MARQUIS MACADAMIAS

Annual Report
2020

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ANNUAL GENERAL MEETING 2020

The 38th Annual General Meeting for Marquis Macadamis Limited will be held at 10.30am (AEST) on Friday, 28 August 2020 at Ballina RSL Club, 246 River Street, Ballina NSW 2478. Registration available from 9.45am.

Virtual AGM

This year, Marquis Macadamias' 2020 Annual General Meeting will be held virtually as a result of the COVID-19 pandemic. In addition, Marquis Macadamias' Notice of Annual General Meeting is being distributed electronically and is available to view and download at https://marquis.com/agm-2020/.

Your participation in the Meeting is important to us. The Meeting will be webcast live via the Lumi online platform. You will be able to listen to the proceedings, view the presentations, 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 https://marquis.com/agm-2020/.

MARQUIS
MACADAMIAS

Our Mission

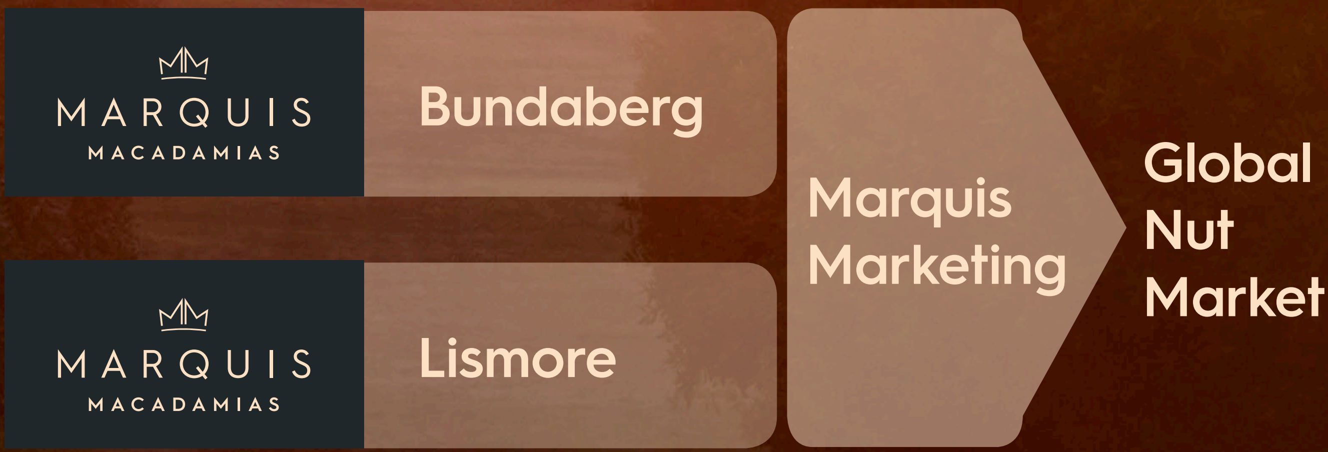
At Marquis Macadamias – good isn't good enough. Our mission is to be the indisputable global leader in Macadamias. To shape the category and be the benchmark for others. We dream big because this is what drives us to succeed.

Our Values

Sustainability	We value the earth that provides for us. We practice sustainability to protect the future because our growers must tend, nurture and harvest. Year in, year out. Forever.
Respect	Our business is built on respect. For growers. For the land and environment. For our communities. For our product. For our customers. For our partners. For each other.
Integrity	We value our relationships above all else. We believe in being easy to do business with and always operate in an open, honest and ethical way.

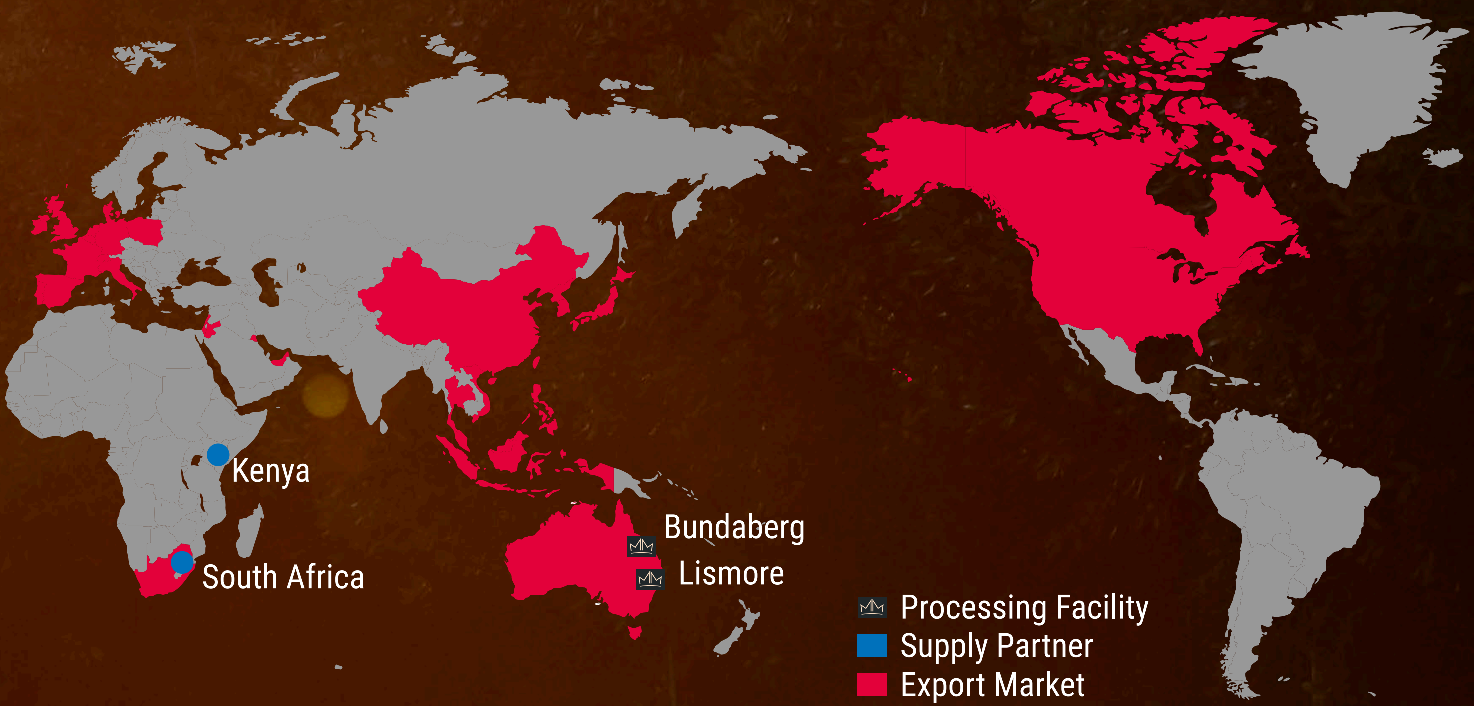
Overview

Marquis Macadamias is the world's largest processor and marketer of macadamias. Marquis is 100 percent grower-owned and responsible for over 46% of Australian macadamias (NIS), and 22% of global kernel sales.



