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ANNUAL REPORT 2021

FOOD AND BEVERAGE
AUSTRALIA LIMITED



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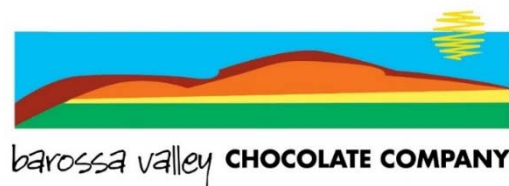
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FOOD AND BEVERAGE AUSTRALIA LIMITED (FORMERLY THE FABAL GROUP PTY LTD (“THE GROUP”))

What comes around goes around so they say. We have just become Food And Beverage Australia Limited again!!

F ♦ A ♦ B ♦ A ♦ L

We are owned by 38 shareholders representing 16 Australian families. This has been the same core group of families for the past 39 years and now includes our valued employees and directors. However, in this report we are going to outline the proposed merger and consolidation of our business that may catapult the number of shareholders to nearly 200 and represent many more local families. Post 30 June 2021, 7 new shareholders representing staff and directors joined the register.

The core focus of our businesses remains agri-business and agri-tourism. In that agri-space our focus is the food and beverage arena but we have expanded our reach into regional accommodation and related tourism facilities.

FABAL manages its various businesses from Adelaide and Melbourne but has businesses located in several locations around Australia, most importantly, the famous wine regions of Australia.

FABAL operates in four related areas of agribusiness streams. It also has joint ventures and investments in food, agribusiness and non-food businesses.

Our key operating businesses are FABAL Operations Pty Ltd (or “FOPS”) in vineyard management, FABAL Vineyards (“Vineyards”)/FABAL Equipment (“Equipment”) in vineyard labour and equipment supplies and FABAL Wines (“Wines”) in wine sales and tourism operations.

An overview of the Group’s various businesses lines is illustrated in the following table.

BUSINESS TYPE	WINE & VITICULTURE INDUSTRY	OTHER FOOD INDUSTRIES	NON-FOOD INDUSTRIES
MANAGEMENT	FOPS, VINEYARDS, EQUIPMENT		
OWNERSHIP	WINES, VINEYARD ROAD ESTATE	FABIL	
CONSULTING/ADVISORY	FOPS, ADVISORY	ADVISORY	
INVESTMENT	NVFA, MEL, NVFA3L, KVL	FIL	FIL, TOTAL BEVERAGE AUSTRALIA
AGRIBUSINESS JOINT VENTURES		VASSE VIRGIN @ SEPPELTSFIELD – 50% BAROSSA VALLEY CHOCOLATE CO. – 50% FLEURIEU CHOCOLATE COMPANY – 50%	MARATHON WATER – 50%

Since 2016, FABAL has continued to evolve with acquisitions of two wholly owned vineyards in the premium wine regions of Barossa Valley and McLaren Vale and a number of further smaller investments, including Project Wine.

Our three joint ventures are Natural Olive Oil Skincare Australia (trading as “Vasse Virgin”), Chocolate Ventures Australia (trading as “Barossa Valley Chocolate Company” and as “Fleurieu Chocolate Company”) and Marathon Water. All of our joint ventures are currently 50% owned by FABAL Investments (“FIL”).

OUR PROFITABILITY

The Directors have again split the Income Statement between ordinary business, e.g., **Profit After Tax (“PAT”)**, and PAT with other business known as **Comprehensive Income after Tax (“CIT”)**. This removes the impact or effects of the ‘write up/write down’ in asset values and some ‘one-off’ expenses or income.

The **PAT** for the 2021 financial year was \$1,928,022 compared with \$764,043 in 2020. The **CIT** for the 2021 year was \$3,855,555 compared with \$195,070 in 2020, the increase being due to valuation adjustments to core assets and investments held by the Group.

As we have done for the past decade, we provide a comparison across the years (known as **Underlying Business PAT (“UBPAT”)**) where we eliminate ‘one-off effects’ and seek to show our shareholders the true performance of the business without the influence of accounting standards. The **UBPAT** for 2021 was \$586,651 which is higher (22.6%) than the \$474,294 in the previous year.

Dividends per share will be recommended to the Annual Meeting at 20.0 cents per share, up 4.0 cents from 2020. Subject to cash flow, the directors are seeking to split the amounts to payments in early December 2021 and March/April 2022. Convertible Preference Share dividends were paid in September 2021 at which time it was agreed that we would convert the CPS to ordinary shares. Accordingly, no further CPS dividends will be paid.

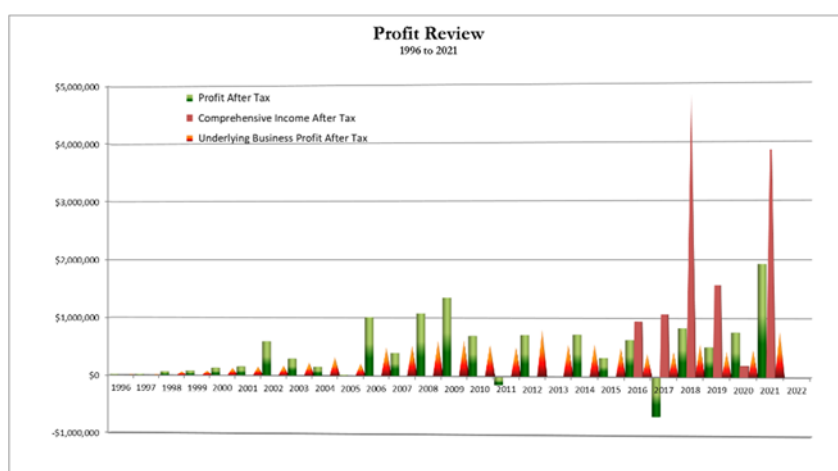
HISTORICAL INFORMATION

HISTORICAL INCOME SNAPSHOT

During the year ended 30 June 2021, FABAL made a **PAT** of \$1,928,022 which included \$1,000,245 in one-off items.

FABAL's agribusiness portfolio benefited from positive asset valuations and was revalued upwards. During the year ended 30 June 2021 the net result of this revaluation caused an increase to **CIT** by \$1,927,533.

Shares in each of our key investments, **National Vineyard Fund of Australia Limited ("NVFAL")**, **National Vineyard Fund of Australia (No.3) Limited ("NVFA3L")**, **Kayinga Vineyards Limited ("KVL")** and **Marandoo Estate Limited ("MEL")** continued a small upward trend in valuation but this was offset by some other negative valuations elsewhere across the Group. While the China effects have a potential to affect future profitability, the stellar conditions during vintage 2021 have given most of our investee solid performances in 2021. In 2021, NVFAL, NVFA3L and MEL are expected to pay dividends to shareholders, FABAL being a significant beneficiary of these payments.

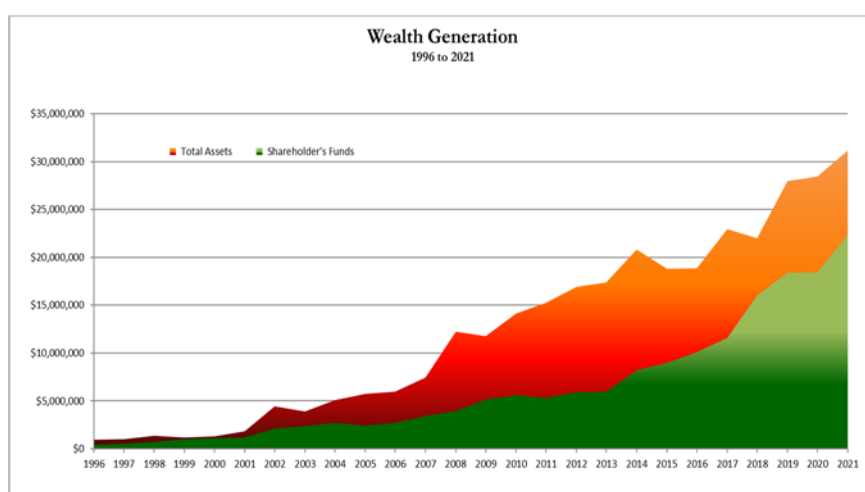


BALANCE SHEET SNAPSHOT

Due to the Net Asset Value of the shares in each of major investments improving, FABAL's balance sheet at the end of 2021 has improved again with the Total Assets increasing to \$32.2 million.

Accordingly, our net worth, which is defined by Shareholders Funds, has increased significantly to \$22.3 million at balance date due to a combination of PAT and the revaluation of the investments discussed above.

The balance sheet of the Group remains in a solid condition and is now much simpler to understand, particularly as we have completed our consolidation of asset ownership into FIL.

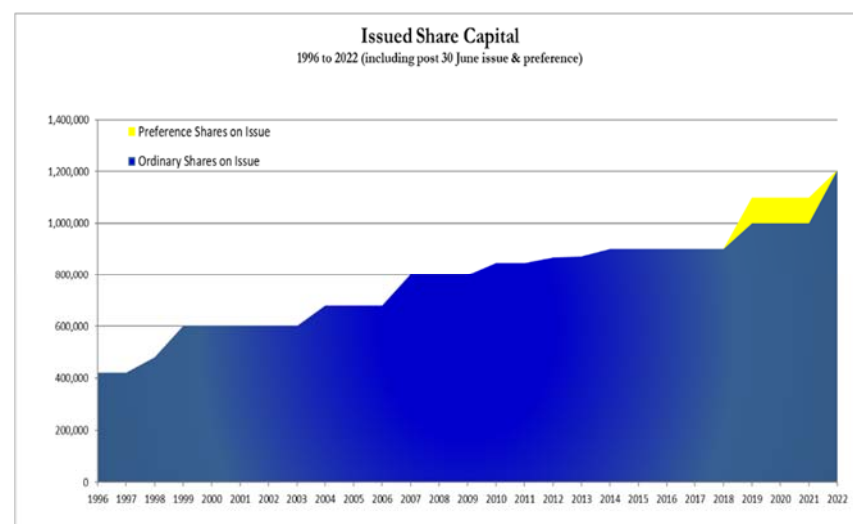


OWNERSHIP & GROWTH

FABAL has 38 shareholders holding 1,210,000 ordinary shares as at 31 October 2021 which includes 6 entities associated with the four founders, Chris, Jane (in her own right), Peter and Dim ("the Founders").

