

Form 388

Corporations Act 2001
294, 295, 298-300, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08

Copy of financial statements and reports

Company details

Company name

**ALLIED NATURAL WOOD ENTERPRISES
PTY LTD**

ACN

607 144 089

Reason for lodgement of statement and reports

A large proprietary company that is not a disclosing entity

Dates on which financial
year ends

Financial year end date

30-06-2025

Details of large proprietary company

What is the consolidated revenue of the large proprietary company and the entities that it controls?

118735696

What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

199247478

How many employees are employed by the large proprietary company and the entities that it controls?

247

How many members does the large proprietary company have?

3

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

No

Details of current auditor or auditors

Change address

Name

RSM AUSTRALIA PARTNERS

Address

**LEVEL 17
120 COLLINS STREET
MELBOURNE VIC 3000
Australia**

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form
Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been submitted by

Name

Malcolm David MCCOMB

Date

31-10-2025

For more help or information

Web

www.asic.gov.au

Ask a question?

www.asic.gov.au/question

Telephone

1300 300 630

Allied Natural Wood Enterprises Pty Ltd and its controlled entities

ABN 65 607 144 089

Annual Report - 30 June 2025

Allied Natural Wood Enterprises Pty Ltd and its controlled entities

Directors' report

30 June 2025

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated group') consisting of Allied Natural Wood Enterprises Pty Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2025.

Directors

The following persons were directors of Allied Natural Wood Enterprises Pty Ltd during the whole of the financial year and up to the date of this report:

Malcolm David McComb
Ian Kenneth Sedger
Stephen Gordon Dadd

Principal activities

The principal activities of the consolidated group during the financial year were the procurement and export of forestry products to Asia and the sawmilling of Hardwood and Softwood Timber products for the domestic and international markets. No significant change in the nature of these activities occurred during the year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated group after providing for income tax amounted to \$30,671,996 (30 June 2024: profit of \$3,558,468).

During the year, the group operated in a challenging market and policy environment. A key development was the NSW Government's announcement of koala hubs within proposed Great Koala National Park areas, which had a material impact on log supply from our key supplier and resulted in significant disruption to the Northern NSW hardwood operations. The broader announcement of the Great Koala National Park (GKNP) occurred after the end of the financial year and represents a major ongoing issue for the business. The GKNP framework introduces continued uncertainty around future native log supply in NSW. The group is actively engaging with government and industry to understand the implications and advocate for the interests of affected employees, communities, and businesses.

The lack of log supply in NSW saw volumes in our hardwood business decline significantly during the year and is evident in the results of the group including a material write down in the carrying value of our Northern NSW assets.

The Group notes that these events follow earlier structural change in Victoria, where the closure of native forestry more than a year ago reshaped hardwood supply chains and have negatively impacted numerous upstream and downstream businesses, employees and regional communities.

Despite these challenges, the group continued to invest in capital and efficiency projects to strengthen our various operations. The Eden sawmill lifted output and recovery, while firewood and energy projects in the North Coast region are nearing commissioning. The export log and residue business continued to perform strongly, providing stable returns and important market diversity.

Looking ahead, the group faces a period of transition as the GKNP implementation progresses. The group remains focused on efficiency, diversification, and disciplined capital management to position the business for stability and long term recovery. As part of this focus, the group completed the divestment of its interest in the Highland Pine Products softwood joint venture, effective 1 July 2025, and therefore no longer holds any softwood operations within the ANWE Group. The proceeds from this divestment will be used to reduce debt and for investment in new opportunities that will be assessed closely by management for strategic fit and shareholder return.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated group during the financial year.

Matters subsequent to the end of the financial year

On the 1st July 2025, the ANWE group divested its 50% share in Highland Pine Products joint venture.

On 7 September 2025, the NSW Government announced the creation of the Great Koala National Park, incorporating 176,000 hectares of state forest and a moratorium on logging.

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Directors' report
30 June 2025

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the consolidated group's operations, the results of those operations, or the consolidated group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated group.

Environmental regulation

The consolidated group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option

There were no unissued ordinary shares of Allied Natural Wood Enterprises Pty Ltd under option outstanding at the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Malcolm David McComb
Director

30 October 2025

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Allied Natural Wood Enterprises Pty Ltd and controlled entities for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A stylized blue ink signature of "RSM".