Highlights

Ownership	Tonnes	Global
100%	**21,000+**	**29**
Grower-owned	NIS processed	Export countries



Staff	Growers	Crop
350+	**360+**	**46%**
across 3 locations		total Australian crop

Chairman's Letter

Dear Shareholder

It is with great pleasure that I present the 2019 season Chairman's review having watched the company grow consistently over the past decade. We may be in unusual times, but Marquis Macadamias Ltd continues to return maximum value to its shareholders.

As we look back on the financial year that was, the company completed its acquisition of Pacific Gold Macadamias Pty Ltd and the rebranding of the business under the Marquis name.

The successful acquisition and merger of Pacific Gold Macadamias into Marquis Macadamias Ltd has cemented the company's position as the largest macadamia processor in Australia and the World. Both plants produce certified pasteurized product – a key differentiator in the market, especially during these challenging times. The synergies between the two factories are already starting to emerge and there is no doubt that the consolidation of these plants will yield greater returns for our shareholders.

The company has successfully rebranded under the Marquis banner, replacing the confusing number of brand names that the company had accumulated and traded under since its establishment. The new brand name has been well received by shareholders, partners and customers alike as a differentiating factor in the macadamia industry. The new brand is a key foundation for the future growth of the group under a single brand and we can expect to continue seeing an increase in the brand equity of the group.

The Company (Consolidated Entity) reported a post-tax profit of $3.123 million for the year with the individual factory entities reporting increases in their operating profit. Marquis Macadamias declared and paid a record dividend of 80 cents per share in the last financial year. The consolidated net asset position of the company is $45.469 million.

The financial statements report a foreign exchange loss of $10.335 million. This includes an unrealised loss of $13.437 million in relation to the cover taken by the company to underwrite the $6.00 notional price for the 2020 season. This loss is reflected in order to comply with accounting rules and was caused by the large fall in value of the Australian dollar in March as a result of the COVID-19 crisis. From an accounting perspective, it reversed on 1 April and will be brought back in the current year's financial accounts as revenue. The Board has a very conservative policy in relation to foreign exchange and only takes forward cover for foreign currency sales to protect the notional price.

Marquis Marketing had another successful year of marketing the product from Australia, South Africa and Kenya. Marquis Marketing continues to cement itself as the industry leader in marketing and is fast becoming the preferred supplier with many major customers. We will also be welcoming Global Macadamias into Marquis Marketing this year, and the relationship is expected to yield consistency and reliability of macadamia supply across the group – something which our customers have been searching for in the macadamia industry.

The final nut-in-shell price at 33% kernel recovery and 10% moisture content for the 2019 season was a record $5.80 per kilogram and set the mark for the 2020 season notional price to start at $6.00 per kilogram.

Dividends

The Board has declared a fully franked dividend of 40 cents per share to Ordinary class shareholders on the register at 31 March 2020 and to be paid on or before 31 March 2021.

Acknowledgements

The Company's continuing success and leadership in the industry is reliant on the loyalty of our growers and our committed staff and management. On behalf of the Board, I'd like to thank each and every person in the organisation for making Marquis what it is today.

Sincerely,

Chris Ford

Chris Ford
Chairman

CEO's Report

NPAT

$3.123m

Final Price

$5.80

per kg for 2019

Dividend

$0.80

per share for 2019

Energy

600kw

solar installed

Pasteurized

100%

Australian product

Dear Shareholder

The 2020 financial year has certainly been one of the most exciting years in the company's history. The company performed well during the financial year processing approximately 21,000 tonnes of NIS, and posting a consolidated profit of $3.123 million whilst paying industry leading prices to growers. We have continued to focus on building for the future by acquiring the remaining shares in Pacific Gold Macadamias Pty Ltd (PGM) and rebranding to Marquis Macadamias.

In early 2020, PGM ceased trading and the staff and operations were transferred to Marquis Macadamias. The assets of PGM will be transferred to Marquis Macadamias Ltd during the course of the 2021 financial year. We are continuing to focus on the production facilities to ensure that they are efficient, produce high quality kernel and work together to achieve the expected synergies from the merger. In February 2020, the Bundaberg factory installed the same SAP ERP system used in Lismore with a continued focus on unifying other IT processes, production teams and systems.

The continued investment in our factories is essential to maintain our quality and remain cost competitive. In 2019, the Marquis Macadamias Bundaberg factory commissioned a new cracking room and installed a Napasol pasteuriser. The 2019 season upgrades were followed with an extensive upgrade to the sorting area at that factory early this year. In early 2020, the Lismore factory rebuilt its cracking room with the most up to date technology and process flows. The 600-kilowatt solar system commissioned in 2019 has substantially reduced energy costs in the Lismore factory and we are planning a similar installation in Bundaberg – another small step for the business becoming a sustainable enterprise.

Marquis Macadamias is now ready for the future with a processing capacity of over 30,000 tonnes of NIS annually.

Our subsidiary, Marquis Marketing, continues to grow and will welcome Global Macadamias as a shareholder during 2020. All the product from our two Australian factories and the Global Macadamias facilities are now packed in Marquis Branded cartons and are sold through Marquis Marketing, with plans in place to launch Marquis branded retail products.

The rebranding to Marquis Marketing has been welcomed by our customers who appreciate the simplicity of our new structure and our access to large volumes of high-quality kernel and NIS.

Rebranding was the first step in a growth plan that will see us remain as an industry leader as the world crop grows. Marquis Marketing has been building systems and staff expertise over the last 12 months in preparation for next growth-phase of the business and have recently appointed a Product Development Manager to lead the charge into an expanded consumer presence and value adding of our product.