The March 2019 issue of CPS had maturity profiles from June 2022 to June 2024. However, they have been converted early, by agreement with shareholders, to ordinary shares in September 2021.

This was to allow for future growth and acquisition opportunities discussed in the Annual Report.



HISTORICAL INFORMATION

DIVIDENDS REVIEW

Our long-term aim is to consistently pay dividends to shareholders based on 33.33% of **UBPAT** (or real profit).

Subject to concurrence at the Annual General Meeting ("AGM"), the Directors are expecting to declare and pay 20.0 cents/share divided between a December 2021 interim dividend of 9.0 cents per share and a final dividend of 11.0 cents per share in March/April 2022.

The dividend set at 20.0 cents/share would represent approximately 25.2% of **UBPAT**. This is slightly above the average rate during the past 10 years of 25.0% of **UBPAT**.

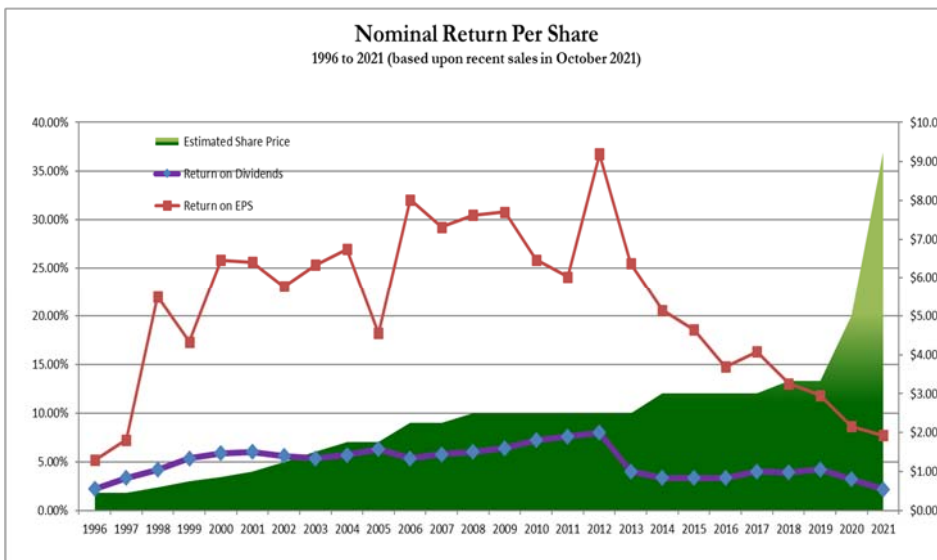
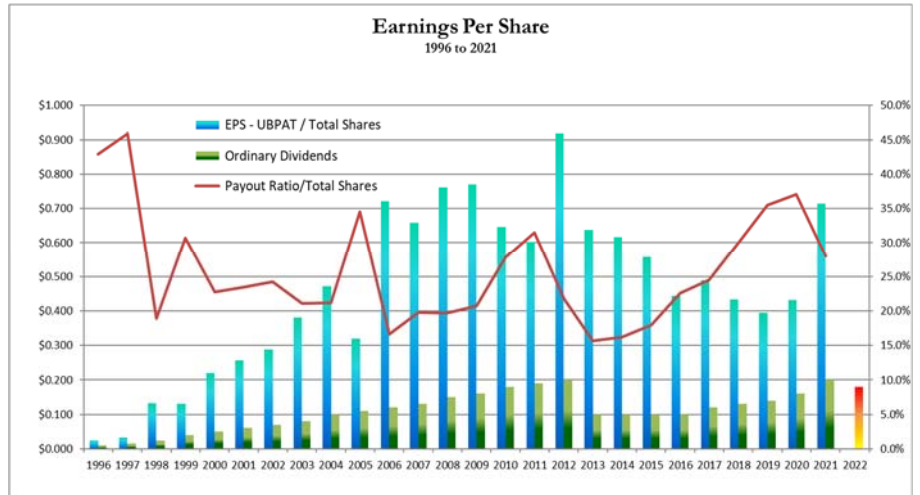
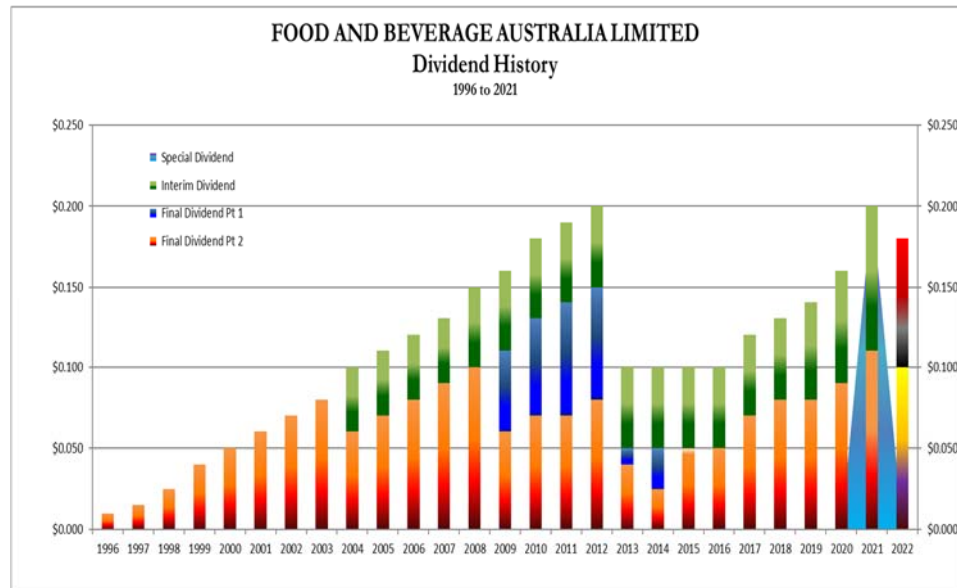
In addition to the ordinary dividends proposed, the Board made the payment of a special dividend of 20.0 cents per share as part of the termination of the Shareholders Agreement. The proceeds were made available from successful recoveries of outstanding fees and loans from the court actions won by FABAL's subsidiaries.

RETURN ON INVESTMENT & DISTRIBUTION FOCUS

FABAL has tracked its return for shareholders over the past 25 years in the graph to the right.

The Returns Per Share are estimated against the share prices over the past 3 years at \$3.33 per share and recently to issues at \$9.25 per share.

However, we note that the Net Asset Value is approximately \$18.50/share after the new share issues and therefore considerably higher than the recent share issue at \$9.25/share.



While both graphical illustrations (above and left) show variable earnings/returns per share, the Board is satisfied that the Company continues to grow in value.

The Board wishes to continue to reward shareholders with cash dividends where it is prudent to do so.

The key business strategy focuses management and directors on endeavouring to increase both the profitability of the Group and the dividends payable to shareholders.

CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REPORT

THE YEAR IN REVIEW

Introduction

On behalf of the Board of FABAL, we are pleased to be able to present the 32nd Annual Report for our Company in respect of the year ended 30 June 2021.

Notice for the Annual General Meeting ("AGM") of the Company has already been sent to all shareholders. It will be held on Thursday 16 December 2021 at 5.30 pm.

We hope that you can attend the meeting. If you are unable to attend, you will be able to dial in via video conferencing facilities.

During 2021, FABAL has had a slightly better performance again and when compared to the previous 4 years, the board are happy with our direction.

As always, there have been highs and lows that have altered the true performance. **UBPAT**, the true indicator of ongoing performance was up 22.6% from 2020 and the Board were encouraged by the performance.

Board and Management

The FABAL Board of 5 people has not changed over the past 2 years but we remain on the lookout for one or two additional directors with specific skills. We are always mindful of a balanced position but will always choose the best person for our needs.

Our FABAL senior management team, known as the Executive Management Committee (or EMC), has grown to 10 people with our marketing manager and new tourism manager. Importantly, our newer team members have fitted in well and all the EMC are contributing solidly to the business. We are currently seeking to employ a salesperson for the Group and we hope to be able to announce a position at the AGM.

Our Business Environment

We continue to go about FABAL's business in a challenging business environment. COVID-19 continues to challenge us at every hurdle and the impact of the China debacle is being felt across our industry.

The silent but very visible trade war between China and Australia (and many other countries) shows no sign of abating. The positive influence over the past 12 months have been the friendlier climatic events, particularly in South Australia and Victoria. In short, our business environment has seen one of the most tumultuous operating situations we have ever faced in the modern wine and grape industry.



We were wary of our outlook for our business in December 2020 (our last AGM) but we now see both headwinds and opportunities to take advantage of the changing landscape over the next 3 years.

There is no doubt that the growth of China as a consumer of Australian food and beverages was the leading factor in the wine industry resurgence but now this has been thrown into uncertainty by political disruption from Beijing and elsewhere.

However, today, despite the COVID-19 and economic mess we live in, there is a view of the Board that we are now entering one of the most promising phases for FABAL in the past 18 years.

However, we have many waves in the ocean that we must continue to navigate before we can enjoy the new horizon with blue skies.

Reviewing Who We Are

During the year, we implemented a marketing strategy which examined who we are and what we intend to be. The EMC, overseen by the Board mandated strategy, continues to reposition FABAL into more value-added marketplaces. We know that we are limited by our previous positioning as the producer of raw material services.

While the developing wine, chocolate and skincare enterprises are preparing us to serve a higher value consumer exposure, the EMC and Board continue to revisit the messages we send to our marketplaces.

Reviewing What We Do

Growing Grapes: Our core business continues to be vineyard management, growing grapes for ourselves and others and selling 90% of those raw products to winemakers in Australia, mostly the top 5 wine groups.

Over the past 6 years, we have seen the market go from surplus to shortage and now surplus again due to the China impact. Prices in many regions have collapsed in a space of 12 months and unless there is a market(s) found to replace China, this is being seen as a 5-year issue for the wine industry to deal with. Striking a balance between pricing and relationship is a tricky matrix to navigate and Ashley Keegan continues his success maintaining both with our four core customers.

Owning Vineyards: FABAL now owns 100% of both Vineyard Road Estate (Barossa Valley) and Vineyard Road Estate (McLaren Vale). This gives us ownership and access to the two most important wine regions in South Australia and by international reputation, Australia. However, until recently, the rest of our portfolio was investment through NVFAL and MEL. We also have minor investments in NVFA3L and KVL.

CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REPORT

THE YEAR IN REVIEW (CONT.)