RSM AUSTRALIA PARTNERS

A blue ink signature of "J S Croall".

J S Croall
Partner

Dated: 31 October 2025
Melbourne, Victoria

Allied Natural Wood Enterprises Pty Ltd and its controlled entities

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30 June 2025

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General information

The financial statements cover Allied Natural Wood Enterprises Pty Ltd as a consolidated group consisting of Allied Natural Wood Enterprises Pty Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Allied Natural Wood Enterprises Pty Ltd's functional and presentation currency.

Allied Natural Wood Enterprises Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

C/- Pentarch Holdings Pty Ltd
Kings Garden Estate'
Level 1, 99 Coventry Street, Southbank Vic 3006

A description of the nature of the consolidated group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 October 2025. The directors have the power to amend and reissue the financial statements.

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Note	Consolidated 2025 \$	2024 \$
Revenue	4	118,735,696	144,724,752
Cost of sales	6	<u>(95,073,387)</u>	<u>(103,381,113)</u>
Gross profit		<u>23,662,309</u>	<u>41,343,639</u>
Other income	5	2,298,492	38,306,332
Expenses			
Employee benefits expense		(25,031,224)	(31,217,665)
Depreciation and amortisation expense		(2,862,138)	(5,762,039)
Occupancy Costs		(2,898,469)	(3,291,565)
Administration Costs		(1,353,074)	(1,202,048)
Impairment of assets	6	(19,821,946)	(22,161,932)
Loss on disposal of assets		-	(39,621)
Finance costs	6	(4,635,672)	(3,529,231)
Other expenses		<u>(15,374,787)</u>	<u>(16,907,945)</u>
Loss before income tax benefit from continuing operations		(46,016,509)	(4,462,075)
Income tax benefit	7	<u>13,986,043</u>	<u>2,442,217</u>
Loss after income tax benefit from continuing operations		(32,030,466)	(2,019,858)
Profit after income tax expense from discontinued operations	8	<u>1,358,470</u>	<u>5,578,326</u>
Profit/(loss) after income tax (expense)/benefit for the year	26	(30,671,996)	3,558,468
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u><u>(30,671,996)</u></u>	<u><u>3,558,468</u></u>
Total comprehensive income for the year is attributable to:			
Continuing operations		(32,030,466)	(2,019,858)
Discontinued operations		<u>1,358,470</u>	<u>5,578,326</u>
		<u><u>(30,671,996)</u></u>	<u><u>3,558,468</u></u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Consolidated statement of financial position
As at 30 June 2025

	Note	Consolidated 2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	3,276,122	13,704,386
Trade and other receivables	10	23,646,841	40,060,608
Inventories	11	78,349,123	85,130,902
Other	12	1,580,584	2,397,352
		<u>106,852,670</u>	<u>141,293,248</u>
Assets of disposal groups classified as held for sale	13	41,055,594	-
Total current assets		<u>147,908,264</u>	<u>141,293,248</u>
Non-current assets			
Property, plant and equipment	14	16,957,837	49,713,081
Deferred tax	15	34,381,377	18,136,661
Total non-current assets		<u>51,339,214</u>	<u>67,849,742</u>
Total assets		<u>199,247,478</u>	<u>209,142,990</u>
Liabilities			
Current liabilities			
Trade and other payables	16	15,957,549	19,994,562
Lease liabilities	17	2,489,586	3,326,950
Contract liabilities	18	136,416	16,895
Borrowings	19	79,054,746	57,780,870
Income tax		227,836	8,413,598
Provisions	21	7,188,518	9,918,578
		<u>105,054,651</u>	<u>99,451,453</u>
Liabilities directly associated with assets classified as held for sale	22	10,227,991	-
Total current liabilities		<u>115,282,642</u>	<u>99,451,453</u>
Non-current liabilities			
Lease liabilities	17	4,325,861	4,796,377
Contract liabilities	18	6,250,975	4,477,117
Borrowings	19	18,299,731	16,691,510
Provisions	21	325,060	353,160
Deferred tax	23	2,767,072	705,240
Total non-current liabilities		<u>31,968,699</u>	<u>27,023,404</u>
Total liabilities		<u>147,251,341</u>	<u>126,474,857</u>
Net assets		<u>51,996,137</u>	<u>82,668,133</u>
Equity			
Issued capital	24	400,000	400,000
Reserves	25	900,000	900,000
Retained profits	26	50,696,137	81,368,133
Total equity		<u>51,996,137</u>	<u>82,668,133</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Consolidated statement of changes in equity
For the year ended 30 June 2025

