

HEALTH FOOD SYMMETRY LTD

ABN: 60 639 091 240

Annual Report

For the Year ended 30 June 2023

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Corporate Directory

Directors:

Richard Revelins - Chairman and Director
Gordon Edwards – Chief Executive Officer and Director
David McBain – Company Secretary, CFO and Director

Auditors:

McLean Delmo Bentleys Audit Pty Ltd
Level 3, 302 Burwood Road, Hawthorn, Victoria, 3122

Solicitors:

QR Lawyers
Level 6, 400 Collins Street
Melbourne, VIC 3000

Registered Office:

At the offices of McBain McCartin & Co Business Services Pty Ltd
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103
Telephone: (03) 9817 0700
Fax: (03) 9817 0799

Principal Place of Business:

24 Bird Street, AYR QLD 4807

Chairman's Letter

Dear Shareholder,

On behalf of the Board, I am pleased to present the 2023 Annual Report for Health Food Symmetry Ltd (HFS). Since incorporation of HFS on 13 February 2020, the Company has made significant progress and improvement. As is well appreciated by all, 2022 and 2021 were difficult years, operating within a COVID restricted environment, continuing to raise capital to support our ongoing operations and restructuring our business to be competitive and innovative along the way.

During December last year the board and management of the company conducted a strategic review of our business and reached the following conclusions:

- Kfibre, or PhytoBiome, is undoubtedly the best natural prebiotic fiber in the world
- HFS is very good at manufacturing it and formulating new products
- The company has historically lacked the financial capacity and the marketing expertise to effectively penetrate the highly competitive retail supplements market
- On this basis, how then does HFS become a successful company and generate value for its loyal shareholders?

The answer was relatively simple, *"We should concentrate our efforts on what we are good at, namely manufacture and product development"*.

The HFS/Tismor collaboration and partnership has been transformational for the company. Recent Newsletters describe the relationship between HFS, Tismor and Sunrise Health and Wellness (which I will just refer to as "Tismor"). As a consequence of approaches by HFS and detailed analysis by Tismor, Tismor reached the conclusion that PhytoBiome is the world's preeminent prebiotic dietary fibre. Tismor manufactures and blends products for a large variety of companies, including multinationals giants such as Proctor and Gamble, who own and market the Metamucil brand. Metamucil is effectively psyllium husk with added colouring and flavouring. It was during Tismor's initiative to research alternatives to psyllium husk that their interest in PhytoBiome was ignited. After detailed due diligence and research, a Partnership and Collaboration Agreement was executed. HFS has now become a wholesaler to Tismor, who blend, package and distribute PhytoBiome to an array of their local and international clientele. PhytoBiome has become the "Intel chip inside the Dell computer".

The significance of this arrangement is not to be underestimated. A client of Tismor may be looking to launch a new product or improve the functionality or claims for an existing product. HFS supplies PhytoBiome to Tismor as a wholesaler. Tismor in turn blend, package and deliver the product, at it's own cost, to the end client. These orders represent the largest revenue opportunities HFS has enjoyed to date. They also remove the significant burden and cost of advertising, marketing, carrying finished product stock and dealing with retailers.

HFS will continue to manufacture and supply its range of Kfibre products and expand the retail brand, although retail sales will be eclipsed by more predictable and significantly larger wholesale ingredient sales. According to our current orders HFS will become cash flow positive before year end and is forecasting strong profitability for 2024.

In a nutshell, Tismor gives HFS the ability to formulate, manufacture, package, stock and distribute not only all our Kfibre products, but white label applications for just about any other approved customer.

During the past 6 to 9 months, we have been increasingly involved in our PhyteQuine product for performance horses. HFS had previously generated data on the potential benefits of PhyteQuine use by racehorses. We are rapidly expanding our interests in this area with a number of Australian horse trainers and supplement suppliers. HFS has teamed with leading experts in the field of veterinary science to further evaluate the potential of PhyteQuine across a range of equine conditions.

HFS has never been in a better commercial position and is poised to capitalise on the all the sacrifice and hard work management has contributed over the past three years since HFS was incorporated and launched.

On behalf of the Board of Directors, thank you for your support and I look forward to a highly successful 2023-2024.

Richard Revelins

Executive Chairman

Review of Operations

The year ended 30 June 2023 has seen substantial changes on the administration and product fronts, with significant cutbacks in administrative and marketing expenditures, expansion of the product range with the most significant event being the collaboration with Tismor Health & Wellness Pty Ltd ('Tismor'). It has also been a period of new product formulation and development which has enabled Health Food Symmetry Ltd ('HFS') to initiate discussions with several companies who have product development and research underway with a view to incorporating Kfibre as a primary ingredient.

The Company is in the unique position of having products with the following key attributes which have been formulated and developed and ready for market penetration:

- Manufactures prebiotic products that research has shown works for humans and animals as a health and wellness product.
- An excellent dietary fibre as a replacement for Psyllium and Inulin.
- Effective for gastric reflux, GERD, microbiome support, weight loss, bloating and lowering blood sugars.
- Clinically validated to restore & promote a healthy microbiome, superior to any other known gut health product.
- Kfibre prebiotic proven to enhance the effect of probiotics when taken together.
- Kfibre is a world first dietary fibre/prebiotic made entirely from Australian virgin sugar cane (95% sucrose reduce) and is Australian manufactured.
- Three Patents – Reflux / GERD USA. IBD Patent AT National examination stage globally, NAFLD at provisional stage.
- University and Government regulatory validation with proven researched health benefits.
- Registered with US Food & Drug Administration ('FDA') which means that the FDA recognises the produce is safe and effective for intended use and that the product can be manufactured to federal quality standards.
- Fourteen FSANZ "food with health claim"s.
- Customers have registered their product with the TGA using PhytoBiome as the key ingredient.
- Other registrations include non-GMO, Kosher, Halal, and Monash University Low FODMAP certified.

The reporting period covered by this report has seen the Company establish a platform to move forward with success and focus in on its priority which is wholesale manufacturing and product formulation.