While Australian produced macadamias hold a unique place in the world market, it is important that other origins contribute to market development over the coming years as their crop grows. The World Macadamia Organisation (WMO) is the vehicle that will be used to drive world quality standards, collect data, coordinate health research, and develop and enact marketing plans. Marquis has continued our involvement with the WMO and at recent meetings, bylaws and funding for the organisation have been agreed. The aim is to have the WMO operational by early 2021. The establishment of this organisation was a very important step in ensuring that demand stays ahead of supply over the next five years and we are pleased to see that efforts we have put in over the last few years are now crystallising.

The 2020 financial year was one of significant change within our company and I would like to thank the Directors and the staff for their hard work and dedication that enabled us to take these important steps in our growth.

The coming years will be both exciting and challenging as we increase our supply base, enter into new markets and expand our product range, but we will continue to provide our shareholders with the peace of mind that comes with knowing that Marquis Macadamias will continue to play an integral role in building a strong global industry while remaining a grower owned organisation!

Larry McHugh
Chief Executive Officer

Board of Directors

Marquis Macadamias is lead by an experienced team of Directors

Chris Ford
Non-Executive Chairman

20 years consultant for the International Monetary Fund, 37 years' experience in senior accounting and financial roles with large Australian and international companies/banks, 23 years' experience in the macadamia industry.

Chris has a Bachelor of Economics (Hons) – Manchester University, England, is a former fellow of the Institute of Chartered Accountants in England and Wales, and is a member of the Remuneration Committee.

Peter Costi
Non-Executive Director

Carpenter, Joiner and Macadamia farmer. Peter has 26 years involvement in the building industry as a director and shareholder of a commercial construction company and a residential building company. He has 20 years' experience in the macadamia industry.

Peter has a Building Diploma and is a member of the Remuneration Committee.

Phil Zadro
Non-Executive Director

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.

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 MPC 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 our macadamia farm for 5 years and have 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.

Scott Norval

Non-Executive Director

National Manager Macadamias for RFM Pty Ltd, Company director and secretary of agricultural and constructions companies with prior experience as a compliance officer. 17 years' experience in the macadamia industry from processing to farm establishment and management.

Scott has a Graduate Certificate Business Management (Central Queensland University)(Issued 2009) and Ground Engineers Instrument – Electrical, Sydney TAFE 1989.

Clayton Mattiazzi

Non-Executive Director

Has been in the macadamia industry for 13 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).

Peter Zadro

Non-Executive Director

For the last 14 years full time involvement with the family business consisting of macadamia plantations in QLD, NSW and South Africa. His 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.

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

Directors' Report

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 (formerly Macadamia Processing Co Ltd) (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 March 2020.

Directors

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

Peter John Costi

Christopher Robert Ford

Andrew Jon Leslie

Clayton Joel Mattiazzi (appointed on 14 August 2019)

Scott David Norval

Fermino Carl Zadro (appointed on 23 May 2019)

Peter Michael Zadro

Annette Carmel Fontana (resigned on 17 July 2019)

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	
	2020 $	**2019 $**
Dividend paid in the year ended 31 March 2020 of 80 cents (31 March 2019: 40 cents) per ordinary share	1,538,350	765,041
	1,538,350	765,041

Review of operations

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to $3,123,227 (31 March 2019: $7,909,565).

All three of the consolidated entity's companies improved their profit results year on year after excluding the effects of the unrealised foreign exchange gains and losses at financial year end.

Notwithstanding the impact of AASB 16, the financial position of the consolidated entity remains strong with a large asset base, which is being fully utilised. Even with the predicted downturn in the global economy, the forecast profitability of the Group remains strong and with continued support from our banking partners, the Group can expect another year of strong financial performance.

The macadamia industry continues to grow in size with new growers, processors and marketers entering the market both domestically and internationally. Demand for macadamias remains strong despite the uncertainty created by the Global COVID-19 pandemic. The world macadamia crop is expected to continue expanding with the industry evolving at a rapid pace. The Group has continued to invest in its brand, factories, staff and IT infrastructure so that it can meet future challenges head on. The prospects for the macadamias industry continue to look positive.

Significant changes in the state of affairs

On 30 April 2019, Marquis Macadamias Ltd (formerly Macadamia Processing Co Ltd), acquired the remaining 63% of Pacific Gold Macadamias Pty Ltd as approved by the company's shareholders at an extraordinary general meeting (EGM) on 26 March 2019 by issuing 634,414 shares to the remaining shareholders of Pacific Gold Macadamias. The company's principal activities include the purchasing, processing and selling of macadamia nuts and products and is expected to create significant synergies and efficiencies between the processing plants.

The Group underwent a rebranding exercise that was approved by shareholders at an EGM on 02 October 2019. The new 'Marquis' name, which was adopted across the Group in February 2020, and has been extremely well received across the broader industry.

The Group of companies also changed their auditors from RSM to Ernst and Young at the October EGM in order to align the trajected growth of the Group with our professional advisors.

The 2020 results have been reported as the consolidated results of the Group, whereas the 2019 comparatives do not include the assets and liabilities of the newly acquired subsidiaries.

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

Matters subsequent to the end of the financial year

As at 1 April 2020, a tax consolidated group was formed between Pacific Gold Macadamias Pty Ltd and Marquis Macadamias Ltd (formerly Macadamia Processing Co Ltd). The assets and liabilities of Pacific Gold Macadamias will be transferred to Marquis Macadamias Ltd during the course of the 2021 financial year.

The Board declared a dividend of $0.40 per ordinary share held at 31 March 2020 to be paid during the course of the 2021 financial year.

No other matter or circumstance have arisen since 31 March 2020 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:	**Peter John Costi**
Title:	Director (non-executive)
Qualifications:	Building Diploma
Experience and expertise:	Carpenter, Joiner and Macadamia farmer. Peter has 26 years involvement in the building industry as a director and shareholder of a commercial construction company and a residential building company. He has 20 years' experience in the macadamia industry.
Special responsibilities:	Remuneration Committee
Name:	**Christopher Robert Ford**
Title:	Director (non-executive) & Chairman
Qualifications:	Bachelor of Economics (Hons) - Manchester University, England Former fellow of the Institute of Chartered Accountants in England and Wales.
Experience and expertise:	20 years consultant for the International Monetary Fund, 37 years' experience in senior accounting and financial roles with large Australian and international companies/banks, 23 years' experience in the macadamia industry.
Special responsibilities:	Remuneration 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 MPC 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 our macadamia farm for 5 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)
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 13 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:	**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 constructions companies with prior experience as a compliance officer. 17 years' experience in the macadamia industry from processing to farm establishment and management.
Special responsibilities:	None

Name:	**Fermino (Phil) Carlo Zadro**
Title:	Director (non-executive)
Qualifications:	
Experience and expertise:	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.
Special responsibilities:	None

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 14 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

Company secretary

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

Mr Ivan Giuricich – Bachelor of Accounting Science (University of the Witwatersrand South Africa), member of South African Institute of Chartered Accountants (SAICA) since 2016. Mr Giuricich was appointed company secretary on 17 July 2019.

