/11/22)
- Fermino Carlo Zadro (Resigned 31/3/23)
- Peter Michael Zadro
- Donald Keith Ross
- Justin Phillip Fontana (Appointed 20/4/2023)
- David Bryant (Appointed 12/05/2023)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were purchasing, processing and selling of macadamia nuts and macadamia products.

DIVIDENDS

Dividends paid during the financial year were as follows:

	Consolidated	
	2023 \$	2022 \$
Dividend paid in the year ended 31 March 2023 of 40 cents (31 March 2022: 40 cents) per ordinary share	-	1,007,963
	-	1,007,963

No dividend was declared during the year (31 March 2022: Nil)

REVIEW OF OPERATIONS

The Profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$868,784 (31 March 2022 Loss: (\$5,290,287)).

The consolidated entity maintains a robust financial position, supported by a substantial asset base that is fully utilised. Due to the significant decline in pricing for macadamia kernel styles across the 2022 season, the company had to adjust the NIS price paid to farmers to ensure that it returned a modest profit. The financial performance includes a considerable inventory write-down due to the market prices and stock volume held at the period's end.

The macadamia industry continues to work through issues with high global stock holdings and falling prices, coupled with growth from new growers, processors, and marketers entering both domestic and international markets. The lower prices in the market are stimulating buying and product development, and the company remains positive on the industry's long-term outlook. The group will continue to invest in its brand, factories, staff, and IT infrastructure, positioning itself to tackle future challenges.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No other matter or circumstance have arisen since 31 March 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

ENVIRONMENTAL REGULATION

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

INFORMATION ON DIRECTORS

Name:	Scott David Norval
Title:	Director (non-executive)
Qualifications:	Graduate Certificate Business Management (Central Queensland University) (Issued 2009) Ground Engineers Instrument – Electrical, Sydney TAFE 1989
Experience and expertise:	National Manager Macadamias for RFM Pty Ltd, company director and secretary of agricultural and construction companies with prior experience as a compliance officer. 20 years of experience in the macadamia industry from processing to farm establishment and management.
Special responsibilities:	None

Name:	Andrea Joan Lemmon
Title:	Director (non-executive) & Chair
Qualifications:	Diploma of Financial Planning from Griffith University
Experience and expertise:	Spent most of her career in the agriculture industry having worked at Rural Funds Management, Perth Markets Ltd and Market City Operator. During her extensive time with Rural Funds Management, her role included a variety of senior executive corporate roles, and she was responsible for overseeing large investments into the macadamia industry, such investments included acquiring 250ha of orchards over three sites in the Bundaberg Queensland region.
Special responsibilities:	Remuneration Committee, Treasury Management Committee

Name:	Andrew Jon Leslie
Title:	Director (non-executive)
Qualifications:	Bachelor of Economics and a Post Graduate Diploma of Financial Management from the University of New England in Armidale, NSW.
Experience and expertise:	Accountant for the Queensland State Government for 20 years, specialising in management reporting including detailed budgeting, financial reporting, performance reporting and project funding submissions. Macadamia grower and Marquis Macadamia Ltd shareholder for the past 20 years, owning a macadamia farm and involved in the management of three other family run macadamia orchards and one share farm orchard in the Alstonville area. Owned and operated a successful retail Garden Centre called the 'Alstonville Garden House' on our macadamia farm for 6 years and have started a macadamia skin care range in March 2017 selling products to retail outlets throughout Australia and overseas.
Special responsibilities:	Remuneration Committee

Name: **Clayton Joel Mattiazzi**

Title: Director (non-executive) & Chair

Qualifications: Bachelor of Applied Sciences (B.A.Sc) Agronomy and Crop Science (University of Queensland)

Experience and expertise: Has been in the macadamia industry for 15 years and has wide ranging experience in all aspects of macadamia production including nursery management, farm development, orchard management and post-harvest handling.

Special responsibilities: None

Name: **Donald Keith Ross**

Title: Director (non-executive)

Qualifications: Bachelor of Engineering (Sydney University), MBA, M. Com. Law and PhD (Macquarie University)

Experience and expertise: Has over 20 years management experience as Managing Director/Chief Executive Officer and Director in large public and private companies mainly within the Building and Constructions industry. He has over 30 years' experience in the macadamia industry developing farms in the northern rivers of NSW and Bundaberg in Queensland.

Special responsibilities: Treasury Management Committee & Remuneration Committee

Name: **Fermino (Phil) Carlo Zadro**

Title: Director (non-executive)

Qualifications: Phil acquired his first macadamia property in 1978 and founded Macadamia Processing Company (Now Marquis Macadamias) in 1983. He has significant plantings both in Australia and South Africa and has been critical to the growth of the group from its humble beginnings in 1983.

Experience and expertise:

Special responsibilities: Treasury Management Committee

Name: **Peter Michael Zadro**

Title: Director (non-executive)

Qualifications: Bachelor of Rural Science (Hons) University of New England, Armidale NSW

Experience and expertise: For the last 15 years full time involvement with the family business consisting of macadamia plantations in QLD, NSW and South Africa. This role has been to provide operational support and direction whilst developing the business as it grows with increasing acreages to use a common database and mapping platform at Hinkler Park Plantation, Victoria Park Plantation and Barberton Valley Plantation. Previously worked for a French multinational telecommunications provider, Alcatel, as an IT project manager, business analyst and programmer for over 19 years and before this with the Department of Agriculture, NSW for three years, with some part time casual involvement in the macadamia family businesses since 1980 on an ongoing basis.