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2023	400,000	900,000	77,809,665	79,109,665
Profit after income tax benefit for the year	-	-	3,558,468	3,558,468
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	3,558,468	3,558,468
Balance at 30 June 2024	<u>400,000</u>	<u>900,000</u>	<u>81,368,133</u>	<u>82,668,133</u>

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2024	400,000	900,000	81,368,133	82,668,133
Loss after income tax benefit for the year	-	-	(30,671,996)	(30,671,996)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(30,671,996)	(30,671,996)
Balance at 30 June 2025	<u>400,000</u>	<u>900,000</u>	<u>50,696,137</u>	<u>51,996,137</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Consolidated statement of cash flows
For the year ended 30 June 2025

	Note	Consolidated 2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		206,086,313	246,383,843
Payments to suppliers and employees (inclusive of GST)		<u>(227,523,124)</u>	<u>(255,718,475)</u>
		(21,436,811)	(9,334,632)
Other revenue		1,460,100	38,389,973
Interest and other finance costs paid		(4,732,391)	(3,569,723)
Income taxes paid		<u>(8,961,629)</u>	<u>(8,407,943)</u>
Net cash from/(used in) operating activities		<u>(33,670,731)</u>	<u>17,077,675</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(10,454,602)	(11,600,039)
Payments for security deposits		(62,853)	-
Loans from/(to) related and other parties		(205,543)	-
Proceeds from disposal of property, plant and equipment		6,794,873	2,436
Proceeds from release of security deposits		<u>-</u>	<u>2,964,500</u>
Net cash used in investing activities		<u>(3,928,125)</u>	<u>(8,633,103)</u>
Cash flows from financing activities			
Proceeds/(repayment) of borrowings		<u>27,586,554</u>	<u>(2,029,759)</u>
Net cash from/(used in) financing activities		<u>27,586,554</u>	<u>(2,029,759)</u>
Net increase/(decrease) in cash and cash equivalents		(10,012,302)	6,414,813
Cash and cash equivalents at the beginning of the financial year		<u>13,704,386</u>	<u>7,289,573</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>3,692,084</u></u>	<u><u>13,704,386</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Notes to the consolidated financial statements
30 June 2025

Note 1. Material accounting policy information

The accounting policies that are material to the consolidated group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated group.

The following Accounting Standards and Interpretations are most relevant to the consolidated group:

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated group only. Supplementary information about the parent entity is disclosed in note 3.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Allied Natural Wood Enterprises Pty Ltd ('company' or 'parent entity') as at 30 June 2025 and the results of all subsidiaries for the year then ended. Allied Natural Wood Enterprises Pty Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated group'.

Subsidiaries are all those entities over which the consolidated group has control. The consolidated group controls an entity when the consolidated group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Notes to the consolidated financial statements
30 June 2025

Note 1. Material accounting policy information (continued)

Foreign currency translation

The financial statements are presented in Australian dollars, which is Allied Natural Wood Enterprises Pty Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Note 1. Material accounting policy information (continued)

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Discontinued operations

A discontinued operation is a component of the consolidated group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities 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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Notes to the consolidated financial statements
30 June 2025

Note 1. Material accounting policy information (continued)

The consolidated group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	2-15 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Notes to the consolidated financial statements
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Note 1. Material accounting policy information (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the consolidated group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated group has transferred the goods or services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 1. Material accounting policy information (continued)

Provisions

Provisions are recognised when the consolidated group has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Note 2. Critical 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, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The consolidated group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated group recognises liabilities for anticipated tax audit issues based on the consolidated group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
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Note 3. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2025	2024
	\$	\$
Profit/(loss) after income tax	(9,299,304)	19,594,063
Total comprehensive income	(9,299,304)	19,594,063

Statement of financial position

	Parent	
	2025	2024
	\$	\$
Total current assets	56,445,132	35,203,381
Total assets	126,827,595	105,806,059
Total current liabilities	87,396,681	55,347,499
Total liabilities	103,700,598	73,379,758
Equity		
Issued capital	400,000	400,000
General Reserve	900,000	900,000
Retained profits	21,826,997	31,126,301
Total equity	23,126,997	32,426,301

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Allied Natural Wood Enterprises Pty Ltd guarantees the banking debts of its subsidiaries.

