Annual Report

For the year ended
30 June 2023




ABN 19 091 247 166

kiland

Contents

For the Year Ended 30 June 2023

Directors' Report
30 June 2023

Your directors submit their report for the year ended 30 June 2023.

Directors

The names and details of the Company's Directors in office during or since the end of the financial year are as follows:

Director	Position	Appointed	Last elected or re-elected at AGM
James Davies	Executive Chairman	13 Jul 2021	25 Oct 2021
Paul McKenzie	Non-Executive Director	29 Apr 2005	25 Oct 2021
Mitchell Taylor	Non-Executive Director	13 Jul 2021	24 Nov 2022

James Davies — Executive Chairman

Qualifications — BCompSc, MBA, GAICD

Board member since July 2021. Appointed as Executive Chairman in October 2021.

Mr Davies has more than 35 years of experience in investment management across timberland, economic infrastructure, real estate, private equity and special situations. Most recently he was Head of Funds Management at New Forest Asset Management, overseeing $2.5 billion worth of investments in broad acre real estate, forestry assets and environmental markets.

Prior to that, he held Director roles at Hastings Funds Management Limited and Royal Bank of Scotland’s Strategic Investments Group. Mr Davies has served on numerous Investment Committees and Boards including as Chairman of both Timberlink Australia and Tasmanian-based plantation owner Forico.

Mr Davies is Chairman of ASX-listed property investor Eildon Capital (ASX: EDC), New Energy Solar, which was listed on the ASX (ASX: NEW) up until February 2023 and is a non-executive director of Namoi Cotton (ASX: NAM). He is also a member of the Advisory Board for AGR Partners, a US-based private equity firm focused on agribusiness.

Other than as disclosed above, in the three years prior to 30 June 2023, Mr Davies held no other director positions with any other ASX listed companies.

Mr Davies holds a Bachelor of Computer Science from the University of New England, a Masters of Business Administration from London Business School and is a Graduate of the Australian Institute of Company Directors.

Directors' Report
30 June 2023

Directors

Paul McKenzie — Non-Executive Director

Qualifications — BSc (Agric), BCom, FAICD, AIAST

Board member since April 2005. Appointed Chairman July 2009, retired as Chairman at the October 2021 AGM and was re-elected as a Non-Executive Director. Chairman of the Audit and Risk Committee.

Mr McKenzie is the Managing Partner of Agrarian Management, a leading Western Australian agriculture consultancy with offices in Geraldton and Perth. He has more than 30 years' experience in agribusiness, management, finance and primary production, advising over $1.4 billion of agriculture assets. He is a Fellow of the Australian Institute of Company Directors (AICD), past President of the Australian Association of Agricultural Consultants (WA) Inc and a Ministerial Appointee to various agribusiness review and advisory panels.

Mr McKenzie is a Non-Executive Director of Minbos Resources Limited (ASX: MNB) (appointed 7 December 2020) and Non-Executive Director of RLF AgTech Limited (ASX: RLF) (appointed 15 December 2021).

Mr McKenzie is also a director of Rural Financial Counselling Service (WA), which administers a federal government-funded program in WA under the Department of Agriculture, Fisheries and Forestry.

Mr McKenzie was the Chairman of the CRC for Honey Bee Products Ltd, and was the founding Chairman of Gage Roads Brewing Co (now Good Drinks Australia (ASX: GDA)) from concept to private company to ASX listing in December 2006, resigning in May 2008.

Other than as disclosed above, in the three years prior to 30 June 2023, Mr McKenzie held no other director positions with any other ASX listed companies.

Mitchell Taylor — Non-Executive Director

Qualifications — BCom, MAppFin, GAICD

Board Member since July 2021, elected as a Non-Executive Director in October 2021. Member of the Audit and Risk Committee.

Mr Taylor is a representative of Samuel Terry Asset Management Pty Ltd, which manages the Samuel Terry Absolute Return Active Fund, the largest shareholder of Kiland. He has more than 10 years of commercial experience in funds management.

Mr Taylor has experience in a variety of commercial transactions and corporate situations across a range of industries. He holds a Bachelor of Commerce from the University of Sydney, a Masters of Applied Finance from Macquarie University and is a Graduate of the Australian Institute of Company Directors.

In the three years before 30 June 2023, Mr Taylor held no director positions with any other ASX listed companies.

Directors' Report
30 June 2023

Company Secretary

Andrew Metcalfe (CPA, FGIS, GAICD) is a professional company secretary and governance adviser predominantly to ASX listed companies across a broad range of industries for over 28 years, supporting and advising board and management in corporate governance matters.

Mr Metcalfe was appointed as Company Secretary effective 12 December 2022, replacing Ms Victoria Allinson (FCCA, AGIA) who had been the Company Secretary since 14 May 2013.

Interests in the shares and options of the Company and related bodies corporate

As at 30 June 2023 and at the date of this report, the interests of the Directors, either directly or indirectly, in the shares of Kiland Ltd were:

Interest in ordinary shares

	Opening interest at 1 Jul 2022	Net changes during the period	Appointment/ (resignation) of director	Closing interest at date of this report
James Davies	450,000	-	-	450,000
Paul McKenzie	2,789,860	-	-	2,789,860
Mitchell Taylor *	30,902,548	451,965	-	31,354,513
Total	**34,142,408**	**451,965**	**-**	**34,594,373**

* Shareholding of Samuel Terry Asset Management Pty Ltd, of which Mr Taylor is a related party.

Interest in Performance Rights

At the 25 October 2021 Annual General Meeting, shareholders approved a new Directors' Incentive Scheme. Under this new scheme, shareholders approved the issue on 25 October 2021 of a total of 2,902,500. Performance Rights, with an expiry date of 25 October 2024.

Individual holdings of the Performance Rights issued on 25 October 2021 are as follows:

- James Davies 2,150,000
- Paul McKenzie 752,500
- Mitchell Taylor Nil

Refer to the Remuneration Report for further information on the directors' interests in performance rights.

Directors' Report
30 June 2023

Dividends

The Directors have resolved not to declare a dividend for the year ended 30 June 2023 (2022: Nil). No dividends were declared or paid during the previous year.

Principal Activities

The Group's principal activities during the year were reversion of forestry land to agriculture, and development of a biochar and carbon sequestration business through 87.6% owned subsidiary Nobrac Ltd.

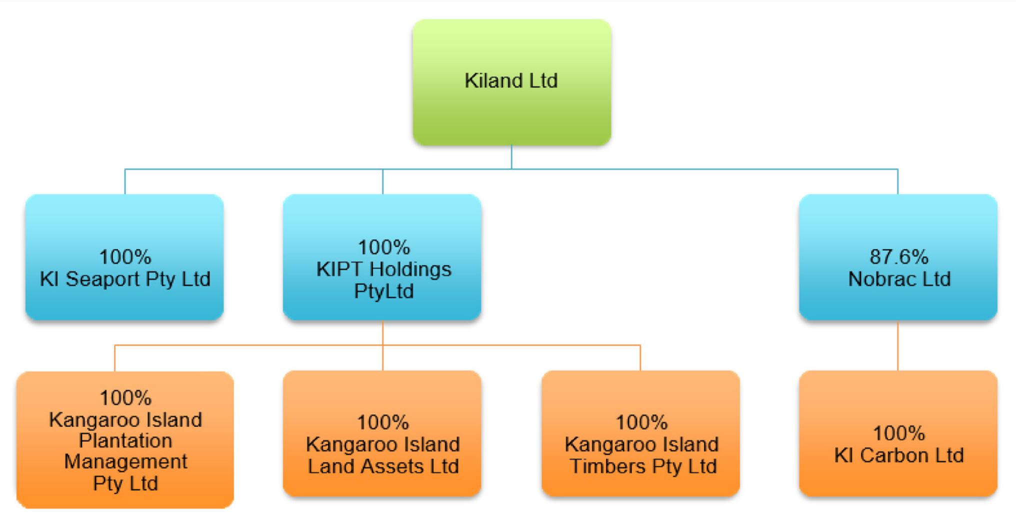
The Group is undertaking a reversion project where, over a forecast period of 5 years, the fire damaged plantation forests on Kangaroo Island are now being removed. The Agricultural Estate is then being repurposed to its traditional farming use, i.e. cropping and grazing.

The felled timber logs are being stacked on site for use as feed stock for the Nobrac Ltd bio-char and Carbon Removal Project.

There were no significant changes in the nature of Kiland Ltd's principal activities during the financial year.

Corporate Structure

Kiland Ltd is a publicly listed company that is incorporated and domiciled in Australia. Kiland Ltd has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration ("Group"):



Nobrac Ltd ("Nobrac") was established in August 2022 and new equity was issued to external shareholders in December 2022 diluting Kiland's shareholding to 87.6%.

Employees

During the year ended 30 June 2023, the consolidated entity employed no full time equivalent employees (2022: nil) and 1 full time equivalent Executive Director (2022: 1).

Operating and financial review

Results of operations

Revenue for the period decreased by $1,275,000 to $338,000 (2022: $1,613,000) mainly as a result of reduced salvage sales of fire-damaged timber which ended in the 2022 year.

Directors' Report
30 June 2023

Operating and financial review

Results of operations

Total comprehensive income for the year was $6,702,000 (2022: income of $15,538,000). This is a $8,836,000 decrease year on year due to:

	2023 Income/ (Expense)	2022 Income/ (Expense)	Increase/ (decrease) in profits
	$000's	$000's	$000's
Sales of salvaged fire-damaged timber	338	1,613	(1,275)
Harvest and haulage of salvaged timber (stock held at nil value)	(284)	(2,586)	2,302
Insurance recoveries on fire-affected assets	-	3,500	(3,500)
Decrease in ongoing forestry costs due to change in strategy	(9)	(1,537)	1,528
Reversion expenses	(10,835)	-	(10,835)
Revaluation of land assets	16,370	18,744	(2,374)
Administrative and other expenses	(2,873)	(4,477)	1,604
Income tax benefits	3,034	657	2,377
Other changes	961	(376)	1,337
Net comprehensive income	**6,702**	**15,538**	**(8,836)**

Performance indicators

	2023 $000's	2022 $000's	2021 $000's	2020 $000's	2019 $000's
Revenue and other income	1,064	1,676	90	126	215
Profit/(loss) from ordinary activities	(9,668)	(3,206)	(25,966)	(33,870)	247
Other comprehensive income	16,370	18,744	(2,721)	8,273	-
Total comprehensive income	6,702	15,538	(28,687)	(25,597)	247
Basic earnings per share (cents)	(12.70)	(5.76)	(46.02)	(60.02)	0.47
Net tangible asset backing per security (cents)	179	161	153	201	246
Net tangible asset (excluding deferred tax) backing per security (cents)	185	164	155	214	279

Commentary on results

Agricultural Estate

In August 2021, the Group announced a strategy to remove the tree crop and convert its land to more traditional agricultural use. Once the land has been reverted, it will operate as a cropping and grazing enterprise. The Group plans to sell some of its non-core assets that are no longer required under this strategy.

The Group acquired forestry reversion plant and equipment and reversion works on the estate commenced in August 2022. At the date of this report, approximately 1,100 hectares of the plantation timber has been cleared (8% of the total plantation area of 14,464 hectares) and, of this amount, approximately half has been fully restored to traditional agricultural use.

Carbon removal project

On 16 June 2022 the Group announced its intention to convert approximately 4.5 million tonnes of fire damaged biomass (standing timber) into approximately 900,000 tonnes of biochar via a pyrolysis process.

In August 2022, the Group established a 100% subsidiary, Nobrac Ltd, as an intermediate parent of KI Carbon Ltd.

Kiland initially capitalised Nobrac with $2 million cash and has provided it with a shareholder loan facility of up to $10 million. The shareholder loan facility has an interest rate of 7% per annum (cash or payment-in-kind) and 3-year term; there have been no drawdowns against this loan at the date of this report.

Directors' Report
30 June 2023

Operating and financial review

Commentary on results

On 9 November 2022, Kiland announced Nobrac would undertake an equity fundraising from third party investors to undertake its biochar project. The raise was completed in December 2022 raising $7.1 million (gross of issue costs amounting to $463,668) at a $50 million pre-money equity valuation. The post-money equity valuation is, therefore, $57.1 million and Kiland's equity ownership of Nobrac has reduced from 100% to 87.6%. Nobrac owns 100% of KI Carbon Limited. Kiland is considered to control Nobrac by virtue of its 87.6% shareholding in Nobrac. Following the capital raise the Board of Nobrac consists of 2 Kiland representatives and 2 third party investor representatives.

Following the capital raise, Nobrac had approximately $13.5 million available funding to develop the Flinders Biochar Carbon Removal Project on Kangaroo Island in South Australia.