COLLABORATION WITH TISMOR:

Tismor is a large Australian owned multinational marketing and blending company.

It was during Tismor's initiative to research alternatives to psyllium husk that their interest in PhytoBiome was ignited. After detailed due diligence and HFS research review, a Partnership and Collaboration Agreement was executed. HFS has now predominantly become a wholesaler to Tismor, who blend, package, and distribute PhytoBiome for an array of local and international clientele.

The agreement with Tismor allows brands to launch new products or improve the functionality and claims for an existing product incorporating PhytoBiome. Tismor are responsible for the costs of advertising, marketing, carrying finished product stock and dealing with retailers. HFS is planning its future production based on orders and forecasts from Tismor.

Review of Operations

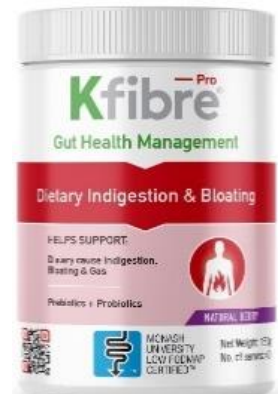
PRODUCT RANGE:

When HFS was incorporated on 13 February 2020, the Company started with one product, a packet of 100gm Kfibre and 10kg bags of Phytocel for bread and similar products.



HFS then developed the following Tub Range:

- Gut Health Fibre (replaced the 100gm packet)
- Dietary Constipation Support
- Dietary Indigestion & Bloating



A product was developed for the Equine market:

- PhyteQuine



Review of Operations

NEW PRODUCT RANGE BEING DEVELOPED:

- Capsules containing Kfibre.
- Kfibre ESSENTIALS: This is the original Gut Health Fibre product.
 - 14 single serve Sachets to a box
- Kfibre PRO RANGE Targeted Gut Health
 - Two products.
 - Dietary Constipation Support (Orange) – 14 single serve sachets
 - Dietary Indigestion and Bloating (Berry) - 14 single serve sachets
- Kfibre PRO RANGE has a slightly different look and highlights the additional ingredients of the targeted formulation and health claims.



- Tismor Tub range:
 - Tismor have developed a new range of Tubs based on HFS product range. This range of product will be sold into the Chinese by IV Nutrition.

EQUINE MARKET:

PhyteQuine is the animal supplement designed by the HFS product development and technical team for the equine industry, initially for performance and working horses.

PhyteQuine is a broad spectrum fermentable mega-grass prebiotic fibre with demonstrated microbiome & hind gut activity for the normalisation of digestive health in horses. Prebiotics have a defined mode of action, promoting a healthy gut and supporting natural defence essential for optimum health and performance.

The first outreach to the racing industry was September 2022 for trials with racehorses.

The 4kg pail was launched mid-December 2022.

A 2kg pail was launched July 2023

Previous updates have covered the marketing approach of PhyteQuine in Australia, Canada and the US.

HFS is working with Dr Brett Warren, a well-known and respected vet in the horse racing industry with an extensive network in the Equine area.

RESEARCH ADVISORS & COLLABORATORS:

The following team has been involved in assisting HFS with product development.

Professor Ben Sykes BSc BVMS MBA Dip ACVIM PhD FHEA

A veterinarian with over 25 years clinical experience and works with the American College of Veterinary Internal Medicine in large animal internal medicine. He has worked with a wide range of horses, focusing on high performance horses in racing, breeding, and sport horse settings. In addition to his interest, and experience in the management of high-performance equine athletes, he has a strong interest in clinical research, and new product development and commercialisation.

Dr Sykes research has focused on gastrointestinal diseases of the horse with a specific focus on Equine Gastric Ulcer Syndrome (EGUS).

Dr Sykes also has commercial experience at designing formulations with good track records and efficiency as well as commercial networks in the equine industry.

Review of Operations

Having a person of the caliber of Dr Sykes working with HFS and PhyteQuine is a major benefit to HFS both in research and marketing to supplement companies, vets, and trainers.

A/Professor Raj Eri – Associate Dean – School of Science / STEM College, RMIT University

Raj is a veterinarian turned biomedical scientist who specializes in research investigations into colorectal cancer, functional foods (dietary fibre), clinical nutrition and gut health. Raj supervised clinical research into HFS sugarcane fibre for acid reflux and gastro-esophageal reflux disease in humans. Raj is a champion of PhyteQuine's digestive capabilities.

Emeritus Professor Mike Gidley

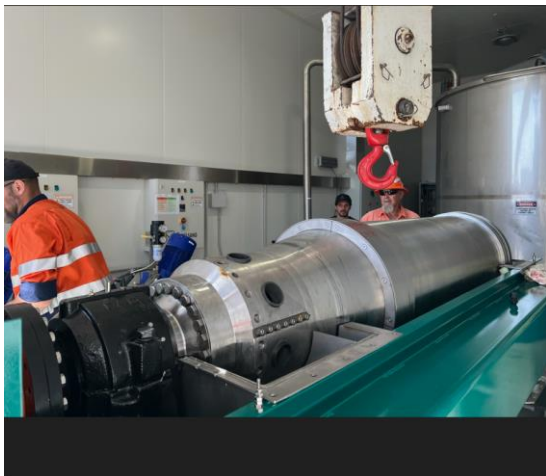
Professor Mike Gidley is Director of the Centre for Nutrition and Food Sciences (CNAFS) at the University of Queensland, Australia. Prof Gidley's research is focused on structure and the detailed characterisation of starch and dietary fibre digestion / fermentation in vitro and in vivo, with the understanding generated leading to opportunities for optimising nutritional value of foods and feeds.

MANUFACTURING UPGRADES:

Leased decanter was installed 14 September 2023 to double processing capacity. A new decanter has been ordered and will be available for installation in early 2024 and this will again double decanter capacity.