Ms Emma Nicole Rose – Bachelor of Business, member of CPA since 2015. Ms Rose was appointed company secretary on 6 November 2019.

Ms Jane Louise Meeve – resigned as company secretary on 6 November 2019.

Mr Timothy James Gilmore – resigned as company secretary on 23 April 2019.

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 2020, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Peter John Costi	7	9
Christopher Robert Ford	9	9
Andrew Jon Leslie	9	9
Clayton Joel Mattiazzi (Appointed on 14 August 2019)	5	6
Scott David Norval	8	9
Fermino Carlo Zadro	5	9
Peter Michael Zadro	8	9
Annette Carmel Fontana (Resigned 17 July 2019)	1	3

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.

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
RSM Australia ceased their appointment in office on 2 October 2019.

Ernst & Young were appointed to office in accordance with section 327 of the Corporations Act 2001 on 2 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

Chris Ford

Christopher Robert Ford
Director (Chairman)

Peter Costi

Peter Costi
Director

Dated: 29 July 2020

Auditor's independence declaration

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
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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 2020, 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; and

b) no contraventions of 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.

Ernst & Young

Ernst & Young

Wade Hansen

Wade Hansen
Partner
Brisbane
29 July 2020

Financial Report

General information

The financial statements cover Marquis Macadamias Ltd (formerly Macadamia Processing Co Ltd) as a consolidated entity consisting of Marquis Macadamias Ltd (formerly Macadamia Processing Co 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 (formerly Macadamia Processing Co Ltd)'s functional and presentation currency.

Marquis Macadamias Ltd (formerly Macadamia Processing Co 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	Principal place of business
2 Cowlong Road Lismore NSW 2480	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 27 July 2020. The directors have the power to amend and reissue the financial statements.

With effect from 2 February 2020, the name of the company was changed from Macadamia Processing Co Ltd to Marquis Macadamias Ltd.

Statement of profit or loss and other comprehensive income

For the year ended 31 March 2020

	Notes	Consolidated 2020 $	Consolidated 2019 $
Revenue	3	200,431,423	102,312,542
Other income	5	466,587	106,771
Expenses			
Raw materials and consumables used		(142,843,667)	(75,617,129)
Employee benefits expense		(22,260,338)	(10,832,997)
Storage and transport costs		(3,299,723)	(660,655)
Depreciation and amortisation expense	6	(3,305,773)	(2,060,296)
Other expenses	6	(15,341,904)	(4,137,610)
Finance costs	6	(1,406,687)	(570,201)
Foreign exchange gain/(loss)		(10,335,855)	–
Share of profits of associates accounted for using the equity method	4	–	803,339
Profit before income tax expense		2,104,063	9,343,764
Income tax (expense)/refund	7	1,019,164	(1,434,199)
Profit after income tax expense for the year		3,123,227	7,909,565
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		–	–
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		–	–
Profit for the year is attributable to:			
Non-controlling interest		–	–
Owners of Marquis Macadamias Ltd (formerly Macadamia Processing Co Ltd)	25	3,123,227	7,909,565
		3,123,227	7,909,565
Total comprehensive income for the year is attributable to:			
Non-controlling interest		–	–
Owners of Marquis Macadamias Ltd (formerly Macadamia Processing Co Ltd)		–	–
		3,123,227	7,909,565

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 2020

Assets	Notes	Consolidated 2020 $	2019 $
Current assets			
Cash and cash equivalents	8	3,768,061	820,368
Trade and other receivables	9	26,230,358	10,489,499
Inventories	10	47,830,317	15,016,203
Other	11	398,967	72,986
Total current assets		78,227,703	26,399,056
Non-current assets			
Investments accounted for using the equity method	12	–	5,433,660
Property, plant and equipment	13	32,263,417	13,704,031
Intangibles	14	421,688	–
Deferred tax	15	4,931,292	468,436
Financial assets	16	100	–
Total non-current assets		37,616,497	19,606,127
Total assets		115,844,200	46,005,183
Liabilities			
Current liabilities			
Trade and other payables	17	16,837,514	6,389,019
Borrowings	18	35,326,026	–
Borrowings	19	13,437,600	–
Lease Liability Current	20	434,024	–
Contract Liability		758,577	845,259
Income tax payable	21	888,436	678,589
Employee benefits	22	1,177,141	689,427
Provisions	23	–	1,538,350
Total current liabilities		68,859,318	10,140,644
Non-current liabilities			
Borrowings	18	149,010	3,020,000
Lease Liability Non-current	20	1,205,995	–
Employee benefits	22	160,064	58,619
Total non-current liabilities		1,515,069	3,078,619
Total liabilities		70,374,387	13,219,263
Net assets		45,469,813	32,785,920
Equity			
Issued capital	24	13,964,689	4,404,023
Retained profits	25	31,505,124	28,381,897
Total equity		45,469,813	32,785,920

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 2020

Consolidated	Preference shares $	Ordinary and A class shares $	Retained profits $	Total equity $
Balance at 1 April 2018	56	4,403,957	21,990,307	26,394,320
Profit after income tax expense for the year	–	–	7,909,565	7,909,565
Total comprehensive income for the year	–	–	7,909,565	7,909,565
Transactions with owners in their capacity as owners:				
Net changes in preference shares (note 23)	10	–	–	10
Dividends paid (note 25)	–	–	(1,517,975)	(1,517,975)
Balance at 31 March 2019	66	4,403,957	28,381,897	32,785,920

Consolidated	Preference shares $	Ordinary and A class shares $	Retained profits $	Total equity $
Balance at 1 April 2019	66	4,403,957	28,381,897	32,785,920
Profit after income tax expense for the year	–	–	3,123,227	3,123,227
Total comprehensive income for the year	–	–	3,123,227	3,123,227
Transactions with owners in their capacity as owners:				
Issue of shares in PGM Merger (note 23)	–	9,560,653	–	9,560,653
Net changes in preference shares (note 23)	13	–	–	13
Dividends paid (note 25)	–	–	–	–
Balance at 31 March 2020	79	13,964,610	31,505,124	45,469,813