Recently, FABAL made two offers to acquire all the shares in MEL and NVFAL, either for cash consideration or an exchange of shares in either group for new FABAL shares, or a combination of both.

Our board believe that we are being fair to our existing shareholder base and reasonable to those accepting new FABAL shares in exchange for their existing NVFAL or MEL shares.

Our new direction calls for FABAL to complete the 100% acquisition and ownership of both NVFAL and MEL. This will be decided by the existing shareholders of both of those entities.

In the Board's opinion, this will create a larger and more versatile consolidated group (between the 3 entities). Further, it will create the opportunity for FABAL to:

- a. manage the headwinds afforded to us by the China event more effectively; and
- b. allow FABAL to then head down the path of value-added purchase of complementary businesses in food, agribusiness, beverages and tourism.

Making Bulk Wine: We have been making bulk wine since 2009 and this continues to grow an additional income stream for FABAL. This programme was working well with our joint venture partner, Project Wine, but with the China impact we continue to come under pressure with the increasing availability of grape and wine that were previously earmarked for China.

FABAL have been left with a considerable amount of wine that was specifically held back for the development of our China business. While we continue to have some avenues for its disposal, they have been considerably curtailed by China closing its border to Australian wine supply.

Selling Branded Food, Beverage and Wines: We commenced our venture into branded retail and wholesale businesses in 2016. March 2021 was our 5th anniversary of the Vineyard Road Cellar Door opening in Langhorne Creek and the 25th anniversary of our first wine product, the 1996 Marandoo Estate Cabernet Sauvignon.

While we have been making wine for our owners and managed entities for over 25 years, we have until recently been virtually unknown in a very crowded wine consumer space.

Today, as a result of the developments over the last 5 years, FABAL now has diverse offerings to retail customers of:

1. **Vineyard Road:** Premium wine from Langhorne Creek, Barossa Valley, Clare Valley and Heathcote sold in 3 VRCDs;
2. **Vasse Virgin:** Luxury natural olive oil-based skincare from South Australia and Western Australia based in the Barossa Valley and Langhorne Creek;
3. **BVCC + FCC:** Artisan chocolate made in our own chocolate production kitchen in the Barossa Valley and sold in two retail outlets at VRCD Langhorne Creek and BVCC;
4. **Café/Food:** A premium café at BVCC with ice-creamery, all products made at BVCC.

Strategy: FABAL take planning for our future very seriously and meet on an annual basis to review the strategy that is recommended to the Board by the EMC.

In May 2021, a full day strategy session was held in the Barossa Valley at the Barossa Cellar (an industry facility that we were a donor to) and was attended by all directors and EMC. It was facilitated by our specialist Wines director, Chris Flaherty.

The outcomes were concise and directed for the EMC to implement. The key change to our pre 2021 strategy was that FABAL will seek to own 100% of our core businesses wherever possible. This will replace our attitude towards 50.50 joint ventures or holdings of less than 50% in businesses like NVFAL and MEL.

The NVFAL and MEL offers reflect this change of strategy. The board believe that the timing is opportune as the impact of the China tariffs make it necessary to reconsider the offering that FABAL has traditionally offered to its associated businesses. This ultimately affects the future direction and ownership.

If we are successful, the investments held for the past 20 years will become an integral part of the expanded FABAL and allow us to make further strategic decisions in pursuit of our integrated food and beverage business.

FABAL also has smaller holdings in two other managed businesses of NVFA3L and KVL. It will not be possible to increase these to 50% in the medium term so a portfolio investment will be maintained. However, we will consider alternatives to progressively increase our stakes in these businesses.

In relation to our chocolate and skincare businesses, we will also look at ways to increase our ownership of these businesses.

CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REPORT

THE YEAR IN REVIEW (CONT.)

Reviewing What We Are Exiting

Food, Agribusiness & Beverages Australia Pty Ltd and Total Beverage Australia Pty Ltd ("TBA") combined have had a successful year in recovering the fees and loans owed to them over the last 10 years. We have been successful in recovering over \$1.0 million in outstanding debts and some of this recovery was used to fund the special dividend of 20.0 cents paid in October 2021.

In major cases against specific groups, we were successful in two major legal actions and subsequently negotiated settlements with other parties based upon this success. However, the court system in Australia is very friendly to litigants so we are still to receive any meaningful payments from some of the court actions. It is likely that we will never receive anything from the Victorian marketeer cases but FABAL's potential exposure of counterclaims has been nearly eliminated because of these judgements.

FINANCIAL PERFORMANCE

Profitability

The **CIT** for the year of \$3,855,555 was well above the 2020 year of \$194,690. This was due substantially to re-valuations and adjustments to the balance sheet. The **PAT** for the year, at \$1,927,533, was considerably higher than the 2020 year at \$764,043.

Once again, FABAL's balance sheet "bottom line" grew slightly due to profitability and revaluation of our long-term investments in NVFAL, MEL, KVL and NVFA3L. The adjustments in 2021 in both FABAL and FIL/PPUT represented nearly all of the **CIT**.

Underlying Business Profit ("UBPAT")

The **UBPAT** in 2021 was \$581,651 compared to the 2020 year at \$474,294, an increase of \$107,357.

SHAREHOLDERS AGREEMENT

The 2007 Agreement

The 2007 **Shareholders Agreement ("SHA")** was terminated before the special General meeting ("EGM") on 30 September 2021 and it has no further effect on the company. All current shareholders that entered prior to or after 2007 have agreed to the Deed of Termination and Release.

This was a major milestone for FABAL and now makes it possible to pursue the acquisitions above and allows major opportunities in the future

SHARES & DIVIDENDS

Conversion of Convertible Preference Shares: Prior to the EGM on 30 September 2021, all shareholders agreed that the CPS issued at \$3.33/share in March 2019 would be converted earlier than planned at 1 CPS for 1 ordinary share. An additional 100,000 ordinary shares were issued and all the CPS were cancelled.

Ordinary Shares: At the EGM, a further 50,000 shares were issued to three founders at \$0.01 per share as part of their agreement to terminate the Shareholders Agreement.

After these two issues, there is now only one class of share, being an ordinary share, and there are now 1,210,000 shares on issue. The board has also subsequently issued a further 3,860 ordinary shares at \$9.25/share, bringing the total share capital to 1,210,000 ordinary shares.

Dividends: Ordinary dividends have been set at 20.0 cents for 2021 distribution and are set to be approved and paid in December 2021 (9.0 cents) and April 2022 (11.0 cents). This will be paid on 1,100,000 ordinary shares (or \$220,000), being those ordinary and preference shares on issue prior to the 30 September 2021 EGM.

On 30 September 2021, the shareholders approved the payment of a special dividend of \$0.20 cents per ordinary share on 1,000,000 shares (or \$200,000). A one off DRP was allowed at \$3.33/share on this special dividend. This was taken up by 94% of shareholders.

Preference dividend 4 and 5 have been paid over the last 12 months at 5% on the issue price. No further dividends will be paid on the CPS as they have now been converted. In addition, the Company paid two dividends on 100,000 CPS in September 2020 and March 2021 on a pro-rata basis. The CPS carry a fixed dividend of 5% which is equivalent to 16.65 cents per share.

Share Price: During the past 12 months there have been two share sales or transfers following the sad and unfortunate loss of our beloved shareholder, Heather Standley. There were no other transfers. The transfers occurred at \$3.33/share.

During the last 6 months, FABAL has appointed E&A Advisory to prepare a valuation of the FABAL ordinary shares.

The report suggests that the fair value of a FABAL share is between \$11.00 and \$11.50/share after the above issues of new shares in September and October 2021.

CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REPORT

OUR GOVERNANCE & MANAGEMENT

The Oversight of our Group

Your Board is charged with the oversight responsibilities of the Group in governance, compliance, risk and finance. The Board meets at least 6 times annually and has established two committees to assist in its responsibilities – Audit and Governance & Risk.

There are three independent directors who play an important role in the Board and these Committees.

The Management of our Group

FABAL is managed by an executive management committee ("**EMC**") of 11 people, including four chief officers and six group managers.

- ♦ Chris Day is the Group's CEO.
- ♦ Ashley Keegan is CEO of FOPS (and COO) responsible for agribusiness.
- ♦ Daniel McLean is CFO responsible for finance.
- ♦ Chris Dundon is CGO responsible for governance.
- ♦ Chiqi Zhang is GM Accounting and sales/marketing for China.
- ♦ David Olssen is GM Viticulture.
- ♦ Irene Kamm is GM Client Services/Retail Services.
- ♦ Marcia Frost is GM Tourism, Hospitality and Events.
- ♦ Michelle Horton is GM People Resources.
- ♦ Lachlan Aird is GM Marketing for the Group & Joint Ventures.
- ♦ Dim Georgiadis is Director Business Development.

FABAL provides the support services, including finance, to all subsidiaries, including FOPS, Vineyards, Equipment, Wines and Advisory businesses.

THE BUSINESS ENVIRONMENT

Food, Agribusiness and Beverage Projects

External Environment: The Australian food and beverage landscape continued its spectacular turnaround over the past 7 years, until it simultaneously hit the COVID-19 wall and the political and economic impact of the China/Australia "cold war" at a similar time.

The wind that was fairly pushing the sails of the wine industry have savagely turned in the opposite direction over the past 12 months. The COVID-19 impact has simultaneously affected domestic tourism and impacted significantly on the ability for people to visit our agri-tourism ventures during the same period.

The food, beverage and agribusiness space were providing significant opportunities for the FABAL businesses until the dual impact.

However, we are not entirely negative and see this as a time for FABAL to opportunistically pursue its long-term strategy.

Much of the world is coming out of the COVID-19 induced recession and we are mindful of the risks that follow the recovery in several major global economies. Your Board spends considerable time reviewing these risks and the potential to impact on the business.

A major risk currently is climatic – drought, frost, floods, fire, winds have in recent years all affected much of eastern and southern Australia. This creates significant issues for any food and beverage producer and FABAL is not immune.

Some of our ME's have already been hit with frost in the month of October 2021 which will impact on their profitability in 2022.

Our more recent focus is to brand as much of the exported food and beverage as possible and associate it with the FABAL corporate name.

Wine Industry: FABAL continues to consider the opportunities and risk factors when making major decisions on wine, food or other procurement and sourcing.

Our major customers, Treasury Wine Estates (Penfolds and Wolf Blass), Pernod Ricard (Jacobs Creek and St Hugo), Accolade (Hardys and Grant Burge) each have significant growth strategies for Australia wine in each of the key Asian markets. They are tempered by the current impact of China.