Nobrac owns 100% of KI Carbon Limited which in-turn owns the rights to the Flinders Biochar Project. Kiland's subsidiary Kangaroo Island Land Assets Limited has entered into an agreement to deliver harvested biomass to KI Carbon Limited for a nominal tolling fee.

During the first half of the year, the Group announced that it had entered into a Project Development and Services Agreement with Biocare Projects Pty Ltd (Biocare). Biocare's responsibilities under the agreement include the design and development of an in-field biochar production system, management of the accreditation process, and marketing of carbon removal credits. AAGIM will manage biochar production operations as part of the reversion process, which continues as planned.

Kiland believes that the Flinders Biochar Project is an institutional-grade carbon development project with significant opportunity for future cashflow generation, with forecast revenue from Carbon Removal Credits as well as by-product biochar sales. Nobrac is an early-stage company in an early-stage industry, accordingly, there is significant operational, market and regulatory risk as it executes its strategy.

Through the Flinders Biochar Project, Nobrac will seek to capitalise on rapidly developing global carbon opportunities and create an institutional-grade carbon platform, while also meaningfully contributing to net-zero targets and driving climate change action by permanently removing carbon from the atmosphere.

Land Sales & Purchases

During the year the Group sold one of its non-core properties at Ballast Head on Kangaroo Island that had been acquired as a potential site for the proposed port development.

The Group purchased land on the edge of Parndana for the development of staff accommodation.

Investment in Biocare Projects Pty Ltd

During the year the Group - through its 87.6% owned subsidiary Nobrac Ltd - acquired a 20% interest in the Group's carbon project development contractor, Biocare Projects Pty Ltd.

The amount invested was $3 million for 250,000 ordinary shares in the issued capital of the company.

As part of the overall investment Nobrac Ltd also extended a $2 million loan facility with Biocare Projects Pty Ltd.

Refer to note 14 for further details.

Land Revaluation

The 30 June 2023 independent valuation by LAWD Pty Ltd, of land and buildings owned by the Group resulted in an increase of $20.8 million to $93.6 million.

The fair value valuation was prepared using a Summation Approach whereby the land value has been assessed as a rate per hectare which is added to the value of any structural improvements. The independent expert has assessed the rate per hectare for the productive component of the agricultural estate (inclusive of remnant vegetation and water bodies) as $3,571 per hectare. The land's location, rainfall, physical attributes, location of amenities and improvements all influence how the land is valued.

An allowance of up to $4,000 per hectare for the cost of rehabilitating the forestry estate for agricultural use has been included in the independent valuation.

Directors' Report

30 June 2023

Operating and financial review

Corporate matters

Share buy-backs

Following the announcement on 8 March 2023 the Group conducted a share buy-back to create liquidity for shareholders and to achieve a more efficient capital structure. A total of 3,810,427 shares were bought back (approximately 5% of issued capital) at a cost of $7.1 million (approximately $1.85/share), plus $0.035 million of costs.

As at 30 June 2023 there were 71,912,911 ordinary shares on issue and 2,902,500 performance rights.

Changes to Board and Management

There were no changes to the Board in the financial year ended 30 June 2023.

The Group recorded two changes to management during the year:

- In December 2022, Ms Vicky Allison resigned as company secretary and was replaced by Mr Andrew Metcalfe.
- In March 2023, Ms Vicky Allison resigned as CFO and was replaced by Mr Alastair Beard.

Significant changes in state of affairs

The significant changes affecting the Group and its subsidiaries are set out in the Operating and Financial Review.

There have been no other significant changes in the state of affairs of the Group.

Significant events after balance date

There have been no events subsequent to balance date that have significantly affected, or may affect in the future, the operations of state of affairs of the Group.

Likely developments

Refer to the Operating and Financial Review.

Environmental regulation and performance

The Group's operations are subject to environmental regulations, pursuant to the conditions of tree farm planning permissions, and the requirements of planning and regulatory approvals of local government. The Group also operates under environmental legal and licence requirements governing the remaining plant at the Timber Creek sawmill. To the best of the directors' knowledge, the Group has complied with all environmental regulations relating to its activities during the year.

Directors' meetings

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings		Audit & Risk Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
James Davies	8	8	-	-
Paul McKenzie	8	8	2	2
Mitchell Taylor	8	8	2	2

Directors' Report
30 June 2023

Committee membership

As at the date of this report, the Company had an Audit and Risk Committee of the Board, of which Mr McKenzie was the Chairman. The directors consider that the committee is adequate for the Company's current circumstances. Due to the size and identical membership, the meetings of the Audit & Risk Committee were not held separately but instead were held concurrent with meetings of the full board.

Indemnification and insurance of directors, officers and auditors

During the financial year the controlled entity, on behalf of the Group, paid $73,882 (2022: $21,000) insurance premiums in respect of directors' and officers' insurance against liability, except wilful breach of duty. In accordance with the insurance policy, further details of the nature of the liabilities insured against and the amount of the premium are prohibited from being disclosed.

The Group has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified or agreed to indemnity any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Proceedings on behalf of the Company

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

Auditor's independence declaration and non audit services

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2023 has been received and can be found on page 18 of the consolidated financial report.

No Director of the Group is currently, or was formerly, a partner of Grant Thornton Audit Pty Ltd.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

Non-audit services

During the year, Grant Thornton, the Group's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

See Note 22 for amounts received or due and receivable by Grant Thornton Audit Pty Ltd.

ASIC corporations instrument 2016/191 rounding of amounts

The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 applies and, accordingly, amounts in the consolidated financial statements and directors' report have been rounded to the nearest thousand dollars. The Group is an entity to which the Class Order applies.

Directors' Report

30 June 2023

Remuneration report (audited)

This Remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report the Key Management Personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purpose of this report, the term "executive" encompasses the Executive Chairman, other Executive Directors and the Executive positions listed in the table as follows.

Key management personnel

Key management personnel during the year were as follows:

Directors	Position
James Davies	Executive Chairman
Paul McKenzie	Non-Executive Director
Mitchell Taylor	Non-Executive Director

Executives	Position
Alastair Beard	Chief Financial Officer
Andrew Metcalfe	Company Secretary
Victoria Allinson	Company Secretary, Chief Financial Officer

Mr Davies was appointed as a director on 13 July 2021 and was appointed as Executive Chairman at the AGM on 25 October 2021.

Mr McKenzie was the Chairman until the 25 October 2021 AGM, when he was re-elected as a Non-Executive Director.

Mr Taylor was re-elected as a director at the AGM on 24 November 2022.

Mr Alastair Beard was appointed as the Chief Financial Officer on 1 March 2023.

Mr Metcalfe was appointed as the Company Secretary on 12 December 2022.

Ms Victoria Allinson resigned as the Company Secretary on 12 December 2022, and as the Chief Financial Officer on 1 March 2023.

There have been no other changes to Key Management Personnel after the reporting date and before the date the financial accounts were authorised for issue.

Remuneration committee

In view of the size of the parent entity, the Directors have considered that establishing a nomination and remuneration committee would contribute little to its effective management and accordingly all Directors participate in decisions regarding the nomination and election of new Board members and the appointment of senior management.

The Board of Directors of the Group is responsible for determining and reviewing remuneration arrangements for directors and executives.

The Board assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing director and executive team.

Remuneration is usually reviewed on an annual basis, taking into consideration both qualitative and quantitative performance indicators, with reference to industry benchmarks.

A review of remuneration levels was not conducted during the year, as the Board remained of the opinion that total remuneration should only be changed once the Group's strategic plans were further developed. It is noted that the Remuneration Report for the year ended 30 June 2022 received 99.7% of 'yes' proxy votes and was adopted via a poll with 99.7% in favour. The Company received no specific feedback on its Remuneration Report at the last Annual General Meeting.

Directors' Report
30 June 2023

Remuneration report (audited)

Remuneration committee

The Board did not meet during the year to consider specific remuneration matters. The Board did not use the professional services of Remuneration Consultants during the year.

Remuneration philosophy and structure

The Board has structured remuneration packages for its executives and directors in order to attract and retain people with the necessary qualifications, skills and experience to assist the Group in achieving its desired results.

In addition to cash remuneration, the Board utilises Performance Rights with vesting conditions tied to Group share price performance to incentivise directors and align a portion of their remuneration with the objective of increasing shareholder wealth. The Group also has an Executive and Employee Share Plan, whereby shares can be issued to employees as a means of aligning a component of employee remuneration with the Group's share price performance.

The overall performance of the directors and the executives of the Group is considered against:

- Timely production of Group accounts and records;
- Maintenance/improvement of the Net Tangible Assets of the Group;
- Control of costs;
- Investor relations;
- Assessment of new opportunities; and
- Employee performance

Performance is reviewed on an annual basis; the last review was undertaken in September 2020.

Key performance indicators

The following table shows the results of key performance indicators of the Group for the past 5 years:

Year	Net tangible assets per share	Earnings per share	Share price at 30 June
2023	$1.79	($0.1270)	$2.00
2022	$1.61	($0.0576)	$1.26
2021	$1.53	($0.4602)	$1.08
2020	$2.01	($0.6020)	$0.80
2019	$2.46	$0.0047	$2.25

With the exception of awards of Performance Rights, there is not a direct correlation between the results of key performance measures set out above and the remuneration awarded.

Director remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The total amount paid to non-executive directors is determined by the Board from time to time for presentation to and resolution by shareholders at the Annual General Meeting. The current maximum aggregate remuneration paid in cash to non-executive directors is fixed at $400,000 per year.

Non-Executive Directors are paid a fixed amount per year. They are not eligible for any additional payments, other than reimbursement of expenses incurred on behalf of the Group, and excluding the value of any Performance Rights issued.

Directors' Report
30 June 2023

Remuneration report (audited)

Director remuneration

In the year ended 30 June 2023:

- Executive Chairman's fees were $nil (2022: $nil) following Mr Davies' appointment as Executive Chairman;
- Non-Executive Director fees were $75,000 (2022: $75,000) for each Director; and
- Non-Executive Chairman of the Audit and Risk Committee receives an additional $25,000 fee per annum in respect of these extra duties (2022: $25,000).

The Directors have signed contracts setting out their obligations and remuneration.

Director performance reviews are in the form of informal annual self-review and discussion with the other directors led by the Chairman.

Executive remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities with the Group, so as to:

- Align the interest of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

At the date of this report there is only one executive director.

Structure

The Group reviews its staffing requirements on an ongoing basis. At 30 June 2023, the consolidated entity employed no full time equivalent employees (2022: nil) and 1 full time equivalent Executive Director (2022: 1).

The Company's Company Secretary Andrew Metcalfe, and CFO Alastair Beard, and former Company Secretary and CFO Vicky Allinson provided their services as contractors:

- Accosec Pty Ltd is engaged to provide the Company's company secretarial functions;
- Button One Pty Ltd is engaged to provide the Company's financial and administrative functions;
- Allinson Accounting Solutions Pty Ltd was engaged to provide the Company's financial, administrative and company secretarial functions;

Executive Directors have signed contracts setting out their obligations and remuneration. In addition, Executive Directors may be entitled to Performance Rights under an approved Directors' Incentive Scheme.

There are no termination obligations, other than statutory entitlements, with respect to any of the executives. The total amount paid to executives is determined by the Board on an annual basis as part of the annual performance review of executives conducted by the Board based on KPIs set by the Board each year. The amount of salary and fees and the payment of cash bonuses, if any, are at the Board's ultimate discretion.

Total Remuneration – Key Management Personnel

Remuneration is reviewed by the Board and is set at around the mid-point for professional personnel as measured by knowledge of the members of the Board.

Directors' Report
30 June 2023

Remuneration report (audited)

Details of the nature and amount of each element of the remuneration for each member of the KMP of the Group are shown in the table below:

			Short term benefits		Post employ-ment benefits	Long term benefits	Share-based payment		Termi-nation benefits	
	Year	Salary & fees $	Bonus $	Annual leave provision $	Super $	Long service leave $	Performance rights* $	Shares $	$	Total $
Non-Executive Directors (NED)										
P McKenzie (1)	**2023**	**100,000**	-	-	-	-	**122,324**	-	-	**222,324**
	2022	100,000	-	-	-	-	225,285	-	-	325,285
M Taylor (2)	**2023**	**75,000**	-	-	-	-	-	-	-	**75,000**
	2022	72,432	-	-	-	-	-	-	-	72,432
G Boulton (3)	**2023**	-	-	-	-	-	-	-	-	-
	2022	18,750	-	-	-	-	142,171	-	-	160,921
Total NED	**2023**	**175,000**	-	-	-	-	**122,324**	-	-	**297,324**
	2022	191,182	-	-	-	-	367,456	-	-	558,638
Executive Directors (ED)										
J Davies (4)	**2023**	**225,000**	-	-	**23,625**	-	**349,498**	-	-	**598,123**
	2022	187,679	-	-	-	-	237,467	-	-	425,146
K Lamb (5)	**2023**	-	-	-	-	-	-	-	-	-
	2022	100,929	-	6,732	10,093	(8,002)	568,684	-	100,000	778,436
S Black (6)	**2023**	-	-	-	-	-	-	-	-	-
	2022	40,625	-	2,403	-	(10,574)	142,171	-	-	174,625
Total ED	**2023**	**225,000**	-	-	**23,625**	-	**349,498**	-	-	**598,123**
	2022	329,233	-	9,135	10,093	(18,576)	948,322	-	100,000	1,378,207

* The amounts included in the current period for performance rights relates to the continued expensing over the vesting period of instruments issued in prior periods.

