

INTERIM FINANCIAL REPORT

FOOD AND BEVERAGE AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES

ABN: 56 008 197 206

FOR THE HALF YEAR ENDED
31 DECEMBER 2021

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Directors' Report

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

Your directors present their report on the company, Food And Beverage Australia Limited (previously The FABAL Group Pty Ltd) and its controlled entities (**FABAL**), for the period ended 31 December 2021.

Directors of the Company

The following persons were directors and secretaries of FABAL during the whole of the financial period up to the date of this report:

Bruce Spangler	<i>Chairman</i>
Christopher Day	
Dimitrios Georgiadis	
Amal Wahab	
Jane Caire	
Christopher Dundon	<i>Secretary</i>

Principal Activities

The principal activity of FABAL during the financial period consisted of business management, agribusiness, agri-tourism, share investment, water infrastructure and leasing, agricultural investment and agribusiness advice.

No significant change in FABAL's operating activities has occurred during the half year.

Operating Results

The statement of financial performance of FABAL for the period ended 31 December 2021, as represented by the results of its operations, was as follows:

	31 Dec 2021	31 Dec 2020
Grape, wine and product sales	623,920	691,478
Vineyard and management services	3,726,073	3,548,268
Rental Revenue	110,569	136,900
Interest Received	7,650	8,021
Dividends	164,700	35,186
Option trading	3,003	-
Export grants (EMDG)	-	21,411
COVID-19 grants	3,000	122,000
Profit on disposal of property, plant & equipment	-	542
Profit on disposal of investments	3,392	297,457
Goodwill written off	-	(27,613)
Legal recoveries from historical agribusiness projects	705,318	216,810
Sundry Income	12,413	36,486
Total Income	5,360,039	5,086,946
Profit/(Loss) for the period after tax	13,504	519,357

Directors' Report

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

Review of Operations

Below is a statement of Underlying Profit that normalises the profit line for significant non-recurring or not core business related expenses. Earnings before Interest, Tax, Depreciation and Amortisation (**EBITDA**) for the half year was \$409,782, a 41% decline on the prior period (\$698,601).

	31 December 2021	31 December 2020
Revenue from contracts with customers	4,349,993	4,239,746
Other income	298,336	238,003
Cost of sales	(364,119)	(404,056)
Employee expenses	(2,728,427)	(2,200,624)
Operating expenses	(714,627)	(773,671)
Selling expenses	(26,925)	(28,923)
Administration costs	(404,449)	(369,444)
Depreciation	(128,427)	(84,985)
Finance costs	(59,533)	(57,298)
Underlying Profit before Income Tax	221,821	558,748
Share of Associate using the equity method	(589,287)	(312,170)
Onetime items	385,472	459,460
Profit before Income Tax	18,006	706,039

As this is the first half-year report since the conversion of FABAL to a public company, the directors have also included a further dissection of Income.

	31 December 2021	31 December 2020
Reconciliation of income:		
- Sales of grape, wine and other products	623,920	691,478
- Vineyard and other management services	3,726,073	3,548,268
Revenue from contracts with customers	4,349,993	4,239,746
- Rental Revenue	110,569	136,900
- Interest Received	7,650	8,021
- Dividends	164,700	35,186
- Option trading	3,003	-
- Export grants (EMDG)	-	21,411
- Sundry Income	12,413	36,486
Other income	298,336	238,003
- COVID-19 grants	3,000	122,000
- Profit on disposal of property, plant & equipment	-	542
- Profit on disposal of investments	3,392	297,457
- Goodwill written off	-	(27,613)
- Bad debts	(35,000)	-
- Net legal recoveries from historical agribusiness projects	613,355	67,075
- Takeover offer preparation	(97,767)	-
- Shareholder agreement settlement and valuation	(101,508)	-
Onetime items	385,472	459,460
Total Income	5,033,804	4,937,209

Directors' Report

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

FABAL has reduced its wine turnover due to the impact of China's trade tariffs. Its results from the wine division have also been affected by its new investment in developing alternate markets such as the USA.