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 2020

		Consolidated	
	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		199,026,076	103,335,027
Payments to suppliers and employees (inclusive of GST)		(192,527,767)	(92,985,063)
Interest received		–	9,105
Interest and other finance costs paid		(1,066,864)	(570,201)
Income taxes paid		(3,449,044)	(1,285,116)
Net cash from operating activities	37	1,982,401	8,503,752
Cash flows from investing activities			
Payments for investments		–	–
Payments for property, plant and equipment		(5,668,908)	(4,665,100)
Net cash used in investing activities		(5,668,908)	(4,665,100)
Cash flows from financing activities			
Proceeds from issue of preference shares		13	10
Dividends paid	26	(1,538,350)	(760,581)
Proceeds/(Repayment) of borrowings		6,868,310	(2,450,000)
Net cash used in financing activities		5,329,973	(3,210,571)
Net increase/(decrease) in cash and cash equivalents		1,643,466	628,081
Cash added from consolidation		1,304,227	–
Cash and cash equivalents at the beginning of the financial year		820,368	192,287
Cash and cash equivalents at the end of the financial year	8	3,768,061	820,368

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

Notes to the financial statements

31 March 2020

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:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 April 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

The Group adopted AASB 16 using the modified retrospective method of adoption with right of use assets equal to lease liabilities with the date of initial application of 1 April 2019. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). The impact of adoption on opening retained profits as at 1 April 2019 was as follows:

	1 April 2019 **$**
Operating lease commitments as at 1 April 2019 (AASB 117)	2,455,373
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4.6% (AASB 16)	2,052,109
Short-term leases not recognised as a right-of-use asset (AASB 16)	–
Low-value assets leases not recognised as a right-of-use asset (AASB 16)	–
Accumulated depreciation as at 1 January 2020 (AASB 16)	–
Right-of-use assets (AASB 16)	2,052,109
Lease liabilities – current (AASB 16)	412,090
Lease liabilities – non-current (AASB 16)	1,640,019
Tax effect on the above adjustments	–
Reduction in opening retained profits as at 1 April 2019	–

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. The directors are confident of renewing the seasonal financing facilities upon expiration 31 May 2021. The directors note the facilities are historically renewed on an annual basis.

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 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Marquis Macadamias Ltd (formerly Macadamia Processing Co Ltd) ('company' or 'parent entity') as at 31 March 2020 and the results of all subsidiaries for the year then ended. Marquis Macadamias Ltd (formerly Macadamia Processing Co 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 (formerly Macadamia Processing Co Ltd)'s functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. 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 (formerly Macadamia Processing Co 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 includes 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 'first in first out' 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 and other financial assets

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.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

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

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

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

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 2020. 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.

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.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision 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.

COVID-19

On 11 March 2020, the World Health Organisation declared COVID-19 as a pandemic. In addition to health and societal issues, this has begun to cause disruptions to businesses and economic activity. The scale and duration of these developments remain uncertain as at the date of this report however they will have an impact on our earnings, cash flow and financial condition. Management has considered the potential impact of COVID-19 in performing impairment assessment and establishing the expected credit loss on financial assets. As a result, no adjustments were made to the group's assets.

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	
	2020 $	**2019 $**
Revenue from contracts with customers		
Sale of goods	200,324,606	101,744,239
Contract processing	106,817	568,303
	200,431,423	102,312,542
Revenue	200,431,423	102,312,542

Note 4. Share of profits of associates accounted for using the equity method

	Consolidated	
	2020 $	**2019 $**
Share of profit – associates	–	803,339

Note 5. Other income

	Consolidated	
	2020 $	2019 $
Interest	4,017	9,105
Insurance	363,404	–
Government grant income	97,666	97,666
Net gain on disposal of property, plant and equipment	1,500	–
Other income	466,587	106,771

Note 6. Expenses

	Consolidated	
	2020 $	2019 $
Profit before income tax includes the following specific expenses:		
Finance costs		
Interest costs	1,168,109	453,816
Other costs	238,578	116,385
	1,406,687	570,201
Depreciation and amortisation		
Buildings	684,687	285,890
Plant and equipment	1,949,235	1,774,406
Motor vehicles	5,337	–
Computer equipment	15,979	–
Right-of-use assets	484,598	–
Software (note 14)	165,937	–
Total depreciation	3,305,773	2,060,296
Other Expenses		
Repairs and Maintenance	954,549	508,466
Insurance	1,174,824	482,988
Consulting Costs	840,235	912,114
Exchange Rate Loss Realised	5,022,549	–
Contract Processing Services	1,769,220	809,492
Other Expenses	5,580,527	1,424,550
Total Other Expenses	15,341,904	4,137,610

Note 7. Income tax expense

	Consolidated 2020 $	2019 $
Income tax expense		
Current tax	(670,297)	1,281,857
Deferred tax – origination and reversal of temporary differences	(171,055)	152,342
Adjustment recognised for prior periods	(177,812)	–
Aggregate income tax expense (benefit)	(1,019,164)	1,434,199
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 15)	870,285	–
Increase/(decrease) in deferred tax liabilities	(538,395)	–
Deferred tax – origination and reversal of temporary differences	331,890	–
Increase in losses	3,714,149	–
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	2,466,832	–
Tax at the statutory tax rate of 30%	740,049	2,803,129
Add tax effect of:		
Non-deductible expenses	–	12,719
Prior year under accrual	–	43,676
Other differences	–	6,677
Less tax effect of:		
T-Corp loan repayment	(1,539,207)	(1,191,000)
Share of net profits joint venture entities netted directly	–	(241,002)
	(799,158)	1,434,199
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	19,462	–
Franking credits	26,425	–
Franking offset	(88,081)	–
Adjustment recognised for prior periods	(177,812)	–
Sundry items	–	–
Adjustment recognised for prior periods	–	–
Income tax expense	(1,019,164)	1,434,199

Note 8. Current assets – cash and cash equivalents

	Consolidated	
	2020 $	2019 $
Cash on hand	1,045	600
Cash at bank	3,767,016	819,768
	3,768,061	820,368

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:

	Consolidated	
	2020 $	2019 $
Balances as above	3,768,061	820,368
Balance as per statement of cash flows	3,768,061	820,368

Note 9. Current assets – trade and other receivables

	Consolidated	
	2020 $	2019 $
Trade receivables	26,230,358	7,365,877
	26,230,358	7,365,877
Other receivables		
Amount due from a joint venture entity	–	3,123,622
Amount due from an associate entity	–	–
	26,230,358	10,489,499

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. Current assets – inventories

	Consolidated	
	2020 $	2019 $
Raw materials	11,120,205	4,961,463
Finished goods	36,710,112	10,054,740
	47,830,317	15,016,203

Write-downs of inventories to net realisable value recognised as an expense during the year ended 31 March 2020 amounted to $103, 733 (31 March 2019: $720,816). The expense has been included in 'Changes in inventories on hand' in profit or loss.

