

Example Simplified Disclosures

Guide to annual reports
Illustrative disclosures
30 June 2027

October 2026

Example Simplified Disclosures Proprietary Limited 30 June 2027

General purpose financial statements-Tier 2

AASB 1053 *Application of Tiers of Australian Accounting Standards* requires preparers to assess whether an entity is publicly accountable to determine its eligibility for preparing Tier 2 General Purpose Financial Statements (GPFS) under the differential reporting framework.

The *Australian Accounting Standards* (AAS) consist of two tiers of reporting requirements for GPFS preparation:

- **Tier 1**: *Australian Accounting Standards*; and
- **Tier 2**: *Australian Accounting Standards* – Simplified Disclosures (SD)

Tier 2 incorporates the recognition and measurement (R&M) requirements of Tier 1 (including consolidation and the equity method of accounting) with significantly reduced disclosure requirements. These disclosure requirements are outlined in AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

AASB 1060 is principally based on the disclosures included in the *IFRS for SMEs® Standard*, with some adjustment for the Australian context. It applies to all entities (both for-profit and not-for-profit) preparing financial statements under GPFS-Tier 2 SD.

Key features

- Entities preparing GPFS-Tier 2 SD must comply with all R&M requirements of AAS, meaning there is no impact on existing R&M requirements.
- AASB 1060 is a single accounting standard that consolidates all the required disclosures for entities preparing GPFS-Tier 2 SD. Presentation and disclosure requirements from other standards (e.g. AASB 7 *Financial Instruments: Disclosures*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows* and AASB 124 *Related Party Disclosures*) are incorporated into AASB 1060 – but without all the additional guidance contained in those accounting standards. AASB 1060 instructs entities to refer to these presentation and disclosure accounting standards for guidance when needed.
- Entities complying with AASB 1060 are exempt from the disclosure requirements in specified paragraphs in other AAS.
- There is an option – where specific conditions are met – for an entity not to present a statement of changes in equity, which if elected would result in a presentation difference to GPFS-Tier 1.
- AASB 1060 applies regardless of whether consolidated or separate financial statements are presented.

While AASB 1060 includes certain presentation requirements, these do not result in presentations or classifications that are differs from those required for Tier 1 entities, except for:

- the option not to include a separate statement of changes in equity in certain circumstances; and
- no requirement to separate the share of other comprehensive income of associates and joint ventures (accounted for by the equity method) into items that will or will not be reclassified subsequently to profit or loss.

Effective date

AASB 1060 applies for financial reporting periods beginning on or after 1 July 2021.

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How to use this guide

The purpose of this publication is to assist you in the preparation of an entity's annual financial report in accordance with Australian Accounting Standards – Simplified Disclosures and meet statutory requirements under the *Corporations Act 2001* for **financial years ending 31 December 2026 and 30 June 2027**.

Example Simplified Disclosures Proprietary Limited is a for-profit entity preparing consolidated financial statements. It illustrates one possible format for Tier 2 GFFS, using a fictitious corporation engaged in general business, covering:

- **Applicable reporting period:** Financial years ending 31 December 2026 and 30 June 2027, incorporating standards and interpretations issued by AASB as at 20 March 2026.
- **Forthcoming requirements:** This guide does not illustrate standards or amendments effective for periods beginning after 1 January 2026.

Accordingly, a number of notes are not applicable to *Example Simplified Disclosures Proprietary Limited* and have not been included in the main body of the financial report. However, Appendix 2 illustrates additional notes if they were to be prepared under Tier 2 requirements.

This publication should not be used as a boilerplate template, as it does not cover every situation and materiality has not been applied, it is merely for illustrative purposes. Preparers must use judgement to select accounting policies, determine the order of notes, and decide how disclosures are tailored to ensure they are relevant to their users.

The hypothetical corporation used in this publication has been preparing GPFS-Tier 2 SD for some time – i.e. it is not the first time the entity adopts GPFS-Tier 2 SD. Our additional publication Transition to Simplified Disclosures guide provides a number of illustrative disclosures for a for-profit entity adopting GPFS-Tier 2 SD for the first time.