The considerable increase in decanter size for the new unit gives HFS the capacity to drive the processing line until it meets a choke point. This upgrading of equipment is being planned to exceed the factory's nameplate capacity of 180kg/hour.

The drying and milling equipment downstream of the decanter has the ability for greater throughput and this is the most cost-effective measure for increasing capacity without installing a second processing line.



Decanter installed 14 September 2023.



General view of laboratory room and bagging room.

MARKETS:

HFS has been in discussions with Tismor who have provided forward projections of the tonnage of product required. As a result, the manufacturing plant commenced operation during October 2023. This will enable the stock of product to be produced in to satisfy projected demand.

Tismor will market Kfibre within Australia and to the Asian market. Tismor will continue to develop white label opportunities for PhyteBiome of which one is IV Nutrition Tubs.

CAPITAL RAISE:

Due to the start-up of the production plant, HFS is continuing to raise capital to fund stock and operations until large scale orders from Tismor and other parties are fully realised and HFS becomes strongly cash flow positive.

HEALTH FOOD SYMMETRY LIMITED

ABN 60 639 091 240

Directors' Report

Directors:

Names of Directors of Health Food Symmetry Limited ('Company' or 'HFS') in office at any time during or since 1 July 2022 and up to the date of this report, unless otherwise stated:

Richard Revelins – Chairman and Director
Gordon Edwards - Director
David McBain - Director

Chief Executive Officer:

Gordon Edwards

Company Secretary and Chief Financial Officer:

David McBain

Particulars of each person's experience and qualifications are set out in this report.

Principal Activities:

The principal activities of the Company are:

- manufacture of PhytoBiome for the ingredients market;
- manufacture of PhyteQuine for the Equine market;
- manufacture of Kfibre a world first dietary fibre / prebiotic from virgin sugarcane for the retail market;
- research and development of products related to virgin sugarcane;
- formulation of white label products under licence.

Operating Results:

The net loss of the Company for the year ended 30 June 2023 was \$1,485,847 (2022: \$2,237,990), net cash outflow after operating, investing and financing activities was \$7,706 (2022: \$164,346) and net assets of the Company at 30 June 2023 were \$3,598,920 (2022: \$4,088,840).

Refer to precedent Operations Review section for further information.

Likely Developments and Expected Results:

Kfibre:

Tismor Health & Wellness Pty Ltd ('Tismor') and its associated company Sunrise Health and Wellness Pty Ltd ('Sunrise') have taken over marketing of Kfibre for the Australian and Asian markets from September 2023. This involves direct sales by Tismor to distributors such as Go-Vita and Osborne. Margins will be shared. This gives HFS a major layer with global reach for both Kfibre branded products and white label opportunities. A new product range is being developed.

Ingredients market:

Tismor has new products planned and designed for customers which will be blended with PhytoBiome (Kfibre ingredient). This will lead to an increase in product sales.

PhyteQuine:

HFS is working with the horse feed and supplement market to introduce PhyteQuine into their product range. A number of trainers and owners have trialed PhyteQuine with excellent testimonials and feedback. Overseas opportunities are being explored for the sale of PhyteQuine.

Manufacturing Plant:

HFS manufacturing plant commenced operations during October 2023. Production from the plant will enable stock of PhytoBiome (Kfibre) to be increased to cover forward stock order projections by Tismor and other projections related to the sale of PhyteBiome and PhyteQuine.

A leased decanter was installed during September 2023 to increase capacity from 70 kg per hour to 110 kg per hour. A new decanter has been ordered which will be delivered during early 2024 in order to increase capacity to 180 kg per hour and reduce cost per tonne of product produced.

Directors' Report

Events after Reporting Date:

No other matters or circumstances have arisen since the end of the financial year not otherwise disclosed in this Report and financial statements which significantly affected or may significantly affect the operations of the Company, the results of the operations, or the state of affairs of the Company in future financial years, except that:

The Company raised capital of approximately \$381,000 after brokers fees during the period 1 July 2023 to 17 November 2023 to fund on-going operations including working capital, research, product development and to fund an increase in stock holdings to meet projected sales.

A lease agreement for the Factory premises at 24 Bird Street, Ayr, QLD was signed for a further period of three years from 1 November 2023.

Options were issued to Directors on 27 July 2023 as noted in the section on options and shares.

Significant changes in the state of affairs:

In the opinion of the Directors, there have been no significant changes in the state of affairs of the Company not otherwise disclosed in this Report and financial statements.

Environmental Issues:

Although there are no significant environmental regulations under a law of the Commonwealth or of a State or Territory in relation to the production and sale of Kfibre, the following environmental factors are considered:

- Wastewater is re-cycled and piped for use on adjoining cane growing areas.
- Electricity – carbon offsets in place.
- Sugarcane is inspected prior to purchase to ensure it is pest free and independently tested for heavy metal and chemical residue limits.
- HFS products are manufactured in a dust free environment.
- Manufacturing facilities are subject to yearly Global Food Safety and Quality audits.
- Each packet and bag of Kfibre is subject to a track and trace system (can be traced from paddock to customer).
- HFS has adopted an environmental policy that includes, minimising waste by evaluating operations and actively promoting recycling.
- US Food & Drug Administration (FDA) has ruled that both Kfibre and PhytoBiome fall within the definition of intact and intrinsic dietary fibres because the flour products are milled from whole sugarcane without the use of chemicals or enzymatic extraction processes.

Information Relating to Directors, CEO and Company Secretary:

Richard Revelins

Qualifications:

Bachelor of Economics Degree from Monash University

Experience:

Mr Revelins is a Director and co-founder of Peregrine Corporate Limited and also a Managing Director at Cappello Group Inc in Los Angeles, USA. Mr Revelins has over 35 years of experience with international investment banks in the area of corporate finance and corporate advice. Mr Revelins has predominantly specialised in mining and natural resources and was the former Chairman of Atlas Iron Ltd as well as a director of numerous other public and private companies. He was appointed as a director and CEO of Meryllion Resources Corporation on 1 March 2022. MYR is listed on the Canadian Securities Exchange. Mr Revelins is a founding director and shareholder in HFS.