Contingent liabilities

The parent entity has bank guarantees as at 30 June 2025 of \$524,491 (2024: \$560,516) to various landlords.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and \$2,002,514 at 30 June 2024.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
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Note 4. Revenue

	Consolidated	
	2025	2024
	\$	\$
<i>Revenue from contracts with customers</i>		
Sale of goods	118,509,752	144,469,988
<i>Other revenue</i>		
Other revenue	225,944	254,764
	<u>118,735,696</u>	<u>144,724,752</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2025	2024
	\$	\$
<i>Major product lines</i>		
Hardwood	118,509,752	144,469,988
<i>Geographical regions</i>		
Australia	72,281,320	98,999,874
Asia	46,228,432	45,470,114
	<u>118,509,752</u>	<u>144,469,988</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	118,509,752	144,469,988

Note 5. Other income

	Consolidated	
	2025	2024
	\$	\$
Net gain on disposal of property, plant and equipment	1,009,435	-
Other income	1,282,182	2,595,285
Sundry income	6,875	35,711,047
Other income	<u>2,298,492</u>	<u>38,306,332</u>

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Notes to the consolidated financial statements
30 June 2025

Note 6. Expenses

	Consolidated	
	2025	2024
	\$	\$

Loss before income tax from continuing operations includes the following specific expenses:

Cost of sales

Inventories expensed	95,073,387	103,381,113
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Impairment

Plant and equipment	19,821,946	22,161,932
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Finance costs

Interest and finance charges paid/payable on borrowings	4,365,113	3,357,513
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Interest and finance charges paid/payable on lease liabilities	269,805	170,811
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Unwinding of the discount on provisions	754	907
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Finance costs expensed	4,635,672	3,529,231
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Net foreign exchange loss

Net foreign exchange loss	-	171,511
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Superannuation expense

Superannuation expense	2,036,870	2,293,930
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Employee benefits expense excluding superannuation

Employee benefits expense excluding superannuation	22,994,354	28,923,735
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Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Notes to the consolidated financial statements
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Note 7. Income tax benefit

	Consolidated	
	2025	2024
	\$	\$
<i>Income tax benefit</i>		
Current tax	1,182,628	11,243,949
Deferred tax - origination and reversal of temporary differences	(14,616,409)	(10,175,532)
Adjustment recognised for prior periods	(87,118)	(1,110,898)
Aggregate income tax benefit	<u>(13,520,899)</u>	<u>(42,481)</u>
Income tax benefit is attributable to:		
Loss from continuing operations	(13,986,043)	(2,442,217)
Profit from discontinued operations	465,144	2,399,736
Aggregate income tax benefit	<u>(13,520,899)</u>	<u>(42,481)</u>
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 15)	(16,696,552)	(10,996,916)
Increase in deferred tax liabilities (note 23)	2,080,143	821,384
Deferred tax - origination and reversal of temporary differences	(14,616,409)	(10,175,532)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit from continuing operations	(46,016,509)	(4,462,075)
Profit before income tax expense from discontinued operations	1,823,614	7,978,062
	<u>(44,192,895)</u>	<u>3,515,987</u>
Tax at the statutory tax rate of 30%	(13,257,869)	1,054,796
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	12,618	15,484
Sundry items	(188,530)	(1,863)
	(13,433,781)	1,068,417
Adjustment recognised for prior periods	(87,118)	(1,110,898)
Income tax benefit	<u>(13,520,899)</u>	<u>(42,481)</u>

Note 8. Discontinued operations

Description

Divestment of Softwood business

The Group has classified its Softwood Operation as a discontinued operation following a decision to sell its 50% share in the Joint Venture operation, Highland Pine Products. The sale was completed on 1 July 2025. At 30 June 2025, the business was classified as held for sale.