FABAL has also seen a decline in net management income while it assists several customers work through their own issues brought upon them by COVID-19 and the impact of Chinese tariffs on the entire Australian wine industry.

The directors note FABAL's recoveries in 2020 and 2021 from legal actions successfully brought against parties who have owed this money since 2012. This will not be repeated. The directors also note that more than \$200,000 was received in the comparison six months of 2020 (grants and disposals) which will not be repeated.

Operations for FABAL are being challenged by the above events. However, FABAL remains in a strong position to develop new business in wine, agribusiness, agritourism and food over the next period.

FABAL has also invested heavily in new agricultural equipment over the past 12 months to enable it to better service its current customers and allow for capital growth in management operations.

Dividends Paid or Declared

In September 2021, the directors declared a special dividend of \$0.20 per ordinary share on 1,000,000 ordinary shares (\$200,000) as at record date of 28 September 2021 (December 2020: Nil). This was paid on 8 October 2021 in either cash or as a dividend reinvestment at the issue price of \$3.33 per share. The dividend reinvestment was taken up by 93.4% of the shareholders and only \$13,053 was paid out in cash.

During this period, all shareholders agreed to convert their preference shares (100,000) into additional ordinary shares. This was agreed as part of the preparation to make offers to acquire related entities. Prior to their conversion, a preference dividend totalling \$8,000 (or 8 cents per share) was paid on 100,000 convertible preference shares during the year in accordance with the terms of their issue (December 2020: \$16,650).

Subsequent to the conversion, the directors declared an ordinary dividend of \$0.20 per ordinary share on all 1,100,000 ordinary shares (\$220,000) as at the record date of 4 October 2021 to be split between an interim dividend of \$0.09 per share in December 2021 and a final dividend of \$0.11 per share in March 2022 (December 2020: \$176,650).

Financial Position

The net assets of FABAL are:

	31 Dec 2021	30 Jun 2021
Net assets	21,793,911	21,129,843
Number of ordinary and preference shares	1,210,000	1,100,000
Net asset value per total issued shares	\$18.01	\$20.12

As at 31 December 2020, FABAL's net asset value per total issued shares was \$18.58.

Directors' Report

Food And Beverage Australia Ltd For the 6 months ended 31 December 2021

Significant Changes in State of Affairs

As a result of a resolution by shareholders in a general meeting on 30 September 2021, the previous company, The FABAL Group Pty Ltd, converted to a public company and changed its name to Food And Beverage Australia Limited, effective as of 19 November 2021.

On 30 November 2021, FABAL made offers to acquire all the shares in Marandoo Estate Limited (MEL) and National Vineyard Fund of Australia (NVFAL), either for cash consideration or an exchange of shares in either group for new FABAL shares, or a combination of both. The offers were made to the boards of MEL and NVFAL via Bidder's Statements which were also provided to ASIC. After the review by ASIC during December 2021, ASIC required a formal audit of FABAL's financial statement by its external auditors, Ernst & Young, to be completed by the date of this report. Accordingly, ASIC formally agreed for the offer period to be extended while the Bidder's Statements are updated to incorporate FABAL's financial statements having been audited.

At this time, the FABAL board expects to proceed with the offers to the MEL and NVFAL shareholders in late April 2022.

No other significant changes in FABAL's situation occurred during the financial period.

Market Conditions

In August 2020, the Chinese Ministry of Commerce initiated an anti-dumping investigation into Australian wine exports into China. This was followed in late November 2020 with the imposition of new tariffs on Australian wine up to 200%, whilst the investigation was undertaken. The ongoing reduction in wine sales to China has affected the Australian wine industry and a number of FABAL's managed entities previously providing grapes destined for wines supplied to China have been impacted by the loss of this market. This has seen a flow-on effect in all grape growing regions that has significantly reduced grape prices in the 2022 vintage particularly for red varieties.

Whilst FABAL has not seen a further material direct impact on the business since the year end as a result of the COVID-19 pandemic, the outbreak and the response of Government in dealing with the pandemic is impacting general activity levels within the community, the economy and the operations of the business. The scale and duration of these developments remain uncertain. As at the date of this report however they are not presently having an unexpected impact on FABAL's earnings, cash flow and financial position.

