

Kiland Ltd

ABN 19 091 247 166

Interim Financial Statements

For the Half Year Ended 31 December 2023

Kiland Ltd

ABN 19 091 247 166

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For the Half Year Ended 31 December 2023

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Kiland Ltd

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Directors' Report For the Half Year Ended 31 December 2023

Your directors submit their report for the half-year ended 31 December 2023 for Kiland Limited ("Company") and its controlled entities ("Group").

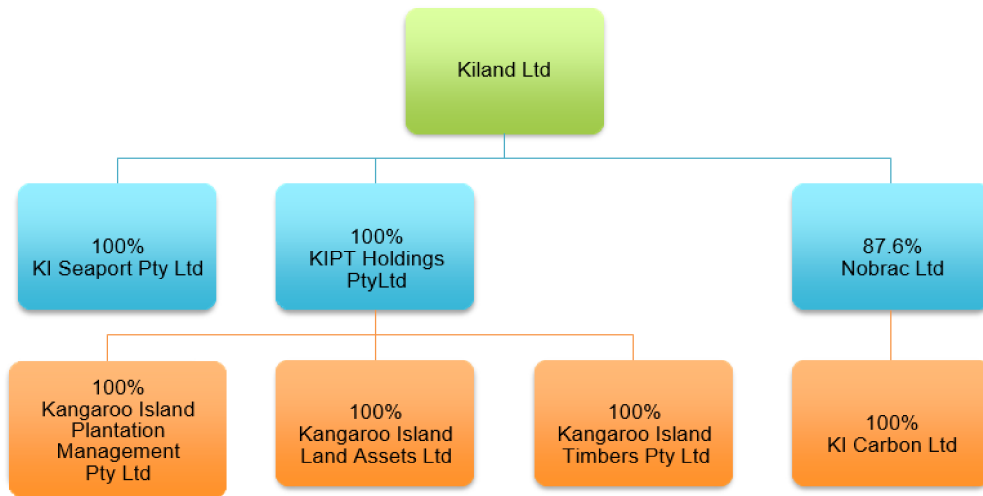
Directors

The names and details of the Company's Directors in office during the half-year and until the date of this report are as follows:

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

Corporate Structure

Kiland Ltd is a public 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 half-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%.

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Directors' Report

For the Half Year Ended 31 December 2023

Operating and financial review

The operational team on the island continued to progress with reversion activities across the half year ending 31 December 2023.

1,012 Ha of timber was harvested during the six month period leading to a total area harvested as at 31 December 2023 of 1,729 Ha (12% of the total).

Stumps were ground out on 666 Ha of the harvested area and 290 Ha were sown with pasture. The estate and neighbouring leased property were stocked with 19 rams and 2,567 ewes that produced 580 lambs during the half year.

On a **corporate** level the Kiland Group held its AGM in Sydney on November 28th. All resolutions were approved that were presented in the Notice Of Meeting including the increase to the Share Buy Back and the proposed de-listing from the ASX.

- The share buy-back was re-started and a further 5.6m shares were bought back from shareholders, on market, during December 2023. The total number bought back for the three month period was 8.0m shares.
- The ASX de-listing was completed at the end of December 2023 and all shareholders were posted a new holding statement in January 2024 by the Company's share registry, Computershare.

During the period Kiland has changed its accounting policy relating to the reversion costs. Reversion costs are now capitalised into the underlying value of the land assets, where appropriate, rather than expensed. This change in policy reflects the directors view that the costs incurred are adding value to the land as it is reverted to agricultural land from forest. In accordance with accounting standards, this change in accounting policy has been retrospectively applied to prior comparative periods.

An initial drawdown of \$350,000 was also made by Biochar Projects under their \$2m loan agreement with Nobrac. This is reflected as an other non-current asset along with the carrying value of the investment in Biocare Projects of \$2.7m (adjusted under equity accounting standards for Nobrac's 20% share of Biocare's net profit/(losses) since the time of the investment.