			Short term benefits		Post employ-ment benefits	Long term benefits	Share-based payments		Termi-nation benefits	
	Year	Salary & fees $	Bonus $	Annual leave provision $	Super $	Long service leave $	Performance rights $	Shares $		Total $
Other KMP										
A Beard (7)	**2023**	**46,828**	-	-	-	-	-	-	-	**46,828**
	2022	-	-	-	-	-	-	-	-	-
V Allinson (8)	**2023**	**219,606**	-	-	-	-	-	-	-	**219,606**
	2022	503,815	-	-	-	-	-	-	-	503,815
L Tregurtha (9)	**2023**	-	-	-	-	-	-	-	-	-
	2022	125,787	35,000	6,498	12,579	(681)	-	-	-	179,183
P Lockett (10)	**2023**	-	-	-	-	-	-	-	-	-
	2022	19,500	-	-	-	-	-	-	-	19,500
A Braggs (11)	**2023**	-	-	-	-	-	-	-	-	-
	2022	15,691	-	-	-	-	-	-	-	15,691
R Heathcote (12)	**2023**	-	-	-	-	-	-	-	-	-
	2022	28,461	-	-	-	-	-	-	-	28,461
Total Other KMP	**2023**	**266,434**	-	-	-	-	-	-	-	**266,434**
	2022	693,254	35,000	6,498	12,579	(681)	-	-	-	746,650
TOTAL	**2023**	**666,434**	-	-	**23,625**	-	**471,822**	-	-	**1,161,881**
	2022	1,213,669	35,000	15,633	22,672	(19,257)	1,315,778	-	100,000	2,683,495

Directors' Report
30 June 2023

Remuneration report (audited)

There were no cash bonuses or other non-monetary benefits during the current or prior year.

Notes:

1) Mr McKenzie's fees consisted of a Chairman of Audit & Risk Committee and Director's fee of $100,000 (2022: $100,000).

2) Mr Taylor was appointed as a director on 13 July 2021 and received a Director's fee of $75,000 (2022: $72,432).

3) Mr Boulton resigned on 21 September 2021 in the previous financial year. In 2022, his fees to the date of his resignation on 21 September 2021 consisted of Director's fees of $18,750.

4) Mr Davies was appointed as Executive Chairman on 25 October 2021 and received Executive Chairman fees (inclusive of superannuation) of $248,625 (2022: Non-Executive Directors fees of $21,370; Consultancy fees of $25,644; and Executive Chairman fees of $140,664). Since the 1 July 2022, Mr Davies' annual fee amounted to $287,500 including superannuation. Mr Davies has a notice period of 3 months and there are no termination benefits.

5) Mr Lamb resigned on 25 October 2021 in the previous financial year. In 2022, his Director's fees to the date of his resignation consisted of a Director's fee (inclusive of superannuation) of $111,022 and a termination payment of $100,000.

6) Ms Black resigned on 25 October 2021 in the previous financial year. In 2022, her Director's fees to the date of her resignation consisted of a Director's fee of $18,750 and an executive fee of $21,875.

7) Mr Beard was appointed as Chief Financial Officer on 1 March 2023. During the year, fees for professional accounting and administration of $35,000 were invoiced by Accosec Pty Ltd on behalf of Button One Pty Ltd, of which Mr Beard has effective control.

8) Ms Allinson was appointed as CFO and Company Secretary on 14 May 2013 and resigned on 3 March 2023. During the year, fees for professional accounting, administration and company secretarial services, as well as fees for the provision of serviced office space of $219,606 (2022: $503,815) were invoiced by Allinson Accounting Solutions Pty Ltd, of which Ms Allinson has effective control. At 30 June 2023, $nil (2022: $40,141) of fees were payable.

9) Mr Tregurtha resigned on 25 March 2022 in the previous financial year. In 2022, he was paid $173,366 in salary, bonus and allowances (inclusive of superannuation).

10) Mr Lockett was appointed as Approvals Manager on 8 May 2017 and ceased to be an executive on 30 September 2021 in the last financial year. In 2022, $19,500 of professional services were invoiced by Seaview Corporate Services Pty Ltd, of which Mr Lockett has effective control.

11) Mr Braggs was appointed as KI Seaport Manager on 10 June 2020 and ceased to be an executive on 30 September 2021 in the last financial year. In 2022, $15,691 of professional services were invoiced by Infrastructure Consulting Pty Ltd, of which Mr Braggs has effective control.

12) Mr Heathcote was appointed as Operations Manager on 6 May 2020 and ceased to be an executive on 30 September 2021 in the last financial year. In 2022, $28,461 of professional services were invoiced by Heathcote Resources Pty Ltd, of which Mr Heathcote has effective control.

No new options or performance rights were granted as part of remuneration during the year.

Directors' Report
30 June 2023

Remuneration report (audited)

Performance Rights

The value of performance rights issued during the prior years which has been recognised as Director Remuneration is shown below, organised by the issue date of the relevant batch of Performance Rights. No new Performance Rights were issued in the current year.

Share based Remuneration - Performance Rights

	Year	Issued 25 October 2021 $	Issued 1 July 2021 $	Total Performance Rights $
Non-Executive Directors				
P McKenzie	**2023**	**122,324**	**-**	**122,324**
	2022	83,114	142,171	225,285
G Boulton (1)	**2023**	**-**	**-**	-
	2022	-	142,171	142,171
Executive Directors				
J Davies	**2023**	**349,498**	**-**	**349,498**
	2022	237,467	-	237,467
K Lamb (2)	**2023**	**-**	**-**	-
	2022	-	568,684	568,684
S Black (3)	**2023**	**-**	**-**	-
	2022	-	142,171	142,171
Total	**2023**	**471,822**	**-**	**471,822**
	2022	320,581	995,197	1,315,778

1) Mr Boulton resigned on 21 September 2021.

2) Mr Lamb resigned on 25 October 2021.

3) Ms Black resigned on 25 October 2021.

Directors' Incentive Scheme / Performance Rights Plan

On 13 September 2021, the Group announced that the Board had determined that the Performance Rights Plan (the Plan) approved by Shareholders on 21 November 2019 would be withdrawn.

At the 25 October 2021 Annual General Meeting, shareholders approved a new Directors' Incentive Scheme (the Scheme).

Under the Scheme, and the Plan which proceeded it, the Board can issue Performance Rights to Executive and Non-Executive Directors as remuneration for additional duties performed and to incentivise them to align their interests more closely with those of Shareholders.

Remuneration expense is then recognised over the relevant time of the Performance Rights, on the basis that the recipient must be an employee or director of the Group at the time the performance condition is met in order for the rights to vest.

If the performance conditions and any other vesting conditions are met, an equivalent number of Shares will be issued that rank equally with all other existing Shares in all respects.

A Plan participant must not dispose of any Shares acquired under the Plan before the end of the restriction period (if any), which are subject to the Plan rules and the terms of the specific offer from time to time.

The Directors used either a Monte Carlo model or a trinomial lattice model to value the Performance Rights; refer to Note 27 for further details.

Directors' Report
30 June 2023

Remuneration report (audited)

Performance Rights

Performance Rights have varying dates of expiry as described below.

Performance Rights approved and issued on 25 October 2021

At the 25 October 2021 Annual General Meeting, shareholders approved the issue on 25 October 2021 of a total of 2,902,500 Performance Rights, with an expiry date of 25 October 2024.

The 25 October 2021 Performance Rights were granted in four tranches with different share price performance conditions as shown below:

- the one month volume-weighted average price (VWAP) of the Group's Shares is achieved at the one year anniversary date of the date on which the ASX share price for the Company's shares was first at the relevant price hurdle, subject to the value of the Company's shares traded in the 12 months to the anniversary date exceeding $2 million; and
- the recipient must be an employee or director of the Group at the time the performance condition is met in order for the rights to vest.

One month VWAP	James Davies Rights	Paul McKenzie Rights	Total Rights	Total Valuation $
$1.50 or above	750,000	262,500	1,012,500	607,978
$1.75 or above	325,000	113,750	438,750	221,212
$2.00 or above	750,000	262,500	1,012,500	427,560
$2.25 or above	325,000	113,750	438,750	160,060
Total	**2,150,000**	**752,500**	**2,902,500**	**1,416,760**

The Directors have employed an independent consultant to value the performance rights using a Monte Carlo model. The performance rights are all American call performance rights calculated with the following inputs:

- Valuation date of 25 October 2021;
- A share price of $1.195, being the closing share price as at 25 October 2021;
- A risk-free rate of 0.660%, based on the yield of Australian 3-year government bonds as at 25 October 2021;
- A volatility of 45.0% based on analysis of the historical volatility of ASX: KIL up to 25 October 2021, rounded to one decimal place and reflecting the period for which performance is measured; and
- A strike price of $nil.

One month VWAP	Shares to be issued	Grant date to 31 Dec 2021 $	6 months to 30 Jun 2022 $	6 months to 31 Dec 2022 $	6 months to 30 Jun 2023 $
$1.50 or above	1,012,500	37,167	100,405	102,069	100,405
$1.75 or above	438,750	13,523	36,532	37,138	36,532
$2.00 or above	1,012,500	26,137	70,610	71,780	70,610
$2.25 or above	438,750	9,782	26,425	26,863	26,425
Total	**2,902,500**	**86,609**	**233,972**	**237,850**	**233,972**

One month VWAP	Shares to be issued	6 months to 31 Dec 2023 $	6 months to 30 Jun 2024 $	6 months to 31 Dec 2024 $	Total valuation $
$1.50 or above	1,012,500	102,069	100,960	64,903	607,978
$1.75 or above	438,750	37,138	36,734	23,615	221,212
$2.00 or above	1,012,500	71,780	71,000	45,643	427,560
$2.25 or above	438,750	26,863	26,571	17,081	160,010
Total	**2,902,500**	**237,850**	**235,265**	**151,242**	**1,416,760**

Directors' Report
30 June 2023

Remuneration report (audited)

Performance Rights

The total valuation of these performance rights of $1,416,760 will be expensed from the date of grant (25 October 2021) to the date of expiry (25 October 2024).

In the year ended 30 June 2023, $471,822 (2022: 320,581) was recognised as an expense in relation to these rights.

Shareholdings of key management personnel

	Opening interest at 1 July 2022	Net changes during the period	Appointment / (resignation) of KMP	Closing interest at 30 June 2023
Directors				
James Davies (1)	450,000	-	-	450,000
Paul McKenzie (2)	2,789,860	-	-	2,789,860
Mitchell Taylor (3)	30,902,548	451,965	-	31,354,513
Executives				
Alastair Beard (4)	-	-	4,000	4,000
Total	**34,142,408**	**451,965**	**4,000**	**34,598,373**

1) Mr Davies' shares comprise:
   a. 350,000 (2022: 350,000) held by Tian Xia Pty Ltd, of which Mr Davies has effective control; and
   b. 100,000 (2022: 100,000) held by Jellyfish Superannuation Investments Pty Ltd ATF Medusa Superfund, of which Mr Davies has effective control.
2) Mr McKenzie's shares comprise:
   a. 2,132,500 (2022: 2,132,500) held by Aminac Pty Ltd ATF Aminac Superfund, of which Mr McKenzie is the Managing Director; and
   b. 657,360 (2022: 657,360) held by Alke Pty Ltd ATF The Paul McKenzie Family Trust No 2, of which Mr McKenzie is the Managing Director.
3) Shareholding of Samuel Terry Asset Management Pty Ltd, of which Mr Taylor is a related party.
4) Mr Beard's shares comprise:
   a. 4,000 (2022: nil) held by Redbull Superfund, of which Mr Beard had effective control.

Other rights and option holdings of key management personnel

The group does not have any share options on issue. Shown below are the holdings of KMP in Performance Rights.

Performance Rights

	Opening interest at 1 July 2022	Performance rights granted as compensation	Performance rights cancelled	Closing interest at date of report 30 June 2023
Non-Executive Directors				
Paul McKenzie	752,500	-	-	752,500
Executive Directors				
James Davies	2,150,000	-	-	2,150,000
Total	**2,902,500**	**-**	**-**	**2,902,500**

The issue of performance rights was approved by the shareholders on 25 October 2021.