Subsequent Events

No matters or circumstances have arisen since the end of the period, other than those disclosed elsewhere, which significantly affected or may significantly affect the operations of FABAL, the results of those operations, or the situation of FABAL in future financial periods.

Signed in accordance with a resolution of FABAL made pursuant to s298(2) of the Corporations Act 2001:



Bruce Spangler
Director

Dated this 1 day of April, 2022

Interim Statement of Comprehensive Income

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

	Note	Half year ended	
		31 December 2021	31 December 2020 Unaudited
Revenue from contracts with customers	2	4,349,993	4,239,746
Other income	2	1,010,046	847,200
Share of Associate using the equity method		(589,287)	(312,170)
Cost of sales		(364,119)	(404,056)
Employee expenses		(2,728,427)	(2,200,624)
Operating expenses		(714,627)	(773,671)
Selling expenses		(26,925)	(28,923)
Administration costs		(730,688)	(519,180)
Depreciation		(128,427)	(84,985)
Finance costs		(59,533)	(57,298)
Profit before Income Tax		18,006	706,039
Income tax benefit		(4,502)	(186,682)
Profit for the Period		13,504	519,357
Net Profit Attributable to the Members		13,504	519,357

The accompanying notes for part of the financial statements

Interim Statement of Financial Position

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

	Note	As at	
		31 December 2021	30 June 2021
Current Assets			
Cash and cash equivalents	3	275,812	164,149
Trade and other receivables	4	1,906,176	1,542,749
Inventory	5	1,602,505	1,368,263
Current tax assets		22,348	-
Other current assets	6	58,897	77,581
Total Current Assets		3,865,738	3,152,742
Non-Current Assets			
Property, plant and equipment	7	5,836,367	5,045,625
Financial assets	8	3,054,607	2,793,523
Investments using the equity method	9	19,997,729	20,737,236
Deferred tax asset		261,137	261,137
Total Non-Current Assets		29,149,840	28,837,521
Total Assets		33,015,578	31,990,263
Current Liabilities			
Trade and other payables	10	892,272	1,115,275
Financial liabilities	11	704,251	408,001
Employee entitlements	12	804,842	660,780
Provision for dividends		121,027	-
Current tax liabilities		-	24,275
Total Current Liabilities		2,522,392	2,208,331
Non-Current Liabilities			
Financial liabilities	11	4,552,236	3,463,775
Deferred tax liabilities		4,147,039	4,188,314
Total Non-Current Liabilities		8,699,275	7,652,089
Total Liabilities		11,221,667	9,860,420
Net Assets		21,793,911	22,129,843
Equity			
Issued capital	13	2,331,792	2,116,041
Reserves		12,229,699	12,366,886
Retained Earnings		7,232,420	7,646,916
Total Equity		21,793,911	22,129,843

The accompanying notes for part of the financial statements

Interim Statement of Changes in Equity

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

	Equity	Reserves			Retained Earnings	Total
		Financial Assets Reserve	Asset Valuation Reserve	Total Reserves		
Equity as at 1 July 2021	2,116,041	11,450,153	916,733	12,366,886	7,646,916	22,129,843
Profit attributable to members	-	-	-	-	13,504	13,504
Revaluation increment	-	(134,417)	-	(134,417)	-	(134,417)
Disposal of investment	-	(2,770)	-	(2,770)	-	(2,770)
Share issues	28,805	-	-	-	-	28,805
Dividend reinvestment plan	186,946	-	-	-	-	186,946
Dividend paid	-	-	-	-	(428,000)	(428,000)
Equity as at 31 December 2021	2,331,792	11,312,966	916,733	12,229,699	7,232,420	21,793,911

	Equity	Reserves			Retained Earnings	Total
		Financial Assets Reserve	Asset Valuation Reserve	Total Reserves		
Equity as at 1 July 2020	2,116,041	10,576,462	781,206	11,357,668	6,648,293	20,122,002
Profit attributable to members	-	-	-	-	519,357	519,357
Revaluation increment	-	22,885	-	22,885	-	22,885
Acquisition VRE McLaren Vale	-	(9,488)	-	(9,488)	-	(9,488)
Disposal of investment	-	(140,918)	-	(140,918)	-	(140,918)
Dividend paid	-	-	-	-	(78,650)	(78,650)
Equity as at 31 December 2020	2,116,041	10,448,941	781,206	11,230,147	7,089,000	20,435,188