Finally, the **biochar project** which is held by Kiland's 87% owned subsidiary, Nobrac Ltd, is also underway. The half tonne per hour pilot unit has been purchased, delivered and commissioned on site at the Company's mill site near Parndana on Kangaroo Island. The mobile wood chipper is fully operational and procurement commenced for the 10 tonne per hour pyrolysis unit. Certification of the biochar production process (ie for the generation of carbon credits) also began at the end of the half.

Land Revaluation

The directors have determined that there is no change in the value of Land & Buildings since the June 2023 financial statement other than the capitalisation of \$5m in reversion costs during the half year.

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.

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 half year ended 31 December 2023 has been received and can be found on page 4 of the interim financial report.

ASIC corporations instrument 2016/191 rounding of amounts

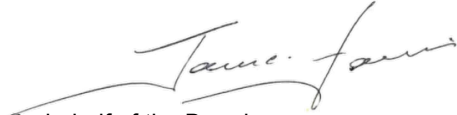
The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 applies and, accordingly, amounts in the interim financial statements and directors' report have been rounded to the nearest thousand dollars. The Group is an entity to which the Class Order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

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Directors' Report
For the Half Year Ended 31 December 2023

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

A handwritten signature in black ink, appearing to read 'James Davies', written over a horizontal line.

On behalf of the Board

James Davies - Executive Chairman

Dated this 27th day of February 2024

Auditor's Independence Declaration

To the Directors of Kiland Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Kiland Ltd for the half-year ended 31 December 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 27 February 2024

Kiland Ltd

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**Interim Statement of Profit or Loss and Other Comprehensive Income
For the Half Year Ended 31 December 2023**

	31 December 2023 000's \$	Restated 31 December 2022 000's \$
Sales	11	338
Cost of sales	(38)	(309)
Gross profit/(loss)	(27)	29
Interest received	570	135
Other income	197	68
Property related services expenses	5(a) (1,323)	(2,507)
Wharf feasibility costs	-	5
Administrative and other expenses	5(b) (2,020)	(1,024)
Finance costs	(273)	-
Fair value loss on biological assets	14 (16)	-
Share of associate's profit/(loss) after tax	(189)	-
Loss before income tax	(3,081)	(3,294)
Income tax (expense)/benefit	6 710	762
Loss for the period	(2,371)	(2,532)
Other comprehensive income	-	-
Total comprehensive loss for the period	(2,371)	(2,532)
Loss attributable to:		
Non-controlling interest	(179)	-
Owners of Kiland Limited	(2,192)	(2,532)
	(2,371)	(2,532)
Loss per share	31 Dec 2023	Restated 31 Dec 2022
	Cents	Cents
Basic and diluted loss per share	(3.34)	(3.34)

The financial statements should be read in conjunction with the accompanying notes

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**Statement of Financial Position
As at 31 December 2023**

		31 December 2023 000's	Restated 30 June 2023 000's
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	9	17,939	38,250
Other financial assets - Term deposits		999	-
Trade and other receivables	10	547	309
Other current assets	11	1,258	637
Assets classified as held for sale	12	307	307
Total current assets		21,050	39,503
Non-current assets			
Property, plant and equipment	13	111,485	104,327
Investments in associate		2,879	3,067
Biological assets - livestock	14	237	-
Other non-current financial assets		350	-
Total non-current assets		114,951	107,394
TOTAL ASSETS		136,001	146,897
LIABILITIES			
Current liabilities			
Trade and other payables	15	1,878	2,171
Other financial liabilities		5	4
Employee benefits		1	-
Borrowings	16	1,493	1,411
Total current liabilities		3,377	3,586
Non-current liabilities			
Trade and other payables	15	2,811	2,935
Deferred tax liabilities	6	3,788	4,423
Borrowings	16	13,328	7,070
Other financial liabilities		158	158
Total non-current liabilities		20,085	14,586
TOTAL LIABILITIES		23,462	18,172
NET ASSETS		112,539	128,725
EQUITY			
Contributed equity	18	88,353	102,406
Reserves	19	41,392	41,154
Accumulated losses		(17,982)	(15,790)
Non-controlling interest	20	776	955
TOTAL EQUITY		112,539	128,725