Special responsibilities: None

Name: **Peter John Costi**

Title: Director (non-executive)

Qualifications: Building Diploma

Experience and expertise: Carpenter, Joiner and Macadamia farmer. Peter has 30 years involvement in the building industry as a director and shareholder of a commercial construction company and a residential building company. He has over 20 years' experience in the macadamia industry.

Special responsibilities: Remuneration Committee, Treasury Management Committee

Name: **Justin Phillip Fontana**

Title: Director (non-executive)

Qualifications: Bachelor of Landscape Architecture, University of NSW, Sydney NSW

Experience and expertise: Justin built his own landscape design and construction business prior to joining Hinkler Park Plantations in 2017. Holding a diploma from the Australian Institute of Company Directors, and currently a Director on the Board of Saratoga Holdings, Justin has been involved in the development of new orchards and, more recently, the management of a large mature farm in the Childers region.

Special responsibilities: None

Name: **David Bryant**

Title: Director (non-executive)

Qualifications: Diploma of Financial Planning from the Royal Melbourne Institute of Technology and Masters of Agribusiness from The University of Melbourne

Experience and expertise: David established RFM in 1997 and leads the RFM team where he focuses on strategic planning, maintaining key commercial relationships and sourcing new business opportunities. David joined the Marquis board in May 2023 on behalf of RFM

Special responsibilities: None

COMPANY SECRETARY

The following persons held the position of company secretary at the end of the financial year:

- Ms Emma Nicole Rose – Bachelor of Business, member of CPA since 2015
- Mr Justin Truscott – Bachelor of Commerce, member of CA since 2009, CFO of Marquis Macadamias Limited

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 March 2023, and the number of meetings attended by each director were:

	Full board	
	Attended	Held
Peter John Costi (Appointed 1/9/22)	14	14
Andrew Jon Leslie	17	19
Clayton Joel Mattiazzi	19	19
Scott David Norval (Resigned 1/9/22)	4	5
Fermino Carlo Zadro (Resigned 31/3/23)	17	19
Peter Michael Zadro	18	19
Donald Keith Ross	19	19
Andrea Joan Lemmon (Resigned 14/11/22)	9	10

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No options over issued shares or interest in the company or a controlled entity were granted during or since the end of the financial year and there are no options outstanding at the date of this report.

INDEMNITY AND INSURANCE OF OFFICERS

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

To the extent permitted by applicable law, the company shall indemnify its auditors, Ernst & Young (Australia), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young (Australia) during or since the financial year.

Ernst & Young provide an annual declaration of their independence to the Audit Committee in accordance with the requirements of the *Corporations Act 2001*.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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.

AUDITOR

Ernst & Young were appointed to office in accordance with section 327 of the Corporations Act 2001 on 02 October 2019.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Clayton Mattiazzi
Director (Chair)

Dated: 19 July 2023



Andrew Leslie
Director

Dated: 19 July 2023

Auditor's independence declaration



EY

**Building a better
working world**

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Auditor's Independence Declaration to the Directors of Marquis Macadamias Limited

As lead auditor for the audit of the financial report of Marquis Macadamias Limited for the financial year ended 31 March 2023, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Marquis Macadamias Limited and the entities it controlled during the financial year.

A handwritten signature in black ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in black ink that reads "Wade Hansen".

Wade Hansen
Partner
Brisbane
19 July 2023

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Financial Report

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GENERAL INFORMATION

The financial statements cover Marquis Macadamias Ltd as a consolidated entity consisting of Marquis Macadamias Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Marquis Macadamias Ltd's functional and presentation currency.

Marquis Macadamias Ltd is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

2 Cowlong Road
Lismore NSW 2480

Principal place of business

2 Cowlong Road
Lismore NSW 2480

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20 July 2023. The directors have the power to amend and reissue the financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 31 March 2023

	Note	Consolidated	
		2023 \$	2022 \$
Revenue	3	128,509,314	156,786,137
Other income	5	79,791	60,998
Expenses			
Raw materials and consumables used		(64,963,992)	(117,701,035)
Employee benefits expense		(25,693,815)	(24,279,378)
Storage and transport costs		(2,257,918)	(2,250,590)
Depreciation and amortisation expense	6	(3,762,524)	(3,659,544)
Other expenses	6	(28,027,275)	(14,242,422)
Finance costs	6	(3,650,239)	(1,384,671)
Foreign exchange gain/(loss)		1,057,744	(1,045,164)
Share of profits / (loss) of associates accounted for using the equity method	4	245,783	142,907
Profit / (Loss) before income tax expense		1,536,869	(7,572,762)
Income tax (expense) / benefit	7	(668,085)	2,282,475
Profit / (Loss) after income tax for the year		868,784	(5,290,287)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		(1,206,452)	525,195
Foreign currency translation			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(1,206,452)	525,195
Profit / (Loss) for the year is attributable to:			
Non-controlling interest		-	-
Owners of Marquis Macadamias Ltd	24	868,784	(5,290,287)
Total comprehensive income for the year is attributable to:		868,784	(5,290,287)
Non-controlling interest		-	-
Owners of Marquis Macadamias Ltd		(1,206,452)	525,195
		(337,668)	(4,765,092)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 31 March 2023	Consolidated		
	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	8	721,987	2,486,424
Trade and other receivables	9	7,016,263	23,073,230
Inventories	10	48,909,893	53,367,987
Income Tax Receivable	20	-	264,857
Foreign Exchange Contracts	18	-	294,668
Other	11	431,727	273,512
Partly Paid Shares Receivable		636,994	398,326
Total current assets		57,716,864	80,159,004
Non-current assets			
Inventory	10	3,749,000	5,177,875
Investments accounted for using the equity method	12	657,432	411,649
Property, plant and equipment	13	30,651,704	33,353,072
Intangibles	14	956,623	1,005,357
Deferred tax asset	15	-	2,175,131
Partly Paid Shares Receivable		1,061,011	1,193,891
Total non-current assets		37,075,770	43,316,975
Total assets		94,792,634	123,475,979
Liabilities			
Current liabilities			
Trade and other payables	16	6,262,799	6,784,094
Borrowings	17	29,581,639	58,109,279
Foreign Exchange Contracts	18	784,087	-
Lease Liability Current	19	190,457	251,250
Employee benefits	21	1,468,381	1,399,677
Total current liabilities		38,287,363	66,544,300
Non-current liabilities			
Borrowings	17	5,158,800	5,840,439
Lease Liability Non-current	19	-	634,307
Deferred Tax liability	15	683,517	-
Employee benefits	21	329,206	290,409
Total non-current liabilities		6,171,523	6,765,155
Total liabilities		44,458,886	73,309,455
Net assets		50,333,748	50,166,524
Equity			
Issued capital	23	16,971,282	16,466,390
Reserves		(784,087)	422,365
Retained profits	24	34,146,553	33,277,769
Total equity		50,333,748	50,166,524