Interest in shares:

942,600 ordinary shares and 1,500,000 options

Special responsibilities:

Chairman

Length of service:

Appointed to the Board on 13 February 2020

HEALTH FOOD SYMMETRY LIMITED

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Directors' Report

Information Relating to Directors, CEO and Company Secretary (Cont'd)

Gordon Edwards

Qualifications:

Experience:

Bachelor of Science Marine Engineering, Master Class 3 Trading Ticket, Skipper
Mr Edwards is responsible for the overall Company direction utilising his background in small medium enterprise (SME) start-ups, fund raising and product development. Mr Edwards is a founding shareholder in HFS and the CEO. Gordon spent a number of years in building and operating food related businesses. During this period, he formally qualified as an engineer.

Interest in shares: 3,150,000 ordinary shares and 2,500,000 options

Special responsibilities: Chief Executive Officer

Length of service: Appointed to the Board on 12 August 2020

David McBain

Qualifications:

Experience:

Fellow - Chartered Accountants Australia and New Zealand (FCA), member of Governance Institute of Australia (AGIA), Fellow - Australian Institute of Company Directors (FAICD), Business Studies (RMIT), Fellow – The Tax Institute, Member – CPA Australia (CPA).

Over 50 years' experience in business consulting, governance, taxation, business assurance and provision of CFO and Corporate Secretarial services to listed and other entities.

Interest in shares: 1,670,030 ordinary shares and 1,500,000 options

Special responsibilities: Company Secretary and Chief Financial Officer

Length of service: Appointed to the Board on 23 April 2021

Directors' Meetings:

The following table sets out the number of meetings the Company's Directors were eligible to attend and those meetings attended for the year ended 30 June 2023:

	Number Eligible to Attend	Number Attended
Richard Revelins	17	17
Gordon Edwards	17	17
David McBain	17	17

Sub-Committee meetings attended to approve allotment of shares:

	Number Eligible to Attend	Number Attended
Richard Revelins	22	22
Gordon Edwards	22	22
David McBain	22	22

Indemnifying Officers or Auditor:

The Company has not, during or since the end of the financial year indemnified or agreed to indemnify an Officer or Auditor of the Company against a liability incurred as Officer or Auditor.

Dividends Paid or Recommended:

No dividend has been paid or recommended since the end of the year.

HEALTH FOOD SYMMETRY LIMITED

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Directors' Report

Options and shares:

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Shares issued during the year ended 30 June 2023: 2,858,676 shares.

The following options were issued 27 July 2023:

	Gordon Edwards	Richard Revelins	David McBain
Number of options	2,500,000	1,500,000	1,500,000
Exercise period	10 years	10 years	10 years
Expiry date	27 July 2033	27 July 2033	27 July 2033
Exercise price	\$0.70	\$0.70	\$0.70

Proceedings on behalf of the Company:

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services:

There were no non-audit services provided to the Company by the audit firm during the year.

Auditor's Independence Declaration:

The Auditor's Independence Declaration for the year ended 30 June 2023 has been received and a copy is attached.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.



Gordon Edwards
Director & CEO

Dated: 18 November 2023

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF HEALTH FOOD SYMMETRY LTD**

I declare that, to the best of my knowledge and belief, during the year from 1 July 2022 to 30 June 2023 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

McLean Delmo Bentleys Audit Pty Ltd.

McLean Delmo Bentleys Audit Pty Ltd

McLean Delmo Bentleys Audit Pty Ltd.

Rod Hutton
Partner

Hawthorn
18 November 2023

HEALTH FOOD SYMMETRY LTD

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**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Revenue - Sales	2	618,059	374,815
Research & Development Incentive Grant		-	18,467
Changes in inventory of finished goods		(23,207)	223,945
Raw materials and Tubs purchased		(222,746)	(102,720)
Manufacturing expenses		(130,695)	(340,861)
Marketing and promotional expenses		(517,466)	(663,910)
Employee benefit expense		(638,795)	(1,080,767)
Depreciation and amortisation expense	7,8,9	(359,113)	(357,540)
Directors fees		-	(10,000)
Finance expense		(17,688)	(7,976)
Administration expenses		(194,196)	(291,443)
Net profit/(loss) before income tax		(1,485,847)	(2,237,990)
Income tax expense	4	-	-
Total comprehensive income/(loss) for the year		(1,485,847)	(2,237,990)

The accompanying notes form part of these financial statements.

HEALTH FOOD SYMMETRY LTD

ABN 60 639 091 240

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Note	30 June 2023	30 June 2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		39,658	47,364
Trade and other receivables	5	85,351	61,842
Loans	6	34,574	52,093
Inventories		281,467	304,674
TOTAL CURRENT ASSETS		441,050	465,973
NON-CURRENT ASSETS			
Plant and Equipment	7	3,681,534	3,949,158
Right-of-use Assets	8	16,569	66,278
Intangible Assets	9	137,026	129,762
Rental Bond		26,234	26,234
TOTAL NON-CURRENT ASSETS		3,861,363	4,171,432
TOTAL ASSETS		4,302,413	4,637,405
CURRENT LIABILITIES			
Trade and other payables	10	599,401	403,455
Borrowings	11	36,181	22,534
Provisions - Employee Benefits		39,716	52,510
Lease Liability - Current	8	17,361	50,873
TOTAL CURRENT LIABILITIES		692,659	529,372
NON-CURRENT LIABILITIES			
Provisions - Employee Benefits		10,834	1,832
Lease Liability - Non Current	8	-	17,361
TOTAL NON-CURRENT LIABILITIES		10,834	19,193
TOTAL LIABILITIES		703,493	548,565
NET ASSETS		3,598,920	4,088,840
EQUITY			
Issued Capital	12	6,173,356	5,177,429
Accumulated profits/(losses)		(2,574,436)	(1,088,589)
TOTAL EQUITY		3,598,920	4,088,840

The accompanying notes form part of these financial statements.