The financial statements should be read in conjunction with the accompanying notes

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Statement of Changes in Equity For the Half Year Ended 31 December 2023

	Issued capital	Treasury shares	Property, plant & equipment revaluation reserve	Option & performance rights reserve	Accumulated losses	Non-controlling Interests	Total
	000's	000's	000's	000's	000's	000's	000's
Note	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	102,406	-	44,351	793	(19,780)	955	128,725
Restatement	-	-	(3,990)	-	3,990	-	-
Balance at 1 July 2023 restated	102,406	-	40,361	793	(15,790)	955	128,725
Loss for the period	-	-	-	-	(2,192)	(179)	(2,371)
Transactions with owners in their capacity as owners							
Share buy-backs	18(b) (13,908)	-	-	-	-	-	(13,908)
Share issue & buy-back costs	18(b) (145)	-	-	-	-	-	(145)
Share-based payments	22 -	-	-	238	-	-	238
Balance at 31 December 2023	88,353	-	40,361	1,031	(17,982)	776	112,539

The financial statements should be read in conjunction with the accompanying notes

Kiland Ltd

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Statement of Changes in Equity For the Half Year Ended 31 December 2023

	Issued capital	Treasury shares	Property, plant & equipment revaluation reserve	Option & performance rights reserve	Accumulated losses	Non-controlling Interests	Total
	000's	000's	000's	000's	000's	000's	000's
Note	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	122,923	(13,310)	27,981	321	(15,879)	-	122,036
Loss for the period	-	-	-	-	(2,532)	-	(2,532)
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-based payments	22	-	-	238	-	-	238
Balance at 31 December 2022	<u>122,923</u>	<u>(13,310)</u>	<u>27,981</u>	<u>559</u>	<u>(12,768)</u>	<u>1,079</u>	<u>126,464</u>

The financial statements should be read in conjunction with the accompanying notes

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Interim Statement of Cash Flows For the Half Year Ended 31 December 2023

	31 December 2023 000's \$	Restated 31 December 2022 000's \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	74	307
Payments to suppliers and employees	(3,561)	(3,477)
Interest received	569	135
Net cash flows from operating activities	<u>(2,918)</u>	<u>(3,035)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan to Associate	(350)	-
Payment for purchase of plant and equipment	(3,081)	(1,357)
Payment for reversion costs capitalised	(5,073)	(1,829)
Payment for biological assets	(252)	-
Investment in Term Deposit	(999)	-
Net cash flows used in investing activities	<u>(9,755)</u>	<u>(3,186)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of shares in subsidiary	-	7,070
Payment for share issue costs	(70)	(464)
Proceeds from borrowings	7,000	-
Share buy-back payment	(13,908)	-
Repayment of borrowings	(660)	-
Net cash flows used in financing activities	<u>(7,638)</u>	<u>6,606</u>
Net increase/(decrease) in cash and cash equivalents	(20,311)	385
Cash and cash equivalents at beginning of period	38,250	48,301
Cash and cash equivalents at end of period	9 <u>17,939</u>	<u>48,686</u>

The financial statements should be read in conjunction with the accompanying notes

Notes to the Financial Statements For the Half Year Ended 31 December 2023

1 Corporate information

Kiland Ltd is a for-profit company incorporated and domiciled in Australia and limited by shares.

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

This general-purpose financial report for the half-year ended 31 December 2023 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half year financial statements have been prepared under the historical cost convention except for land, buildings and biological assets that are measured at revalued amounts or fair value at the end of each reporting period.