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 31 March 2023

Consolidated	Preference shares \$	Ordinary and A class shares \$	Partly Paid shares \$	Cash Flow Hedge Reserve \$	Retained profits \$	Total equity \$
Balance at 1 April 2021	80	13,964,592	-	(102,830)	38,563,950	52,425,792
Profit after income tax expense for the year 2022	-	-	-	-	(5,290,287)	(5,290,287)
Total comprehensive income for the year 2022	-	-	-	525,195	-	525,195
Transactions with owners in their capacity as owners 2022:						
Net changes in shares (note 23)	(2)	483,942	2,017,778	-	-	2,501,718
Dividends paid (note 25)	-	-	-	-	4,106	4,106
Balance at 31 March 2022	78	14,448,534	2,017,778	422,365	33,277,769	50,166,524

Where nil values exists similar to prior year for 2023

Consolidated	Preference shares \$	Ordinary and A class shares \$	Partly Paid shares \$	Cash Flow Hedge Reserve \$	Retained profits \$	Total equity \$
Balance at 1 April 2022	78	14,448,534	2,017,778	422,365	33,277,769	50,166,524
Profit / (Loss) after income tax expense for the year 2023	-	-	-	-	868,784	868,784
Total comprehensive income for the year 2023				(1,206,452)		(1,206,452)
Transactions with owners in their capacity as owners:						
Net changes in shares (note 23)	-	92,236	412,656	-	-	504,892
Dividends paid (note 25)						
Balance at 31 March 2023	78	14,540,770	2,430,434	(784,087)	34,146,553	50,333,748

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

Statement of cash flows

For the year ended 31 March 2023

	Note	Consolidated	
		2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		145,807,790	154,635,040
Payments to suppliers and employees (inclusive of GST)		(115,410,176)	(165,639,162)
Interest received		5,609	84
Interest and other finance costs paid		(3,636,843)	(1,359,120)
Income taxes paid		2,455,420	3,170,168
Net cash from / (used in) operating activities	34	29,221,800	(9,192,990)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,176,062)	(4,121,155)
Net cash from (used in) investing activities		(2,176,062)	(4,121,155)
Cash flows from financing activities			
Proceeds from issue of shares		399,104	909,501
Dividends paid	25	-	(1,007,963)
Proceeds/(Repayment) of borrowings		(29,209,279)	13,160,218
Net cash from / (used in) financing activities		(28,810,175)	13,061,756
Net increase/(decrease) in cash and cash equivalents		(1,764,437)	(252,389)
Cash and cash equivalents at the beginning of the financial year		2,486,424	2,738,813
Cash and cash equivalents at the end of the financial year	8	721,987	2,486,424

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

Notes to the financial statements

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity 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 reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

BASIS OF PREPARATION

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

GOING CONCERN

The financial statements have been prepared on a going concern basis.

At 31 March 2023, the group did breach the banking covenant for that quarter relating to profit which had been set earlier in the financial year. This was due to the declining macadamias pricing, which had been discussed on a regular basis with its main financing provider. This breach required the non-current portion of the bank facility to be reclassified to a current liability at balance date. Subsequent to balance date, and consistent with prior years, the group renewed its bank facility to 31 May 2024, which includes a waiver of that breach from its financier.

The directors are confident of renewing the seasonal finance facilities and have obtained a letter of intent from lenders. The directors note the facilities are typically renewed on an annual basis.

The directors are satisfied the group's debt financing facilities are appropriate to meet the needs of the business, based on current trading conditions.

The financial report has been prepared on the going concern basis that assumes the continuity of normal business activities and the realisation of assets and the discharge of liabilities as and when they fall due, in the ordinary course of business.

HISTORICAL COST CONVENTION

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Marquis Macadamias Ltd ('company' or 'parent entity') as at 31 March 2023 and the results of all subsidiaries for the year then ended. Marquis Macadamias Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Australian dollars, which is Marquis Macadamias Ltd's functional and presentation currency.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the monthly average rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

FOREIGN OPERATIONS

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

REVENUE RECOGNITION

The consolidated entity recognises revenue as follows:

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The

measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

SALE OF GOODS

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

RENDERING OF SERVICES

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

INTEREST

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

OTHER REVENUE

Other revenue is recognised when it is received or when the right to receive payment is established.

INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Marquis Macadamias Ltd (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime subsequent to year end. The head entity and each subsidiary in the tax consolidated group will continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under the tax consolidation with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax consolidation ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained, or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

INVENTORIES

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'weighted average cost' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

ASSOCIATES

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including

any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

INVESTMENTS

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges: when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss and other comprehensive income as other operating expenses. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability, subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss. If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

IMPAIRMENT OF FINANCIAL ASSETS

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Land and buildings are shown at cost less accumulated depreciation.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	25 - 40 years
Plant and equipment	2.5 - 20 years
Motor Vehicles	5 - 8 years
Computer Equipment	3 - 4 years
Software	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

RIGHT-OF-USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

SOFTWARE

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

BORROWINGS

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

PROVISIONS

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity 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 the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

OTHER LONG-TERM EMPLOYEE BENEFITS

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

DEFINED CONTRIBUTION SUPERANNUATION EXPENSE

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

FAIR VALUE MEASUREMENT

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

ISSUED CAPITAL

Issued capital

Fully paid ordinary shares, partly paid ordinary shares, preference shares, and 'A Class' shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

DIVIDENDS

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

GOODS AND SERVICES TAX ('GST') AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 March 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements

and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

REVENUE FROM CONTRACTS WITH CUSTOMERS INVOLVING SALE OF GOODS

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

MARKET UNCERTAINTY

The macadamia industry continues to work through issues with high global stock holdings and falling prices, coupled with growth from new growers, processors, and marketers entering both domestic and international markets. The lower prices in the market are stimulating buying and product development, and the company remains positive on the industry's long-term outlook.

The ability of the group to meet its forecasts and related bank covenants may be impacted by the ongoing high global stock holdings and falling prices. These conditions have increased the estimation uncertainty relating to forecast assumptions used in the preparation of the consolidated financial statements.

The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty after the balance date.

The Group has developed various accounting estimates in the consolidated financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2023 about future events that the directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group.

Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in the consolidated financial statements and forecasts used to prepare the financial statements.

The directors are satisfied the group's debt financing facilities are appropriate to meet the needs of the business, based on current trading conditions.

The financial report has been prepared on the going concern basis that assumes the continuity of normal business activities and the realisation of assets and the discharge of liabilities as and when they fall due, in the ordinary course of business.

DETERMINATION OF VARIABLE CONSIDERATION

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the consolidated entity where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

NET REALISABLE VALUE OF INVENTORIES

The net realisable value of inventories assessment requires a degree of estimation and judgement. The level of the adjustment is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

FAIR VALUE MEASUREMENT HIERARCHY

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

ESTIMATION OF USEFUL LIVES OF ASSETS

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

INCOME TAX

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

RECOVERY OF DEFERRED TAX ASSETS

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

LEASE TERM

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

EMPLOYEE BENEFITS PROVISION

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

BUSINESS COMBINATIONS

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

NOTE 3. REVENUE

	Consolidated	
	2023 \$	2022 \$
<i>Revenue from contracts with customers</i>		
Sale of goods	128,509,314	156,786,137
Revenue	128,509,314	156,786,137

NOTE 4. SHARE OF PROFITS OF ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	2023 \$	2022 \$
Share of profit / (loss) - associates	245,783	142,907

NOTE 5. OTHER INCOME

	Consolidated	
	2023 \$	2022 \$
Interest	20,059	84
Rental Income	18,097	-
Government grant income	13,740	-
Net gain on disposal of property, plant and equipment	26,000	60,455
Other	1,895	459
Other income	79,791	60,998

NOTE 6. EXPENSES

	Consolidated	
	2023 \$	2022 \$
Profit before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest costs	3,371,919	1,174,428
Other costs	278,320	210,243
	3,650,239	1,384,671
<i>Depreciation and amortisation</i>		
Buildings	818,921	755,816
Plant and equipment	2,333,205	2,338,789
Motor vehicles	55,072	55,439
Computer equipment	76,846	73,574
Right-of-use assets	238,576	261,776
Software (note 14)	215,230	150,504
Intangibles	24,674	23,646
Total depreciation	3,762,524	3,659,544
<i>Other Expenses</i>		
Repairs & Maintenance	1,201,873	875,657
Insurance	804,215	763,519
Consulting Costs	525,173	518,932
Exchange Rate Loss Realised	8,815,458	1,833,449
Contract Processing Services	2,803,538	2,726,102
Stock Impairment	10,970,774	6,320,061
Other Expenses	2,906,244	1,204,702
Total Other Expenses	28,027,275	14,242,422

NOTE 7. INCOME TAX EXPENSE

	Consolidated	
	2023 \$	2022 \$
<i>Income tax expense</i>		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	404,364	(2,285,027)
Adjustment recognised for prior periods	263,721	2,552
Aggregate income tax expense (benefit)	668,085	(2,282,475)
Deferred tax included in income tax expense comprises:		
Increase / (decrease) in deferred tax assets (note 15)	(386,806)	211,959
(Increase)/ decrease in deferred tax liabilities	(17,558)	(496,815)
Deferred tax - origination and reversal of temporary differences		
Increase / (decrease) in losses	(317,772)	(284,856)
Adjustment recognised for prior periods	(2,297,984)	2,567,257
	(242,893)	2,626
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	1,536,869	(7,572,762)
Tax at the statutory tax rate of 30%	461,061	(2,271,829)
<i>Less tax effect of:</i>		
T-Corp loan repayment	-	-
Share of net profits joint venture entities netted directly	(73,735)	(42,872)
	387,326	(2,314,701)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	19,002	27,709
Franking credits	-	-
Franking offset	-	-
Adjustment recognised for prior periods	-	-
Profit on loss of subsidiary	-	-
Sundry items	(1,964)	1,965
Adjustment recognised for prior periods	263,721	2,552
Income tax expense	668,085	(2,282,475)