The accompanying notes for part of the financial statements

Interim Cash Flow Statement

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

	Note	Half year ended	
		31 December 2021	31 December 2020 Unaudited
Cash from Operating Activities			
Receipts from customers		4,820,870	4,650,271
Payments to suppliers and employees		(4,859,285)	(3,733,288)
Dividends received	2	164,700	35,186
Interest received	2	7,650	8,021
Finance costs		(59,533)	(57,298)
Income tax refunded/(paid)		(46,623)	(29,662)
Net Cash Flows from Operating Activities		27,779	873,230
Cash from Investing Activities			
Proceeds from property, plant and equipment		-	9,091
Payments for property, plant and equipment		(33,261)	(56,412)
Proceeds from investments		16,475	390,000
Payments for investments		(306,910)	(662,514)
Net Cash Flows from Investing Activities		(323,696)	(319,835)
Cash from Financing Activities			
Proceeds/(repayment) of borrowings		498,803	(604,028)
Proceeds from share issue		215,751	-
Dividends paid		(306,974)	(78,650)
Net Cash Flows from Financing Activities		407,580	(682,678)
Net Cash Decrease in Cash and Cash Equivalents		111,663	(129,283)
Cash and cash equivalents at beginning of period		164,149	455,575
Cash and cash equivalents at end of period		275,812	326,292

The accompanying notes for part of the financial statements

Notes To and Forming Part of the Financial Statements

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

1. Statement of Significant Accounting Policies

General Information

The half-year financial report is a general-purpose financial report prepared in accordance with AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The interim financial report does not include notes of type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of Preparation

Reporting Basis and Conventions

The condensed financial statements have been prepared based on historical cost, except for the revaluation of certain non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those disclosed in the most recent annual financial report for the year ended 30 June 2021, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New Accounting Standards and Interpretations

Nil

Changes in Accounting Policies

No other changes in accounting policies have occurred in the six months ended 31 December 2021.

Fair value measurements

Financial assets measured at fair value on a recurring basis have been re-measured at 31 December 2021 using the same methodology and inputs as June 2021.

Vineyard assets revalued at 30 June 2021 have not been updated at 31 December 2021. Until the 2022 harvest occurs (prior to 30 June 2022), FABAL does not believe the fair value of vineyard assets is materially different to 30 June 2021.

Notes To and Forming Part of the Financial Statements

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

	Half year ended	
	31 December 2021	31 December 2020 Unaudited
2. Revenue and other income		
(a) Disaggregated revenue information		
Types of goods or service		
Sales of grapes, wine and other products	623,920	691,478
Vineyard and other management services	3,726,073	3,548,268
Total revenue from contracts with customers	4,349,993	4,239,746
Geographical markets		
Sales of grapes, wine and other products		
- grapes and other products – South Australia	77,116	76,848
- wine – Australia	419,183	343,628
- wine – overseas	127,621	271,002
Vineyard and other management services		
- South Australia, Victoria and Western Australia	3,726,073	3,548,268
Total revenue from contracts with customers	4,349,993	4,239,746
Timing of revenue recognition		
Goods and services transferred at a point in time	3,074,066	2,963,588
Good and services transferred over time	1,275,927	1,276,158
Total revenue from contracts with customers	4,349,993	4,239,746
(b) Other income		
- Rental Revenue	110,569	136,900
- Interest Received	7,650	8,021
- Dividends	164,700	35,186
- Option trading	3,003	-
- Export grants (EMDG)	-	21,411
- COVID-19 grants	3,000	122,000
- Profit on disposal of property, plant & equipment	-	542
- Profit on disposal of investments	3,392	297,457
- Goodwill written off	-	(27,613)
- Legal recoveries from historical agribusiness projects	705,319	216,810
- Sundry Income	12,413	36,486
	1,010,046	847,200
	5,360,039	5,086,946

All revenue and income is stated net of the amount of goods and services tax (GST).