Navigating this guide

We direct you to our What's new page, which contains a summary of all new or revised accounting standards and regulatory changes that have been reflected in *Example Simplified Disclosures Proprietary Limited* since the previous edition of this publication and references to other resources that you might find useful to your financials statement preparation for the current period.

Materiality considerations

Materiality is relevant when making judgments about the presentation and disclosure of items in the financial statements – e.g. in selecting accounting policies, ordering the notes to the financial statements, tailoring the disclosures to reflect the entity's specific circumstances, determining whether and where to provide 'no impact' disclosures and assessing the relevance of disclosures considering users' needs.

Entities need to take care not to reduce the understandability of their financial statements by obscuring material information with immaterial information or by aggregating material items that are different by nature or function. Individual disclosures that are not material to the financial statements do not need to be provided – even if they are a specific requirement of an accounting standard.

Specific guidance on materiality and its application to the financial statements is included in paragraphs 21–23 of AASB *1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*. Entities may also consider Practice Statement 2 *Making Materiality Judgements*, which provides guidance and examples on applying materiality in the preparation of financial statements.

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What's new?

The following Standards are effective for the first time when preparing Tier 2 general purpose financial statements for annual reporting periods ending 31 December 2026 and 30 June 2027:

Australian Accounting Standards
Classification and Measurement of Financial Instruments (Amendments to AASB 9, AASB 7, and AASB 1060)
Contracts referencing Nature-dependent Electricity (Amendments to AASB 9, AASB 7 and AASB 1060)
Annual Improvements to Australian Accounting Standards- Volume 11[1]

1. This amendment does not require additional disclosure for entities applying AASB 1060.

The Group does not have any transactions that are affected by the *Annual Improvements to Australian Accounting Standards – Volume 11*. If the entity you are preparing a financial statement for is applying the amendments in *Volume 11 of Annual Improvements* for the first time in the current year, it is important to consider whether the entity has modified leases. The amendment clarifies whether a modified leases is accounted for as derecognition under AASB 9 *Financial Instruments* or a lease modification under AASB 16 *Leases*. For further information, refer to our article.

The Group's financial statements were impacted by the following:

Amendment	Detail	Illustrative disclosures reference
Classification and measurement of financial instruments	The Group applied *Classification and Measurement of Financial Instruments: Tier 2 Disclosures (Amendments to AASB 9 and AASB 7)* for the first time in 2026. The amendments clarify the timing of recognition and derecognition of financial assets and financial liabilities and introduce a derecognition exception for financial liabilities settled using an electronic payment system. Adopting the amendments resulted in a change in the Group's accounting policy only for derecognition of financial liabilities settled by electronic payments. However, the change in accounting policy did not have a material effect on the Group's financial statements for the periods presented. The amendments also introduce additional disclosures for financial instruments not measured at FVTPL with certain contingent features. During FY 2027, the Group entered into a new sustainability-linked secured bank loan. Accordingly, the Group has provided the additional disclosures introduced by the amendments.	Note 35 and Note 36(M)(iii) Note 20(B)(iii)

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Contracts referencing nature-dependent electricity	The Group applied *Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures (Amendments to AASB 9 and AASB 7)* for the first time in 2026. The amendments include guidance on: • application of the 'own-use' exemption in AASB 9 *Financial Instruments* for purchasers of electricity under contracts referencing nature-dependent electricity; and • hedge accounting requirements for entities that hedge their purchases or sales of electricity using such contracts. The amendments also introduce new disclosures for contracts referencing nature-dependent electricity that meet the own-use exemption and are not recognised in the statement of financial position. During FY 2027, the Group entered into a fixed-price pay-as-produced power purchase agreement, which meets the own-use exemption. Accordingly, the Group has provided new disclosures about the agreement.	Note 28(B)

Our Standards on issue provide a comprehensive list of new accounting standards and amendments, distinguishing between those effective for an entity with an annual reporting period beginning 1 January 2026, 1 July 2026 and those with a later effective date.

IFRS Interpretation Committee agenda decisions

Agenda decisions are a way of making a statement about why a change in the requirements of an IFRS Accounting Standard or an interpretation of that requirement does not need to be issued. They often include explanatory information that is intended to provide guidance for the consistent application of IFRS Accounting Standards. As a result, final agenda decisions form part of the guidance of the IFRS Accounting Standards and must be followed to claim compliance.