NOTE 8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated	
	2023 \$	2022 \$
Cash on hand	1,785	1,785
Cash at bank	720,202	2,484,639
	721,987	2,486,424

RECONCILIATION TO CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	721,987	2,486,424
Balance as per statement of cash flows	721,987	2,486,424

NOTE 9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated	
	2023 \$	2022 \$
Trade receivables	7,016,263	22,587,193
	7,016,263	22,587,193
Other receivables		
Amount due from an associate entity	-	486,037
	7,016,263	23,073,230

PROVISION FOR IMPAIRMENT OF RECEIVABLES

Current trade receivables are non-interest bearing and generally on 30-day terms. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. There are no balances within trade and other receivables that contain assets that are impaired. It is expected these balances will be received when due.

COLLATERAL PLEDGED

A floating charge over trade receivables has been provided for certain debt. Refer to Note 18 for further details.

NOTE 10. INVENTORIES

	Consolidated	
	2023 \$	2022 \$
Current		
Raw Material	24,441,751	11,318,476
Finished Good	24,468,142	42,049,511
	48,909,893	53,367,987
Non-current		
Finished Goods	3,749,000	5,177,875
	3,749,000	5,177,875
	52,658,893	58,545,862

Write-downs of inventories to net realizable value recognised as an expense during the year ended 31 March 2023 amounted to \$10,970,774 (31 March 2022:\$6,320,061). The expense has been included in 'Other expenses' in profit or loss.

NOTE 11. CURRENT ASSETS - OTHER

	Consolidated	
	2023 \$	2022 \$
Prepayments	431,727	273,512
	431,727	273,512

NOTE 12. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	2023 \$	2022 \$
Investment in associates	657,432	411,649
	657,432	411,649

Refer to note 33 for further information on interests in associates.

NOTE 13. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2023 \$	2022 \$
Land and buildings - at cost	23,596,500	21,452,645
Less: Accumulated depreciation	(9,273,052)	(8,454,597)
	14,323,448	12,998,048
Plant and equipment - at cost	38,678,833	39,405,310
Less: Accumulated depreciation	(23,604,526)	(22,490,912)
	15,074,307	16,914,398
Motor vehicles - at cost	568,203	568,203
Less: Accumulated depreciation	(250,921)	(195,849)
	317,282	372,354
Computer equipment - at cost	571,998	501,815
	(393,711)	(334,449)
	178,287	167,366
Right-of-use assets	859,830	1,304,255
Less: Accumulated depreciation	(692,659)	(456,142)
	167,171	848,113
Assets Under Construction	591,209	2,052,792
	30,651,704	33,353,071

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings \$	Plant and equipment \$	Motor vehicles \$	Computer equipment \$	Right-of-use Assets \$	Asset Under Construction \$	Total \$
Balance at 31 March 2021	12,083,839	20,477,122	154,742	140,099	1,060,560	-	33,916,362
Additions	650,197	699,978	297,360	98,558	49,329	2,052,793	3,848,215
Transfers in/(out)	1,019,828	(1,923,914)	-	2,283	-	-	(901,803)
Disposals	-	-	(24,309)	-	-	-	(24,309)
Loss of Control - Subsidiary	-	-	-	-	-	-	-
Depreciation expense	(755,816)	(2,338,788)	(55,439)	(73,574)	(261,776)	-	(3,485,393)
Balance at 31 March 2022	12,998,048	16,914,398	372,354	167,366	848,113	2,052,793	33,353,072
Additions	664,204	499,104	-	89,990	00,000	393,594	1,646,892
Transfers in/(out)	1,480,353	375,033	-	(208)	-	(1,855,178)	(0)
Disposals	(236)	(381,023)	-	(2,015)	(442,366)	-	(825,640)
Loss of Control - Subsidiary	-	-	-	-	-	-	-
Depreciation expense	(818,921)	(2,333,205)	(55,072)	(76,846)	(238,576)	-	(3,522,620)
Balance at 31 March 2023	14,323,448	15,074,307	317,282	178,287	167,171	591,209	30,651,704

COLLATERAL PLEDGED

A registered first mortgage has been taken out over land and buildings. Refer to note 18 for further details.

NOTE 14. NON-CURRENT ASSETS - INTANGIBLES

	Consolidated	
	2023 \$	2022 \$
Software - at cost	2,489,535	2,102,905
Less: Accumulated amortisation	(1,532,912)	(1,320,640)
	956,623	782,265
Intangibles - at cost	-	246,738
Less: Accumulated amortisation	-	(23,646)
	-	223,092
	956,623	1,005,357

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Software \$	Intangibles \$	Total \$
Balance at 31 March 2021	30,400	-	30,400
Transfers in/(out)	518,588	101,843	620,431
Additions	383,781	144,895	528,676
Impairment of assets			
Amortisation expense	(150,504)	(23,646)	(174,150)
Balance at 31 March 2022	782,265	223,092	1,005,357
Transfers in/(out)	393,839	-	393,839
Additions	-	-	-
Impairment of assets	(4,251)	(198,418)	(202,669)
Amortisation expense	(215,230)	(24,674)	(239,904)
Balance at 31 March 2023	956,623	-	956,623