Note 11. Current assets – other

	Consolidated	
	2020 $	2019 $
Prepayments	398,967	72,986
	398,967	72,986

Note 12. Non-current assets – investments accounted for using the equity method

	Consolidated	
	2020 $	2019 $
Investment in associates	–	5,143,533
Investments in joint venture	–	290,127
	–	5,433,660

Refer to note 34 for further information on interests in associates.

Note 13. Non-current assets – property, plant and equipment

	Consolidated 2020 $	Consolidated 2019 $
Land and buildings – at cost	18,265,179	9,942,590
Less: Accumulated depreciation	(6,588,858)	(4,050,498)
	11,676,321	5,892,092
Plant and equipment – at cost	40,367,134	23,417,576
Less: Accumulated depreciation	(21,389,113)	(15,605,637)
	18,978,021	7,811,939
Motor vehicles – at cost	42,699	–
Less: Accumulated depreciation	(14,711)	–
	27,988	–
Computer equipment – at cost	39,552	–
	(25,976)	–
	13,576	–
Right-of-use assets	2,052,109	–
Less: Accumulated depreciation	(484,598)	–
	1,567,511	–
	32,263,417	13,704,031

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 $	Total $
Balance at 1 April 2018	4,620,211	6,479,016	–	–	–	11,099,227
Additions	1,557,771	3,107,329	–	–	–	4,665,100
Disposals	–	–	–	–	–	–
Revaluation increments	–	–	–	–	–	–
Depreciation expense	(285,890)	(1,774,406)	–	–	–	(2,060,296)
Balance at 31 March 2019	5,892,092	7,811,939	–	–	–	13,704,031
Additions	377,643	5,344,392	–	29,555	2,052,109	7,803,699
Additions through business combinations	6,091,273	7,770,925	33,325	–	–	13,895,523
Disposals				–	–	–
Transfers in/(out)				–	–	–
Depreciation expense	(684,687)	(1,949,235)	(5,337)	(15,979)	(484,598)	(3,139,836)
Balance at 31 March 2020	11,676,321	18,978,021	27,988	13,576	1,567,511	32,263,417

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	
	2020 $	2019 $
Software – at cost	921,680	–
Less: Accumulated amortisation	(499,992)	–
	421,688	
	421,688	–

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 $	Total $
Balance at 1 April 2018	–	–
Amortisation expense	–	–
Balance at 31 March 2019	–	–
Additions through business combinations	587,625	587,625
Impairment of assets		
Amortisation expense	(165,937)	(165,937)
Balance at 31 March 2020	421,688	421,688

Note 15. Non-current assets – deferred tax

	Consolidated	
	2020 $	2019 $
Deferred tax assets		
Accruals and superannuation	50,590	71,470
Provisions – employee benefits	418,922	224,414
Grant income		253,578
Lease assets/liabilities	21,752	–
Losses	3,714,150	–
Deferred Revenue	224,278	–
Deferred tax liabilities		
Property, plant and equipment – tax allowance	76,105	(81,026)
Other	425,495	–
Closing balance	4,931,292	468,436

Note 16. Non-current assets – financial assets at fair value through other comprehensive income

	Consolidated	
	2020 $	2019 $
Shares held in subsidiaries	100	–

Note 17. Current liabilities – trade and other payables

	Consolidated	
	2020 $	2019 $
Trade payables	16,547,981	4,614,249
Sundry payables and accrued expenses	289,533	1,774,770
	16,837,514	6,389,019

Note 18. Current liabilities – borrowings

	Consolidated	
	2020 $	2019 $
Current		
Secured liabilities		
Bank loans[1]	35,326,026	–
	35,326,026	–
Non-current		
Secured liabilities		
Bank loans	149,010	–
New South Wales Treasury Access Finance Loan[2]	–	3,020,000
	149,010	3,020,000
	35,475,036	3,020,000

1. The Group continued to bank with the National Australia Bank for the current financial year. The Group has an aggregate Facility limit of $76,445,873 for the 2020 season (2021 financial year). On 9 June 2020, the facility was renewed with an expiry date of 31 May 2021.
   The Facility is secured by the following:
   a) a registered first mortgage over the macadamia nut processing facility at 2 Cowlong Road, Lindendale, NSW.
   b) a registered first mortgage over the macadamia nut processing facility at 170 Rosedale Road, Oakdale, QLD.
   c) a first fixed and floating charge over the assets and undertaking of Marquis Macadamias Limited (formerly Macadamia Processing Company Ltd), Pacific Gold Macadamias Pty Ltd and Marquis Marketing Pty Ltd (formerly Macadamia Marketing Pty Limited).
   d) a registered first security agreement from Marquis Macadamias Limited, Pacific Gold Macadamias Pty Ltd and Marquis Marketing Pty Ltd (formerly Macadamia Marketing Pty Limited) over all present and after-acquired property.
   e) an unlimited guarantee from Marquis Macadamias (formerly Macadamia Processing Co Limited), Pacific Gold Macadamias Pty Ltd and Marquis Marketing Pty Ltd (formerly Macadamia Marketing International Pty Limited).
2. The company used a facility with New South Wales Treasury Corporation for capital projects. The company repaid the full amount of the loan ($5,130,690) during the year. The loan bore interest at the 3-month bank bill swap rate plus 0.8%.