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Notes to the consolidated financial statements
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Note 8. Discontinued operations (continued)

Financial performance information

	Consolidated	
	2025	2024
	\$	\$
Discontinued revenue	72,134,304	75,284,246
Discontinued other income	165,929	83,641
Discontinued expenses	(65,238,144)	(62,577,760)
Other expenses	(5,141,756)	(4,771,573)
Finance costs	(96,719)	(40,492)
Total expenses	<u>(70,476,619)</u>	<u>(67,389,825)</u>
Profit before income tax expense	1,823,614	7,978,062
Income tax expense	<u>(465,144)</u>	<u>(2,399,736)</u>
Profit after income tax expense from discontinued operations	<u><u>1,358,470</u></u>	<u><u>5,578,326</u></u>

Note 9. Cash and cash equivalents

	Consolidated	
	2025	2024
	\$	\$
<i>Current assets</i>		
Cash at bank	<u><u>3,276,122</u></u>	<u><u>13,704,386</u></u>

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	3,276,122	13,704,386
Cash and cash equivalents - classified as held for sale (note 13)	<u>415,962</u>	<u>-</u>
Balance as per statement of cash flows	<u><u>3,692,084</u></u>	<u><u>13,704,386</u></u>

Note 10. Trade and other receivables

	Consolidated	
	2025	2024
	\$	\$
<i>Current assets</i>		
Trade receivables	10,198,754	18,520,063
Less: Allowance for expected credit losses	<u>(418,455)</u>	<u>(444,966)</u>
	<u>9,780,299</u>	<u>18,075,097</u>
Other receivables	261,269	1,743,302
Receivable from related parties	13,605,273	19,926,111
GST receivable	<u>-</u>	<u>316,098</u>
	<u><u>23,646,841</u></u>	<u><u>40,060,608</u></u>

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
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Note 11. Inventories

	Consolidated	
	2025	2024
	\$	\$
<i>Current assets</i>		
Raw materials and stores - at cost	2,800,698	4,763,796
Work in progress - at cost	31,088,219	25,176,687
Finished goods - at cost	50,540,518	60,115,471
Less: Provision for impairment	(6,080,312)	(4,925,052)
	<u>44,460,206</u>	<u>55,190,419</u>
	<u><u>78,349,123</u></u>	<u><u>85,130,902</u></u>

Note 12. Other

	Consolidated	
	2025	2024
	\$	\$
<i>Current assets</i>		
Prepayments	1,517,731	2,397,352
Security deposits	62,853	-
	<u>1,580,584</u>	<u>2,397,352</u>

Note 13. Assets of disposal groups classified as held for sale

The Group has classified its Softwood Operation as a discontinued operation following a decision to sell its 50% share in the Joint Venture operation, Highland Pine Products. The sale was completed on 1 July 2025. At 30 June 2025, the business was classified as held for sale.

	Consolidated	
	2025	2024
	\$	\$
<i>Current assets</i>		
Cash and cash equivalents	415,962	-
Trade and other receivables	9,742,921	-
Inventories	12,275,753	-
Other current assets	726,927	-
Receivables	1,258,538	-
Property, plant and equipment	16,635,493	-
	<u>41,055,594</u>	<u>-</u>

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
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Note 14. Property, plant and equipment

	Consolidated	
	2025	2024
	\$	\$
<i>Non-current assets</i>		
Land and buildings - at cost	45,995,745	55,892,524
Less: Accumulated depreciation	<u>(29,509,060)</u>	<u>(33,456,810)</u>
	16,486,685	22,435,714
Leasehold improvements - at cost	106,147	-
Less: Accumulated depreciation	(669)	-
Less: Impairment	<u>(105,478)</u>	<u>-</u>
	-	-
Plant and equipment - at cost	106,046,416	139,440,945
Less: Accumulated depreciation	(81,092,884)	(114,901,299)
Less: Impairment	<u>(24,948,474)</u>	<u>(12,390,568)</u>
	5,058	12,149,078
Capital work in progress	8,456,528	19,156,924
Less: Impairment	<u>(7,990,434)</u>	<u>(7,810,826)</u>
	466,094	11,346,098
Right-of-use assets - at cost	13,585,252	16,835,750
Less: Accumulated depreciation	(6,116,668)	(8,190,878)
Less: Impairment	<u>(7,468,584)</u>	<u>(4,862,681)</u>
	-	3,782,191
	<u>16,957,837</u>	<u>49,713,081</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land & buildings	Plant and equipment	Capital work in progress	Right-of-use assets	Total
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 2024	22,435,714	12,149,078	11,346,098	3,782,191	49,713,081
Additions	-	-	8,985,587	3,869,003	12,854,590
Classified as held for sale	(5,676,804)	(5,080,502)	(5,133,630)	(1,446,430)	(17,337,366)
Disposals	(287,926)	(4,925,655)	-	-	(5,213,581)
Transfers	-	84,723	-	-	84,723
Revaluation increments/ (decrements)	-	-	-	(459,525)	(459,525)
Impairment of assets	(105,478)	(12,700,670)	(2,385,078)	(4,630,721)	(19,821,947)
Transfers in/(out)	431,927	11,914,956	(12,346,883)	-	-
Depreciation expense	<u>(310,748)</u>	<u>(1,436,872)</u>	<u>-</u>	<u>(1,114,518)</u>	<u>(2,862,138)</u>
Balance at 30 June 2025	<u>16,486,685</u>	<u>5,058</u>	<u>466,094</u>	<u>-</u>	<u>16,957,837</u>