Any changes in accounting arising from the application of final agenda decisions are accounted for as a change in accounting policy in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. This change is applied retrospectively and AASB 108 requires specific disclosures regarding changes in accounting policies.

Our IFRIC Agenda Decisions publication outlines recent tentative and final agenda decisions issued by IFRIC. All final agenda decisions must be applied in Australia.

ASIC's Focus Areas

ASIC annually highlights its enduring and particular focus areas for its integrated financial reporting and audit surveillance program. Our web page provides a comprehensive overview of these focus areas, providing clear guidance to support the preparation of your financial statements. This includes specific period-related focus areas introduced to address emerging challenges and enhance compliance.

ASIC rounding instrument remade – Repealed in September 2026

The ASIC Rounding Instrument allows entities to round certain amounts presented in financial statements and directors' reports. Where an entity applies the relief and rounds amounts, the relevant eligible report must state that the relevant entity is an entity to which the instrument applies and that amounts have been rounded off in accordance with this instrument.

ASIC rounding instrument 2026/183 (the old instrument) has been remade / replaced by ASIC Corporations (Annual and Half-year Reporting) Instrument 2026/468 (Part 2) (the new instrument). The new instrument is consistent with the old instrument.

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The applicable instrument depends on the financial year or half-year ended date:

- Financial years or half-years ending on or ***after*** 1 January 2027 -> apply the new instrument (ASIC Instrument 2026/468)
- Financial years or half-years ending on or ***before*** 31 December 2026 => apply the old instrument (ASIC Instrument 2026/183)

Climate-related financial reporting impacts

Entities are increasingly facing climate-related risks and opportunities, prompting strategic decisions, including transitioning to a low-carbon economy. These risks and decisions may impact financial statements and metrics.

As Australia implements its mandatory Sustainability Reporting framework, investors and regulators are increasingly seeking to understand how climate-related risks and opportunities affect an entity's financial position and performance. While financial statements are only one source of climate-related information, they play a critical role in providing decision-useful information about the financial effects of these matters. Consistent with this objective, the IASB issued illustrative examples in November 2025 demonstrating how climate-related risks should be incorporated within financial statements. Although Australian Accounting Standards do not explicitly reference climate-related risks, they require entities to provide disclosures when such matters are material to the financial statements. See our article for further information on the IASB's illustrative examples and their implications for financial reporting.

Our Clear on climate reporting hub provides guidance on the potential financial statement impacts of climate-related matters.

Our Example Public Company Limited – Illustrative disclosures 2026-27 provides an illustration of the climate-related impact on the Group's financial statements, see Note 16(C) related to biological assets, Notes 21(G) and 38 related to property, plant and equipment, Note 22(C) related to impairment testing, Note 28(B) and 38(C) related to financial instruments; and Notes 22(E), 30(B), 31(D) and 44(G) related to emissions schemes.

Connected reporting

Effective reporting connects business performance, material risks, and strategic objectives in a clear and transparent manner. This means linking the information in the front section of the financial report with the notes to the financial statements, ensuring all components work together to tell a connected story. Connectivity is especially important when addressing issues such as climate-related matters and other uncertainties that can create volatility, as it demonstrates how these non-financial challenges are being managed.

To enhance the connectivity of your financial report, use our Connected reporting web page and our Uncertain times digital hub for practical tools and guidance.

Australian sustainability reporting framework

The first Australian Sustainability Reporting Standards (ASRS), comprising AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information – a voluntary standard and AASB S2 Climate-related Disclosures – a mandatory standard, are now in effect for Group 1 entities, having become effective for annual reporting periods beginning 1 January 2025 for Group 1 entities.

This publication does not include illustrative disclosures in relation to the Australian sustainability reporting framework. For further information, see our web page on the finalised standard. Our Australian and Global sustainability reporting resource centres also offer practical guidance to assist entities prepare for these changes.

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References and abbreviations

References are included in the left margin of this guide to identify their sources. Generally, they relate only to presentation and disclosure requirements.