All amounts are presented in Australian dollars.

Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period.

New or amended accounting standards and interpretations adopted

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

(b) 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.

Refer to Notes 3, 9, and 12 for further details.

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

3 Summary of Significant Accounting Policies

Restatement - reversion costs

During the period the Directors have reviewed the accounting policy in relation to reversion costs. Costs incurred for reverting the land are costs incurred for site preparation and bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management. As a result of this review costs incurred that are directly attributable to bringing the asset to the condition for the manner intended by management are capitalised to the carrying value of land. In the prior period these costs were expensed to the statement of profit or loss or and other comprehensive income and in accordance with Australian Accounting Standards this change has resulted in the prior period being restated as detailed in the tables below:

	31 Dec 2022	Adjustment	31 Dec 2022
	Reported		Restated
	000's	000's	000's
	\$	\$	\$
31 December 2022			
Reversion expenses	4,336	(4,336)	-
Property related services expenses	-	2,507	2,507
Administrative and other expenses	1,024	-	1,024
Wharf development costs	(5)	-	(5)
Total expenses	5,355	(1,829)	3,526
Loss before tax	(5,123)	1,829	(3,294)
Income tax (expense)/ benefit	1,220	(458)	762
Loss for the period	(3,903)	1,371	(2,532)
Property, Plant & Equipment	79,443	1,829	81,272
Total Assets	129,534	1,829	131,363
Deferred tax liabilities	1,037	458	1,495
Total Liabilities	4,441	458	4,899
Accumulated losses	(14,139)	1,371	(12,768)
Total Equity	125,093	1,371	126,464

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

3 Summary of Significant Accounting Policies

Restatement - reversion costs

	30 June 2023 Reported 000's \$	Adjustment 000's \$	30 June 2023 Restated 000's \$
30 June 2023			
Reversion expenses	10,835	(10,835)	-
Property related services expenses	-	5,229	5,229
Administrative and other expenses	2,873	-	2,873
Forestry expenses	9	-	9
Finance costs	104	-	104
Wharf development costs	-	-	-
Total expenses	13,821	(5,606)	8,215
Loss before tax	(12,702)	5,606	(7,096)
Income tax (expense)/ benefit	3,034	(1,616)	1,418
Loss for the period	(9,668)	3,990	(5,678)
Other comprehensive income	16,370	(3,990)	12,380
Total comprehensive income	6,702	-	6,702
Profit/ (Loss) Attributable			
Non-controlling interest	(124)	-	(124)
Owners of Kiland Limited	(9,544)	3,990	(5,554)
Total	(9,668)	3,990	(5,678)
Total Comprehensive income attributable to			
Non-controlling interest	(124)	-	(124)
Owners of Kiland Limited	6,826	-	6,826
Total	6,702	-	6,702
Property, plant & equipment	104,327	-	104,327
Total Assets	146,987	-	146,987
Accumulated losses	(19,780)	3,990	(15,790)
Reserves	45,144	(3,990)	41,154
Total Equity	128,725	-	128,725

Notes to the Financial Statements For the Half Year Ended 31 December 2023

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 31 December 2023:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2023				
Property, plant and equipment				
Land held for production in Australia	-	-	90,199	90,199
Other land and buildings	-	-	8,260	8,260
	-	-	98,459	98,459
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

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. No independent valuation was performed as at 31 December 2023. The directors have reviewed the basis of the valuation and made enquiries of third parties and believe that the valuation still represents the fair value of the assets at 31 December 2023, and the increase in the carrying value of land is in relation to capitalised reversion costs during the period.

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 summated with the added value of any structural improvement. 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 all influence where in this range a particular is valued.

5 Revenue and expenses

(a) Property related services

Labour and other expenses	452	303
Performance fees	(124)	1,688
Depreciation	995	516
	<u>1,323</u>	<u>2,507</u>

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

5 Revenue and expenses

(a) Property related services

Property related services 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.