End of Audited Remuneration Report

Directors' Report
30 June 2023

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

On behalf of the Board

James Davies - Executive Chairman

Dated this 27th day of September 2023

GrantThornton

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Auditor's Independence Declaration

To the Directors of Kiland Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Kiland Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 27 September 2023

Corporate Governance Statement
30 June 2023

Kiland Ltd ("Company") and the Board of Directors are responsible for the Corporate Governance of the Group and are committed to achieving the highest standard of Corporate Governance, business integrity and professionalism with due regard to the interests of all stakeholders. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

As such, the Company has adopted the fourth edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 February 2019 and is effective for financial years beginning on or after 1 July 2020.

The Group's Corporate Governance Statement for the financial year ending 30 June 2022 was approved by the Board on 20 September 2022. The Corporate Governance Statement is available at www.kiland.com.au.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

	Note	2023 000's $	2022 000's $
Sales		**338**	1,613
Cost of sales		**(284)**	(2,586)
Gross profit/(loss)		**54**	(973)
Lease income	6(a)	**12**	37
Bank interest		**714**	26
Other income	6(b)	**199**	3,531
Profit/(loss) on sale of property, plant & equipment	6(c)	**231**	368
Forestry expenses		**(9)**	(1,537)
Reversion expenses	6(d)	**(10,835)**	-
Wharf feasibility costs		**-**	(838)
Administrative and other expenses	6(e)	**(2,873)**	(4,477)
Finance costs	6(f)	**(104)**	-
Share of associate's profit/(loss) after tax	14	**(91)**	-
Loss before income tax		**(12,702)**	(3,863)
Income tax (expense)/benefit	7	**3,034**	657
Loss for the year		**(9,668)**	(3,206)
Other comprehensive income			
Items that will not be classified subsequently to profit or (loss)			
Net fair value gain in property, plant and equipment (net of tax)	13	**16,370**	18,744
Other comprehensive income for the year, net of tax		**16,370**	18,744
Total comprehensive income for the year attributable to members of the parent		**6,702**	15,538
Profit / (loss) attributable to:			
Non-controlling interest		**(124)**	-
Owners of Kiland Limited		**(9,544)**	(3,206)
		(9,668)	(3,206)
Total comprehensive income for the year attributable to:			
Non-controlling interest		**(124)**	-
Members of the Parent		**6,826**	15,538
Total comprehensive income for the year		**6,702**	15,538
Earnings per share		**30 June 2023 Cents**	30 June 2022 Cents
Basic and diluted earnings / (loss) per share		**(12.70)**	(5.76)

Consolidated Statement of Financial Position
As At 30 June 2023

	Note	2023 000's $	2022 000's $
ASSETS			
Current assets			
Cash and cash equivalents	9	**38,250**	48,301
Trade and other receivables	10	**309**	238
Other current assets	11	**637**	83
		39,196	48,622
Assets classified as held for sale	12	**307**	-
Total current assets		**39,503**	48,622
Non-current assets			
Property, plant and equipment	13	**104,327**	77,376
Investments in associates	14	**3,067**	-
Other non-current assets		**-**	4
Total non-current assets		**107,394**	77,380
TOTAL ASSETS		**146,897**	126,002
LIABILITIES			
Current liabilities			
Trade and other payables	15	**2,171**	1,555
Other financial liabilities		**4**	-
Employee benefits	16	**-**	37
Borrowings	17	**1,411**	-
Total current liabilities		**3,586**	1,592
Non-current liabilities			
Trade and other payables	15	**2,935**	-
Deferred tax liabilities	7	**4,423**	2,374
Borrowings	17	**7,070**	-
Other financial liabilities		**158**	-
Total non-current liabilities		**14,586**	2,374
TOTAL LIABILITIES		**18,172**	3,966
NET ASSETS		**128,725**	122,036
EQUITY			
Contributed equity	18	**102,406**	109,613
Reserves	19	**45,144**	28,302
Accumulated profit / (loss)		**(19,780)**	(15,879)
Non-controlling interest		**955**	-
TOTAL EQUITY		**128,725**	122,036

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2023

2023

	Note	Issued capital 000's $	Treasury shares 000's $	Property, plant & equipment revaluation reserve 000's $	Option & performance rights reserve 000's $	Accumulated profit 000's $	Non-controlling Interests 000's $	Total 000's $
Balance at July 1, 2022		122,923	(13,310)	27,981	321	(15,879)	-	122,036
Loss for the period		-	-	-	-	(9,544)	(124)	(9,668)
Other comprehensive income		-	-	16,370	-	-	-	16,370
Transactions with owners in their capacity as owners								
Net impact of change in equity holdings in Nobrac Ltd		-	-	-	-	5,643	1,079	6,722
Share buy-backs	18(b)	(7,056)	-	-	-	-	-	(7,056)
Treasury shares cancelled		(13,310)	13,310	-	-	-	-	-
Share issue & buy-back costs	18(b)	(151)	-	-	-	-	-	(151)
Share-based payments	27	-	-	-	472	-	-	472
Balance at 30 June 2023		102,406	-	44,351	793	(19,780)	955	128,725

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2023

2022

	Note	Issued capital 000's $	Treasury shares 000's $	Property, plant & equipment revaluation reserve 000's $	Option & performance rights reserve 000's $	Accumulated profit 000's $	Non-controlling Interests 000's $	Total 000's $
Balance at July 1, 2021		91,183	(492)	9,237	668	(14,336)	-	86,260
Loss for the period		-	-	-	-	(3,206)	-	(3,206)
Other comprehensive income		-	-	18,744	-	-	-	18,744
Transactions with owners in their capacity as owners								
Shares issued	18(b)	32,400	-	-	-	-	-	32,400
Share buy-backs	18(b)	-	(12,818)	-	-	-	-	(12,818)
Share issue & buy back costs	18(b)	(660)	-	-	-	-	-	(660)
Share-based payments	27	-	-	-	1,316	-	-	1,316
Performance rights cancelled		-	-	-	(1,663)	1,663	-	-
Balance at 30 June 2022		122,923	(13,310)	27,981	321	(15,879)	-	122,036

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2023

	Note	2023 000's $	2022 000's $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**504**	1,593
Payments to suppliers and employees		**(9,370)**	(6,187)
Payments to wharf development suppliers		**-**	(897)
Interest received		**714**	26
Government grant		**-**	(1,128)
Insurance recoveries		**-**	3,500
Net cash flows from operating activities	21	**(8,152)**	(3,093)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**730**	6,226
Purchase of wharf development assets		**-**	(1,163)
Purchase of plant and equipment		**(7,625)**	(5,108)
Investment in associate - Biocare Projects Pty Ltd	14	**(3,000)**	-
Net cash flows used in investing activities		**(9,895)**	(45)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares in parent		**-**	32,400
Proceeds from the issue of shares in subsidiary		**7,070**	-
Payment for share issue costs		**(464)**	(878)
Purchase of shares		**(7,091)**	(12,818)
Proceeds from borrowings		**8,803**	-
Repayment of borrowings		**(322)**	-
Net cash flows used in financing activities		**7,996**	18,704
Net increase/(decrease) in cash and cash equivalents		**(10,051)**	15,566
Cash and cash equivalents at beginning of year		**48,301**	32,735
Cash and cash equivalents at end of year	9	**38,250**	48,301

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2023

1 Corporate information

The financial report for Kiland Ltd for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on 27 September 2023.

Kiland Ltd is a for-profit company incorporated and domiciled in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' report.

2 Basis of preparation and accounting policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for biological assets, investment properties and freehold land that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order *2016/191*. The Company is an entity to which the class order applies.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

(c) New accounting standards and interpretations

At the date of authorisation of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Group. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

The accounting policies applied by the Group in the consolidated financial statements are consistent with those applied in the prior year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Standards, interpretations and amendments that apply for the first time in the current year did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Kiland Limited and its subsidiaries as at and for the period ended 30 June each year (the Group).

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Notes to the Financial Statements
For the Year Ended 30 June 2023

2 Basis of preparation and accounting policies

(d) Basis of consolidation

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-Group transactions and dividends have been eliminated in full.

All controlled entities have a June financial year-end.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Kiland Ltd are accounted for at cost in the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other income in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised. See Note 26 for parent entity information.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

Notes to the Financial Statements
For the Year Ended 30 June 2023

2 Basis of preparation and accounting policies

(e) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker in order to make decisions about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available. This includes start-up operations, which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services
- Nature of the production processes
- Type or class of customer for the products and services
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

There have been no changes from the prior period in the measurement methods used to determine reported segment profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(g) Trade and other receivables

(i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements
For the Year Ended 30 June 2023

2 Basis of preparation and accounting policies

(g) Trade and other receivables

(ii) Impairment of trade receivables

The group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance 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. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables are presented as net impairment losses within other expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

(h) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument.

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

Notes to the Financial Statements
For the Year Ended 30 June 2023

2 Basis of preparation and accounting policies

(h) Financial instruments

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial asset

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

on the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and

Notes to the Financial Statements
For the Year Ended 30 June 2023

2 Basis of preparation and accounting policies

(h) Financial instruments

- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so as the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one- time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Company made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Company's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Notes to the Financial Statements
For the Year Ended 30 June 2023

2 Basis of preparation and accounting policies

(h) Financial instruments

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Basis of preparation and accounting policies

(h) Financial instruments

General approach

Under the general approach, at each reporting period, the Company assessed whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the Company measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the Company measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that results from transactions that are within the scope of AASB 15: Revenue from Contracts with Customers , that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Company assumed that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12- month expected credit loss.

In order to make such determination that the financial asset has low credit risk, the Company applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Notes to the Financial Statements
For the Year Ended 30 June 2023

2 **Basis of preparation and accounting policies**

(h) **Financial instruments**

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised, a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(i) **Property, plant and equipment**

Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment	2 - 25 years

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each financial year-end.

Freehold land and buildings

Freehold land and buildings are measured at fair value (refer to Note 2(u)) at the date of revaluation.

In accordance with AASB 13 *Fair Value Measurement* paragraph 27, the Group's valuation basis for its freehold land is at "Highest and Best Use". For the majority of the Group's freehold land and buildings this is as agricultural land and buildings, less an allowance for the cost of reversion from forestry land. The fair value valuation has been prepared using a 'Summation Approach' whereby the land value has been assessed as a rate per hectare which is summated with the added value of any structural improvement. Further details of the plantation land and buildings fair value valuation can be found in Note 13.

Any revaluation increment is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit and loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in the profit and loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss within other income or expenses.

Notes to the Financial Statements
For the Year Ended 30 June 2023

2 Basis of preparation and accounting policies

(i) Property, plant and equipment

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Certain leasehold land, held under perpetual crown lease, is treated in the same manner as freehold land.

Buildings are depreciated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	40 years

Derecognition and impairment

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

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.

(j) Leases

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients method. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(k) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite useful lives and non- financial assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffer impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(l) Investment in associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures.* Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

Notes to the Financial Statements
For the Year Ended 30 June 2023

2 Basis of preparation and accounting policies

(m) Trade and other payables

Trade payables and other payables are carried at amortised cost due to their short-term nature and are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year, for which the Group is obliged to make future payments. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Provisions and employee leave benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee Leave Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date, are recognised in respect of employees' services up to the reporting date.

They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(o) Contributed equity

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

(p) Revenue and other income recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Timber sales

Timber sales are recognised when the Group has transferred control of the goods to the customer, which is generally when the customer has taken delivery of the goods.

Timber sales are recognised at the point in time that control transfers which is the satisfaction of the only performance obligation.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Basis of preparation and accounting policies

(p) Revenue and other income recognition

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Operating leases

The Group earns rental income from operating leases over some of its property (see Note 6). Rental income is recognised on a straight-line basis over the term of the lease.

(q) Share-based payment transactions

Equity-settled share-based payments including the issue of performance rights made to directors and other Group personnel are measured at fair value at grant date. Market based vesting conditions, such as the achievement of specified share prices, are incorporated into the fair value assessment at grant date. The fair value of performance rights is recognised as an expense, with a corresponding increase in the share-based payments reserve in equity over the period during which the recipient becomes unconditionally entitled to the rights. The expense is not revised in subsequent reporting periods for instruments that do not vest due to a failure to meet market-based vesting conditions.

Equity-settled share-based payments to other parties are measured at the fair value of goods and services received, except where the fair value cannot be estimated reliably, in which the transaction is measured at the fair value of the equity instruments granted on the date the goods or services are received.

(r) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Notes to the Financial Statements
For the Year Ended 30 June 2023

2 Basis of preparation and accounting policies

(r) Income tax

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures; in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Kiland Ltd and its wholly-owned Australian entities have implemented the tax consolidation legislation as of 1 July 2004.

The head entity, Kiland Ltd, and the controlled entities in the tax consolidation group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Kiland Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and tax credits assumed from controlled entities in the tax consolidation group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding agreement are disclosed in Note 7.