Notes To and Forming Part of the Financial Statements

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

Sale of grapes, wine and other products

FABAL wholly owns two vineyards in premium Australian wine regions, McLaren Vale and Barossa Valley. FABAL produces grapes for sale to customers and makes bulk and bottled wine for sale. The performance obligations for each of these types of sales are based upon the transfer of control of either the wine or the grapes to the customer. The transaction price, comprised of both fixed and variable consideration, are applied to this performance obligation once it has been satisfied.

Revenue from contracts with customers is then recognised when control of the grapes / wine is transferred to the customer at an amount that reflects the fixed consideration to which FABAL expects to be entitled in exchange for those goods. Variable consideration may be included within grape sales dependent upon the quality of the grape supplied.

If the consideration in a contract includes a variable amount, FABAL estimates the amount of consideration to which it will be entitled in exchange for transferring the grapes to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that any uncertainty is resolved. All grape revenue whether fixed or variable is booked as revenue in the year of harvest and all variable consideration is known and reported within the end of each financial year.

FABAL receives compensation for grape sales per the Wine Grapes Industry Act which states that three payments are to be made with the final payment to be made by 30 September in the same year as harvest. Sales of grapes in the period to the end of December 2021 represent an adjustment to grape sales in the year ending 30 June 2021.

Vineyard management services

FABAL provides vineyard management services to a range of vineyard owners with a number of components.

- ◆ Management fees include a performance obligation that is recognised over time with payment due on a monthly basis for the services provided; and
- ◆ services and recovery revenue for annual works programs are established annually with each customer and include various performance obligations recognised at a point in time when the good or service is delivered.

\$29,600 in performance incentives were received in the period to 31 December 2021.

Other income

All rental revenue is generating on a short-term basis with no long-term leases in place.

Government grants have been received by FABAL in relation to the JobKeeper program in support of the effect of COVID-19 and are recognised as grants in other income.

Legal recoveries represent outstanding payments received from investors in historical agribusiness projects that were previously managed by FABAL and its subsidiaries. These payments, which had been written off in prior periods, if recovered through legal processes, are brought in as income in the current period.

Notes To and Forming Part of the Financial Statements

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

	As at	
	31 December 2021	30 June 2021
3. Cash and Cash Equivalents		
Cash at bank/(overdraft)	275,812	164,149
4. Trade and Other Receivables		
Current		
Trade receivables	844,819	1,001,388
Receivables from related entities	515,000	485,000
Other receivables	546,357	56,361
	1,906,176	1,542,749
5. Inventory		
Biological assets	166,312	-
Wine	1,436,192	1,368,263
	1,602,504	1,368,263

The direct costs of growing the crop for the 2022 vintage (harvested in the next period) are considered the fair value of grapes on the vine as at 31 December 2021. In the comparative period of June 2021, biological assets were expensed or converted to inventory following the completion of harvest and sale or processing of the grapes.

6. Other Current Assets		
Prepayments	58,897	77,581
7. Property, Plant and Equipment		
Buildings		
At valuation	25,000	25,000
Accumulated depreciation	(315)	-
Total Buildings	24,685	25,000
Vineyards (land, water, bearer plants and infrastructure)		
At valuation	4,085,379	4,065,000
Accumulated depreciation	(22,976)	-
Total Vineyards	4,062,403	4,065,000
Plant and equipment		
At cost	617,485	604,602
Accumulated depreciation	(317,367)	(293,128)
Total Plant and equipment	300,117	311,474
Right-of-use assets		
At cost	1,679,637	793,729
Accumulated depreciation	(230,475)	(149,578)
Total Right-of-use assets	1,449,162	644,151
Total Property, Plant and Equipment	5,836,367	5,045,625