We continue to seek and implement alternatives to mitigate risks for the 2022 and subsequent vintages. These continuing grape supply contract related issues currently pose the greatest challenge to our business but also pose a significant opportunity.

Food Industry: FABAL is also looking at ways to develop direct market access for food and agribusiness products.

The desire in Asia for 'clean and green' produce from Australia has given us the confidence to develop market opportunities in these specific food categories.

While it may take some time, it will be backed onto the successful wine push discussed above.

CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REPORT

BANKING

Relationship: FABAL has continued to strengthen its relationship with its primary banker, National Australia Bank (NAB).

During the year, our Corporates Markets Loan financial facility of \$5.1 million served us very well. While never fully drawn, it has allowed FABAL to operate with strength and conviction in all transactions.

In order to undertake the proposed merger(s) with NVFAL and MEL, FABAL have engaged with NAB to provide a Transaction Facility that totals a further \$17 million. It is not expected that FABAL will use the entirety of the facility but it was required by Corporations Act to secure 100% of the funding required to make the proposed acquisition.

The cost of our funding for both facilities is very favourable and gives the Board of FABAL the confidence to make the future acquisitions of NVFAL and MEL. The facilities also allow FABAL access to more sophisticated products and better opportunity to run a central banking treasury for the Group.

STRATEGIC DIRECTION

The Directors and executives continue to refine and develop the FABAL strategic plan for the 5-year period from 2021 to 2026. Food and beverage businesses remain FABAL's key criteria for operations and we have already made strong inroads into the beverage side with grape product from our vineyards.

FABAL is still pursuing direct food opportunities but is cognisant that stable cash flow and profitability are the key to investment and reinvestment.

For the rest of the Group businesses, we have committed to increasing our agribusiness portfolio further.

OUTLOOK

FABAL continues to strengthen its balance sheet and financial position. The next 12 months will be an exciting period for FABAL as we:

1. further refine Vineyard Road wines;
2. develop our chocolates at BVCC and FCC;
3. further develop Vasse Virgin @Seppeltsfield;
4. operate for our own benefit Vineyard Road Estate in Barossa Valley and McLaren Vale.

While the upward valuation of investments (nearly back to where they were in 2009) in some of our investee companies has been positive again in 2021, it does not really assist FABAL to operate our business with cash flow.

However, these investments are presently underperforming and do not provide a serious dividend or cash flow return to our Group.

We continue to pursue both income and capital growth. As stated previously, this is both exciting and challenging for our Group.

Whilst the 2022 crops are looking reasonable as we approach Christmas, we understand that we live in a climatically challenging environment and we are faced with the uncertainty of political interference in our businesses in China.

Over the past 22 months, COVID-19 has put an enormous strain on our retail businesses in Vineyard Road, BVCC and Vasse Virgin. We must respect the support of the Government until March 2021 but this insidious disease is still impacting our future today and without the tourism and travel business, our work is less certain. 2022 is a definite challenge to the business.

While our retail development is critical to our future success, the core of FABAL businesses operate in the agribusiness space and many events can impact the performance of the key financial source, the crops.

We continue to pursue our strategy of risk and reward through diversification in the agribusiness and agritourism industries. This is planned to mitigate some of the agribusiness impacts discussed above.

We look forward to seeing you at the AGM.

THANK YOU

We again wish to thank all our shareholders for their continued support in what remain very challenging but exciting times for the FABAL.



Bruce Spangler
CHAIRMAN



Chris Day
CHIEF EXECUTIVE OFFICER

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The Directors are pleased to present their 32nd Directors' Report on the state of affairs of the Company and its controlled entities, together with the financial statements for the year ended 30 June 2021.

DIRECTORS

The following people were Directors of FABAL during the financial year.

Director	Designation
Bruce Spangler (Chair)	Independent
Jane Caire	Independent
Amal Wahab	Independent
Christopher Day	Executive
Dimitrios Georgiadis	Non-Independent

Based upon the current composition of the Board of FABAL, the members believe that FABAL is governed by an independent board (see governance section below).

Chris Dundon is the Company Secretary for the FABAL and its subsidiaries and associates.

PRINCIPAL ACTIVITIES

The principal activities of the Group companies during the financial year were:

Business Management	Agri-business
Agri-Tourism	Share Investment
Water Transportation	Agricultural Investment
Agribusiness Advice	Share / Option Trading

There have been no major or significant changes in the activities of the company over the past 12 to 15 months.

REVIEW OF OPERATIONS

The FABAL Board consider that the review carried out in the Chairman's and Chief Executive Officer's Report is detailed and will not be repeated in the Directors Report.

We maintain our position as an agribusiness and agri-tourism business with a principal involvement in the wine industry and a support focus in chocolate, skincare and water businesses.

Our business remains focused on assets that will increase wealth and while COVID-19 and the impact of China have impacted on our business environment, 2021 has been an overall successful year for the Group.

REVIEW OF FINANCIAL PERFORMANCE

For the year ended 30 June 2021, the **PAT** was \$1,928,022 after allowing for tax of \$206,537 for the current year.

The **CIT** was \$3,855,555 after allowing for total tax of \$883,778.

The taxation expense is a combination of deferred tax and income tax (ordinary and capital gains).

The statement of financial performance of FABAL for the year ended 30 June 2021, as represented by the results of its operations, was as follows:

	2021	2020
Grape sales	444,971	537,720
Wine sales	935,239	884,828
Other product sales	142,964	154,666
Management fees	2,156,817	1,827,301
Rentals	607,499	305,688
Recoveries	4,424,432	3,943,439
Dividends received	62,501	133,452
Interest received	15,796	11,752
Profit/(loss) on disposal of P, P & E	4,139	-
Profit on disposal of investment	90,000	-
Grants	167,062	202,181
Recovery from historical projects	1,270,544	-
Other income	105,342	141,030
Total income	10,427,305	8,142,058
Profit after tax	1,928,022	764,423
Net other comprehensive income	1,927,533	(569,353)
Total comprehensive income	3,855,555	195,070

The net assets of FABAL are:

	2021	2020
Net assets	22,328,837	18,426,589
Number of shares	1,100,000	1,100,000
Net Asset Value per share	\$20.30	\$16.75

The earnings per share for FABAL, which reflect the true underlying business profit before tax, are:

Earnings per share	2021	2020
Profit before tax	\$1.94	\$0.87
Underlying business profit before tax	\$2.11	\$0.98

The debt/equity ratio remains conservative at only 16.6% due to the volatile nature of the industry at this time.

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2021

HISTORICAL FINANCIAL PERFORMANCE

The historical performance of FABAL on a CIT for the past 10 years is shown below:

Year	Comprehensive Profit Before Tax	Comprehensive Profit After Tax	% Prior Comparative Period
2021	4,739,333	3,855,555	1980.35%
2020	21,271	194,690	-90.64%
2019	2,983,866	2,079,893	-57.0%
2018	6,278,216	4,781,202	448.0%
2017	1,127,610	1,067,210	12.9%
2016	1,316,802	945,212	293.4%
2015	821,355	322,199	-44.8%
2014	979,394	719,390	NA
2013	(129,418)	(4,357)	NA
2012	922,574	712,103	NA

DIVIDENDS PAID OR DECLARED

An ordinary dividend of \$160,000 (or 16 cents per share) on 1,000,000 ordinary shares was declared and paid to shareholders during the year in December 2020 and April 2021. Two preference dividends totalling \$16,650 (or 16.65 cents per share) were paid on 100,000 convertible preference shares during the year in accordance with the terms of their issue.

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. This was paid on 8 October 2021 in either cash or as a dividend reinvestment at the issue price of \$3.33/share. The dividend reinvestment was taken up by 93.4% of the shareholders and only \$13,053 was paid out in cash.

Further, the directors declared an ordinary dividend of \$0.20 per ordinary share on 1,100,000 ordinary shares (\$220,000) as at the record date of 4 October 2021 which will be split between interim dividend of \$0.09 per share in December 2021 and final dividend of \$0.11 per share in April 2022.

COVID-19

Throughout the coronavirus pandemic, the prime focus of FABAL and the directors has been on ensuring the safety of the employees and workforce and maintaining compliance with all Government restrictions. The directors have assessed that there has been minimal direct impact of COVID-19 on the

financial position of FABAL.

In reaching this position, the directors recognise that there have been restrictions on the Estate's operations which have been managed by FABAL.

COVID-19 has indirectly impacted FABAL as a result of its impact on the sales of wines domestically and internationally by FABAL's winery customers. The directors have assessed that the impact of this on the future financial performance of FABAL will continue to be monitored as a result of any further restrictions initiated in coming months.

AFTER BALANCE DAY EVENTS

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.

Proposed Consolidation with MEL and NVFAL

As you have been made aware, recently FABAL has made two off-market share and cash offer to acquire all of the shares in MEL and NVFAL.

Each offer is different and reflects the current ownership of MEL and NVFAL and the specific circumstances that each business operates within.

All documents relating to the Offers are available on the FABAL website at www.fabal.com.au.

If the Offers are accepted, the effect would be a significant transformation of the company with a corresponding significant increase in our debt position.

This increases the risk to the operation of FABAL but also sets up substantial opportunity to the merged group.

Termination of Shareholders Agreement

As has been stated above, the 2007 Shareholders Agreement was terminated by all shareholders on or about 30 September 2021.

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2021 (CONT.)

DIRECTORS & OFFICERS

Bruce Spangler AM
Chairman

Bruce is a chartered accountant who was a senior partner of an Adelaide based audit and advisory firm. He has had experience in chairing local, national, and international groups and has spent more than 35 years providing financial and commercial advice to and working with a large number of SMEs in many industries.



Bruce holds FCA, FAICD

Amal Wahab
Director (non-executive)

Amal Wahab is an experienced investment banker specialising in investing in private and unlisted public companies. Until 2016 he was the Deputy Chief Investment Officer and Head of Investments at the Oman Investment Fund, the Sovereign Wealth Fund of the Sultanate of Oman. In that role he was also on the Board of Directors and Board Sub Committees of private and public companies in Australia and overseas.



Amal holds BSc (Hons), MBA

Jane Caire
Director (non-executive)

Jane has 39 years' experience as a legal, operations, administration and business adviser. Jane is a professional administrator and director and has 28 years' experience in Asian financial services. She is a director of several private companies around the world.