Notes to the Financial Statements
For the Year Ended 30 June 2023

2 Basis of preparation and accounting policies

(r) Income tax

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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

(s) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent and adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares on issue, adjusted for any bonus element.

(t) Comparative figures

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

Notes to the Financial Statements
For the Year Ended 30 June 2023

2 Basis of preparation and accounting policies

(u) Fair value measurements

Certain accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

Management has overall responsibility to oversee all significant fair value measurements and reports these to the Audit and Risk Committee. Management regularly reviews significant components of fair value measurements, including unobservable inputs and other valuation adjustments. If third party information, such as valuation reports, are used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of AASB 13 Fair Value Measurement, including the level in the fair value hierarchy in which such valuations should be disclosed. Significant valuation issues are reported to the Board of Directors through the Audit and Risk Committee.

The Group uses observable data as much as possible when measuring the fair value of an asset or liability. Fair values of assets or liabilities are categorised into different levels in the fair value hierarchy based on the lowest input used in the valuation techniques as follows:

- Level 1: quoted (unadjusted market prices in active markets for identical assets or liabilities).
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is signi?cant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 13: Property, Plant and Equipment;

The fair value of cash and short-term deposits, trade receivables, other current financial assets, trade payables and other current liabilities approximate their carrying values largely due to the short-term maturities of these instruments. Management reviews this assessment at least annually.

(v) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates, and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Basis of preparation and accounting policies

(v) Significant accounting judgements, estimates and assumptions

Key Estimate - Valuation of biological assets

The Board has resolved to value the Group's biological assets using a 30 June 2023 director's valuation of $nil (2022: $nil). The director's valuation assumes that:

- until the Board has confirmed a viable strategy to remove the damaged timber from other plantations, a fair value of $nil has been determined for all damaged or partially damaged timber plantations; and

- with the refusal of development approval for the wharf; viable exploitation of the undamaged timber resource is now less than probable.

The fair value of the Group's biological assets has been calculated using a director's valuation, which allows the Group to estimate the value of its timber under various scenarios and to consider the impact of variables within and outside the Group's control, such as harvesting costs, internal road construction costs, haulage, wharf charges, exchange rates and international timber prices. Like any forward-looking valuation, the outputs are sensitive to the choice of assumptions.

Key Estimate - Valuation of Land

The fair value of plantation and non-plantation land and building assets was calculated by an independent expert, LAWD Pty Ltd ('LAWD'), in their report dated 30 June 2023. The value provided is that of the Market Value of the Group's portfolio and also takes into account fair value measurements in accordance with Australian Accounting Standards Board (AASB) 13. The combined approach utilises the Highest and Best Use (HBU) of each property, observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use.

A significant assumption in LAWD's valuation is that the HBU of forestry plantations is agriculture. Forestry plantations have been valued as agricultural land less an allowance for the cost of reversion from forestry land.

Key Estimate - Valuation of Performance rights

The fair value of performance rights is measured at grant date using probabilistic estimates in relation to future share prices and taking into account the terms and conditions upon which the rights were granted.

The expense is recognised over the performance rights vesting period. Refer to Notes 18 and 27 for further details.

Key Estimate - *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences if management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Key estimate - Reversion Expenses

The entity has considered the nature of expenditure incurred in relation to amounts presented as 'reversion expenses' and have determined that, in the judgement of management, the expenses incurred represent a combination of project management, performance fees, and maintenance costs incurred. As a result, the amount has been recognised as expense in full in the current period.

Notes to the Financial Statements
For the Year Ended 30 June 2023

3 Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. Primary responsibility for identification and control of financial risks is shared between the Board members and executive management.

Categories of Financial Assets and Liabilities

30 June 2023	Note	Assets at FVTPL $'000	Financial assets at amortised cost $'000	Total $'000
Financial Assets				
Cash and cash equivalents	9	-	38,250	38,250
Trade and other receivables	10	-	309	309
		-	38,559	38,559

	Note	*Designated at FVTPL $'000	*Other liabilities at FVTPL $'000	#Other liabilities $'000	Total $'000
Financial Liabilities					
Trade and other payables	15	-	-	5,106	5,106
Borrowings	17	-	-	8,481	8,481
Other financial liabilities		-	-	162	162
		-	-	13,749	13,749

30 June 2022	Note	Assets at FVTPL $'000	Financial assets at amortised cost $'000	Total $'000
Financial Assets				
Cash and cash equivalents	9	-	48,301	48,301
Trade and other receivables	10	-	238	238
		-	48,539	48,539

	Note	*Designated at FVTPL $'000	*Other liabilities at FVTPL $'000	#Other liabilities $'000	Total $'000
Financial Liabilities					
Trade and other payables	15	-	-	1,555	1,555
		-	-	1,555	1,555

* Carried at fair value

Carried at amortised cost

Notes to the Financial Statements

For the Year Ended 30 June 2023

3 Financial risk management objectives and policies

Risk exposures and responses

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest- bearing liabilities and short-term deposits.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2023 000's $	2022 000's $
Financial assets		
Cash and cash equivalents	**12,250**	48,301
Term deposits	**26,000**	-
	38,250	48,301
Financial liabilities		
Interest bearing liabilities	**(8,485)**	-
Net exposure	**29,765**	48,301

At 30 June 2023, if interest rates had moved as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post-tax profit Higher / (lower) 2023 $'000	2022 $'000	Equity Higher / (lower) 2023 $'000	2022 $'000
Consolidated				
+2% (2022: +2%)	595	966	-	-
-1% (2022: -1%)	(299)	(484)	-	-

The movements in profit due to higher/lower interest income from cash balances.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

Cash at bank is held at the National Australia Bank, which has an S&P (Standard & Poors) rating of AA-. Credit risk in trade and other receivables is managed in the following ways:

- a regular risk review takes place on all receivables and loan balances; and
- The Chief Financial Officer has direct responsibility for the recovery of outstanding accounts. All overdue accounts are now sent directly to the Group's lawyers for legal action after other avenues of recovery have been exhausted.

Notes to the Financial Statements
For the Year Ended 30 June 2023

3 Financial risk management objectives and policies

Risk exposures and responses

Credit risk

Legal action on those particular accounts where the matter is being defended are dealt with directly by the Chief Financial Officer and the lawyers involved.

The Chief Financial Officer regularly reports to the Board of Directors on these matters.

Refer to Note 10 for an ageing analysis of receivables.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other available credit lines.

Maturity analysis of financial assets and liability based on managment's expectations

Trade payables and other financial liabilities mainly originate from the financing of assets used in ongoing operations. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities, as well as to enable an effective controlling of future risks, Kiland Ltd has established risk reporting that reflects the expectations of management in regards to the expected settlement of financial assets and liabilities.

	< 6 months $'000	6-12 months $'000	1-5 years $'000	> 5 years $'000	Total $'000
Year ended 30 June 2023					
Fiancial assets					
Cash and cash equivalents	38,250	-	-	-	38,250
Trade and other receivables	309	-	-	-	309
	38,559	-	-	-	38,559
Financial Liabilities					
Trade and other payables	(5,106)	-	-	-	(5,106)
Borrowings	(694)	(717)	(7,070)	-	(8,481)
Other financial liabilities	(162)	-	-	-	(162)
	(5,962)	(717)	(7,070)	-	(13,749)
Net Maturity	32,597	(717)	(7,070)	-	24,810

	< 6 months $'000	6-12 months $'000	1-5 years $'000	> 5 years $'000	Total $'000
Year ended 30 June 2022					
Fiancial assets					
Cash and cash equivalents	48,301	-	-	-	48,301
Trade and other receivables	238	-	-	-	238
	48,539	-	-	-	48,539
Financial Liabilities					
Trade and other payables	(1,555)	-	-	-	(1,555)
	(1,555)	-	-	-	(1,555)
Net Maturity	46,984	-	-	-	46,984

Notes to the Financial Statements

For the Year Ended 30 June 2023

3 Financial risk management objectives and policies

Risk exposures and responses

Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

Price risk

The Group's exposure to commodity and equity securities price risk is minimal as the Group does not hold investments in equity securities.

4 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 June 2023:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2023				
Property, plant and equipment				
Land held for production in Australia	-	-	90,199	90,199
Other land and buildings	-	-	3,462	3,462
	-	-	93,661	93,661

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2022				
Property, plant and equipment				
Land held for production in Australia	-	-	69,059	69,059
Other land and buildings	-	-	3,591	3,591
	-	-	72,650	72,650

Land held for production in Australia (Level 3)

The fair value of the plantation land assets was calculated by an independent expert, LAWD Pty Ltd, in their valuation dated 30 June 2023.

Refer to Note 13 for further details.

5 Operating segments

The Group has operations in one business segment, agriculture. The Group is engaged in removing the trees from its timber plantations and converting its land to more traditional agricultural use. The Group continues to pursue opportunities to salvage the tree crop.

All operations are conducted in Australia.

Notes to the Financial Statements

For the Year Ended 30 June 2023

6 Revenue and expenses

(a) Lease income

	2023 000's $	2022 000's $
Leases: freehold land and buildings	**12**	37
	12	37

The Group leases freehold land and buildings to third parties under lease arrangements. The Group also lets out some of its residential properties on a short-term basis and receives rental for a government communications site.

(b) Other income

	2023 000's $	2022 000's $
Other income	**199**	31
Insurance recoveries	**-**	3,500
	199	3,531

(c) Profit on sale of property, plant & equipment

	2023 000's $	2022 000's $
Sale of property, plant and equipment	**730**	6,226
Carrying value of assets sold	**(499)**	(5,858)
Profit on assets sold	**231**	368

(d) Reversion expenses

	2023 000's $	2022 000's $
Reversion contractor management and performance fee	**3,689**	-
Labour	**1,987**	-
Depreciation	**1,319**	-
Fuel and oils	**894**	-
Repairs and maintenance	**841**	-
Agricultural supplies	**298**	-
Powerline clearing	**489**	-
Cleaning and waste removal	**181**	-
Rent	**54**	-
Other reversion expenses	**1,083**	-
	10,835	-

Notes to the Financial Statements

For the Year Ended 30 June 2023

6 Revenue and expenses

(d) Reversion expenses

Reversion costs are those related to reverting the land use from one of plantation forests to one of pasture and grazing land. The major expense involved is in clearing the fire damaged plantation forests. This includes tree felling, log stacking and stump grinding. Following the harvesting and clearing activities additional costs are then incurred erecting fences, spraying weeds and seeding pasture.

(e) Administrative and other expenses

	2023 000's $	2022 000's $
Share-based payment	**472**	1,316
Audit and tax fees	**220**	118
ASIC fees	**10**	8
Depreciation	**2**	353
ASX/share registry fees	**69**	89
Director's fees (excluding share-based payment)	**611**	520
Legal fees	**202**	353
Professional fees	**745**	674
Insurance	**135**	77
Travel	**123**	63
Other corporate expenses	**284**	906
	2,873	4,477

(f) Finance costs

	2023 000's $	2022 000's $
Other interest	**104**	-

(g) Employee benefits expense

	2023 000's $	2022 000's $
Wages and salaries (including Executive Directors fees)	**332**	794
Non-Executive Directors' fees (including super)	**279**	191
Performance rights	**472**	1,316
Annual leave provision	**-**	(24)
Long service leave provision	**-**	(42)
Superannuation	**-**	46
	1,083	2,281

Notes to the Financial Statements
For the Year Ended 30 June 2023

7 Income tax

(a) Income tax expense

The major components of income tax expense are:

	2023 000's $	2022 000's $
Current income tax	**-**	-
Deferred income tax	**(3,034)**	(657)
Income tax expense / (benefit) reported in profit or loss	**(3,034)**	(657)
Tax expense/(benefit) at the statutory income tax rate of 25% (2022: 25%)	**(3,144)**	(966)
Adjustments for deferred tax of prior periods	**-**	28
Non-deductible expenses/capital gain on sale of land	**110**	330
Restate deferred tax balances at expected future rate of 25% (2022: 25%)	**-**	(49)
Income tax expense/(benefit) reported in income statement	**(3,034)**	(657)

(b) Amounts charged / (credited) to equity

	2023 000's $	2022 000's $
Share issue costs	**126**	218
Revaluation of land	**(5,209)**	(1,988)
Income tax expense reported in equity	**(5,083)**	(1,770)

Tax consolidation

The Company and its 100% owned controlled entities have formed a tax consolidated group. Members of the Consolidated Entity have entered into a tax sharing arrangement in order to allocate income tax expenses to the wholly owned controlled entities on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote. The head entity of the tax consolidated group is Kiland Ltd.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated Group in accordance with a group allocation approach which is consistent with the principles of AASB 112 *Income Taxes*.