Valuations of land and buildings

Directors assessed that there has been no material change to the fair value of these assets since this date to 30 June 2023.

Right-of-use assets

The consolidated group leases land and buildings for its offices & warehouses under agreements between one to five years with, in most cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the lease are renegotiated. The consolidated group also leases plant and equipment under agreements of between one to five years.

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Note 14. Property, plant and equipment (continued)

The consolidated group also leases office equipment, strapping machines and other plant equipment. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Impairment of assets

The Directors have reviewed the fair value of the plant and equipment. An impairment provision has been recognised during the 2025 financial year in the profit and loss statement.

Note 15. Deferred tax

	Consolidated	
	2025	2024
	\$	\$
<i>Non-current assets</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	12,518,034	3,735,163
Allowance for expected credit losses	125,536	133,489
Contract liabilities	-	5,049
Employee benefits	1,913,899	2,185,612
Leases	368,398	2,426,748
Accrued expenses	45,458	263,366
Revenue received in advance	2,491,508	1,837,150
Obsolete stock	2,192,954	1,539,600
Other provisions	357,651	797,877
Other	146,095	5,212,607
Provision for impairment	14,221,844	-
Deferred tax asset	<u>34,381,377</u>	<u>18,136,661</u>
<i>Movements:</i>		
Opening balance	18,136,661	7,127,279
Credited to profit or loss (note 7)	16,696,552	10,996,916
Under/Overs Prior Year	(451,836)	12,466
Closing balance	<u>34,381,377</u>	<u>18,136,661</u>

Note 16. Trade and other payables

	Consolidated	
	2025	2024
	\$	\$
<i>Current unsecured liabilities</i>		
Trade payables	2,946,593	7,470,064
Sundry payables and accrued expenses	12,716,879	12,472,167
Other payables	-	52,331
GST payable	294,077	-
	<u>15,957,549</u>	<u>19,994,562</u>

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Notes to the consolidated financial statements
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Note 17. Lease liabilities

	Consolidated	
	2025	2024
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>2,489,586</u>	<u>3,326,950</u>
<i>Non-current liabilities</i>		
Lease liability	<u>4,325,861</u>	<u>4,796,377</u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	3,184,907	3,647,179
One to five years	<u>4,982,140</u>	<u>4,931,765</u>
	<u>8,167,047</u>	<u>8,578,944</u>

Note 18. Contract liabilities

	Consolidated	
	2025	2024
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	<u>136,416</u>	<u>16,895</u>
<i>Non-current liabilities</i>		
Contract liabilities	<u>6,250,975</u>	<u>4,477,117</u>

Note 19. Borrowings

	Consolidated	
	2025	2024
	\$	\$
<i>Current liabilities</i>		
Bank loans	60,000,000	42,500,000
Related party loan	15,167,285	11,012,087
Other loans	495,627	677,800
Chattel mortgage liability secured	<u>3,391,834</u>	<u>3,590,983</u>
	<u>79,054,746</u>	<u>57,780,870</u>
<i>Non-current liabilities</i>		
Other loans	10,378,062	6,199,396
Chattel mortgage liability secured	<u>7,921,669</u>	<u>10,492,114</u>
	<u>18,299,731</u>	<u>16,691,510</u>

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Notes to the consolidated financial statements
30 June 2025

Note 19. Borrowings (continued)

Total secured liabilities

The total secured liabilities are as follows:

	Consolidated	
	2025	2024
	\$	\$
Bank loans	60,000,000	42,500,000
Other loans	11,638,308	6,877,196
Chattel mortgage liability	11,313,501	14,083,098
	<u>82,951,809</u>	<u>63,460,294</u>