Notes To and Forming Part of the Financial Statements

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

	As at	
	31 December 2021	30 June 2021
8. Financial Assets		
Equity instruments at fair value through Other Comprehensive Income		
Shares in Barossa Infrastructure Limited	1,530,000	1,530,000
Shares in National Vineyard Fund of Australia (No. 3) Limited	483,553	504,165
Shares in Kayinga Vineyard Limited	156,774	160,624
Shares in ASX listed companies	648,954	392,475
Shares in US listed companies	60,326	31,259
Preference shares in Project Wine	175,000	175,000
	3,054,607	2,793,523

- Barossa Infrastructure Limited's (**BIL**) principal activity is the distribution of irrigation water in the Barossa Valley.
- National Vineyard Fund of Australia (No. 3) Limited's (**NVFA3L**) principal activity is the operation of a vineyard in the Barossa Valley under the management of FABAL.
- Kayinga Vineyard Limited's (**KVL**) principal activity is the operation of a vineyard in Langhorne Creek under the management of FABAL.
- Project Wine Pty Ltd's (**Project Wine**) principal activity is the processing of wine grapes and the sale of wine. Project Wine is the contracted wine maker for FABAL, located in Langhorne Creek.
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9. Investments Accounted for Using the Equity Method

Investments accounted for using the equity method consist of:

- 43% (2020: 43%) ownership interest in NVFAL which owns vineyards across six Australian wine regions operating under FABAL's management;
- 32% (2020: 32%) ownership interest in MEL which owns vineyards the Langhorne Creek region operating under FABAL's management;
- 50% (2020: 50%) ownership interest in Chocolate Ventures Australia Pty Ltd (**CVA**) which owns and operates the Barossa Valley Chocolate Company business in the Barossa Valley region;
- 50% (2020: 50%) ownership interest in Natural Olive Oil Australia Pty Ltd (**NOOSA**) which owns and operates the Vasse Virgin @ Seppeltsfield business in the Barossa Valley region; and
- 50% (2020: 50%) ownership interest in Marathon Water Pty Ltd (**Marathon Water**) which owns and operates a water pipeline from Wellington to the Langhorne Creek region.

Non-Current	19,997,729	20,737,236
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10. Trade and Other Payables

Current		
Trade creditors	201,691	459,385
Other payables and accruals	690,581	655,890
	892,272	1,115,275

Notes To and Forming Part of the Financial Statements

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

	As at	
	31 December 2021	30 June 2021
11. Financial Liabilities		
Current		
Finance lease liability	383,402	196,615
Bank loan	320,849	211,386
	704,251	408,001
Non-Current		
Finance lease liability	1,042,236	442,775
Bank loan	3,510,000	3,021,000
	4,552,236	3,463,775
	5,256,487	3,871,776

Security provided for the economic entity's banking facilities is via first registered mortgage over properties owned by FABAL, a fixed and floating charge over FABAL's assets, water rights and grape contracts.

12. Employee Entitlements

	Employee Entitlements \$
Opening balance as at 30 June 2021	660,780
Additional provisions	308,731
Utilised during the half year	(164,669)
Closing balance as at 31 December 2021	804,842

Notes To and Forming Part of the Financial Statements

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

	As at	
	31 December 2021	30 June 2021
13. Issued Capital		
Share capital on issue	2,331,792	2,116,041
	As at	
	31 December 2021	
	Shares	\$
Fully paid ordinary shares		
At the beginning of the period	1,000,000	1,783,000
Preference shares converted	100,000	333,000
Shares issued in the period	110,000	215,751
At the end of the period	1,210,000	2,331,792
Fully paid preference shares		
At the beginning of the period	100,000	333,041
Shares converted in the period	(100,000)	(333,041)
At the end of the period	-	-
Total share capital on issue	1,210,000	2,331,792

On 4 October 2021 all 100,000 convertible preference shares on issue were converted to 100,000 ordinary shares in FABAL each at \$3.33 per ordinary share.

Ordinary shares participate in dividends and the proceeds on the winding up of FABAL in proportion to the number of shares held. At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

Management controls the capital of FABAL to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure FABAL can fund its operations and continue as a going concern.

FABAL's debt and equity includes ordinary share capital and financial liabilities, supported by financial assets.