The allocation of taxes under the tax funding agreement is recognised as an increase/(decrease) in the member entities' intercompany accounts with the tax consolidated group head company, Kiland Ltd. In this regard the Company, has assumed the benefit of tax losses from the member entities as of the balance date. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

Notes to the Financial Statements
For the Year Ended 30 June 2023

7 Income tax

Tax losses recognised

The gross value of tax losses recognised at 30 June 2023 amounted to $25,102,834 (2022: $27,559,851).

Tax losses not recognised

The gross value of capital tax losses not recognised at 30 June 2023 amounted to $nil (2022: $nil).

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Total	
	2023 000's $	**2022 000's $**	**2023 000's $**	**2022 000's $**	**2023 000's $**	**2022 000's $**
Property, plant & equipment	**-**	-	**(7,197)**	(1,988)	**(7,197)**	(1,988)
Capital raising costs	**230**	201	**-**	-	**230**	201
Trade and other receivables	**-**	-	**(4,500)**	(7,500)	**(4,500)**	(7,500)
Trade and other payables	**769**	23	**-**	-	**769**	23
Tax losses	**6,275**	6,890	**-**	-	**6,275**	6,890
Total	**7,274**	7,114	**(11,697)**	(9,488)	**(4,423)**	(2,374)

Deferred income tax

Deferred income tax for the year ended 30 June 2023 relates to the following:

Movements in temporary differences during the year	Balance 30 June 2022 $'000	Recognised in income $'000	Recognised in equity $'000	Balance 30 June 2023 $'000
Property, plant & equipment	(1,988)	-	(5,209)	(7,197)
Assets classified as held for sale	-	-	-	-
Biological assets	-	-	-	-
Capital raising costs	201	(97)	126	230
Trade and other receivables	(7,500)	3,000	-	(4,500)
Trade and other payables	23	746	-	769
Tax losses	6,890	(615)	-	6,275
	(2,374)	3,034	(5,083)	(4,423)

Movements in temporary differences during the year	Balance 30 June 2021 $'000	Recognised in income $'000	Recognised in equity $'000	Balance 30 June 2022 $'000
Property, plant & equipment	-	-	(1,988)	(1,988)
Assets classified as held for sale	5,321	(5,321)	-	-
Biological assets	-	-	-	-
Capital raising costs	111	(128)	218	201
Trade and other receivables	(11,421)	3,921	-	(7,500)
Trade and other payables	56	(33)	-	23
Tax losses	4,672	2,218	-	6,890
	(1,261)	657	(1,770)	(2,374)

Notes to the Financial Statements
For the Year Ended 30 June 2023

8 Earnings per share

The following reflects the income and share data used in the total operation's basic and diluted earnings per share computations:

(a) Earnings used in calculating earnings per share

	2023 000's $	2022 000's $
Net profit/(loss) attributable to ordinary equity holders of the parent	**(9,544)**	(3,206)

There is no dilutive effect of the Performance Rights on earnings.

(b) Weighted average number of shares

	2023 000's No.	2022 000's No.
Weighted average number of ordinary shares for basic earnings per share	**75,146**	55,706
Effect of dilution:		
Share options and performance rights	**-**	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**75,146**	55,706

(c) Basic and diluted earnings per share

	2023 EPS in cents	2022 EPS in cents
Basic and diluted earnings per share	**(12.70)**	(5.76)

There are no instruments excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for both periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

9 Cash and cash equivalents

	2023 000's $	2022 000's $
Cash at bank and in hand	**12,250**	48,301
Short-term deposits	**26,000**	-
	38,250	48,301

Notes to the Financial Statements
For the Year Ended 30 June 2023

9 Cash and cash equivalents

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

10 Trade and other receivables

	2023 000's $	2022 000's $
CURRENT		
Trade receivables (a)	**121**	109
Sundry debtors	**188**	129
Carrying amount of trade and other receivables	**309**	238

(a) Terms of trade

Trade debtors are non-interest bearing and generally on 30-day terms.

(b) Ageing analysis of trade and other receivables

At 30 June 2023, the ageing analysis of trade and other receivables is as follows:

	0 - 30 days $'000	31 - 60 days $'000	61 - 90 days $'000	91+ days $'000	Total $'000
Trade receivables	119	-	-	2	121
Sundry debtors	188	-	-	-	188
	307	-	-	2	309

At 30 June 2022, the ageing analysis of trade and other receivables is as follows:

	0 - 30 days $'000	31 - 60 days $'000	61 - 90 days $'000	91+ days $'000	Total $'000
Trade receivables	95	-	-	14	109
Sundry debtors	129	-	-	-	129
	224	-	-	14	238

(c) Credit risk and effective interest rate risk and fair values

Details regarding the credit risk and effective interest rate of current receivables are disclosed in Note 3. The net carrying amount of trade and other receivables is assumed to approximate their fair value.

Notes to the Financial Statements

For the Year Ended 30 June 2023

11 Other current assets

	2023 000's $	2022 000's $
Prepayments	**216**	83
Deposits	**421**	-
	637	83

12 Assets classified as held for sale

	2023 000's $	2022 000's $
Land held for sale - Lot 41 Freeoak Road, Wisanger SA (a)	**307**	**-**

a) This is a property that was held as part of the proposed port development. It is no longer required and has been placed on the market. It is held at carrying value rather than market value.

13 Property, plant and equipment

(a) Reconciliation of carrying amounts of property, plant and equipment at the beginning and end of the period.

	Freehold land and Buildings 000's $	Plant and equipment 000's $	Total 000's $
Year ended 30 June 2023			
At 1 July 2022 net of accumulated depreciation and impairment	72,650	4,726	77,376
Additions	410	7,214	7,624
Disposals	(806)	-	(806)
Revaluation	21,454	-	21,454
Adjustment in accumulated depreciation in relation to disposal/revaluation	-	-	-
Depreciation during the year	(47)	(1,274)	(1,321)
At 30 June 2023 net of accumulated depreciation and impairment	93,661	10,666	104,327
At 30 June 2023			
Cost or fair value	93,661	12,619	106,280
Accumulated depreciation and impairment	-	(1,953)	(1,953)
Net carrying amount	93,661	10,666	104,327

Notes to the Financial Statements
For the Year Ended 30 June 2023

13 Property, plant and equipment

(a) Reconciliation of carrying amounts of property, plant and equipment at the beginning and end of the period.

Year ended 30 June 2022			
At 1 July 2021 net of accumulated depreciation and impairment	51,422	495	51,917
Additions	518	4,561	5,079
Disposals	-	-	-
Revaluation	20,710	-	20,710
Adjustment in accumulated depreciation in relation to disposal/revaluation	23	-	23
Depreciation during the year	(23)	(330)	(353)
At 30 June 2022 net of accumulated depreciation and impairment	72,650	4,726	77,376
At 30 June 2022			
Cost or fair value	72,650	5,457	78,107
Accumulated depreciation and impairment	-	(731)	(731)
Net carrying amount	72,650	4,726	77,376

(b) Freehold land revaluations

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation.

The fair value measurements of the Group's plantation land and buildings as at 30 June 2023 and 30 June 2022 are based on an independent expert's valuation.

The fair value measurements of the Group's other land and buildings as at 30 June 2023 are at a directors valuation, while the June 2022 measurement was based on an independent expert's valuation.

The net result of the 30 June 2023 revaluation amounted to $21,453,565 of which $16,369,668 was recognised in the asset revaluation reserve and $5,083,897 as deferred tax.

Independent expert's valuation technique - Plantation land and buildings

The Board has elected to use valuations of plantation land and buildings provided by an independent external valuer, LAWD Pty Ltd ('LAWD'). Plantation land and buildings represent approximatively $91.3m (or 97%) of the value of total land and buildings of $93.7m. Other non-agricultural properties totaling approximately $2.4m make up the balance of the total value.

The fair value of the plantation land and building assets was calculated by LAWD with a valuation date of 30 June 2023. The valuation was carried out in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*. This valuation method has been used by LAWD as it provides the best estimate of a price reasonably obtainable in the property market at the report date. The fair value valuation has been prepared using a 'Summation Approach' whereby the land value has been assessed as a rate per hectare which is added to the value of any structural improvements. The independent expert has assessed the rate per hectare for the productive component of the agricultural estate (including remnant vegetation and water bodies) as $3,571 per hectare. The land's location, rainfall, physical attributes, location of amenities and improvements

Notes to the Financial Statements
For the Year Ended 30 June 2023

13 Property, plant and equipment

(b) Freehold land revaluations
all influence where in this range a particular is valued.

An allowance of up to $4,000 per hectare for the cost of rehabilitating the forestry estate for agricultural use has been included in the independent valuation.

Directors' valuation - Other land and buildings

The fair value of other land and building assets was determined by the directors with reference to a Restricted Desktop Indicative Assessment by LAWD. A Restricted Desktop Indicative Assessment is an indicative assessment without the benefit of a full inspection of properties and is not a full valuation undertaken in accordance with Australian Property Institute and valuation industry standards. The Group did conduct a full valuation of other land and buildings at 30 June 2023 and the directors believe that the Restricted Desktop Indicative Assessment is an accurate representation of the fair value of other land and buildings. The directors believe the land and buildings is primarily residential properties and they have undertaken a review of recent sales of comparable properties. The full valuation of other land and buildings at 30 June 2022 was $2,400,000. The valuation of other land and buildings at 30 June 2023 was $2,705,000. This represents a net increase of $305,000, of which $390,000 relates to land and buildings purchased in June 2023, and $500,000 relates to land and buildings sold during the year.

Fair value hierarchy

All fair value estimates for land and buildings are included in Level 3 of the fair value hierarchy.

Significant Observable Inputs

i. Recent sales of land on Kangaroo Island and recent trends in the sale of land in other agricultural regions, adjusted for comparability considerations.

ii. Land use deemed as Agricultural (Grazing).

Significant Unobservable Inputs

i. Estimated price per hectare is determined by the independent expert after observing each asset's:
   a. location including surrounding land use, amenities and local services;
   b. improvement including structural, fencing and water;
   c. land and climatic characteristics including soil, climate and rainfall;
   d. plantation details including planted hectares and age; and
   e. occupancy including dwellings, structures and licenses/leases.

ii. Estimated cost of reversion from Forestry to Agriculture use.

iii. Economic overview including local, State and industry economic overview.

Sensitivity analysis

The fair value measurement of freehold land is sensitive to changes in the unobservable inputs which may result in a significantly higher or lower fair value measurement. The following tables demonstrate the sensitivity

Notes to the Financial Statements

For the Year Ended 30 June 2023

13 Property, plant and equipment

(b) Freehold land revaluations

to a reasonably possible change in significant unobservable inputs, with all other variables held constant (change in profit and equity):

	2023 000's $	2022 000's $
Agricultural land		
Increase in estimated market value per hectare by 2%	**1,804**	1,381
Decrease in estimated market value per hectare by 2%	**(1,804)**	(1,381)
	-	-

(c) Leases

The Group earns rental income from operating leases of certain of its freehold land and buildings (see Note 6).

14 Investment in Biocare Projects Pty Ltd

On 9th May 2023, Kiland Ltd's subsidiary Nobrac acquired a 20% interest in the Australian private company BioCare Projects Pty Ltd. The investment in Biocare Projects Pty Ltd has been recognised as an Associate due to significant influence and equity accounting treatment has been applied.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control such decisions.

Under the equity method, the investment in Biocare Projects Pty Ltd is initially recognised at cost. The carrying amount of the investment has been adjusted to recognise changes in Nobrac's share of Biocare Projects Pty Ltd's net assets since the acquisition date.

	2023 000's $	2022 000's $
Opening balance	**-**	-
Investment in Associate - Biocare Projects Pty Ltd	**3,000**	-
Share of associate's loss after tax	**(91)**	-
Net movement in loan commitment liability (a)	**158**	-
Closing balance	**3,067**	-

a) Further to its initial investment, Nobrac has made available a $2 million loan facility to Biocare Projects Pty Ltd under a shareholder loan agreement. The interest rate of the loan facility is fixed at 11% whilst the current market rate for an unsecured loan has been determined to be 15%. Due to the interest rate falling below the determined market rate. The loan commitment fair value has been calculated as $157,804 using a present value formula based on the 4% difference between the interest rate and market rate.

Notes to the Financial Statements
For the Year Ended 30 June 2023

14 Investment in Biocare Projects Pty Ltd

Total assets and liabilities of Biocare Projects Pty Ltd as at 30 June 2023:

	30 June 2023 000's $
Cash and cash equivalents	2,580
Trade and other receivables	4
Total current assets	2,584
Property, plant and equipment	232
Total non-current assets	232
Total assets	2,816
Trade and other payables	812
Total current liabilities	812
Total liabilities	812
Net assets	2,004

Profit and loss of Biocare Projects Pty Ltd for the year ended 30 June 2023:

	30 June 2023 000's $
Gross profit for the year	252
Depreciation	-
Other expenses	(1,307)
Net loss	(1,055)

15 Trade and other payables

(a) Current liabilities

	2023 000's $	2022 000's $
Trade payables	1,898	598
Other payables	273	957
	2,171	1,555

Trade payables are unsecured, non-interest bearing and are usually paid within 30 days of recognition.