NOTE 15. NON-CURRENT ASSETS/(LIABILITY) - DEFERRED TAX

	Consolidated	
	2023 \$	2022 \$
<i>Deferred tax assets/(liability)</i>		
Accruals and superannuation	50,077	34,386
Provisions - employee benefits	539,276	507,026
Lease assets / liabilities	6,986	11,233
Losses	267,970	2,567,257
Unrealised FX gains and losses	(317,323)	242,893
Property, plant and equipment - tax allowance	(1,628,503)	(1,600,574)
Other	398,000	412,910
Closing balance	(683,517)	2,175,131

NOTE 16. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	2023 \$	2022 \$
Trade payables	4,948,803	5,775,614
Sundry payables and accrued expenses	1,313,996	1,008,480
	6,262,799	6,784,094

NOTE 17. LIABILITIES - BORROWINGS

	Consolidated	
	2023 \$	2022 \$
Current Secured liabilities		
Bank loans (i)	29,581,639	58,109,279
	29,581,639	58,109,279
Non-current Secured liabilities		
Bank loans	-	681,639
New South Wales Treasury Access Finance Loan (ii)	5,158,800	5,158,800
	5,158,800	5,840,439
	34,740,439	63,949,718

(i) The group continued to bank with the National Australia Bank for the current financial year. The Group has an aggregate Facility limit of \$54,870,000 for the 2023 season (2023/24 financial year). On 1st June 2023 the facility was renewed with an expiry date of 31st May 2024.

The Facility is secured by the following:

- a registered first mortgage over the macadamia nut processing facility at 2 Cowlong Road, Lindendale, NSW.
- a registered first mortgage over the macadamia nut processing facility at 170 Rosedale Road, Oakdale, QLD.
- a first fixed and floating charge over the assets and undertaking of Marquis Macadamias Limited & Pacific Gold Macadamias Pty Ltd.
- a registered first security agreement of Marquis Macadamias Limited & Pacific Gold Macadamias Pty Ltd overall present and after-acquired property.
- an unlimited guarantee from Marquis Macadamias & Pacific Gold Macadamias Pty Ltd.

(ii) The company used a facility with New South Wales Treasury Corporation for capital projects.

The group was in breach of its banking covenants for the March 2023 quarter relating to it's profit for the full year. Subsequent to balance date, the group obtained a waiver for the breach as part of the facility renewal.

The directors are confident of renewing the seasonal finance facilities and have obtained a letter of intent from lenders. The directors note the facilities are typically renewed on an annual basis.

NOTE 18. FOREIGN EXCHANGE CONTRACTS

	Consolidated	
	2023 \$	2022 \$
Current Foreign exchange contracts – asset/(liability)	(784,087)	294,668
	(784,087)	294,668

NOTE 19. LEASE LIABILITIES

	Consolidated	
	2023 \$	2022 \$
<i>Current</i> Lease Liabilities	190,457	251,250
	190,457	251,250
<i>Non-current</i> Lease Liabilities	-	634,307
	-	634,307
	190,457	885,557

There were no additions to right of use assets or lease liabilities during the year.

NOTE 20. INCOME TAX PROVISION

	Consolidated	
	2023 \$	2022 \$
<i>Current Asset</i> Provision for income tax	-	264,857
<i>Current Liability</i> Provision for income tax	-	-

NOTE 21. CURRENT LIABILITIES - EMPLOYEE BENEFITS

	Consolidated	
	2023 \$	2022 \$
Employee benefits	1,468,381	1,399,678

AMOUNTS NOT EXPECTED TO BE SETTLED WITHIN THE NEXT 12 MONTHS

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2023 \$	2022 \$
Employee benefits obligation expected to be settled after 12 months	329,206	290,409

NOTE 22. CURRENT LIABILITIES - PROVISIONS

	Consolidated	
	2023 \$	2022 \$
Provisions for dividend	-	-
Provision for dividend	-	-

MOVEMENTS IN PROVISIONS

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2023	Dividend \$
Carrying amount at the start of the year	-
Additional provisions recognised	-
Amounts transferred from non-current	-
Amounts used	-
Unused amounts reversed	-
Carrying amount at the end of the year	-

NOTE 23. EQUITY - ISSUED CAPITAL

	Consolidated			
	2023 Shares	2022 Shares	2023 \$	2022 \$
Preference shares	78	78	78	78
A class shares - fully paid	274,552	284,519	527,792	537,640
Ordinary shares - partly paid	148,291	124,141	2,430,434	2,017,778
Ordinary shares - fully paid	2,570,310	2,554,813	14,012,978	13,910,894
	2,993,231	2,963,551	16,971,282	16,466,390

MOVEMENTS IN PREFERENCE SHARE CAPITAL

Details	Date	Shares	Issue price	\$
Balance	31 March 2021	80		80
Cancellation of shares	4 March 2021	(2)	(\$1.00)	(2)
Balance	31 March 2022	78		78
Balance	31 March 2023	78		78

A CLASS SHARES

A class shares participate in the proceeds on winding up of the parent entity in proportion to the number of shares held.

A class shares are not entitled to participate in dividends.

A class shares are entitled to receive notice of and to attend any general meeting of the company but will not be entitled to any right to vote at such meetings except in one or more of the following circumstances:

- (i) on proposal to reduce share capital of the company;
- (ii) on a proposal that affects rights attaching to A class shares;
- (iii) on a proposal for disposal of the whole property, business and undertaking of the company;
- (iv) on a resolution to approve the terms of a buy back agreement; or
- (v) during the winding up of the Company.