HEALTH FOOD SYMMETRY LTD
ABN 60 639 091 240

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Contributed equity \$	Accumulated Profits \$	Total \$
Balance at 30 June 2021		3,271,131	1,149,401	4,420,532
Loss for year		-	(2,237,990)	(2,237,990)
Capital received	12	2,031,000	-	2,031,000
Fees paid for capital received	12	(124,702)	-	(124,702)
Balance at 30 June 2022		<u>5,177,429</u>	<u>(1,088,589)</u>	<u>4,088,840</u>
Loss for year		-	(1,485,847)	(1,485,847)
Capital received	12	1,043,637	-	1,043,637
Fees paid for capital received	12	(47,710)	-	(47,710)
Balance at 30 June 2023		<u>6,173,356</u>	<u>(2,574,436)</u>	<u>3,598,920</u>

The accompanying notes form part of these financial statements.

HEALTH FOOD SYMMETRY LTD

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		647,523	433,027
Payments to suppliers and employees		(1,658,371)	(2,499,988)
Interest paid		(18,074)	(7,976)
GST received		52,781	100,624
Net cash (used in) operating activities	14	<u>(976,141)</u>	<u>(1,974,313)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	7	(33,028)	(62,266)
Deposit paid for purchase of 23 tonne per hour Decanter	13	(10,000)	-
Payment for patents		<u>(16,016)</u>	<u>(19,492)</u>
Net cash (used in) investing activities		<u>(59,044)</u>	<u>(81,758)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowing - Insurance Premium Funding		30,767	25,424
Repayments - Insurance Premium Funding		(25,958)	(23,428)
Net proceeds received from capital raising	12	995,927	1,906,298
Loan finance facility		4,055	-
Loans made to related party		-	(10,948)
Loan repayment from related party		22,688	-
Loan repayment to related party		<u>-</u>	<u>(5,621)</u>
Net cash provided by financing activities		<u>1,027,479</u>	<u>1,891,725</u>
Net increase (decrease) in cash and cash equivalents		(7,706)	(164,346)
Cash and cash equivalents at beginning of year		47,364	211,710
Cash and cash equivalents at end of year		<u>39,658</u>	<u>47,364</u>

The accompanying notes form part of these financial statements.

HEALTH FOOD SYMMETRY LTD

ABN 60 639 091 240

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements and notes represent those of Health Food Symmetry Ltd. ("Company" or "HFS"). HFS is an unlisted public company, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors of the Company on the same date as the Directors' Report.

Basis of Preparation:

The general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs.

Accounting Policies:

a. Revenue & Expenses

Revenue

Revenue is recognised in accordance with AASB 15 and the performance obligations set out in the contract or by agreement with the customer.

- 1 Web sales: Revenue is recognised when payment received which is at the time the invoice is raised.
- 2 Wholesale/Ingredient sales: Revenue is recognised when goods are dispatched from the warehouse.
- 3 Sales to Distributors: Revenue is recognised when goods are dispatched from the warehouse.
- 4 Direct retail sales: Revenue is recognised when goods are dispatched from the warehouse.

Due to quality control procedures, HFS does not permit faulty or contaminated product to be sold. There is no return of product permitted. HFS will replace any product that is considered faulty or contaminated.

Research and Development tax incentives income

Research and Development tax incentives is an incentive received from the government. This is recognised as income when the claim is lodged and there is a reasonable assurance that the tax incentive will be received and the Company will comply with all conditions.

Other income

Other income is recognised on an accruals basis when the Company is entitled to the income.

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

Expenses

Expenses are recognised as follows

Manufacturing expenses

This expense group includes repairs & maintenance of plant & equipment, electricity for manufacturing plant and to power factory air conditioning 24/7 to avoid mould, Origin gas, waste water disposal, costs associated with maintenance of quality standards, various licence and registration fees relating to the production and manufacture of Kfibre, and other manufacturing costs when the plant is in production.

Marketing and promotion expenses

Includes sales consultants fees, advertising on print, social media, TV, cost of advertising charged by Facebooks and Google, expenses attending trade shows, website costs, consultants fees associated with search engine optimization (SEO), design work on product labels.

HEALTH FOOD SYMMETRY LTD

ABN 60 639 091 240

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b. Income Tax:

A deferred tax asset has not been recognised in respect of the carry forward amount of unused tax losses at this stage as it is not possible to determine when future taxable profits will be derived.

The benefit of tax losses will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for losses to be realised,
- the Company continues to comply with the conditions for deductibility imposed by tax legislation. This includes being able to satisfy the continuity of ownership test or the same business test which appear unlikely having regards to events noted after the reporting date; and
- no changes in tax legislation adversely affect the Company in realising the benefit from tax losses.

c. Goods and Services Tax (GST):

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivables and payables are stated inclusive of GST. GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to, the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

d. Cash and Cash Equivalents:

Cash and cash equivalents includes cash on hand, deposits held at call with banks with maturities of 3 months or less.

e. Trade and Other Receivables:

Trade and other receivables include amounts due from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are recognised at amortised cost using the effective interest method, less any provision for impairment.

Impairment of receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loan to Director and other receivables have been assessed for impairment and no loss allowance was considered necessary.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are deemed beyond recovery, whichever occurs first.

HEALTH FOOD SYMMETRY LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

f. Inventories:

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Inventories represent finished goods.

g. Property, Plant and Equipment:

Property, plant and equipment are carried at cost and fair value less accumulated depreciation.

The cost of fixed assets constructed includes the costs of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Purchased plant and equipment are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

Depreciation is calculated on a straight line method commencing from the time the asset is held ready for use. Depreciation is recognised in profit or loss.

The depreciation/amortisation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Rate</u>
Plant & equipment	15 years
Motor vehicles	5 years
Office furniture and equipment	5 years
Patents	15-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is no longer recognised.

h. Impairment of Non-Financial Assets:

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information, and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

i. Right-of-Use Assets:

At inception of a contract, the Entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease. Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental borrowing rate.