Notes To and Forming Part of the Financial Statements

Food And Beverage Australia Limited for the 6 months ended 31 December 2021

14. Related Party Transactions

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

Related party transactions	Debtors	Creditors	Sales	Purchases
Armalite Finance	-	-	-	60,000
Barossa Rise	5,297	-	28,894	-
BBV Equipment Co	3,123	34,700	12,195	121,399
Bruce Spangler	-	-	-	11,850
Burge Barossa	-	2,695	-	39,966
Chocolate Ventures Australia	89,014	767	75,268	44,345
Chris Day Nominees	680	-	618	225,430
Christopher Dundon	-	-	-	600
D & T McLean Family Trust	-	-	-	8,700
Fairvue Investments	-	-	-	9,000
Fine Acres Australia	11,201	230	18,664	2,070
Georgiadis Lawyers	-	-	-	86,527
Gerard Amal Wahab	-	-	-	17,284
Global Digital Data Standards	-	-	-	1,830
Gomersal Wines	-	-	2,700	873
K2 Ag Services	-	-	-	16,650
Kayinga Vineyard	975	20,870	245,068	3,001
Marandoo Estate	84,633	7,009	462,802	31,867
National Vineyard Fund of Australia (No 3)	20,200	578	162,611	108,181
National Vineyard Fund of Australia	160,123	18,976	1,024,909	117,209
Natural Olive Oil Skincare Australia	354	-	14,974	17,483
Project Wine	9,618	511	8,743	135,464
The Day Settlement	-	-	-	6,000
	385,217	86,335	2,057,447	1,066,927

15. Subsequent Events

No matters or circumstances have arisen since the end of the period, other than those disclosed elsewhere, which significantly affected or may significantly affect the operations of FABAL, the results of those operations or the state of affairs of FABAL in future financial periods.

Directors Declaration

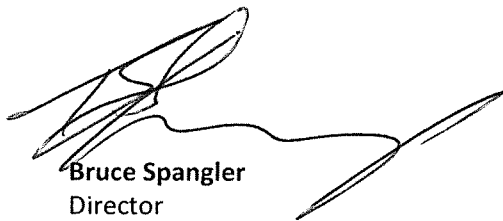
Food And Beverage Australia Limited for the 6 months ended 31 December 2021

In accordance with a resolution of directors of Food And Beverage Australia Limited, I state that in the opinion of directors:

- a. The financial statements and notes of Food And Beverage Australia Limited for the period ended 31 December 2021:
 - i. present fairly the view of the entity's financial position as at 31 December 2021 and of its performance for the period on that date; and
 - ii. comply with Accounting Standards AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements.

- b. There are reasonable grounds to believe that Food And Beverage Australia Limited will be able to pay its debts as and when they become due and payable.

On behalf of the directors



Bruce Spangler
Director

Dated 1st day of April 2022



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Independent auditor's report to the members of Food And Beverage Australia Limited

Opinion

We have audited the interim financial report of Food And Beverage Australia Limited (the Company) and its subsidiaries (collectively the Group), which comprises the interim consolidated statement of financial position as at 31 December 2021, the interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the half-year then ended in accordance with the financial reporting requirements of Accounting Standard AASB 134 *Interim Financial Reporting*.

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 half-year financial report* section of our report. We are independent of the Group in accordance with 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 half-year 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.

Emphasis of matter – restriction on distribution

The interim financial report is prepared to assist the Company meet financial reporting requirements of its shareholders. As a result the interim financial report may not be suitable for another purpose. Our report is intended solely for the Company and its shareholders (collectively the Recipients) and should not be distributed to other parties other than the Recipients. A party other than the Recipients does so at their own risk and Ernst & Young expressly disclaims all liability to any part other than the Recipients for any costs, loss, damage, injury or other consequence which may arise directly or indirectly from their use of, or reliance on the report. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

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 interim financial report

The directors of the Company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error.

In preparing the interim 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 interim financial report

Our objectives are to obtain reasonable assurance about whether the half-year 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 half-year 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 half-year 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.



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- ▶ 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 half-year 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 half-year financial report, including the disclosures, and whether the half-year 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 half-year 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
Adelaide
1 April 2022