(b) Administrative and other expenses

Directors' fees and remuneration	427	226
Directors' performance rights	238	238
Total directors' remuneration	665	464
ASX / Share registry fees / ASIC fees	51	38
Audit and tax fees	62	98
Legal fees	180	62
Professional fees	750	196
Depreciation	-	6
Other corporate expenses	312	160
	2,020	1,024

6 Income tax

(a) Income tax expense

The major components of income tax expense are:

	31 December 2023 000's \$	Restated 31 December 2022 000's \$
Current income tax	-	-
Deferred income tax	(710)	(762)
Income tax expense / (benefit) reported in profit or loss	(710)	(762)

	31 December 2023	Restated 31 December 2022
Profit/(loss) before tax	(3,081)	(3,294)
Tax expense/(benefit) at the statutory income tax rate of 25% (2023: 25%)	(770)	(823)
Non-deductible expenses	60	61
Income tax expense/(benefit) reported in income statement	(710)	(762)

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

6 Income tax

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Total	
	31 December 2023 000's \$	30 June 2023 000's \$	31 December 2023 000's \$	30 June 2023 000's \$	31 December 2023 000's \$	30 June 2023 000's \$
Property, plant & equipment	-	-	(7,197)	(7,197)	(7,197)	(7,197)
Biological assets	4	-	-	-	4	-
Capital raising costs	105	230	-	-	105	230
Insurance recoveries	-	-	(1,500)	(4,500)	(1,500)	(4,500)
Trade and other payables	710	769	-	-	710	769
Tax losses	4,090	6,275	-	-	4,090	6,275
Total	4,909	7,274	(8,697)	(11,697)	(3,788)	(4,423)

7 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

	31 December 2023 000's \$	Restated 31 December 2022 000's \$
Net profit/(loss) attributable to ordinary equity holders of the parent	(2,371)	(2,532)

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

(b) Weighted average number of shares

	31 December 2023 000's No.	31 December 2022 000's No.
<i>Weighted average number of ordinary shares for basic earnings per share</i>	70,896	75,723
Effect of dilution:		
Share options and performance rights	-	-
<i>Weighted average number of ordinary shares adjusted for the effect of dilution</i>	70,896	75,723

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

7 Earnings per share

(c) Basic and diluted earnings per share

	31 December 2023 EPS in cents	Restated 31 December 2022 EPS in cents
Basic and diluted loss per share	<u>(3.34)</u>	<u>(3.34)</u>

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.

8 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.

9 Cash and cash equivalents

	31 December 2023 000's \$	Restated 30 June 2023 000's \$
Cash at bank and in hand	7,429	12,250
Short-term deposits	<u>10,510</u>	<u>26,000</u>
	<u><u>17,939</u></u>	<u><u>38,250</u></u>

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.

Notes to the Financial Statements
For the Half Year Ended 31 December 2023

10 Trade and other receivables

	31 December	Restated
	2023	30 June
	000's	2023
	\$	000's
		\$
CURRENT		
Trade receivables (a)	21	121
Sundry debtors	526	188
	<u>547</u>	<u>309</u>
Carrying amount of trade and other receivables	547	309

(a) Terms of trade

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

11 Other current assets

	31 December	Restated
	2023	30 June
	000's	2023
	\$	000's
		\$
Prepayments	331	216
Deposits	927	421
	<u>1,258</u>	<u>637</u>

12 Assets classified as held for sale

	31 December	Restated
	2023	30 June
	000's	2023
	\$	000's
		\$
Land held for sale - Lot 41 Freeoak Road, Wisanger SA (a)	307	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.