Note 19. Foreign exchange contracts

	Consolidated	
	2020 $	2019 $
Current		
Foreign exchange contracts	13,437,600	–
	13,437,600	–

Note 20. Lease liabilities

	Consolidated	
	2020 $	2019 $
Current		
Lease Liabilities	434,024	–
	434,024	–
Non-current		
Lease Liabilities	–	–
	1,205,995	–
	1,640,019	–

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

Note 21. Current liabilities – income tax

	Consolidated	
	2020 $	2019 $
Provision for income tax	888,436	678,589

Note 22. Current liabilities – employee benefits

	Consolidated	
	2020 $	2019 $
Employee benefits	1,177,141	689,427

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	
	2020 $	2019 $
Employee benefits obligation expected to be settled after 12 months	160,064	58,619

Note 23. Current liabilities – provisions

	Consolidated	
	2020 $	2019 $
Provision for dividend	–	1,538,350
	–	1,538,350

Movements in provisions

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

Consolidated – 2020	Dividend $
Carrying amount at the start of the year	1,538,350
Additional provisions recognised	–
Amounts transferred from non-current	–
Amounts used	(1,538,350)
Unused amounts reversed	–
Carrying amount at the end of the year	–

Note 24. Equity – issued capital

	Consolidated			
	2020 Shares	2019 Shares	2020 $	2019 $
Preference shares	79	66	79	66
A class shares – fully paid	252,069	252,069	533,639	469,700
Ordinary shares – fully paid	2,557,353	1,922,938	13,430,971	3,934,257
	2,809,501	2,175,073	13,964,689	4,404,023

Movements in preference share capital

Details	Date	Shares	Issue price	$
Balance	1 April 2018	56		56
Issue of shares	31 March 2019	10	$1.00	10
Balance	31 March 2019	66		66
Cancellation of shares	22 August 2019	(3)	$1.00	(3)
Issue of shares	2 October 2019	10	$1.00	10
Issue of shares	6 November 2019	6	$1.00	6
Balance	31 March 2020	79		79

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 2018	252,069		469,700
Balance	31 March 2019	252,069		469,700
Conversion between ordinary and A class	31 March 2020	39,062	$1.63	63,939
Balance	31 March 2020	291,131		533,639

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	1 April 2018	1,922,938		3,934,257
Balance	31 March 2019	1,922,938		3,934,257
Issue of shares in PGM Merger	30 April 2019	634,415	$15.07	9,560,634
Conversion between ordinary and A class	31 March 2020	(39,062)	$1.63	(63,939)
Issue of share	31 March 2020	1	$18.75	19
Balance	31 March 2020	2,518,291		13,430,971

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 2019 Annual Report.

Note 25. Equity – retained profits

	Consolidated	
	2020 $	2019 $
Retained profits at the beginning of the financial year	28,381,897	21,990,307
Profit after income tax expense for the year	3,123,227	7,909,565
Dividends declared (note 26)	–	(1,517,975)
Retained profits at the end of the financial year	31,505,124	28,381,897

Note 26. Equity – dividends

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2020 $	2019 $
Final dividend paid in the year ended 31 March 2020 of 80 cents (2019: 40 cents) per ordinary share	1,538,350	765,041
	1,538,350	765,041

Franking credits

	Consolidated	
	2020 $	2019 $
Franking credits available for subsequent financial years based on a tax rate of 30%	11,055,203	7,554,492

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 27. 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 2020 $	Consolidated 2019 $
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 – 2019	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 5 years $**	**Over 5 years $**	**Remaining contractual maturities $**
Financial liabilities					
Trade payables	–	6,389,019	–	–	6,389,019
Bank loans	2.83%	–	3,020,000	–	3,020,000
Total financial liabilities		6,389,019	3,020,000	–	9,409,019

Consolidated – 2020	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 5 years $**	**Over 5 years $**	**Remaining contractual maturities $**
Financial liabilities					
Trade payables	–	16,837,514	–	–	16,837,514
Bank loans	1.52%	48,763,626	149,010	–	48,912,636
Total financial liabilities		65,601,140	149,010	–	65,750,150

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 28. 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

Christopher Robert Ford

Andrew Jon Leslie

Clayton Joel Mattiazzi (appointed on 14 August 2019)

Scott David Norval

Fermino Carl Zadro (appointed on 23 May 2019)

Peter Michael Zadro

Annette Carmel Fontana (resigned on 17 July 2019)

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 Office)

Steven Lee (Chief Operations Officer)

Ivan Giuricich (Chief Financial Officer)

Tim Gilmore (Chief Financial Officer) – Ceased 24 April 2019

Charles Cormack (General Manager – Marquis Marketing Pty Ltd (formerly Macadamia Marketing International))

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

	Consolidated	
	2020 $	**2019 $**
Short-term wages and salaries	1,125,786	507,465
Termination benefits	49,103	–
Superannuation	110,266	48,209
Post-employment benefits	283,589	97,417
Share Based Payments	–	–
	1,568,744	653,091
Total KMP Excluding Directors	**5**	**2**

Note 29. Remuneration of auditors

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

	Consolidated	
	2020 $	2019 $
Audit services		
Audit or review of the financial statements – RSM Australia	–	66,832
Audit or review of the financial statements – Ernst & Young	150,000	3,800
Other services – RSM Australia		
Preparation of the tax return		
AASB 16 Leases – Assurance services	5,000	
AASB 15 Contracts with Customers assurance services	12,000	
Assurance related Acquisition services	10,000	3,800
	177,000	70,632

Note 30. Commitments

	Consolidated	
	2020 $	2019 $
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Investment properties	–	–
Property, plant and equipment	–	–
Intangible assets	–	–
Lease commitments – operating		
Committed at the reporting date but not recognised as liabilities, payable:	–	–
Within one year	–	12,688
One to five years	–	–
More than five years	–	–
	–	12, 688
Lease commitments – finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	–	–
One to five years	–	–
Total commitment	–	–
Less: Future finance charges	–	–
Net commitment recognised as liabilities	–	12,688

At 1 April 2019 these leases were capitalised in line with the requirements of AASB 16.

Note 31. Related party transactions

Parent entity

Marquis Macadamias Ltd (formerly Macadamia Processing Co Ltd) is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 34.

Associates

Interests in associates are set out in note 35.

Key management personnel

Disclosures relating to key management personnel are set out in note 28.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2020 $	**2019 $**
(i) Purchase of Nut in Shell		
Directors and their director-related entities	56,104,411	22,461,432
(ii) Sale of goods and services		
Revenue from jointly controlled entities		
Pacific Gold Macadamias Pty Ltd	–	7,601,912
Macadamia Marketing International Pty Ltd	–	93,853,782
(iii) Trade and other receivables		
Amounts due from jointly controlled entities		
Pacific Gold Macadamias Pty Ltd	–	672,074
Macadamia Marketing International Pty Ltd	–	6,783,300

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 32. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2020 $	2019 $
Profit after income tax	8,598,707	7,106,244
Total comprehensive income	8,598,707	7,106,244

Statement of financial position

	Parent	
	2020 $	2019 $
Total current assets	35,332,979	26,399,056
Total assets	63,237,792	42,581,541
Total current liabilities	(17,264,153)	(10,140,644)
Total liabilities	(17,726,188)	(13,219,263)
Equity		
Issued capital	13,964,670	4,404,023
Retained profits	31,546,944	24,958,255
Total equity	45,511,605	29,362,278

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 2020 and 31 March 2019.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 March 2020 and 31 March 2019.