MOVEMENTS IN A CLASS SHARE CAPITAL

Details	Date	Shares	Issue price	\$
Balance	1 April 2021	289,519		542,941
Conversion between A Class to ordinary	31 March 2022	(5,000)	\$1.06	(5,301)
Conversion between ordinary to A class	31 March 2022	-	-	-
Balance	31 March 2022	284,519		537,640
Conversion between A Class to ordinary	31 March 2023	(11,665)	\$1.26	(14,732)
Conversion between ordinary to A class	31 March 2023	1,698	\$2.88	4,884
Balance	31 March 2023	274,552		527,792

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	Shares	Issue price	\$
Balance	31 March 2021	2,519,903	-	13,421,651
Conversion between A Class to ordinary	31 March 2022	5,000	\$1.06	5,301
Conversion between ordinary to A class	31 March 2022	-	-	-
Conversion between partly paid and fully paid	31 March 2022	1,500,500	\$16.18	24,270
Allotment on new fully paid ordinary shares	31 March 2022	28,410	\$16.18	459,672
Balance	31 March 2022	2,554,813		13,910,894
Conversion between A Class to ordinary	31 March 2023	11,665	\$1.26	14,732
Conversion between ordinary to A class	31 March 2023	(1,698)	\$2.88	(4,884)
Conversion between partly paid and fully paid	31 March 2023	1,100	\$16.18	17,798
Allotment on new fully paid ordinary shares	31 March 2023	4,430	\$16.80	74,438
Balance	31 March 2023	2,570,310		14,012,978

PARTLY PAID ORDINARY SHARES

Partly paid ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held.

MOVEMENTS IN PARTLY PAID ORDINARY SHARE CAPITAL

Details	Date	Shares	Issue price	\$
Balance	31 March 2021	-	-	-
Allotment of new shares	31 March 2022	125,641	\$16.25	2,042,048
Conversion to fully paid shares	31 March 2022	(1,500)	\$16.18	(24,270)
		124,141		2,017,778
Balance	31 March 2022	124,141		2,017,778
Allotment of new shares	31 March 2023	26,650	\$17.13	456,578
Cancellation of partly paid shares	31 March 2023	(1,400)	\$18.66	(26,124)
Conversion to fully paid shares	31 March 2023	(1,100)	\$16.18	(17,798)
Balance	31 March 2023	148,291		2,430,434

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

CAPITAL RISK MANAGEMENT

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 31 March 2021 Annual Report.

NOTE 24. EQUITY - RETAINED PROFITS

	Consolidated	
	2023 \$	2022 \$
Retained profits at the beginning of the financial year	33,277,769	38,563,950
Profit (Loss) after income tax expense for the year	868,784	(5,290,287)
Dividends (note 25)	-	4,106
Retained profits at the end of the financial year	34,146,553	33,277,769

NOTE 25. EQUITY - DIVIDENDS

DIVIDENDS

Dividends paid during the financial year were as follows:

	Consolidated	
	2023 \$	2022 \$
Final dividend declared in the year ended 31 March 2021 (2020 Season) of 40 cents per ordinary share	-	1,012,069
Final dividend paid in the year ended 31 March 2022 of 40 cents (2020 Season)	-	(1,007,963)
	-	4,106

FRANKING CREDITS

	Consolidated	
	2023 \$	2022 \$
Franking credits available for subsequent financial years based on a tax rate of 30%	7,226,791	10,112,157

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

NOTE 26. FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, accounts receivable, payables and bank loans.

FINANCIAL RISK MANAGEMENT OBJECTIVES

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

MARKET RISK

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. During the period, most of the consolidated entity's transactions are in Australian dollars, and while there are sales and purchases made in foreign currencies, the board has taken out the appropriate foreign exchange cover to ensure that the operating profitability of the group is not impacted.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's exposure to market risk for changes in interest rates related primarily to the consolidated entity's short- and long-term debt obligations. Interest rate risk is managed by having a mixture of fixed and floating rate debt.

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

LIQUIDITY RISK

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2023 \$	2022 \$
Bank overdraft	400,000	400,000
	400,000	400,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

REMAINING CONTRACTUAL MATURITIES

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2022	Weighted average interest rate %	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<i>Financial liabilities</i>					
Trade payables		6,784,092	-	-	6,784,092
Bank loans	1.72%	58,141,824	5,884,272	-	64,026,096
Total financial liabilities		64,925,916	5,884,272	-	70,810,188

Consolidated - 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<i>Financial liabilities</i>					
Trade payables		6,262,799	-		6,262,799
Bank loans	6.063%	25,435,629	11,411,286		36,846,915
Total financial liabilities		31,698,428	11,411,286		43,109,714

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTE 27. KEY MANAGEMENT PERSONNEL DISCLOSURES

COMPENSATION

The term 'key management personnel' (KMP) refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity (i.e. group), directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The directors and other key management personnel of the consolidated entity during or since the end of the financial year were:

Directors:

- Peter John Costi (Appointed 1/9/22)
- Andrew Jon Leslie
- Clayton Joel Mattiazzi
- Scott David Norval (Resigned 1/9/22)
- Fermino Carlo Zadro (Resigned 31/3/23)
- Peter Michael Zadro
- Donald Keith Ross
- Andrea Joan Lemmon (Resigned 14/11/22)

All of the directors listed above are related parties to the consolidated entity due to their direct or indirect shareholding in the consolidated entity.