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

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	Plant and equipment	Total
	000's	000's	000's
	\$	\$	\$
Half-year ended 31 December 2023			
At 1 July 2023 net of accumulated depreciation and impairment	93,661	10,666	104,327
Additions	5,079	3,074	8,153
Disposals	-	-	-
Revaluation	-	-	-
Depreciation during the year	(21)	(974)	(995)
Closing balance, net of accumulated depreciation and impairment	<u>98,719</u>	<u>12,766</u>	<u>111,485</u>
At 31 December 2023			
Cost or fair value	98,740	15,692	114,432
Accumulated depreciation and impairment	(21)	(2,926)	(2,947)
Net carrying amount	<u>98,719</u>	<u>12,766</u>	<u>111,485</u>

	Freehold land and Buildings	Plant and equipment	Total
	000's	000's	000's
	\$	\$	\$
Year ended 30 June 2023			
At 1 July 2022 net of accumulated depreciation and impairment	72,650	4,726	77,376
Additions	6,016	7,214	13,230
Disposals	(806)	-	(806)
Revaluation	15,848	-	15,848
Depreciation during the year	(47)	(1,274)	(1,321)
At 30 June 2023 net of accumulated depreciation and impairment	<u>93,661</u>	<u>10,666</u>	<u>104,327</u>
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	<u>93,661</u>	<u>10,666</u>	<u>104,327</u>

- (b) Freehold land revaluations

At 31 December 2023, the Board and Audit Committee have reviewed the key inputs and have concluded that there are no indicators that a revaluation of the Group's freehold land and buildings is required.

**Notes to the Financial Statements
For the Half Year Ended 31 December 2023**

14 Biological assets - livestock

	31 December 2023	
	Livestock 000's	Total 000's
	\$	\$
Balance as at 1 July 2023	-	-
Purchases	253	253
Decrease in fair value	(16)	(16)
Closing balance	237	237

The Biological assets balance represents the purchase of livestock (sheep) and is measured at revalued amounts or fair value at the end of each reporting period.

15 Trade and other payables

(a) Current liabilities

	31 December 2023	Restated 30 June 2023
	000's	000's
	\$	\$
Trade payables	1,789	1,898
Other payables	89	273
	1,878	2,171

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

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

	31 December 2023	Restated 30 June 2023
	000's	000's
	\$	\$
Other payables (a)	2,811	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.

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

16 Borrowings

	31 December 2023 000's \$	Restated 30 June 2023 000's \$
Current		
Equipment finance facility	1,493	1,411
Non-current		
Equipment finance facility	6,328	7,070
NAB Corporate Markets Loan	7,000	-
Total borrowings	<u>14,821</u>	<u>8,481</u>

(a) Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

	Nominal interest rate	Year of maturity	31 December 2023 Carrying amount \$'000	Restated 30 June 2023 Carrying amount \$'000
New Business Equipment Loan - Tranche 1	6.58%	2027	5,389	5,883
New Business Equipment Loan - Tranche 2	6.97%	2027	2,432	2,598
NAB Corporate Markets Loan	5.69%	2025	7,000	-
Total interest bearing liabilities			<u>14,821</u>	<u>8,481</u>

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

17 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.

18 Contributed equity

(a) Issued and paid-up capital

	31 December 2023 000's \$	30 June 2023 000's \$
Ordinary shares fully paid	<u>88,353</u>	<u>102,406</u>

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

18 Contributed equity

(a) Issued and paid-up capital

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

(b) Movements in shares on issue

	2024		2023	
	No. of shares	\$'000	No. of shares	\$'000
Beginning of financial year	71,912,911	102,406	75,723,338	109,613
Share buy-backs	(7,978,339)	(13,908)	(3,810,427)	(7,056)
Share issue / buy-back costs, net of tax	-	(145)	-	(151)
End of financial year	63,934,572	88,353	71,912,911	102,406

19 Reserves

	31 December 2023 000's \$	Restated 30 June 2023 000's \$
Share based payment reserve (a)	1,031	793
Property, plant and equipment revaluation reserve (b)	40,361	40,361
	41,392	41,154

(a) Share based payment reserve

	31 December 2023 000's \$	30 June 2023 000's \$
Opening balance at 1 July	793	321
Movement:		
Performance rights issued on 25 October 2021 - vesting	238	472
Closing balance	1,031	793

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.