Jane holds LL.B (hons), GDLP, GAICD

Christopher Day
Director

Chris has been a board member since incorporation in 2000. A director of several private and public companies, Chris is CEO of the Group. His responsibilities include general and strategic management and business planning.



Chris holds MBA - International Business (Monash), LLB, BEc (Adel.), Grad Dip App Fin Inv (Mel.), Dip Fin Serv (Mel.), FAICD, FFin, CPA

Dimitrios Georgiadis
Director

Dim is a director of several private and public companies and has been a board member since 2000. His specific responsibilities are business development.



Dim is an associate of Georgiadis Lawyers.

Dim holds LLB (Adel.), FTIA, MAICD, Notary Public

Company Secretary

Christopher Dundon
Company Secretary

Chris has more than 40 years' experience in the Australian wine industry and has held senior operations roles in viticulture, horticulture and water management.



Chris holds BSc Hons (Adel), Dip Ed (Adel), Grad Dip Ag Viticulture (RAC), Grad Dip Bus Admin (U SA).

MEETINGS OF DIRECTORS

During the year, 7 directors' meetings were held.

	Eligible to Attend	Number Attended
Bruce Spangler	7	7
Amal Wahab	7	7
Jane Caire	7	6
Christopher Day	7	7
Dimitrios Georgiadis	7	7

BOARD FEES & INTERESTS

The directors of the parent, FABAL, are entitled to receive annual fees as shown in the following table:

Director	Board Fees	Committee Fees	Fee Paid
Bruce Spangler	\$15,000	\$2,400	\$17,400
Jane Caire	\$10,000	\$1,500	\$11,500
Amal Wahab	\$10,000	\$2,700	\$12,700
Chris Day	\$7,500	\$1,200	\$8,700
Dim Georgiadis	\$7,500	Nil	\$7,500

Their interests are:

Director	Direct Owner	Beneficial Owner	%
Bruce Spangler	-	-	0.0
Amal Wahab	-	-	0.0
Chris Day	-	545,262	45.2
Dim Georgiadis	-	284,000	23.6
Jane Caire	3,120	-	0.3

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2021 (CONT.)

CORPORATE GOVERNANCE

The corporate governance review follows on page 14.

LEGAL ACTION

FABAL, through the old Food And Beverage Australia Pty Ltd (now Food, Agribusiness & Beverages Pty Ltd), sued Westmores and Philip Nash for outstanding money owed to our Group. Both of these actions were resolved in FABAL's favour for nearly \$1.0 million during 2019 and 2020 but the Nash/Westmores parties are appealing the decision in both cases. FABAL is confident of its position.

ENVIRONMENTAL REGULATION

Adverse climatic conditions

Adverse climatic conditions and other natural events may reduce grape production and affect FABAL's operations. Natural events caused or affected by weather, such as frost, drought, flood and fire can have an impact. Such conditions can influence the supply of and demand for wine grapes produced by FABAL, resulting in revenue impacts. FABAL is undertaking a climate change risk assessment and an action plan will be formulated to address priority risks.

FABAL continues to manage the requirement for irrigation applications in response to climatic conditions. In recent years, the cost of leasing additional water required on the vineyards has ranged from \$100/ML to almost \$1,000/ML, with a consequent impact on the expenses to maintain the Estates' productivity. FABAL is managing any leasing of water that it requires to ensure that the potential impact on the costs of production is minimised.

BOARD COMMITTEE MEETINGS

The Standing Committees of the Board operating prior to 30 June 2021 were Audit and Governance & Risk.

After the end of the financial year, an Ad-hoc Committee for Mergers & Acquisition has been created by the Board to investigate and then manage the consolidation opportunities with MEL and NVFAL.

The meetings of these committees are held on a structured basis.

AUDIT

<u>Member</u>	<u>No of meetings</u>	<u>Meetings attended</u>
Amal Wahab ©	2	2
Chris Day	2	2
Daniel McLean	2	2
Bruce Spangler	2	2
Chiqi Zhang	2	2

GOVERNANCE & RISK

<u>Member</u>	<u>No of meetings</u>	<u>Meetings attended</u>
Jane Caire ©	3	3
Chris Dundon	3	3
Michelle Horton	1	1
Irene Kamm	3	3
Ashley Keegan	3	3
Daniel McLean	3	3
Bruce Spangler	3	3
Amal Wahab	3	3

MERGERS & ACQUISITION

<u>Member</u>	<u>No of meetings</u>	<u>Meetings attended</u>
Amal Wahab ©	3	3
Jane Caire	3	3
Chris Day	3	3
Chris Dundon	3	3
Daniel McLean	3	3

INDEMNIFICATION OF OFFICERS

The Company and its subsidiaries indemnify any person who is, or has been, an officer of the Company including the directors, the secretary and other executive officers against any liability incurred by the person which arises out of the discharge of that person's duty unless the liability was incurred because of dishonesty, negligence or lack of good faith.

Signed on behalf of the Board at Adelaide on the 22nd day of November 2021 in accordance with a resolution of Directors.



Bruce Spangler
CHAIRMAN

Date: 22 November 2021

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

PRACTICE

Corporate governance is the system and processes by which companies are managed and directed. It influences how the business objectives are set and achieved, how risk is monitored and assessed and how performance is optimised.

Good corporate governance structures are encouraged by the Board of FABAL through entrepreneurship, innovation, development and exploration. It provides accountability and control systems commensurate with risks involved. During the year, FABAL continued to manage and improve its corporate governance systems where possible.

As an unlisted public company, FABAL is not required to adopt the ASX corporate governance framework. Nevertheless, the Board of FABAL strives to adopt best practice in corporate governance and reporting commensurate with its size and the nature of its business. The Directors confirm that the Company's practices are largely consistent with the ASX guidelines as appropriate to its private status and circumstances.

Initiatives from current reviews and forums form the basis of progressively updated governance standards and incorporate changes required by the Corporations Act (2001) and other applicable legislation.

Since 2015, FABAL has operated with the assistance of a number of Board committees and one management committee.

Since July 2020, FABAL operates 1 ad hoc and 3 standing committees as follows:

Board Appointed

1. Audit;
2. Governance and Risk; and
3. M&A – ad hoc committee;

Management Appointed

4. Business Development.

Charters for the first 2 Committees are in force and are reviewed regularly.

FABAL and its subsidiaries have strong commitments to integrity in their strategic and financial performance.

Ethical and responsible decision making, considering not only legal obligations, but also the interests of stakeholders, is of paramount consideration.

BOARD COMPOSITION

At this time, there are 5 directors on the Board of FABAL.

FABAL, based on the ASX Listing Rules, believes that Bruce Spangler (independent Chair), Amal Wahab and Jane Caire are independent directors of FABAL. Accordingly, FABAL has three independent directors out of a Board of five members. The other two directors are part of the founder and major shareholder group of FABAL, one of whom is a full time executive.

The FABAL Board has established the roles of the Board, its subsidiaries' boards, the Committees and EMC. The CEO has separated responsibilities for the EMC based upon skills, experience and operations within the areas which are appropriate to each distinct business.

REMUNERATION POLICIES

Due to the present size of FABAL, the full Board fulfils the role of a Remuneration Committee.

The remuneration of all is determined by the full Board having regard to the level of fees paid to directors by other companies of similar size and stature. Equity based remuneration is not applied to FABAL Directors.

RISK MANAGEMENT

FABAL recognises the importance of managing business risks and controlling its business activities in a manner which enables it to maximise opportunities for investors and shareholders. FABAL manages the elements of uncertainty and risk in its business operations through effective monitoring and internal control. FABAL has a Governance and Risk committee to oversee the internal control and to assist, where possible, in reducing the potential for losses, ensuring compliance with applicable laws and regulations, and enhancing resilience to external events.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
Revenue from contracts with customers	2	1,523,173	1,577,215
Other income	2	8,904,132	6,564,844
Share of Associate using the equity method	11	348,299	(35,347)
Cost of sales		(647,918)	(603,501)
Employee expenses		(4,447,372)	(3,749,036)
Operating expenses		(2,012,866)	(1,417,115)
Selling expenses		(70,796)	(114,674)
Administration expenses		(1,143,526)	(990,333)
Depreciation	9(a)	(186,280)	(117,932)
Finance costs		(132,287)	(152,131)
Profit/(loss) before Income Tax		2,134,559	961,993
Income tax (expense)/benefit		(206,537)	(197,950)
Profit/(loss) attributable to the Members		1,928,022	764,043
Other comprehensive income			
Revaluation increment on P, P & E	9(a)	160,572	263,916
Deferred tax on revaluation	4(c)	(41,749)	(72,577)
Revaluation increment on investments	10	2,444,202	(1,049,230)
Deferred tax on revaluation	4(c)	(635,492)	288,538
Other comprehensive income for the year, net of tax		1,927,533	(569,353)
Total comprehensive income attributable to members of the entity		3,855,555	194,690

The accompanying notes for part of the financial statements

STATEMENT OF UNDERLYING BUSINESS PROFIT

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
Revenue from contracts with customers	2	1,523,173	1,577,215
Other income	2	7,417,450	6,130,442
Cost of sales		(647,918)	(603,501)
Employee expenses		(4,447,372)	(3,749,036)
Operating expenses		(1,938,805)	(1,417,115)
Selling expenses		(70,796)	(114,674)
Administration expenses		(731,149)	(865,920)
Depreciation	9(a)	(186,280)	(117,932)
Finance costs		(132,287)	(152,131)
Underlying Profit before Income Tax		786,015	687,352
Share of Associate using the equity method	11	348,299	(35,347)
Onetime items	2	1,000,245	309,988
Profit/(loss) before Income Tax		2,134,559	961,993
Income tax (expense)/benefit		(206,537)	(197,950)
Profit/(loss) attributable to the Members		1,928,022	764,043
Other comprehensive income			
Revaluation increment on P, P & E	9(a)	160,572	263,916
Deferred tax on revaluation	4(c)	(41,749)	(72,577)
Revaluation increment on investments	10	2,444,202	(1,049,230)
Deferred tax on revaluation	4(c)	(635,492)	288,538
Other comprehensive income for the year, net of tax		1,927,533	(569,353)
Total comprehensive income attributable to members of the entity		3,855,555	194,690