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 33. Business combinations

On 30 April 2020, Marquis Macadamias Ltd (formerly Macadamia Processing Co Ltd) purchased the remaining 67% of shares in Pacific Gold Macadamias for $9,560,643. Pacific Gold Macadamias Pty Ltd was a macadamia processing factory located in the Bundaberg region in which Marquis Macadamias Ltd (formerly Macadamia Processing Company Ltd) held a 33% share.

Pacific Gold Macadamias Pty Ltd was established at its current site in Bundaberg in 2011. It encompasses 6.25 hectares (ha) of land, including 4 ha of macadamia orchard. Queensland is the fastest growing domestic macadamia region with orchards stretching from the Glasshouse Mountains in the south to Rockhampton and Emerald in the north. All nuts that have been processed by Pacific Gold Macadamias Pty Ltd has been marketed through Marquis Marketing Pty Ltd (Formerly Macadamia Marketing International Pty Ltd).

The business combination was entered into to further improve synergies between the 2 factories, and forms part of the company's growth plan. The acquisition of Pacific Gold Macadamias Pty Ltd, an asset which is well known to Marquis Macadamias Ltd (formerly Macadamia Processing Company Ltd), represents a low risk growth path that is expected to provide the company with the scale it requires to remain a significant player in the global market.

The transaction provides Marquis Macadamias Ltd (formerly Macadamia Processing Co Ltd) with an avenue to grow by securing additional supply from Queensland – the industry's fastest growing domestic region. In addition, production efficiencies have been identified at the Bundaberg facility and work has commenced on achieving these efficiencies. Marquis Macadamias Ltd's (formerly Macadamia Processing Company Ltd) management will oversee the continued implementation of this work. These efficiencies will result in cost savings which, together with an increase in purchasing power due to greater scale, make the combined business more profitable.

The transaction was settled by the issue of Marquis Macadamias shares to the remaining shareholders of Pacific Gold Macadamias. The two parties agreed to undertake the exchange at a ratio based on the respective forecast net asset values of Marquis Macadamias Ltd (formerly Macadamia Processing Co Ltd) and Pacific Gold Macadamias Pty Ltd at 31 March 2019. The final share swap was based on 5.3593 shares in Pacific Gold Macadamias for 1 ordinary share of Marquis Macadamias Ltd.

No goodwill was recognised from the business combination.

Details of the acquisition are as follows:

	Fair value $
Net assets acquired	14,275,388
Assets	
Cash and Cash Equivalents	213,205
Trade and Other Receivables	8,074,050
Inventories	25,026,998
Other Assets	100,022
Investments Accounted for using the Equity Method	290,126
Property, Plant & Equipment	14,449,824
Deferred Tax Assets	48,937
Total Assets	**48,203,162**
Liabilities	
Trade and Other Payables	8,162,281
Borrowings – Current	21,413,519
Short Term Provisions	170,475
Borrowings – Non-Current	4,125,036
Long Term Provisions	56,463
Total Liabilities	**33,927,774**
Net Assets Acquired	**14,275,388**

Note 34. 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 2020 %	Ownership interest 2019 %
Macadamia Magic Pty Ltd	Australia	100.00%	100.00%
International Macadamias Ltd	Australia	100.00%	100.00%
Pacific Gold Macadamias Pty Ltd	Australia	100.00%	37.04%
Marquis Marketing Pty Ltd (formerly Macadamia Marketing International Pty Ltd)	Australia	99.91%	50.00%

Note 35. 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 2020 %	Ownership interest 2019 %
Pacific Gold Macadamias Pty Ltd	Australia	100%	37.04%

Note 36. Events after the reporting period

Marquis Macadamias Ltd and Pacific Gold Macadamias Pty Ltd formed a consolidated tax group on 1 April 2020 with the intention of transferring the assets and liabilities of Pacific Gold Macadamias Pty Ltd to Marquis Macadamias Ltd during the course of the 2021 financial year.

No other matter or circumstance has arisen since 31 March 2020 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 37. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2020 $	2019 $
Profit after income tax expense for the year	3,123,227	7,909,565
Adjustments for:		
Depreciation and amortisation	3,305,773	2,060,296
Share of joint ventures net profit after income tax	–	(803,339)
Change in operating assets and liabilities (inclusive of business combination):		
Decrease/(increase) in trade and other receivables	(7,666,811)	817,505
Decrease/(increase) in prepayments	(325,981)	9,648
Decrease/(increase) in inventories	(8,305,963)	(3,140,803)
Decrease/(increase) in deferred taxes	(4,413,919)	152,342
Decrease/(increase) in trade payables and accruals	2,286,214	1,357,453
Increase/(decrease) in income tax payable	209,849	(3,259)
Increase/(decrease) in provisions	–	(3,259)
Increase/(decrease) in employee benefits	418,864	–
Increase/(decrease) in deferred revenue	(86,682)	–
Increase/(decrease) in derivatives liabilities	13,437,600	–
Net cash from operating activities	1,982,401	8,503,752

Directors' 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 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Christopher Robert Ford
Director (Chairman)

Peter Costi
Director

Dated: 29 July 2020

Independent auditor’s report

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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 2020, the consolidated statement of 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 2020 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.

- 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.

Ernst & Young

Ernst & Young

Wade Hansen

Wade Hansen
Partner
Brisbane
29 July 2020

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Corporate directory

Registered Office and Principal Place of Business

2 Cowlong Road
Lismore NSW 2480

ABN 93 002 607 972

Directors

Chris Ford (Chairman)

Peter Costi

Scott Norval

Peter Zadro

Andrew Leslie

Clayton Mattiazzi (appointed on 14 August 2019)

Phil Zadro (appointed on 23 May 2019)

Annette Fontana (resigned on 17 July 2019)

Company Secretary

Ivan Giuricich

Emma Rose

Auditors

Ernst & Young
111 Eagle Street
Brisbane QLD 4000

MARQUIS

MACADAMIAS