Notes to the Financial Statements

For the Year Ended 30 June 2023

15 Trade and other payables

(a) Current liabilities

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

(b) Non-current liabilities

	2023 000's $	2022 000's $
Other payables (a)	2,935	-

a) Accrual of performance fee payable to AAGIM Investment Management Pty Ltd in January 2025. Calculation is based on the AAGIM Management agreement.

16 Employee benefits

	2023 000's $	2022 000's $
Annual leave	-	23
Long service leave	-	13
Superannuation	-	1
	-	37

Employee benefits are non-interest bearing.

17 Borrowings

	2023 000's $	2022 000's $
Current		
Equipment finance facility (a)	1,411	-
Non-current		
Equipment finance facility (a)	7,070	-
Total borrowings	8,481	-

Notes to the Financial Statements

For the Year Ended 30 June 2023

17 Borrowings

(a) Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

	Nominal interest rate	Year of maturity	30 June 2023 Carrying amount $'000	30 June 2022 Carrying amount $'000
New Business Equipment Loan - Tranche 1	6.58%	March 2027	5,883	-
New Business Equipment Loan - Tranche 2 with a 30% residual	6.97%	June 2027	2,598	-
Total interest bearing liabilities			8,481	-

Equipment financed under this facility includes major vehicles associated with the reversion activities including harvesting and stacking of felled timber plus stump grinding.

18 Contributed equity

(a) Issued and paid-up capital

	2023 000's $	2022 000's $
Ordinary shares fully paid	**102,406**	**109,613**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in shares on issue

	2023		2022	
	No. of shares	$'000	No. of shares	$'000
Beginning of financial year	**75,723,338**	109,613	**56,480,359**	90,691
Shares issued	**-**	-	**29,448,112**	32,400
Share buy-backs	**(3,810,427)**	(7,056)	**(10,205,133)**	(12,818)
Share issue / buy-back costs, net of tax	**-**	(151)	**-**	(660)
End of financial year	**71,912,911**	102,406	**75,723,338**	109,613

(c) Capital management

The capital of the Group comprises cash and debt finance plus trade and other payables.

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

Notes to the Financial Statements
For the Year Ended 30 June 2023

18 Contributed equity

(c) Capital management

Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management monitors capital through the gearing ratio (net debt/total capital). The gearing ratios at 30 June 2023 and 30 June 2022 were as follows:

	2023 000's $	2022 000's $
Trade and other payables	**5,106**	**1,555**
Interest bearing liabilities	**8,481**	**-**
Less cash and cash equivalents	**(38,250)**	**(48,301)**
Net debt	**(24,663)**	**(46,746)**
Gearing Ratio	**-**	**-**

As at 30 June 2023 the Group's net cash exceeds debt.

The Group is not subject to any externally imposed capital requirements.

19 Reserves

	2023 000's $	2022 000's $
Share based payment reserve (a)	**793**	321
Property, plant and equipment revaluation reserve (b)	**44,351**	27,981
	45,144	28,302

(a) Share based payment reserve

	2023 000's $	2022 000's $
Opening balance at 1 July	**321**	**668**
Movement:		
Performance rights issued on 25 October 2021 - vesting	**472**	**321**
Performance rights issued on 1 July 2021	**-**	**995**
Performance rights issued on 1 July 2021 cancelled	**-**	**(1,663)**
Closing balance at 30 June	**793**	**321**

The share-based payments reserve records the fair value at grant date of performance rights granted to directors, employees and other parties that has been recognised as an expense at the reporting date. It also reflects the value of performance rights that are on issue but have not yet converted into shares.

Notes to the Financial Statements
For the Year Ended 30 June 2023

19 Reserves

(a) Share based payment reserve

On 25 October 2021, 2,902,500 Performance Rights were issued in the allocations and with the share price performance conditions outlined in Note 27.

Refer to Note 27 for further detail of the terms, conditions and allocations of the rights issued during the current financial year and related share-based payment expense.

(b) Property, plant and equipment revaluation reserve

	2023 000's $	2022 000's $
Opening balance at 1 July	**27,981**	**9,237**
Increase / (decrease) based on independent valuation	**21,454**	**20,710**
Deferred tax applicable to revaluation	**(5,084)**	**(1,966)**
	44,351	**27,981**

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

20 Contingent assets and liabilities

The Directors are not aware of any other matter or circumstance not otherwise dealt with in the report or consolidated financial statements that has significantly, or may significantly, affect the operations of the consolidated entity.

21 Reconciliation of statement of cash flows

Reconciliation from the net profit after tax to the net cash flows from operations

	2023 000's $	2022 000's $
Net profit / (loss)	**(9,668)**	(3,206)
Adjustments for:		
Depreciation	**1,321**	353
(Profit) / loss on sale of property, plant and equipment	**(231)**	(368)
Share-based payments (Note 27)	**472**	1,316
Share of associate’s (profit)/loss after tax	**91**	-
Changes in assets and liabilities:		
Increase/(decrease) in deferred tax	**(3,034)**	(657)
(Increase)/decrease in receivables and other current assets	**(621)**	(25)
Increase/(decrease) in payables and employee benefits	**3,518**	(506)
Net cash from operating activities	**(8,152)**	(3,093)

Notes to the Financial Statements
For the Year Ended 30 June 2023

22 Auditor remuneration

The auditor of Kiland Ltd is Grant Thornton.

	2023 $	2022 $
An audit or review of the financial report of the Group	**118,104**	77,300
Taxation services	**26,945**	40,800
Total	**145,049**	118,100

23 Key management personnel

(a) Compensation of key management personnel

	2023 $	2022 $
Non-Executive Directors		
Short-term benefits	**175,000**	**191,182**
Superannuation	**-**	**-**
Performance Rights	**122,324**	**367,456**
	297,324	**558,638**
Executives		
Short-term benefits	**491,434**	**1,073,120**
Superannuation	**23,625**	**22,672**
Long service leave	**-**	**(19,257)**
Performance Rights	**349,498**	**948,322**
Share-based remuneration payment	**-**	**-**
Termination benefits	**-**	**100,000**
	864,557	**2,124,857**
Total	**1,161,881**	**2,683,495**

The directors and executives have been reimbursed for Group expenses incurred during the year.

24 Change in shareholding of Nobrac Ltd

On 25 August 2022 Kiland set up a 100% owned subsidiary, Nobrac Ltd, to hold all the assets relating to its carbon business. On 30th December 2022 Nobrac Ltd. raised additional funding of $7,070k from external investors through an equity issue, which diluted Group's interest from 100% to 87.57% in Nobrac Ltd.

Transaction costs associated with the capital raise of $348k (net of tax effect) were incurred. The net consideration of $6,722k ($7,070k minus $348k) was received from external shareholders (Non Controlling Interests) which exceeds 12.43% of the net assets (post-funding value of Nobrac Ltd). The carrying value of net assets was $8,677k.

Notes to the Financial Statements
For the Year Ended 30 June 2023

24 Change in shareholding of Nobrac Ltd

Following is the schedule of reconciling the loss on the shareholding interest in Nobrac Ltd:

	000's
Net consideration received from non-controlling shareholders	6,722
Carrying value of the interest lost in Nobrac Ltd.	(1,079)
Gain recognised directly in retained earnings	**5,643**

	Consolidated	
	30-Jun 2023 $000's	30-Jun 2022 $000's
Opening balance	-	-
Contributed equity	1,079	-
Reserves	-	-
Accumulated profit/(loss)	(124)	-
Closing balance	**955**	-

Interest in subsidiary undertakings

Director, Paul McKenzie participated in the Nobrac Share issue and acquired 100,000 shares at $0.83 per share in December 2022 (prior period: nil). These shares are held by Aminac Pty Ltd ATF Aminac Superfund, of which Mr McKenzie is the Managing Director.

25 Related party disclosures

Ultimate parent

The ultimate parent entity is Kiland Ltd, a publicly listed company domiciled and incorporated in Australia.

Subsidiaries

The consolidated financial statements include the financial statements of Kiland Ltd and the subsidiaries listed in the following table:

Name	Principal place of business / Country of Incorporation	Percentage of equity interest held (%) 2023	Percentage of equity interest held (%) 2022
KI Seaport Pty Ltd*	Australia	**100.00**	100.00
KIPT Holdings Pty Ltd**	Australia	**100.00**	100.00
Kangaroo Island Plantation Management Pty Ltd	Australia	**100.00**	100.00
Kangaroo Island Land Assets Ltd	Australia	**100.00**	100.00
Kangaroo Island Timbers Pty Ltd	Australia	**100.00**	100.00
Nobrac Ltd***	Australia	**87.57**	-
KI Carbon Ltd****	Australia	**100.00**	100.00

Notes to the Financial Statements
For the Year Ended 30 June 2023

25 Related party disclosures

Subsidiaries

Name	Principal place of business / Country of Incorporation	Percentage of equity interest held (%) 2023	Percentage of equity interest held (%) 2022
Proportion of equity interest held by Non-Controlling Interests (NCI):			
Nobrac Ltd***	Australia	**12.43**	-

* KI Seaport Pty Ltd was incorporated on 29 January 2014 and is a wholly owned subsidiary of Kiland Ltd.

** KIPT Holdings Pty Ltd is a wholly owned subsidiary of Kiland Ltd and is the immediate parent entity to Kangaroo Island Plantation Management Pty Ltd, Kangaroo Island Land Assets Ltd and Kangaroo Island Timbers Pty Ltd.

*** Nobrac Ltd was incorporated on 25 August 2022 and is an 87.57% owned subsidiary of Kiland and is the immediate parent entity to KI Carbon Ltd.

****KI Carbon Ltd was incorporated on 24 June 2022 and is a wholly owned subsidiary of Kiland Ltd.

Transactions with related parties

Controlled Entities and Associates

Transactions between Kiland Ltd and other entities in the wholly owned group during the period consisted of:

- Loans advanced by Kiland Ltd; and
- Loans advanced to Kiland Ltd.
- Loans between 100% owned subsidiaries within the Kiland Group.
- Loans advanced by Kiland Ltd to Nobrac Ltd (not drawn at 30 June 2023);
- Loans advanced by Nobrac Ltd to Biocare Projects Pty Ltd (not drawn at 30 June 2023);

Loans provided by the Company to wholly owned entities are made on an interest free basis and are repayable on demand.

All inter-entity transactions and balances are eliminated in the consolidated financial statements.

Key management personnel

Details of the remuneration of key management personnel are included in Notes 23 and 27 and in the Remuneration Report.

Notes to the Financial Statements
For the Year Ended 30 June 2023

26 Parent Entity disclosures

Information relating to Kiland Ltd:

	2023 000's $	2022 000's $
Current assets	**46,149**	47,975
Non-current assets	**-**	2,058
Intercompany assets	**637**	39,849
Total Assets	**46,786**	89,882
Liabilities		
Current liabilities	**160**	186
Total Liabilities	**160**	186
Equity		
Issued capital	**102,417**	109,613
Option and performance rights reserve	**793**	321
Property, plant and equipment revaluation reserve	**768**	1,133
Retained earnings	**(57,352)**	(21,371)
Total Equity	**46,626**	89,696
Profit / (loss) of the parent entity	**(2,001)**	(2,854)
Net fair value gain in property, plant and equipment	**(365)**	(368)
Total comprehensive income	**(2,366)**	(3,222)

Parent entity guarantees, commitments and contingent liabilities

The Directors are not aware of any guarantees, commitments or contingent liabilities of the parent entity.

27 Share based payments

Recognised share-based payment expenses

The expense recognised for remuneration and other services received during the year is shown in the table below:

	2023 000's $	2022 000's $
Performance Rights - Directors (a)	**471,822**	**1,315,778**
Total	**471,822**	**1,315,778**

(a) Performance Rights – Directors

No Performance Rights vested in the year (prior year: nil).

Notes to the Financial Statements
For the Year Ended 30 June 2023

27 Share based payments

Recognised share-based payment expenses

(a) Performance Rights – Directors

At the 25 October 2021 Annual General Meeting, shareholders approved the issue on 25 October 2021 of a total of 2,902,500 Performance Rights, with an expiry date of 25 October 2024.

The allocations and share price performance conditions of the 25 October 2021 Performance Rights issue are outlined in further detail below.

Share-based payment expense for the year ended 30 June 2023 totalled $471,822. The balance of the value of the 25 October 2021 Rights will be recognised in future financial periods.

Details of share-based payment expense for the year is shown below.