The accompanying notes for part of the financial statements

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
Current Assets			
Cash and cash equivalents	5	164,149	455,575
Trade and other receivables	6	1,542,749	2,446,992
Inventory	7	1,518,263	1,768,835
Other current assets	8	77,581	57,783
Total Current Assets		3,302,742	4,729,185
Non-Current Assets			
Property, plant and equipment	9	5,045,625	2,595,202
Financial assets	10	2,793,523	2,162,930
Investments using the equity method	11	20,737,236	18,740,886
Deferred tax asset	4(e)	222,137	148,175
Intangibles	18	87,994	87,036
Total Non-Current Assets		28,886,515	23,734,229
Total Assets		32,189,257	28,463,414
Current Liabilities			
Trade and other payables	12	1,115,275	2,898,309
Financial liabilities	13	408,001	516,486
Employee entitlements	14	660,780	538,348
Current tax liabilities	4(d)	24,275	73,466
Total Current Liabilities		2,208,331	4,026,610
Non-Current Liabilities			
Financial liabilities	13	3,463,775	2,590,211
Deferred tax liabilities	4(d)	4,188,314	3,420,005
Total Non-Current Liabilities		7,652,089	6,010,216
Total Liabilities		9,860,420	10,036,825
Net Assets		22,328,837	18,426,589
Equity			
Issued capital	15	2,116,041	2,116,041
Reserves		11,605,472	9,515,631
Retained Earnings		8,607,324	6,794,917
Total Equity		22,328,837	18,426,589

The accompanying notes for part of the financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Equity	Reserves				Retained Earnings	Total
		Share Premium	Capital Profits Reserve	Financial Assets Reserve	Asset Valuation Reserve		
Equity as at 1 July 2020	2,116,041	30,591	621,334	8,082,500	781,206	6,794,917	18,426,589
Profit attributable to members of the entity	-	-	-	-	-	1,928,022	1,928,022
Revaluation increment	-	-	-	1,808,710	118,823	-	1,927,533
Change in tax rate	-	-	-	260,349	16,704	-	277,053
Acquisition of VRE McLaren Vale Pty Ltd	-	-	-	-	26,173	(79,883)	(53,710)
Transfer on disposal of investment	-	-	-	(140,918)	-	140,918	-
Dividend paid	-	-	-	-	-	(176,650)	(176,650)
Equity as at 30 June 2021	2,116,041	30,591	621,334	10,010,641	942,906	8,607,324	22,328,837

	Equity	Reserves				Retained Earnings	Total
		Share Premium	Capital Profits Reserve	Financial Assets Reserve	Asset Valuation Reserve		
Equity as at 1 July 2019	2,116,041	30,591	621,334	8,843,192	589,867	6,204,224	18,405,248
Profit attributable to members of the entity	-	-	-	-	-	764,043	764,043
Prior year adjustments	-	-	-	-	-	(16,700)	(16,700)
Revaluation increment	-	-	-	(760,692)	191,339	-	(569,353)
Dividend paid	-	-	-	-	-	(156,650)	(156,650)
Equity as at 30 June 2020	2,116,041	30,591	621,334	8,082,500	781,206	6,794,917	18,426,589

The accompanying notes for part of the financial statements

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
Cash from Operating Activities			
Receipts from customers		11,159,112	7,556,500
Payments to suppliers and employees		(9,704,673)	(6,575,476)
Dividends received	2	62,501	133,452
Interest received	2	15,796	11,752
Finance costs		(132,287)	(152,131)
Income tax refunded		(83,657)	(182,029)
Net Cash Flows from/(used) in Operating Activities	17	1,316,792	792,068
Cash from Investing Activities			
Proceeds for property, plant and equipment		18,364	-
Payments for property, plant and equipment		(660,357)	(632,292)
Proceeds for investments		390,000	-
Payments for investments		(704,655)	(145,283)
Net Cash Flows used in Investing Activities		(956,647)	(777,576)
Cash from Financing Activities			
Proceeds/(repayment) of borrowings		(474,921)	596,468
Dividends paid		(176,650)	(156,650)
Net Cash Flows used in Financing Activities		(651,571)	439,818
Net Cash Decrease in Cash and Cash Equivalents		(291,426)	454,311
Cash and cash equivalents at beginning of year		455,575	1,264
Cash and cash equivalents at end of year	5	164,149	455,575

The accompanying notes for part of the financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

The financial statements and notes represent those of Food And Beverage Australia Limited (FABAL) for the year ended 30 June 2021.

1. Basis of Preparation

The financial report is a special-purpose financial report. The financial report covers FABAL which converted to a public company on 19th November 2021.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which fair value basis of accounting has been applied. Accounting policies have been consistently applied, unless otherwise stated.

Comparative Figures

When required comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Summary of Significant Accounting Policies

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due). Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Changes in Accounting Policies

Other than the below identified items, there have been no changes in accounting policies for the twelve months ended 30 June 2021.

New Accounting Standards and Interpretations

Nil

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
2. Revenue and other income		
(a) Revenue from contracts with customers		
- Grape sales	444,971	537,720
- Wine sales	935,239	884,828
- Other product Sales	142,964	154,666
	1,523,173	1,577,215
(b) Other income		
- Rentals	607,499	305,688
- Recoveries	4,424,432	3,758,639
- Interest received	15,796	11,752
- Dividends	62,501	133,452
- Management fees	2,156,817	1,827,301
- Export grants (EMDG)	45,062	74,181
- Sundry Income	105,342	19,428
	7,417,450	6,130,442
(c) Onetime items		
- COVID-19 grants	122,000	128,000
- Profit/(loss) on disposal of P P & E	4,139	-
- Profit on disposal of investments	90,000	-
- Stock take variance	(74,061)	-
- Insurance recovery	-	121,601
- Advisory fees	-	135,356
- Legal recoveries from historical agribusiness projects	858,167	(74,969)
	1,000,245	309,988
	9,940,868	8,017,645

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.

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

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. All grape revenue received for the year ending 30 June 2021 relates to the 2021 grape harvest with no revenue from performance obligations satisfied in prior periods.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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.

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

	2021	2020
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3. Key Management Personnel Compensation

The total remuneration paid to key management personnel of FABAL during the year is as follows:

Board fees, including all subsidiaries	163,600	139,050
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4. Income Tax Expense

(a) The components of income tax expense are:

Current income tax expense	37,238	88,405
Deferred income tax expense	169,299	109,162
	206,537	197,567

(b) Prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 26.0% (2020: 27.5%)	554,985	264,547
Add tax effect of:		
- change in tax rate	7,638	-
- disposal of investment	(312,000)	-
- non-deductible entertainment	-	274
- franking credits	(21,953)	(47,062)
- non-allowable items	5,167	10,058
- non-assessable cashflow boost	(27,300)	(30,250)
	206,537	197,567

(c) Tax effects relating to each component of other comprehensive income:

	2021			2020		
	Before tax	(Expense)/ Benefit	Net of tax	Before tax	(Expense)/ Benefit	Net of tax
Revaluation gain on PPE	160,572	(41,749)	118,823	263,916	(72,577)	191,339
Gain on financial assets	2,444,202	(635,492)	1,808,710	(1,049,230)	288,538	(760,692)
	2,604,774	(677,241)	1,927,533	(785,314)	215,961	(569,353)

	2021	2020
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(d) Liabilities		
Current tax	24,275	73,466
Non-current deferred tax – Investments	3,598,620	3,420,005
Non-current deferred tax – P, P & E	589,694	-
	4,212,589	3,493,471

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
(e) Assets		
Non-current deferred tax – Accruals	65,594	148,175
Non-current deferred tax – Tax losses	45,065	-
	222,137	148,175

Current Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that FABAL will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

	2021	2020
5. Cash and Cash Equivalents		
Cash at bank	164,149	455,575

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

6. Trade and Other Receivables		
Trade receivables	1,001,388	1,968,433
Receivables from related entities	485,000	491,500
Other receivables	56,361	(12,942)
	1,542,749	2,446,992

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due). Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

7. Inventory		
Wine	1,518,263	1,768,835

Inventories are measured at the lower of cost and net realisable value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
8. Other Current Assets		
Prepayments	77,581	57,783
9. Property, Plant and Equipment		
Buildings		
At valuation	25,000	2,500
Accumulated depreciation	-	-
Total Buildings	25,000	2,500
Vineyards (land, water, bearer plants and infrastructure)		
At valuation	4,065,000	1,843,000
Accumulated depreciation	-	-
Total Vineyards	4,065,000	1,843,000
Plant and equipment		
At cost	604,602	488,217
Accumulated depreciation	(293,128)	(297,576)
Total Plant and equipment	311,474	190,641
Right-of-use assets		
At cost	793,729	607,473
Accumulated depreciation	(149,578)	(48,412)
Total Right-of-use assets	644,151	559,061
Total Property, Plant and Equipment	5,045,625	2,595,202

(a) Movements in carrying amounts:

	Buildings	Vineyards	Plant and equipment	Right-of-use assets	Total
Balance 1 July 2020	2,500	1,843,000	190,641	559,061	2,595,202
Additions	22,500	2,094,385	177,058	196,414	2,490,357
Disposals	-	-	(5,676)	(8,549)	(14,225)
Reclassification	-	-	-	-	-
Revaluation	625	159,946	-	-	160,571
Depreciation expense	(625)	(32,331)	(50,549)	(102,775)	(186,280)
Balance at 30 June 2021	25,000	4,065,000	311,474	644,151	5,045,625

(b) Nature of the assets including significant assumptions

The assets are vineyards situated at McLaren Vale and Barossa Valley covering a planted area of 35 hectares. The net market value of the vineyard has been determined by the independent licensed valuers, Knight Frank on behalf of the National Australia Bank Limited.

The key assumptions noted in the valuations are:

- All existing or proposed water licenses and agreements will remain linked to the property.
- Crop sale agreements will remain in force for the full period of the agreement.
- Vineyards will continue to be competently managed and are free from irremediable disease or structural or design deficiency that affects yields and hence value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

- Infrastructure normally associated with continuing use will remain, such as irrigation and trellis systems and water pumps.
- The impact of COVID-19, whilst uncertain, has not had a significant effect on the valuations.

The directors have agreed to adopt the current independent valuations of the vineyards which have been recorded through the revaluation surplus. Vineyard assets include land, water, bearer plants and infrastructure.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Bearer Plants

Bearer plants are measured at accumulated cost up until the point of production and then subsequently valued at fair value. Produce that grows on bearer plants will be measured at fair value less costs to sell.