Assets pledged as security

The bank loans and equipment finance are secured by mortgages and general security deed over the consolidated consolidated group's assets.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2025	2024
	\$	\$
Total facilities		
Bank loans	60,000,000	60,000,000
Other loans	13,000,000	8,000,000
Chattel mortgage liability secured	20,500,000	20,500,000
	<u>93,500,000</u>	<u>88,500,000</u>
Used at the reporting date		
Bank loans	60,000,000	42,500,000
Other loans	11,638,308	6,669,267
Chattel mortgage liability secured	11,313,501	14,083,098
	<u>82,951,809</u>	<u>63,252,365</u>
Unused at the reporting date		
Bank loans	-	17,500,000
Other loans	1,361,692	1,330,733
Chattel mortgage liability secured	9,186,499	6,416,902
	<u>10,548,191</u>	<u>25,247,635</u>

The bank loans are principal and interest payment loans, with no repayment schedule and range from due to mature in July 2025. The variable interest rate ranges from 5.368% to 6.09% (2024: 6.5%).

The other loans are principal and interest payment loans, repayable in quarterly instalments and range from due to mature in June 2041, September 2042 and December 2044. The variable interest rate is 2.5% (2024: 2.5%).

Loan covenants

The bank loans are subject to certain financial covenants, which are assessed quarterly. During the March quarter, the consolidated group breached its covenant arrangements. The bank has waived its rights in respect of these breaches for the current year; however, it reserves the right to exercise its rights in relation to any future breaches.

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Notes to the consolidated financial statements
30 June 2025

Note 20. Income tax

	Consolidated	
	2025	2024
	\$	\$
<i>Current liabilities</i>		
Provision for income tax	227,836	8,413,598

Note 21. Provisions

	Consolidated	
	2025	2024
	\$	\$
<i>Current liabilities</i>		
Employee benefits	3,771,523	5,963,209
Lease make good	14,993	112,484
Other	3,402,002	3,842,885
	<u>7,188,518</u>	<u>9,918,578</u>
<i>Non-current liabilities</i>		
Employee benefits	241,797	353,160
Lease make good	83,263	-
	<u>325,060</u>	<u>353,160</u>

Note 22. Liabilities directly associated with assets classified as held for sale

The Group has classified its Softwood Operation as a discontinued operation following a decision to sell its 50% share in the Joint Venture operation, Highland Pine Products. The sale was completed on 1 July 2025. At 30 June 2025, the business was classified as held for sale.

	Consolidated	
	2025	2024
	\$	\$
<i>Current liabilities</i>		
Trade & other payables	4,738,388	-
Bank loans	205,543	-
Other Loans	2,264,619	-
Lease liability	653,105	-
Provisions	2,366,336	-
	<u>10,227,991</u>	<u>-</u>

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Notes to the consolidated financial statements
30 June 2025

Note 23. Deferred tax

	Consolidated	
	2025	2024
	\$	\$

Non-current liabilities

Deferred tax liability comprises temporary differences attributable to:

Amounts recognised in profit or loss:

Property, plant and equipment	2,140,531	68,835
Inventories	600,323	636,454
Prepayments	36,806	71,367
Contract assets	2,743	6,305
Right-of-use assets	(13,331)	(71,416)
Other	-	(6,305)
	<u>2,767,072</u>	<u>705,240</u>
Deferred tax liability	<u>2,767,072</u>	<u>705,240</u>

Movements:

Opening balance	705,240	290,649
Charged to profit or loss (note 7)	2,080,143	821,384
Unders/Overs Prior Year	(18,311)	(406,793)
	<u>2,767,072</u>	<u>705,240</u>
Closing balance	<u>2,767,072</u>	<u>705,240</u>

Note 24. Issued capital

	2025	2024	2025	2024
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital management

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

The consolidated group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

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

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Notes to the consolidated financial statements
30 June 2025

Note 25. Reserves

	Consolidated	
	2025	2024
	\$	\$
General Reserve	<u>900,000</u>	<u>900,000</u>

Note 26. Retained profits

	Consolidated	
	2025	2024
	\$	\$
Retained profits at the beginning of the financial year	81,368,133	77,809,665
Profit/(loss) after income tax (expense)/benefit for the year	<u>(30,671,996)</u>	<u>3,558,468</u>
Retained profits at the end of the financial year	<u>50,696,137</u>	<u>81,368,133</u>