	Year	Issued 25 October 2021 $	Issued 1 July 2021 $	Issued 30 June 2020 $	Total Performance Rights $
Non-Executive Directors					
P McKenzie	**2023**	**122,324**	**-**	**-**	**122,324**
	2022	83,114	142,171	-	225,285
G Boulton (1)	**2023**	**-**	**-**	**-**	**-**
	2022	-	142,171	-	142,171
Executive Directors					
J Davies	**2023**	**349,498**	**-**	**-**	**349,498**
	2022	237,467	-	-	237,467
K Lamb (2)	**2023**	**-**	**-**	**-**	**-**
	2022	-	568,684	-	568,684
S Black (3)	**2023**	**-**	**-**	**-**	**-**
	2022	-	142,171	-	142,171
Total	**2023**	**471,822**	**-**	**-**	**471,822**
	2022	320,581	995,197	-	1,315,778

Notes to the Financial Statements

For the Year Ended 30 June 2023

27 Share based payments

Recognised share-based payment expenses

(a) Performance Rights – Directors

Director Holdings of Performance Rights

	Opening interest at 1 July 2022	Performance rights granted as compensation	Performance rights cancelled	Closing interest at 30 June 2023
Non-Executives				
Paul McKenzie	752,500	-	-	752,500
Executive Directors				
James Davies	2,150,000	-	-	2,150,000
Total	**2,902,500**	**-**	**-**	**2,902,500**

Directors' Incentive Scheme / Performance Rights Plan

At the 25 October 2021 Annual General Meeting, shareholders approved a new Directors' Incentive Scheme (the Scheme).

Under the Scheme, and the Plan which proceeded it, the Board can issue Performance Rights to Executive and Non-Executive Directors as remuneration for additional duties performed and to incentivise them to align their interests more closely with those of Shareholders.

If the performance conditions and any other vesting conditions are met, an equivalent number of shares will be issued, that rank equally with all other existing shares in all respects.

A Plan participant must not dispose of any shares acquired under the Plan before the end of the restriction period (if any) which are subject to the Plan rules and the terms of the specific offer from time to time.

All performance rights plans contain an underlying service condition, that is, the employee/director has to remain employed until the performance conditions of the relevant plans are met in order for the rights to vest.

Valuation and Recognition of Remuneration

Under AASB 2 Share-Based Payment the fair value of any share-based remuneration is determined at the grant date and then recognised as an expense over the relevant vesting period. Performance rights are normally valued based on the Company's share price at the Grant Date. Vesting conditions that are market-based (such as achievement of a particular share price) are included in the fair value assessment. The directors have used an adapted Monte Carlo valuation method to value the performance rights.

Remuneration expense is then recognised over the relevant term of the performance rights, on the basis that the recipient must be an employee or director of the Group at the time a performance condition is met in order for the rights to vest. Amounts recognised as remuneration expense are not reversed through profit and loss if the rights do not vest because of a failure to meet a market-based performance condition. However, the value of performance rights that have been cancelled or expired is transferred from the share-based payment reserve to accumulated profit.

Notes to the Financial Statements
For the Year Ended 30 June 2023

27 Share based payments

Recognised share-based payment expenses

(a) Performance Rights – Directors

The Performance Rights expire over terms of between one and three years after approval or if they are replaced with new Performance Rights.

Performance Rights approved and issued on 25 October 2021

At the 25 October 2021 General Meeting, shareholders approved the issue on 25 October 2021 of a total of 2,902,500 Performance Rights, with an expiry date of 25 October 2024.

The total valuation of these performance rights of $1,416,760 will be expensed from the date of grant (25 October 2021) to the date of expiry (25 October 2024). This is considered to be the service period of the performance rights.

The 25 October 2021 Performance Rights were granted in four tranches with different share price performance conditions as shown below:

- the one month volume-weighted average price (VWAP) of the Group's Shares is achieved at the one year anniversary date of the date on which the ASX share price for the Company's shares was first at the relevant price hurdle, subject to the value of the Company's shares traded in the 12 months to the anniversary date exceeding $2 million; and
- the recipient must be an employee or director of the Group at the time the performance condition is met in order for the rights to vest.

One month VWAP	James Davies Rights	Paul McKenzie Rights	Total Rights	Total Valuation $
$1.50 or above	750,000	262,500	1,012,500	607,978
$1.75 or above	325,000	113,750	438,750	221,212
$2.00 or above	750,000	262,500	1,012,500	427,560
$2.25 or above	325,000	113,750	438,750	160,010
Total	**2,150,000**	**752,500**	**2,902,500**	**1,416,760**

The Directors employed an independent consultant to value the performance rights using a Monte Carlo model. The performance rights are all American call performance rights calculated with the following inputs:

- Valuation date of 25 October 2021;
- A share price of $1.195, being the closing share price as at 25 October 2021;
- A risk-free rate of 0.660%, based on the yield of Australian 3-year government bonds as at 25 October 2021;
- A volatility of 45.0% based on analysis of the historical volatility of ASX: KIL up to 25 October 2021, rounded to one decimal place and reflecting the period for which performance is measured; and
- A strike price of $nil.

Notes to the Financial Statements
For the Year Ended 30 June 2023

27 Share based payments

Recognised share-based payment expenses

(a) Performance Rights – Directors

One month VWAP	Shares to be issued	Grant date to 31 Dec 2021 $	6 months to 30 Jun 2022 $	6 months to 31 Dec 2022 $	6 months to 30 Jun 2023 $
$1.50 or above	1,012,500	37,167	100,405	102,069	100,405
$1.75 or above	438,750	13,523	36,532	37,138	36,532
$2.00 or above	1,012,500	26,137	70,610	71,780	70,610
$2.25 or above	438,750	9,782	26,425	26,863	26,425
Total	**2,902,500**	**86,609**	**233,972**	**237,850**	**233,972**

One month VWAP	Shares to be issued	Grant date to 31 Dec 2023 $	6 months to 30 Jun 2024 $	6 months to 31 Dec 2024 $	Total valuation $
$1.50 or above	1,012,500	102,069	100,960	64,903	607,978
$1.75 or above	438,750	37,138	36,734	23,615	221,212
$2.00 or above	1,012,500	71,780	71,000	45,643	427,560
$2.25 or above	438,750	26,863	26,571	17,081	160,010
Total	**2,902,500**	**237,850**	**235,265**	**151,242**	**1,416,760**

28 Commitments

(a) Capital Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Consolidated Plant & equipment	
	2023 000's $	**2022 000's $**
Due no later than one year	**1,038**	2,480
Later than one year but no later than 2 years	**-**	-
Later than 2 years but no later than 5 years	**-**	-
Later than 5 years	**-**	-
Total	**1,038**	2,480

There are no other commitments as at 30 June 2023.

29 Events after balance date

There have been no events subsequent to balance date that have significantly affected, or may affect in the future, the operations of state of affairs of the Group

Directors' Declaration

The directors of the Company declare that:

1. the consolidated financial statements and notes for the year ended 30 June 2023 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards, which, as stated in basis of preparation Note 2 to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the Company;

2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:

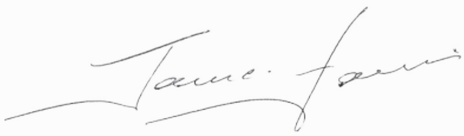
    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

    b. the consolidated financial statements and notes for the financial year comply with the Accounting Standards; and

    c. the consolidated financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion, 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 Board of Directors.



On behalf of the Board
James Davies - Executive Chairman

Dated this 27th day of September

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Independent Auditor's Report

To the Members of Kiland Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Kiland Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of Land (Note 13)	
Land is subject to a revaluation policy and as at 30 June 2023 the value is based on a valuation prepared by third party. Estimating the fair value of land is a complex process, including a model that uses several judgements and estimates regarding various inputs from both internal and external sources. This area is a key audit matter due to the significant level of judgement, including: • Estimated price per hectare taking into consideration land location, land improvements, plantation details and occupancy; and • The best use of the land.	Our procedures included, amongst others: • Evaluating the competence, capability, and objectivity of managements external expert; • Obtaining an understanding of the valuation process and techniques adopted by managements expert to assess if they are consistent with industry norms and AASB 13; • Comparing the data used by managements expert in their report to management records and other external evidence where possible; • Reviewing the estimates and assumptions used by managements expert for consistency with market evidence and prior year; and • Reviewing the relevant disclosures in the financial statements for completeness and accuracy.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Kiland Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 27 September 2023

Additional Information for Listed Public Companies
30 June 2023

ASX Additional Information
Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 15 September 2023.

Details of to 20 shareholders
The following is a list of the top 20 Shareholders of the Company:

	Ordinary shares	
	Number held	% of issued shares
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	28,352,558	39.43
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	14,820,000	20.61
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,977,560	5.53
SAMUEL TERRY ASSET MANAGEMENT PTY LTD <SAMUEL TERRY ABSOLUTE RETURN ACTIVE FUND A/C>	3,000,000	4.17
AMINAC PTY LTD <AMINAC SUPER FUND A/C>	2,132,500	2.97
AUSTRALIAN PHILANTHROPIC SERVICES FOUNDATION PTY LTD <APS FOUNDATION A/C>	2,000,000	2.78
H&G HIGH CONVICTION LIMITED	1,465,593	2.04
MR JOHN SERGEANT & MS JENNIFER SERGEANT <SERGEANT FAMILY S/F A/C>	1,400,000	1.95
BROADGATE INVESTMENTS PTY LTD	1,135,000	1.58
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	858,529	1.19
SHANDORA ONE PTY LTD <BENGER SUPER FUND A/C>	720,000	1.00
ALKE PTY LTD <THE P MCKENZIE FAMILY N2 A/C>	657,360	0.91
MR PHILIP KIDMAN REID	643,534	0.89
AAG INVESTMENT MANAGEMENT PTY LTD	445,000	0.62
PERPETUAL CORPORATE TRUST LTD <AIF>	375,000	0.52
TIAN XIA PTY LTD	350,000	0.49
G CHAN PENSION PTY LIMITED <CHAN SUPER FUND A/C>	341,894	0.48
ABBAWOOD NOMINEES PTY LTD <ABBOTT FAMILY S/F NO 1 A/C>	306,000	0.43
NORTH SHORE CAPITAL PTY LTD <THE CRAIG FAMILY SUPER A/C>	268,259	0.37
BENJAMIN HORNIGOLD LTD	267,437	0.37
Total top 20 shareholders	**63,516,224**	**88.32**
Remaining shareholders	**8,396,687**	**11.68**
Total	**71,912,911**	**100.00**

Distribution of shareholder numbers

Range	Total holders	Number of shares	% of shares
1 - 1,000	163	84,130	0.12
1,001 - 5,000	141	348,537	0.48
5,001 - 10,000	57	447,898	0.62
10,001 - 100,000	118	4,318,105	6.00
100,001 and over	40	66,714,241	92.77
TOTAL	519	71,912,911	100.00

Number of shareholders with less than a marketable parcel of securities

As at 15 September 2023, there were a total of 43 shareholders with less than a marketable parcel of securities held in Kiland Ltd.

Additional Information for Listed Public Companies
30 June 2023

Details of substantial shareholders

The following is a list of substantial shareholders of the Company and their associates:

Name of substantial shareholder	Registered holder of the shares	Number of shares held	% of total shares
Samuel Terry Asset Management Pty Ltd	JP Morgan Nominees Australia Pty Limited	28,352,558	
	Samuel Terry Asset Management Pty Ltd <Samuel Terry Absolute Return Active Fund A/c>	3,000,000	
	Mr Frederick Woollard	1,965	
	Total	**31,354,523**	**43.60**
Washington H Soul Pattinson and Company Limited	Washington H Soul Pattinson and Company Limited	14,820,000	20.61
Brickworks Limited	via sharholding in Washington H Soul Pattinson and Company Limited	14,820,000	20.61

Unlisted options

There are no unlisted options.

Performance rights

There are 2,902,500 performance rights on issue.

Types of securities and voting rights

There is one class of ordinary shares. Each share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Number and class of shares held in escrow

There are currently no ordinary shares held in escrow.

Buy Backs

On 8th March 2023, the Company issued an on-market share buy-back notification for up to 75,723,338 shares, under the ASX 10/12 rule.

The buy-back commenced on 9th March 2023 with a proposed end date of 8th March 2024. As at 30 June 2023, 3,810,427 shares were bought back for $7.1 million; the shares had not been cancelled at the date of this report.

Securities Exchange

The Company is listed on the Australian Securities Exchange under the ASX stock code KIL.

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Corporate information

Directors
James Richard Davies (Executive Chairman) Paul Lawrence McKenzie (Non-Executive Director)
Mitchell Bennett Taylor (Non-Executive Director)

Company Secretary
Andrew Metcalfe

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Bankers
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NAB Regional & Agribusiness Melbourne
395 Bourke Street
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Auditor
Grant Thornton Audit Pty Ltd
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Adelaide, South Australia 5000

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Australian Securities Exchange Code
KIL

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