Plant and equipment

Plant and equipment are measured at cost less any accumulated depreciation and impairment losses.

Right-of-use assets

Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

Depreciation

The depreciable amount of all fixed assets including buildings and right-of-used assets, but excluding freehold land and water rights, is depreciated on a straight-line basis over their useful lives to FABAL commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(c) The **depreciation** used for each class of depreciable assets are:

Buildings	40 years
Plant and equipment	4 – 10 years
Right-of-use assets	5 – 10 years
Motor vehicles	5 – 10 years
Vineyard assets	25 – 50 years
Land and water	indefinite

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(d) Gains and losses on disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

(e) Impairment of assets

At each reporting date, FABAL reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that the value of those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, FABAL estimates the recoverable amount of the cash-generating unit to which the asset belongs.

	2021	2020
10. Financial Assets		
Unlisted investments at fair value through Other Comprehensive Income		
Shares in Barossa Infrastructure Limited	1,530,000	1,360,000
Shares in National Vineyard Fund of Australia (No. 3) Limited	504,165	439,920
Shares in Kayinga Vineyard Limited	160,624	143,500
Shares in ASX listed companies	392,475	44,510
Shares in US listed companies	31,259	-
Preference shares in Project Wine	175,000	175,000
	2,793,523	2,162,930

Project Wine is the contracted wine maker for FABAL located in Langhorne Creek.

11. Investments Accounted for Using the Equity Method

Investments accounted for using the equity method consist of:

- 43% (2020: 43%) ownership interest in National Vineyard Fund of Australia Ltd (NVFAL). NVFAL owns vineyards across 6 Australian wine regions operating under FABAL's management;
- 32% (2020: 32%) ownership interest in Marandoo Estate Ltd (MEL). MEL owns vineyards the Langhorne Creek region operating under FABAL's management;
- 50% (2020: 50%) ownership interest in Chocolate Ventures Australia Pty Ltd (CVA). CVA 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). NOOSA owns and operates the Vasse Virgin @ Seppeltsfield business in the Barossa Valley region; and
- 50% (2020: 50%) ownership interest in Marathon Water Pty Ltd (MW). MW owns and operates a water pipeline from Wellington to the Langhorne Creek region; and
- 100% (2020: 50%) ownership in VRE McLaren Vale Pty Ltd (VREMV). The balance of ownership was acquired by FABAL in December 2020. The entity is now included in FABAL's consolidated position.

	2021	2020
Non-current	20,737,236	18,740,886
Movements during the year in equity accounted investments in associated companies:		
Opening balance	18,740,886	20,537,128
Add: share of profit/(loss) before tax	348,299	(35,347)
Less: Acquisition of VRE MV	(332,704)	-
Add: share of net assets	1,980,755	(1,760,895)
Closing balance	20,737,236	18,740,886

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Summarised presentation of aggregate assets, liabilities and performance of associates:

	2021	2020
Current assets	6,740,843	5,928,097
Non-current assets	75,168,541	77,580,182
Total assets	81,909,384	83,508,279
Current liabilities	3,040,861	4,111,555
Non-current liabilities	27,664,818	30,817,917
Total liabilities	30,705,679	34,929,472
Equity	51,203,705	48,578,807
FABAL's share in NVFAL: 43% (2020: 43%)	15,063,843	13,137,862
FABAL's share in MEL: 32% (2020: 32%)	4,240,055	3,070,320
FABAL's share in CVA: 50% (2020: 50%)	1,018,022	1,400,000
FABAL's share in NOOSA: 50% (2020: 50%)	133,488	200,000
FABAL's share in MW: 50% (2020: 50%)	281,828	600,000
FABAL's share in VREMV: 100% (2020: 50%)	-	332,704
Revenue	14,408,397	10,267,195
Profit/(loss) of associates before tax	1,795,839	(3,395,110)

1. Trade and Other Payables

Unsecured liabilities

Trade creditors	459,385	1,575,733
Other payables and accruals	655,890	1,322,577
	1,115,275	2,898,309

Trade payables and accruals are recognised when FABAL has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Trade payables are non-interest bearing and are normally settled on 30-day terms.

2. Financial Liabilities

Current

Finance lease liability	196,615	146,771
Bank loan	211,386	22,000
Other loan	-	347,715
	408,001	516,486

Non-Current

Finance lease liability	442,775	440,211
Bank loan	3,021,000	2,150,000
	3,463,775	2,590,211
	3,871,776	3,106,697

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
Maturity of lease liabilities:		
Minimum lease payments payable no later than 12 months	216,010	166,118
Minimum lease payments payable between 12 months and 5 years	461,173	462,945
	677,183	629,063
Less future finance charges	(37,793)	(42,081)
	639,390	586,982

The present value of lease liabilities is as follows:

Less than one year	196,615	146,771
Between one and five years	442,775	440,211
	639,390	586,982

FABAL has a \$5,000,000 loan facility and a \$100,000 overdraft facility in place with the National Australia Bank Limited.

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

Lease liabilities are recognised when FABAL has a right to control the use of an asset for a period of time in exchange for consideration. Lease liabilities are measured at the present value of the lease payments that are not paid at the date. The lease payments are discounted using the interest rate implicit on the lease, where that rate can be readily determined. If that rate cannot be determined, FABAL's incremental borrowing rate is used.

	2021	2020
3. Employee Entitlements		
Opening balance	538,348	500,078
Additional provisions	266,372	178,194
Utilised during the half year	(143,940)	(139,924)
Closing balance	660,780	538,348

Provision is made for FABAL's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
4. Issued Capital		
Fully paid ordinary shares	2,116,041	2,116,041
	Shares	Shares
Fully paid ordinary shares		
At the beginning of the year	1,000,000	1,000,000
Shares issued during the year	-	-
At the end of the year	1,000,000	1,000,000
Fully paid preference shares		
At the beginning of the year	100,000	100,000
Shares issued during the year	-	-
At the end of the year	100,000	100,000
Total shares on issue		
Fully paid ordinary shares	1,000,000	1,000,000
Fully paid preference shares	100,000	100,000
At the end of the year	1,100,000	1,100,000
	\$	\$
Fully paid ordinary shares		
At the beginning of the year	1,783,000	1,783,000
Shares issued during the year	-	-
At the end of the year	1,783,000	1,783,000
Fully paid preference shares		
At the beginning of the year	333,041	333,041
Shares issued during the year	-	-
At the end of the year	333,041	333,041
Total share capital on issue	2,116,041	2,116,041

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 administers the capital of FABAL in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and 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.

Dividends Declared

In September 2021, the directors have declared a special dividend of \$0.20 per share on 1,000,000 shares (\$200,000) as at a record date of 4 October 2021. Two further ordinary dividends totalling \$0.20 per share on 1,100,000 shares (\$220,000) will be paid in December 2021 and April 2022.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

5. Related Party Transactions

Shares held by director related entities	Shares	Shares
Chris Day and associates	518,844	518,844
Dim Georgiadis and associates	247,000	247,000
Jane Caire and associates	3,000	3,000
Total shares held	768,844	768,844

Related party transactions	Debtors	Creditors	Sales	Purchases
AX-S International	-	-	-	22,000
Barossa Rise	4,695	-	76,981	-
BBV Equipment Co	10,984	15,204	33,360	206,111
Belvidere Unit Trust	10,402	11,000	9,819	14,000
Bruce Spangler	-	10,065	-	39,994
Burge Barossa	-	3,325	-	60,627
Burge Family Wine Estates	-	-	(2,100)	-
Chocolate Ventures Australia	49,693	3,050	192,119	27,460
Chris Day Nominees	-	-	572	554,941
Christopher Dundon	-	-	-	1,200
Tanya McLean	-	-	-	1,800
Day Break Nominees	-	-	161	630
Dim Georgiadis	-	-	610	-
FADU	-	-	-	1,566
Fairvue Investments	-	-	-	18,000
Fine Acres Australia	10,840	6,215	40,872	10,194
FoodBasket Australia	-	-	1	-
Georgiadis Lawyers	-	41,098	-	261,286
Gerard Amal Wahab	-	-	-	17,635
Global Digital Data Standards	-	-	-	3,030
Hillebrand SMS	-	-	-	4,200
Illaparra Winery	-	-	-	(15,465)
Irene Kamm	-	-	-	1,820
K2 Ag Services	-	-	-	15,550
Kayinga Vineyard	134,304	13,297	647,351	60,519
Marandoo Estate	139,912	2,362	873,885	67,307
Marathon Water	-	-	12,550	-
National Vineyard Fund of Australia (No 3)	18,221	62,006	465,168	99,158
National Vineyard Fund of Australia	252,527	29,834	1,883,751	166,686
Natural Olive Oil Skincare Australia	531	-	17,620	24,038
Project Wine	51,591	31,389	139,500	192,987
Strategic and Business Advisory Services	-	-	-	1,550
The Day Corporation	-	-	349	-
The Day Settlement	-	-	-	11,909
	683,700	228,845	4,392,569	1,870,733

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
6. Cash Flow Information		
Net income/(loss) for the period	1,928,022	764,423
Non-cash flows in profit from ordinary activities		
Depreciation	186,280	117,932
Associate (profit)/loss	(348,299)	35,347
Profit on disposal of assets	(4,139)	1,394
Profit on disposal of investments	(90,000)	-
Changes in assets and liabilities:		
(Increase)/decrease in trade receivables	904,243	(440,354)
(Increase)/decrease in other current assets	(19,798)	28,511
(Increase)/decrease in inventory	250,572	167,510
Increase/(decrease) in provisions	122,432	38,270
Increase/(decrease) in tax balances	170,513	12,932
Increase/(decrease) in trade payables	(1,783,034)	(94,123)
Cash flow from operations	1,316,792	792,068

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

7. Goodwill and Intangible Assets

Goodwill at cost	59,146	59,146
Trademarks	22,135	22,135
Formation expenses	6,512	5,755
	87,994	87,036

As at 30 June 2021, goodwill was tested for impairment. FABAL considers the relationship between its independent vineyard valuations and its book value, among other factors, when reviewing for indicators of impairment. Management believes the goodwill value on acquisition should remain unchanged.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

8. Controlled entities

Parent Entity

Food And Beverage Australia Limited (formerly The FABAL Group Pty Ltd)

Subsidiaries	Country of Incorporation	Percentage ownership	Percentage ownership
		2021	2020
FABAL Advisory Pty Ltd	Australia	100%	100%
Food, Agribusiness & Beverages Australia Pty Ltd	Australia	100%	100%
Food and Beverage International Pty Ltd	Australia	100%	100%
Total Beverage Australia Pty Ltd	Australia	100%	100%
FABAL Investments Pty Ltd	Australia	100%	100%
atf Peradel Properties Unit Trust	Australia	100%	100%
FABAL Agribusiness Management Pty Ltd	Australia	100%	100%
Vineyard Road Estate Pty Ltd	Australia	100%	100%
VRE McLaren Vale Pty Ltd	Australia	100%	50%
FABAL Operations Pty Ltd	Australia	100%	100%
FABAL Vineyards Pty Ltd	Australia	100%	100%
FABAL Equipment Pty Ltd	Australia	100%	100%
FABAL Wines Pty Ltd	Australia	100%	100%

Principles of Consolidation

A controlled entity is any entity FABAL has the power to control the financial and operating policies so as to obtain benefits from its activities. All controlled entities have a June financial year-end.