HEALTH FOOD SYMMETRY LTD

ABN 60 639 091 240

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

i. Right-of-Use Assets (Cont'd):

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options;
- and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

j. Intangible Assets:

Patents:

Intangible assets are represented by patents. Patents have been applied for or have been approved for Australia and certain overseas countries.

The patents are recognised at cost and fair value. Patents have a finite life and are carried at cost less accumulated amortisation and any impairment losses. Patents acquired as part of the Business Acquisition are amortised over their estimated useful life of 20 years.

k. Trade and Other Payables:

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms and do not bear interest. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l. Employee Benefits:

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

m. Financial Instruments:

Initial Recognition and Measurement

Financial instruments are initially measured at fair value plus transaction costs.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at amortised cost using the effective interest rate method, or cost.

HEALTH FOOD SYMMETRY LTD

ABN 60 639 091 240

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

m. Financial Instruments (Cont'd):

Impairment

Impairment of trade receivables is determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this, where applicable, by the amount of the expected loss arising from default. Where applicable a separate allowance account is established.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

n. Critical Accounting Estimates and Judgements:

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates

The Company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements

The Company determines the estimated useful lives and related depreciation and amortisation charges. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

o. Share Based Payment:

Equity-settled share based compensation benefits may be provided to Directors, Shareholders and Consultants and represent awards of shares or options in consideration for the rendering of services or purchase of assets. The cost of equity-settled transactions, where applicable, are recognised as an expense with a corresponding increase in share capital or share based payment reserve.

p. Capital Management

Management controls the capital of the Company to ensure that the Company can fund its operations and continue as a going concern.

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

q. Adoption of New and Revised Accounting Standards:

Based on an analysis performed of accounting standards for application in future periods, none of the standards on issue not yet effective would have a material impact on the reported position or performance of the Company.

HEALTH FOOD SYMMETRY LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
NOTE 2: REVENUE		
Operating Segments:		
Retail	69,383	57,494
Wholesale distributors	437,741	169,903
E-commerce	110,786	123,272
Sundry Income	149	24,146
	<u>618,059</u>	<u>374,815</u>
NOTE 3: NET LOSS BEFORE INCOME TAX		
Net Loss before income tax has been determined after:		
Expenses:		
Remuneration of auditor		
- audit of financial statements	<u>17,000</u>	<u>17,000</u>
NOTE 4: INCOME TAX EXPENSE		
The prima facie tax benefit on the net loss before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax benefit on loss at 25% (2022 25%):	(371,462)	(559,498)
Adjust for tax effect of:		
Other non-allowable items	5,922	9,840
Tax losses and other timing differences not brought to account	<u>365,540</u>	<u>549,658</u>
Income tax expense attributable to entity	<u>-</u>	<u>-</u>
A tax rate of 25% (2022: 25%) has been adopted as the entity is a base rate entity. To be eligible for a rate of 25% the Company must satisfy a section of the Income Tax Act that requires no more than 80% of its assessable income to be classified as base rate passive income.		
The Company has unutilised tax losses for which no deferred tax asset has been recognised as at year end of approximately \$4,810,000 (2022 \$3,493,000).		
	30 June 2023	30 June 2022
	\$	\$
NOTE 5: TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	49,774	39,875
Less Provision for Dubtful Debts	(1,423)	-
Other receivables and repayments	37,000	21,967
	<u>85,351</u>	<u>61,842</u>
NOTE 6: LOANS		
CURRENT		
Loan to Related Party (refer Note 16)	<u>34,574</u>	<u>52,093</u>
NOTE 7: PLANT AND EQUIPMENT		
Plant and equipment	4,493,414	4,463,594
less: Accumulated amortisation	(819,210)	(520,826)
Total plant and equipment	<u>3,674,204</u>	<u>3,942,768</u>
Motor vehicles	5,000	5,000
less: Accumulated depreciation	(2,805)	(1,805)
Total motor vehicles	<u>2,195</u>	<u>3,195</u>

HEALTH FOOD SYMMETRY LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	30 June 2023	30 June 2022
	\$	\$
NOTE 7: PLANT AND EQUIPMENT (Cont'd)		
Office furniture, fittings and equipment	8,207	5,000
less: Accumulated depreciation	<u>(3,072)</u>	<u>(1,805)</u>
Total office furniture, fittings and equipment	<u>5,135</u>	<u>3,195</u>
Total Plant and Equipment	<u>3,681,534</u>	<u>3,949,158</u>

Movements in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Plant and equipment	Motor vehicles	Office furniture, fittings and equipment	Total
	\$	\$	\$	\$
Carrying amount at 30 June 2021	4,177,981	4,195	4,195	4,186,371
Additions at cost	62,266	-	-	62,266
Depreciation	<u>(297,479)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>(299,479)</u>
Carrying amount at 30 June 2022	3,942,768	3,195	3,195	3,949,158
Additions at cost	29,820	-	3,208	33,028
Depreciation	<u>(298,385)</u>	<u>(1,000)</u>	<u>(1,267)</u>	<u>(300,652)</u>
Carrying amount at 30 June 2023	<u>3,674,203</u>	<u>2,195</u>	<u>5,136</u>	<u>3,681,534</u>

NOTE 8: RIGHT-OF-USE ASSETS/ LEASE LIABILITIES

a. Right-of-use Assets

Movement in the carrying amounts for each class of rights to use assets between the beginning and the end of the year:

Leased building:

	30 June 2023	30 June 2022
	\$	\$
Right of Use Asset	149,126	149,126
Depreciation charge	<u>(132,557)</u>	<u>(82,848)</u>
Net Carrying Amount	<u>16,569</u>	<u>66,278</u>

b. Leased Liability:

Current liability	(17,361)	(50,873)
Non-current liability	-	(17,361)
Total leased liability	<u>(17,361)</u>	<u>(68,234)</u>

c. The amounts recognised in the income statement relating to leases where the Company is a lessee are shown below:

Interest expense on lease liabilities	1,595	3,362
Depreciation charge related to right of use assets	<u>49,709</u>	<u>49,709</u>
	<u>51,304</u>	<u>53,071</u>

NOTE 9: INTANGIBLE ASSETS

Patents

	30 June 2023	30 June 2022
	\$	\$
Patents	129,762	118,622
Additions	16,016	19,492
less Amortisation	<u>(8,752)</u>	<u>(8,352)</u>
Net carrying value	<u>137,026</u>	<u>129,762</u>

HEALTH FOOD SYMMETRY LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 10: TRADE AND OTHER PAYABLES

CURRENT

Trade payables	422,608	244,334
Sundry payables and accrued expenses	176,793	159,121
	<u>599,401</u>	<u>403,455</u>

NOTE 11: BORROWINGS

CURRENT

Insurance Premium funding	25,456	21,034
Loan from Director	6,670	1,500
Other loans	4,055	-
	<u>36,181</u>	<u>22,534</u>

NOTE 12: ISSUED CAPITAL

a. Ordinary shares

Issued and fully paid ordinary shares	<u>6,173,356</u>	<u>5,177,429</u>
---------------------------------------	------------------	------------------

b. Movement in ordinary share capital:

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Balance at beginning of year	5,177,429	3,271,131
Capital received	1,043,637	2,031,000
Fees paid for capital received	(47,710)	(124,702)
Balance at end of year	<u>6,173,356</u>	<u>5,177,429</u>

c. Movement in number of ordinary shares:

	Number of shares Year ended 30 June 2023	Number of shares Year ended 30 June 2022
Balance at beginning of year	32,513,578	26,412,328
Shares issued	2,858,676	6,101,250
Balance at end of year	<u>35,372,254</u>	<u>32,513,578</u>

d. Ordinary shares

Fully paid ordinary shares

The shares are eligible for dividends. Ordinary shareholders participate in dividends and the proceeds on winding up of the Company 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.

There is no par value and no authorised capital.

NOTE 13: CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Company did not have any capital expenditure commitments or contingent liabilities at 30 June 2023, with the exception that the Company has issued a purchase order for a decanter and control panel, cost \$329,500. This Australian made decanter is for dewatering of sugar cane slurry. Capacity is 180kg / hour.

HEALTH FOOD SYMMETRY LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
NOTE 14: CASH FLOW INFORMATION		
<i>Reconciliation of cash flow from operating activities with net profit/(loss) after income tax</i>		
Net profit/(loss) after income tax	(1,485,847)	(2,237,990)
Non-cash flows in profit/(loss):		
Depreciation and amortisation expenses	359,113	357,540
Changes in assets and liabilities:		
Decrease / (Increase) in receivables	(13,509)	(10,929)
Decrease / (Increase) in inventories	23,208	(223,945)
(Decrease) / Increase in Right of Use Asset	(50,873)	(49,106)
(Decrease) / Increase in payables	195,559	158,977
(Decrease) / Increase in provisions	(3,792)	31,140
Net cash outflow from operations	<u>(976,141)</u>	<u>(1,974,313)</u>

NOTE 15: GOING CONCERN

The financial statements have been prepared on the basis of a going concern which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern, and to be able to pay its debts as and when due, is dependent upon following factors (individually and collectively):

- growth in sales of the Company's products over the next 12 months via ingredients market, web sales, wholesale and retail channels to enable sufficient working capital balances to be generated to fund the Company's operations,
- the ability to raise additional capital to fund on-going operations including working capital, research, product development and increases in stock holdings to meet projected sales. During the period 1 July 2023 to 17 November 2023, the Company raised additional share capital of approximately \$381,000 after brokers fees.
- the ability of the directors to manage the liquidity risk is dependent on the success of achieving the objectives set out in the matters raised in (a) and (b) above enabling the Company to pay its debts as and when due.
- Reference should be made to the Directors Report which set out new markets, opportunities and expanded range of products. New markets cover Equine market and Tismor / Sunrise Health & Wellness Pty Ltd taking over retail sales of products to selected markets. New products cover Tub range and Stick range of Kfibre, PhyteQuine for the equine market and PhytoBiome for the ingredients market.

Having regard to these factors, the Directors believe that the going concern basis of preparation of the financial statements is appropriate.

NOTE 16: RELATED PARTIES & KEY MANAGEMENT PERSONNEL

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity, is considered key management personnel.

Related parties

Related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

HEALTH FOOD SYMMETRY LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 16: RELATED PARTIES & KEY MANAGEMENT PERSONNEL (Cont'd)

Transactions with Related Parties

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

	Year ended 30 June 2023	Year ended 30 June 2022
(i) <i>Purchase of services</i>	\$	\$
David McBain is a director in an accounting practice, McBain Corporate Solutions Pty Ltd (MCS), received fees for CFO services, company secretarial services, accounting services and specialist services on normal commercial terms during the year. A proportion of these fees received were paid to other service providers for taxation, corporate affairs and specialist services.		
CFO services - converted to shares	10,000	-
CFO services	-	60,000
Fees rendered by MCS relating to external services (for example, taxation services) on normal commercial terms	13,521	18,414
	<u>23,521</u>	<u>78,414</u>
(ii) Loan from related party of D McBain converted to shares	<u>46,012</u>	<u>-</u>
(iii) Amount due to McBain Corporate Solutions Pty Ltd	<u>51,607</u>	<u>41,855</u>
(iv) <i>Borrowings</i>		
Loan from Director's Superannuation Fund including interest accrued at 10%pa	6,670	1,500
(v) Loan		
Loan to a Director. Unsecured and no interest payable	<u>34,574</u>	<u>52,093</u>
(vi) Directors fees - R Revelins	-	10,000
Fees from 2022 converted to shares 2023	<u>7,000</u>	<u>-</u>
(vii) Ms J Edwards - related party		
Short term benefits	67,500	90,386
Post employment benefits	<u>7,087</u>	<u>9,027</u>
	<u>74,587</u>	<u>99,413</u>