AASB 1060.35(q)	Paragraph 35(q) of AASB 1060
[AASB 13.9]	Paragraph 9 of AASB 13 *Fair Value Measurement*. The square brackets are used only in Note 36 to the financial statements (material accounting policies) to indicate that the paragraph relates to recognition and measurement requirements, as opposed to presentation and disclosure requirements.
Insights 2.3.20.11	Paragraph 2.3.20.11 of the 22nd edition 2025/26 of our publication Insights into IFRS.

The following marking in the left-hand margins indicate the following.

‖ Major changes since the previous edition.

The following abbreviations are used often in this guide.

AASB	Australian Accounting Standards issued by the AASB. The AASB Accounting Standards numbering convention is as follows: • AASB 1 - AASB 18 represent Accounting Standards issued by the AASB equivalent to an IFRS Accounting Standard issued by the IASB Board (AASB 1 is the Australian equivalent to IFRS 1); • AASB 101 onwards represent Accounting Standards issued by the AASB equivalent to an IAS® Standard issued by the IASB Board (AASB 136 is the Australian equivalent to IAS 36); and • AASB 1004 onwards are those domestic Australian Accounting Standards for which there are no equivalent IFRS Accounting Standards.
APES	Accounting Professional and Ethical Standards Board 110 *Code of Ethics for Professional Accountants (including Independence Standards)*
ASIC	Australian Securities and Investments Commission Regulatory Guides (RG), Corporations Instruments (Instrument)
IAS® Standards	International Accounting Standards issued by the predecessor of the IASB Board, the International Accounting Standards Committee, and amended by the IASB Board
IFRIC®	Interpretations of the IFRS Interpretations Committee
IFRS Accounting Standards	International Financial Reporting Standards
IU	IFRS Interpretations Committee publication *IFRIC Update*
Reg	Corporations Regulations 2001
S	Section, Corporations Act 2001

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Example Simplified Disclosures Proprietary Limited

30 June 2027

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Directors' report[a]

S292(1), S298(1), S299(2)

The directors present their report together with the consolidated financial statements of the Group comprising Example Simplified Disclosures Proprietary Limited (the Company) and its subsidiaries for the financial year ended 30 June 2027 and the auditor's report thereon.

S300(1)(c)

1. Directors

The directors of the Company at any time during or since the end of the financial year are[b]:

[Director_name]	Appointed [date] *and if applicable resigned [date]*
[Director_name]	Appointed [date] *and if applicable resigned [date]*
[Director_name]	Appointed [date] *and if applicable resigned [date]*
[Director_name]	Appointed [date] *and if applicable resigned [date]*

S300(1)(ca) S9

2. Officers who were previously partners of the audit firm

The following persons were officers of the Company during the financial year and were previously partners of the current audit firm, KPMG, at a time when KPMG undertook an audit of the Group:

- [insert names if applicable]

S299(1)(f) RG68

3. Environmental regulation

The Group's operations are subject to significant environmental regulation under both Commonwealth and State legislation in relation to its [insert details if relevant].

S299(1)(c)

4. Principal activities

The principal activities of the Group during the course of the financial year were the manufacture and sale of paper and forestry (cultivation of pine trees and the sale of wood as well as related services).

There were no other significant changes in the nature of the activities of the Group during the year.

Objectives

The Group's objectives are to:

- [insert details].

S299(2)

a. If consolidated financial statements are prepared, only the consolidated entity is reported on. Comparatives are only required for the directors' report when Regulation 2M.3.03 specifically requires comparatives (e.g. remuneration of key management personnel). Including comparative information can significantly strengthen the impact and transparency, for a meaningful disclosure.

s201K(3)

b. When an alternate director exercises the director's powers, the exercise of the powers is just as effective as if the powers were exercised by the director. Accordingly, if an alternate director has acted during the period, in our view all relevant disclosures applicable to directors should be made for this person. No disclosure is required if the person did not act in the capacity of director during the period.

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Directors' report (continued)

S299(1)(a)

5. Review of operations and results of those operations

Overview of the Group

[Insert details]

Review of [insert details]

Products

- [Insert details]

Market

- [Insert details]

Operating results

- [Insert details]

Commentary on operating results

- [Insert details]

Strategy and future performance

- [Insert details]

S299(1)(b)

6. Significant changes in the state of affairs

In November 2026, the Group sold its entire Packaging division. The Group was committed to a plan to sell this division due to a strategic decision to change the direction of the Group in late 2026.