All inter-company balances and transactions between the Consolidated Group entities, including any unrealised profits or losses have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by FABAL.

Where controlled entities have entered or left FABAL during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

9. Parent Information

The following information has been extracted from the books and records of FABAL and has been prepared in accordance with Accounting Standards.

	2021	2020
Statement of Financial Position		
Assets		
Current assets	29,140	209,643
Non-current assets	12,691,489	12,904,338
Total Assets	12,720,629	13,113,981
Liabilities		
Current liabilities	81,582	172,714
Non-current liabilities	402,574	2,353,906
Total Liabilities	484,156	2,526,620
Net Assets	12,236,472	10,587,361
Equity		
Issued capital	2,116,041	2,116,041
Reserves	315,102	315,102
Accumulated losses	9,805,329	8,156,217
Total equity	12,236,472	10,587,361
Statement of Comprehensive Income		
Total profit	1,649,111	4,538,345
Total comprehensive income	1,649,111	4,538,345

Guarantees

FABAL has provided cross-guarantees, in the current or previous financial year, in relation to the debts of each of its wholly owned subsidiaries.

FABAL has provided a guarantee for \$3,000,000, in the current or previous financial year, in relation to the debts of Chocolate Ventures Australia Pty Ltd (CVA). FABAL holds a 50% interest in CVA, which operates the Barossa Valley Chocolate Company business.

Contingent liabilities

As at 30 June 2021, FABAL had no contingent liabilities (2020: Nil).

Contractual commitments

At 30 June 2021, FABAL had not entered into any contractual commitments for the acquisition of property, plant or equipment (2020: Nil).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

10. Financial Instruments

(a) Financial Risk Management

FABAL's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The main purpose for non-derivative financial instruments is to raise finance for FABAL operations. FABAL does not have derivative financial instruments at 30 June 2021.

(i) Treasury Risk Management

The board and audit committee of Food And Beverage Australia Limited, (the management group for FABAL), meet on a regular basis and analyses financial risk exposure and evaluates treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) Financial Risks

The main risks FABAL is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Liquidity risk: FABAL manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk: The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. FABAL does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by FABAL.

(b) Interest Rate Risk

FABAL's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	Weighted average effective interest rate %	Floating interest rate	Maturing within 1 year	Maturing 1 – 5 years	Non- interest bearing	Total
2021						
Financial assets						
Cash and equivalents	0.01%	164,149	-	-	-	164,149
Trade and other receivables		-	-	-	1,542,749	1,542,749
Financial assets		-	-	-	2,793,523	2,793,523
Investments		-	-	-	20,737,236	20,737,236
Total financial assets		164,149	-	-	25,073,508	25,237,657
Financial liabilities						
Leases liabilities	3.05%	-	196,615	442,775	-	639,390
Trade and other payables		-	-	-	1,115,275	1,115,275
Bank loan	2.57%	3,232,386	-	-	-	3,232,386
Total financial liabilities		3,232,386	196,615	442,775	1,115,275	4,987,051
2020						
Financial assets:						
Cash and equivalents	0.15%	455,575	-	-	-	455,575
Trade and other receivables		-	-	-	2,446,992	2,446,992
Financial assets		-	-	-	2,162,930	2,162,930
Investments		-	-	-	18,740,886	18,740,886
Total financial assets		455,575	-	-	23,350,808	23,806,383
Financial liabilities						
Leases liabilities	3.43%	-	-	586,982	-	586,982
Trade and other payables		-	-	-	2,898,309	2,898,309
Other loan		-	347,715	-	-	347,715
Bank loan	4.02%	2,172,000	-	-	-	2,172,000
Total financial liabilities		2,172,000	347,715	586,982	2,898,309	3,454,412

(c) Net Fair Value

- Term receivables, government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market, the net market value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings to their present value.
- Other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps.

Financial assets where the carrying amount exceeds net fair values have not been written down as FABAL intends to hold these assets to maturity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2021		2020	
	Carrying amount	Net fair value	Carrying amount	Net fair value
Financial assets				
Cash and equivalents	164,149	164,149	455,575	455,575
Trade and other receivables	1,542,749	1,542,749	2,446,992	2,446,992
Available-for-sale financial assets	23,530,759	23,530,759	20,903,816	20,903,816
	25,237,657	25,237,657	23,806,383	23,806,383
Financial liabilities				
Lease liability – current	196,615	196,615	146,771	146,771
Lease liability – non-current	442,775	442,775	440,211	440,211
Trade and other payables	1,115,275	1,115,275	2,898,309	2,898,309
Other loan	-	-	347,715	347,715
Secured loan – non-current	3,232,386	3,232,386	2,172,000	2,172,000
	4,987,051	4,987,051	3,454,412	3,454,412

11. Leases

FABAL has lease contracts for various items of plant and equipment. Leases generally have terms between 3 and 5 years. Obligations under its leases are secured by the lessor's title to the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2021	2020
As at 1 July	559,062	13,556
Additions	196,414	607,473
Reclassification to plant and equipment	(8,549)	(11,099)
Depreciation	(102,776)	(50,869)
As at 30 June	664,151	559,062

Set out below are the carrying amounts of lease liabilities (included under interest bearing loans and borrowings) and the movements during the period:

As at 1 July	586,982	9,560
Additions	204,697	649,031
Accretion of interest	19,626	9,710
Payments	(171,915)	(81,319)
As at 30 June	639,390	586,982
Current	196,615	146,771
Non-current	442,775	440,211

The following are the amounts recognised in profit or loss:

Depreciation expense: right-of-use assets	102,776	50,869
Interest expense on lease liabilities	19,626	9,710
Total amount recognised in profit or loss	122,402	60,579

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

12. After Balance Date 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.

13. Registered office

Food And Beverage Australia Limited

105 King William Street,
Kent Town, South Australia
Australia 5067

DIRECTORS DECLARATION

In accordance with a resolution of directors of Food And Beverage Australia Limited (formerly The FABAL Group Pty Ltd), I state that in the opinion of directors:

- a. The financial statements and notes of Food And Beverage Australia Limited for the year ended 30 June 2021 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards and the Corporations Regulations 2001.
- 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 R Spangler
Director

Dated 22nd day of November 2021

CORPORATE DIRECTORY

FOOD AND BEVERAGE AUSTRALIA LIMITED

ABN 56-008-197-206



REGISTERED OFFICE / HEAD OFFICE	
105 King William Street Kent Town SA 5067	
Telephone:	+61 (8) 8132-5500
Facsimile:	+61 (8) 8132-5599
Email:	headoffice@fabal.com.au
Website:	www.fabal.com.au
OPERATING COMPANY	
FABAL Operations Pty Ltd ABN 53-080-796-710	
105 King William Street Kent Town SA 5067	
Telephone:	+61 (8) 8132 5500
Facsimile:	+61 (8) 8132 5599
Email:	admin@fabal.com.au
INVESTMENT COMPANY	
FABAL Investments Pty Ltd ABN 95-008-045-074	
105 King William Street Kent Town SA 5067	
Telephone:	+61 (8) 8132 5500
Facsimile:	+61 (8) 8132 5599
Email:	admin@fabal.com.au
OPERATING COMPANY	
FABAL Advisory Pty Ltd ABN 95-094-329-110 Australian Financial Services Licence 236 783	
105 King William Street Kent Town SA 5067	
Telephone:	+61 (8) 8132-5500
Email:	admin@latitude232.com.au
OPERATING COMPANY	
FABAL Wines Pty Ltd ABN 32-074-694-518	
105 King William Street Kent Town SA 5067	
Telephone:	+61 (8) 8132 5500
Facsimile:	+61 (8) 8132 5599
Email:	admin@fabal.com.au
BANKERS	
National Australia Bank 22 King William Street Adelaide SA 5000	
AUDITORS OF MANAGED ENTITIES	
Ernst & Young Level 12, Building 5000, 121 King William Street Adelaide SA 5000	

DIRECTORS & OFFICERS	
Bruce Spangler Jane Caire Christopher Day Dimitrios Georgiadis Amal Wahab	Chairman Group Chief Executive
Christopher Dundon	Company Secretary
DIRECTORS / OFFICERS OF FABAL OPERATIONS	
Bruce Spangler Jane Caire Christopher Day Dimitrios Georgiadis Ashley Keegan Amal Wahab	Chairman Chief Executive Officer
Christopher Dundon	Company Secretary
DIRECTORS / OFFICERS OF FABAL INVESTMENTS	
Christopher Day Jane Caire Dimitrios Georgiadis Daniel McLean Bruce Spangler Amal Wahab	Chairman
Christopher Dundon	Company Secretary
DIRECTORS/ OFFICERS OF FABAL ADVISORY	
Bruce Spangler Jane Caire Christopher Day Dimitrios Georgiadis Amal Wahab	Chairman
Christopher Dundon	Company Secretary
DIRECTORS/ OFFICERS OF FABAL WINES	
Bruce Spangler Christopher Day Chris Flaherty Dimitrios Georgiadis Ashley Keegan	Chairman Chief Executive Officer
Christopher Dundon	Company Secretary
ACCOUNTANTS & TAXATION ADVISERS	
Perks Chartered Accountants 180 Greenhill Road Parkside SA 5063	
AUDITORS OF FABAL ADVISORY	
Peter Hill (Perks Audit Pty Ltd) 180 Greenhill Road Parkside SA 5063	