Transactions with Key Management Personnel

G Edwards

Details of remuneration:

Short term benefits

Post employment benefits

120,000	159,129
12,600	15,885
<u>132,600</u>	<u>175,014</u>

NOTE 17: FINANCIAL RISK MANAGEMENT

Financial assets

Financial assets at amortised cost:

Cash and cash equivalents

Trade and other receivables

Loans

Total financial assets

30 June 2023	30 June 2022
\$	\$
39,658	47,364
85,351	61,842
34,574	52,093
<u>159,583</u>	<u>161,299</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	30 June 2023	30 June 2022
	\$	\$
NOTE 17: FINANCIAL RISK MANAGEMENT (Cont'd)		
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	599,401	403,455
Borrowings	36,181	22,534
Lease liabilities - Right of use assets	17,361	68,234
Total financial liabilities	<u>652,943</u>	<u>494,223</u>

Financial Risk Management Policies

The Directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are liquidity risk and credit risk.

a. Liquidity Risk

The Board manages liquidity risk by monitoring cash flows and maintaining sufficient cash to meet operational requirements.

b. Financial Liability Maturity Analysis

The trade and other payables are due for repayment within 3 months unless extended terms have been negotiated with the creditor.

The maturity date on borrowings are within the next twelve months.

d. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the financial statements. No collateral has been given in the form of a guarantee by the Company.

The Board monitors credit risk by actively assessing the quality of counterparties.

e. Sensitivity Analysis

The Directors do not believe the movements in the interest rate would cause a material impact on the reported result for the year.

f. Fair Value

Cash and cash equivalents, trade and other receivables, trade and other payables classified as current assets, and borrowings classified as current liabilities are short term in nature whose carrying amounts are equivalent to fair value.

NOTE 18: EVENTS AFTER REPORTING DATE

No other matters or circumstances have arisen since the end of the financial period not otherwise disclosed in this Report and financial statements which significantly affected or may significantly affect the operations of the Company, the results of the operations, or the state of affairs of the Company in future financial years, except for the following:

HEALTH FOOD SYMMETRY LTD

ABN 60 639 091 240

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 18: EVENTS AFTER REPORTING DATE (Cont'd)

The Company raised capital of approximately \$381,000 after brokers fees during the period 1 July 2023 to 17 November 2023 to fund on-going operations including working capital, research, product development and to fund an increase in stock holdings to meet projected sales.

A lease agreement for the Factory premises at 24 Bird Street, Ayr, QLD was signed for a further period of three years from 1 November 2023.

The following options were issued 27 July 2023:

	Gordon Edwards	Richard Revelins	David McBain
Number of options	2,500,000	1,500,000	1,500,000
Exercise period	10 years	10 years	10 years
Expiry date	27-Jul-33	27-Jul-33	27-Jul-33
Exercise price	\$0.70	\$0.70	\$0.70

NOTE 19: COMPANY DETAILS

The principal place of business is:

24 Bird Street,
AYR QLD 4807

The registered office of the company is:

c/- McBain McCartin & Co Business Services Pty Ltd
Level 1, 123 Whitehorse Road
BALWYN VIC 3103

HEALTH FOOD SYMMETRY LTD

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DIRECTORS' DECLARATION

In the opinion of the Directors of Health Food Symmetry Ltd:

1. The financial statements, comprising the Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards and the *Corporations Regulations 2001* ; and
 - b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Company.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors'.



Gordon Edwards
Director & CEO

Dated: 18 November 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTH FOOD SYMMETRY LTD

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Health Food Symmetry Ltd, which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Health Food Symmetry Ltd, is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2023 and of its financial performance for the period then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 15 "Going Concern" in the financial report. The matters as set forth in Note 15 indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTH FOOD SYMMETRY LTD (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

McLean Delmo Bentleys Auditor Pty Ltd.

McLean Delmo Bentleys Audit Pty Ltd



**Rod Hutton
Partner**

**Hawthorn
21 November 2023**

Health Food Symmetry Ltd
Additional Shareholder Information
Ordinary Fully Paid Shares: Top 20 Holders

		No. of ordinary shares	%age
1	The G & J Edwards Super Fund Pty Ltd	3,250,000	8.86%
2	Graeme Andrew Beardsley and Oakley Moran Trustee Company Limited	2,500,000	6.81%
3	Geoff Cox	2,100,000	5.72%
4	Susan McBain	1,670,030	4.55%
5	Deanna Adams	1,250,000	3.41%
6	JLO Enterprises Pty Ltd	1,209,060	3.30%
7	Richard Revelins	942,600	2.57%
8	Alan S Cameron Pty Ltd	918,320	2.50%
9	TPC Consulting Pty Ltd	900,000	2.45%
10	MMAAJ Pty Ltd	840,000	2.29%
11	Evolution Trustees Limited	781,168	2.13%
12	Christopher Switzer	750,000	2.04%
12	Beth & John Davies	750,000	2.04%
13	Gooden Investments Pty Ltd	675,000	1.84%
14	One Managed Investment Funds Limited	625,000	1.70%
14	Webinvest Pty Ltd	625,000	1.70%
15	Kastin Pty Ltd	500,000	1.36%
15	Lucernevale Pastoral Pty Ltd	500,000	1.36%
16	Johcat Pty Ltd	443,400	1.21%
17	Farr Pty Ltd	350,000	0.95%
17	Galvex Nominees Pty Ltd	350,000	0.95%
18	R & MO Thomas Pty Ltd	325,000	0.89%
18	Darren & Sarah Reedy	325,000	0.89%
19	Charles Griffiths	300,000	0.82%
20	Kent Taylor	286,000	0.78%
	Shares held by Top 20	23,165,578	63.14%
	Balance of Register	13,524,750	36.86%
	Total Shares at 17 November 2023	36,690,328	100.00%