On 30 September 2026, the Group acquired 75% of the shares and voting interests in Papyrus for a total cash consideration of $2,935 thousand. As a result, the Group's equity interest in Papyrus increased from 25 to 100%, granting it control of Papyrus.

Taking control of Papyrus will enable the Group to modernise its production process through access to Papyrus's patented technology. The acquisition is also expected to provide the Group with an increased share of the standard paper market through access to Papyrus's customer base. The Group also expects to reduce costs through economies of scale.

In the current financial reporting period, a majority of the Company's shares were acquired by Cameron Paper Co from Brown Products Corporation. As a result, the new ultimate controlling party of the Group is AJ Pennypacker. The previous ultimate controlling party was Sigma Australia Investment Holdings.

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Directors' report (continued)

S300(1)(a)-(b)

7. Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year were:

	Cents per share	Total amount $000	Date of payment
Declared and paid during the year			
Final ordinary	25.97	**805**	[ ]
Final preference	25.03	**438**	[ ]
Total amount		**1,243**	

Declared after end of year

After the financial year the following dividends were proposed by the directors. The dividends have not been provided and there are no income tax consequences.

	Cents per share	Total amount $000	Date of payment
Final ordinary	27.92	**892**	[ ]
Final preference	25.03	**438**	[ ]
Total amount		**1,330**	

The financial effect of these dividends has not been brought to account in the consolidated financial statements for the year ended 30 June 2027 and will be recognised in subsequent financial reports.

Preference shares are classified as a liability and distributions paid are recognised as interest expense.

Dividends have been dealt with in the financial report as:

	Note	$000
Dividends	19(C)	**1,243**
Interest expense	20	**51**
Noted as a subsequent event		**1,330**

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Directors' report (continued)

S299(1)(d)

8. Events subsequent to reporting date[a]

At the end of July 2026, the Group announced its intention to implement a cost-reduction programme and to take further measures to reduce costs. Additionally, to enable the Group to adapt its size to current market conditions, it intends to reduce the Group's workforce by 400 positions worldwide by the end of 2027/28, by means of non-replacement whenever possible. The Group expects the restructuring associated with the reduction in positions to cost between $600,000 and $850,000 in the year ending 30 June 2027 and 2028.

Subsequent to 30 June 2027, one of the Group's major trade customers went into liquidation following a natural disaster in August 2027 that damaged its operating plant. Of the $100,000 owed by the customer, the Group expects to recover less than $10,000. No additional allowance for impairment has been made in these consolidated financial statements.

On 10 July 2027, one of the premises of the Group's material subsidiary, having a carrying amount of $220,000, was seriously damaged by fire. Surveyors are in the process of assessing the extent of the loss, following which the Group will file a claim for reimbursement with the insurance company. The Group is unable to estimate the incremental costs relating to refurbishment and temporary shift of production to other locations (in excess of the reimbursement expected).

On 22 January 2027, the Group announced its intention to acquire all of the shares of ABC Company for $6,500,000. On 4 July 2027, the Group's shareholders approved the transaction and the Group is now awaiting approval from regulatory authorities before proceeding with the acquisition. Management anticipates that this approval will be received by October 2027.

During the year, the Group breached a financial loan covenant associated with a bank loan. The Group obtained a waiver for the breach of covenant in April 2026 for a period of 18 months. Subsequent to 30 June 2027, the bank revised the loan covenant ratio and the waiver was lifted.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

S299(1)(e)

S299A(1)(c)

S299(3)

9. Likely developments

The Group will continue to pursue its policy of increasing the profitability and market share of its major business sectors during the next financial year. This will require further investment in areas such as manufacturing and sale of paper, which have performed well over recent years and offer sound opportunities for future development.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

S608, S609, RG 5

S300(1)(d)-(f)

S300(5)-(7)

10. Directors' interests and share options

[This heading and associated disclosure is not necessary if directors do not have interests in the Company and there are no options on issue. Refer to sections 11 and 12 of the Directors' Report in Example Public Company Limited – Illustrative disclosures 2026-27 for example disclosures if relevant].