Executive officers:

- Larry McHugh (Chief Executive Officer) (Resigned 31/12/22)
- Steven Lee (Chief Operations Officer)
- Justin Truscott (Chief Financial Officer)
- Ben Adams (Chief Executive Officer) (Appointed 24/1/23)

The aggregate compensation made to key management personnel of the consolidated entity is set out below.

	Consolidated	
	2023	2022
	\$	\$
Short-term wages and salaries	941,786	919,660
Termination benefits	-	-
Superannuation	88,350	81,156
Post-employment benefits	-	-
Share Based Payments	-	-
	1,030,136	1,000,816
Total KMP Excluding Directors	3	3

NOTE 28. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Ernst and Young, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2023 \$	2022 \$
Audit services		
Audit of the financial statements - Ernst & Young	133,100	124,000
	133,100	124,000

NOTE 29. RELATED PARTY TRANSACTIONS

PARENT ENTITY

Marquis Macadamias Ltd is the parent entity.

SUBSIDIARIES

Interests in subsidiaries are set out in note 31.

ASSOCIATES

Interests in associates are set out in note 32.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 27.

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	Consolidated	
	2023 \$	2022 \$
(i) Purchase of Nut in Shell Directors and their director-related entities	27,138,289	51,252,363
(ii) Sale of goods and services Revenue from jointly controlled entities Macadamia Marketing Pty Ltd	124,762,698	154,803,316
(iii) Trade and other receivables Amounts due from jointly controlled entities Macadamia Marketing Pty Ltd	3,015,810	23,565,731

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 30. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Parent	
	2023 \$	2022 \$
Profit after income tax	623,001	1,003,939
Total comprehensive income / (loss)	(1,206,452)	525,195

STATEMENT OF FINANCIAL POSITION

	Parent	
	2023 \$	2022 \$
Total current assets	61,465,929	85,042,276
Total assets	94,435,547	123,070,007
Total current liabilities	(32,647,549)	(66,249,631)
Total liabilities	(44,458,887)	(73,014,786)
Equity		
Issued capital	16,971,282	16,466,390
Reserves	(784,087)	422,365
Retained profits	33,789,465	33,166,466
Total equity	49,976,660	50,055,221

GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 31 March 2023 and 31 March 2022.

CAPITAL COMMITMENTS - PROPERTY, PLANT AND EQUIPMENT

The parent entity had capital commitments for property, plant and equipment as at 31 March 2023 of \$150,000 (\$747,000 31 March 2022).

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 31. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 \$	2022 \$
Macadamia Magic Pty Ltd	Australia	100.00%	100.00%
International Macadamias Ltd	Australia	100.00%	100.00%
Marquis Macadamias (Qld) Pty Ltd	Australia	100.00%	100.00%
Marquis Nuts Pty Ltd	Australia	100.00%	100.00%
Marquis Foods Pty Ltd	Australia	100.00%	100.00%
Marquis Processing Pty Ltd	Australia	100.00%	100.00%
Macadamia Processing Co Pty Ltd	Australia	100.00%	100.00%
Pacific Gold Macadamias Pty Ltd	Australia	100.00%	100.00%
Marquis Marketing Pty Ltd	Australia	50.00%	50.00%

NOTE 32. INTERESTS IN ASSOCIATES

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 \$	2022 \$
Marquis Marketing Pty Ltd	Australia	50.00%	50.00%

NOTE 33. EVENTS AFTER THE REPORTING PERIOD

No other matter or circumstance has arisen since 31 March 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTE 34. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated	
	2023	2022
	\$	\$
Profit (Loss) after income tax expense for the year	868,784	(5,290,287)
Depreciation and amortisation	3,762,524	3,659,544
Loss on fixed asset retirement	449,534	24,309
Interest on ROU Asset / Liability	19,006	25,635
Share of joint ventures net profit after income tax	(245,783)	(142,907)
Change in operating assets and liabilities (inclusive of business combination):		
Decrease/ (increase) in trade and other receivables	16,056,967	(4,229,631)
Decrease/ (increase) in prepayments	(158,215)	140,903
Decrease /(increase) in inventories	5,886,969	(2,732,846)
Decrease /(increase) in deferred taxes	2,858,648	(2,282,401)
Decrease in trade payables and accruals	(521,295)	(1,787,897)
Increase/(decrease) in income tax payable	264,857	3,170,094
Increase/(decrease) in employee benefits	107,501	124,878
Increase/(decrease) in derivative liabilities	1,078,755	(397,579)
Increase/(decrease) in reserves	(1,206,452)	525,195
Net cash from / (used in) operating activities	29,221,800	(9,192,990)

Director's declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 March 2023 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Clayton Mattiazzi
Chair

Dated: 19 July 2023



Andrew Leslie
Director

Dated: 19 July 2023



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Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Independent auditor's report to the members of Marquis Macadamias Limited

Opinion

We have audited the financial report of Marquis Macadamias Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 March 2023, the consolidated statement profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 March 2023 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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



Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Wade Hansen' in a cursive script.

Wade Hansen
Partner
Brisbane
19 July 2023

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Registered Office and Principal Place of Business

2 Cowlong Road
Lismore NSW 2480
ABN 93 002 607 972

Directors

Andrew Jon Leslie
Clayton Joel Mattiazzi
David Bryant
Donald Keith Ross
Justin Phillip Fontana
Peter Costi
Peter Michael Zadro

Company Secretary

Ms Emma Rose
Mr Justin Truscott

Auditors

Ernst & Young
111 Eagle Street
Brisbane QLD 4000




Acknowledgement

Marquis Macadamias acknowledges the Traditional Custodians of the land on which we operate. We pay our respects to the Elders past, present and emerging and their continuing connection to land, water and community.





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