On 25 October 2021, 2,902,500 Performance Rights were issued in the allocations and with the share price performance conditions outlined in Note 22.

Refer to Note 22 for further detail of the terms, conditions and allocations of the rights issued during the current period and related share-based payment expense.

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

19 Reserves

(b) Property, plant and equipment revaluation reserve

	31 December 2023 000's \$	Restated 30 June 2023 000's \$
Opening balance at 1 July	40,361	27,981
Increase / (decrease) based on independent valuation	-	15,848
Deferred tax applicable to revaluation	-	(3,468)
	<u>40,361</u>	<u>40,361</u>

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 Non-controlling interest

	<u>Consolidated</u>	
	31 December 2023 000's	30 June 2023 000's
Opening balance	955	-
Contributed equity	-	1,079
Reserves	-	-
Accumulated profit/(loss)	(179)	(124)
Closing balance	<u>776</u>	<u>955</u>

21 Related party disclosures

Ultimate parent

The ultimate parent entity is Kiland Ltd, a for-profit company domiciled and incorporated in Australia.

Notes to the Financial Statements For the Half Year Ended 31 December 2023

21 Related party disclosures

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 (%)	Percentage of equity interest held (%)
		31-Dec 2023	30-Jun 2023
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	87.57
KI Carbon Ltd*	Australia	87.57	87.57

Proportion of equity interest held by Non-Controlling Interests (NCI):

Nobrac Ltd	Australia	12.43	12.43
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* Nobrac Ltd is an 87.57% owned subsidiary of Kiland and is the immediate parent entity to KI Carbon Ltd.

Interest in ordinary shares

The interests of the directors, either directly or indirectly, in the shares of Kiland Limited and its subsidiary undertakings were:

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

- 1) Mr Davies' shares comprise:
 - a. 350,000 (June 2023: 350,000) held by Tian Xia Pty Ltd, of which Mr Davies has effective control; and
 - b. 100,000 (June 2023: 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 (June 2023: 2,132,500) held by Aminac Pty Ltd ATF Aminac Superfund, of which Mr McKenzie is the Managing Director; and
 - b. 657,360 (June 2023: 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.

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

21 Related party disclosures

Interest in ordinary shares

4) Mr Beard's shares comprise:

- a. 4,000 (June 2023: 4,000) held by Redbull Superfund, of which Mr Beard had effective control.

Interest in Performance Rights

	Opening interest at 1 July 2023	Performance rights granted as compensation	Performance rights cancelled	Closing interest at date of report 30 December 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

22 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:

	31 December 2023 000's \$	31 December 2022 000's \$
Performance Rights - Directors (a)	238	238
Total	238	238

(a) Performance Rights – Directors

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

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.

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

22 Share based payments

Recognised share-based payment expenses

(a) Performance Rights – Directors

Director Holdings of Performance Rights

	Opening interest at 1 July 2023	Performance rights granted	Performance rights cancelled	Closing interest at date of report
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.

**Notes to the Financial Statements
For the Half Year Ended 31 December 2023**

23 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	
	31 December 2023 000's \$	30 June 2023 000's \$
Due no later than one year	1,842	1,038
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	1,842	1,038

There are no other commitments as at 31 December 2023.

24 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

Kiland Ltd

ABN 19 091 247 166

Directors' Declaration

The directors of the Company declare that:

1. the interim financial statements and notes for the year ended 31 December 2023 are in accordance with the *Corporations Act 2001* and:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date and
2. 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 February 2024

Independent Auditor's Review Report

To the Members of Kiland Ltd

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Kiland Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and 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 half year ended on that date, a summary of significant accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Kiland Ltd does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.


Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 27 February 2024