Note 27. Dividends

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	Consolidated	
	2025	2024
	\$	\$
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>25,430,323</u>	<u>14,466,504</u>

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 28. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated group is set out below:

	Consolidated	
	2025	2024
	\$	\$
Aggregate compensation	<u>889,009</u>	<u>1,011,833</u>

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Notes to the consolidated financial statements
30 June 2025

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia, the auditor of the company:

	Consolidated	
	2025	2024
	\$	\$
<i>Audit services - RSM Australia</i>		
Audit of the financial statements	115,000	92,000

Note 30. Contingent liabilities and assets

The consolidated group has bank guarantees as at 30 June 2025 of \$542,015 (2024: \$560,517) to various landlords.

There are no contingent assets at 30 June 2025.

Note 31. Commitments

	Consolidated	
	2025	2024
	\$	\$
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	-	3,017,137
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	3,017,137

Note 32. Related party transactions

Parent entity

The ultimate parent entity, which exercises control over the consolidated group, is Allied Natural Wood Enterprises Pty Ltd.

Subsidiaries

For details of disclosures relating to key subsidiaries, refer to note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 28.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2025	2024
	\$	\$
Current receivables:		
Trade receivables from other related party	6,172	7,315
Current payables:		
Trade payables to other related party	(1,188,573)	(1,702,341)

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Notes to the consolidated financial statements
30 June 2025

Note 32. Related party transactions (continued)

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2025	2024
	\$	\$
Current receivables:		
Loan receivables from other related parties	13,373,581	19,926,112
Current borrowings:		
Loan from joint venture	(1,500,000)	-
Loan from other related party	(15,167,286)	(11,012,086)

	Consolidated	
	2025	2024
	\$	\$
<i>Sales and purchases of goods and services</i>		
Sales to related parties	147,809	36,724
Purchases from related parties	17,826,263	17,320,926
	<u>17,974,072</u>	<u>17,357,650</u>

Terms and conditions

All transactions were made on normal commercial terms and conditions.

Note 33. Interests in subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the consolidated group. The proportion of ownership interests held equals the voting rights held by the consolidated group. Each subsidiary's principal place of business is also its country of incorporation or registration.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2025	2024
		%	%
Allen Taylor & Company Ltd	Australia	100%	100%
Duncan's Holdings Ltd	Australia	100%	100%
Oberon Softwood Holdings Pty Limited	Australia	100%	100%
Highland Pine Products Joint Venture	Australia	50%	50%

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the consolidated group's financial statements.

Note 34. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Allen Taylor & Company Ltd
Duncan's Holdings Ltd
Oberon Softwood Holdings Pty Limited

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Notes to the consolidated financial statements
30 June 2025

Note 34. Deed of cross guarantee (continued)

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Allied Natural Wood Enterprises Pty Ltd, they also represent the 'Allied Natural Wood Enterprises Pty Ltd and controlled entities consolidated group'.

Note 35. Events after the reporting period

On the 1st July 2025, the ANWE group divested it's 50% share in Highland Pine Products joint venture.

On 7 September 2025, the NSW Government announced the creation of the Great Koala National Park, incorporating 176,000 hectares of state forest and a moratorium on logging.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the consolidated group's operations, the results of those operations, or the consolidated group's state of affairs in future financial years.

Note 36. Non-cash investing and financing activities

	Consolidated	
	2025	2024
	\$	\$
Additions to the right-of-use assets	<u>3,869,003</u>	<u>2,575,639</u>

Allied Natural Wood Enterprises Pty Ltd and its controlled entities
Directors' declaration
30 June 2025

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 34 to the financial statements.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Malcolm David McComb
Director

30 October 2025

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT

To the Members of Allied Natural Wood Enterprises Pty Ltd

Opinion

We have audited the financial report of Allied Natural Wood Enterprises Pty Ltd (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material 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:

- i). giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- ii). complying with Australian Accounting Standards – *Simplified Disclosures* under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Other Information

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 2025 but does not include the financial report and the auditor's report thereon.

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

Other Information (continued)

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 – *Simplified Disclosures* under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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 ability of the Group 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/ar4.pdf.

This description forms part of our auditor's report.

A stylized signature of the RSM firm, consisting of the letters "RSM" in a cursive script.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read "J S Croall".

J S Croall
Partner

Dated: 31 October 2025
Melbourne, Victoria