IAS 10.21(a),(b)

a. Preparers should ensure that events identified in the directors' report are also included in a note to the financial statements and vice versa. Refer to Note 34 in the consolidated financial statements.

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Directors' report (continued)

S300(1)(g), (8)-(9)
S199A-199B

11. Indemnification and insurance of officers and auditors

Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Group.

Insurance premiums

During the financial year, the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 30 June 2027. Since the end of the previous financial year, the Company has paid premiums in respect of such insurance contracts insure against certain liability (subject to specific exclusions) for persons who are or have been directors or executive officers of the Group.

The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

S298(1A)

12. True and fair view

[Details of the directors' reasons for disclosing the additional information and reference to where this information is disclosed should be inserted here, when applicable].

S300(14)-(15)

13. Proceedings on behalf of the Company

[Details of any proceedings should be inserted here, when applicable].

S307C

14. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page [xxx][a] and forms part of the directors' report for the financial year ended 30 June 2027.

ASIC Instrument 2026/468 (Part 2, Section 10)

15. Rounding off

[[*Include if relevant]* The Group is of a kind referred to in *ASIC Corporations (Annual and Half-year Reporting) Instrument 2026/468 (Part 2, Section 10)*[b] and in accordance with the rounding relief in the instrument, amounts in the consolidated financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.]

S298(2)

This Directors' report is made out in accordance with a resolution of the directors:

_____

[Director_name]

Director

Dated at ..... [City] this ..... day of 2027

a. KPMG considers separate presentation for the lead auditor's independence declaration to be preferable due to the difficulty in determining the placement of the declaration in the directors' report to ensure it is clear that the audit partner is only providing sign off in relation to the declaration rather than the entire directors' report, to enable it to be on KPMG letterhead and therefore to facilitate improved reporting of the information to the users.

ASIC Instrument 2026/468 (Part 11, Section 47)

b. The ASIC Instrument applies for financial years or half-years ending on or ***after*** 1 January 2027. For financial years or half-years ending on or ***before*** 31 December 2026, reference "*ASIC Corporations (Rounding in Financial Directors' Report) Instrument 2026/183*".

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AASB 1060.25(a), 30

Consolidated statement of financial position[a,b]

AASB 1060.20-21, 28-29, 31(c)-(d), 36, 42, 92

In thousands of dollars	Note	30 June 2027	30 June 2026
Assets			
AASB 1060.35(a) Cash and cash equivalents	13	**1,504**	1,849
AASB 1060.35(b), 44(b) Trade and other receivables	12	**34,119**	24,307
AASB 1060.35(c) Other financial assets	18	**662**	1,032
AASB 1060.35(d) Inventories	11	**12,148**	12,119
AASB 1060.35(m) Current tax assets		**34**	60
AASB 1060.35(r), AASB 5.38, 40, Assets held for sale	14	**14,400**	-
AASB 1060.37 **Current assets**		**62,867**	39,367
AASB 1060.35(c) Other financial assets	18	**2,672**	2,497
AASB 1060.35(e) Property, plant and equipment[c]	15	**29,090**	33,230
AASB 1060.35(g) Intangible assets	16	**6,226**	4,661
AASB 1060.35(i), 125(b) Investments in associates	17	**272**	900
AASB 1060.35(n) Deferred tax assets	10	**1,987**	1,954
AASB 1060.37 **Non-current assets**		**40,247**	43,242
Total assets		**103,114**	82,609
Liabilities			
Bank overdraft	13	**334**	282
AASB 1060.35(k) Trade and other payables	21	**23,976**	21,708
AASB 1060.35(l) Loans and borrowings	20	**3,233**	5,546
AASB 1060.35(m) Current tax liabilities		**4,751**	1,693
AASB 1060.35(o) Provisions	23	**680**	1,548
AASB 1060.35(s), AASB 5.38, 40 Liabilities directly associated with the assets held for sale	14	**4,410**	-
AASB 1060.37 **Current liabilities**		**37,384**	30,777
AASB 1060.35(k) Trade and other payables	21	**440**	-
AASB 1060.35(l) Loans and borrowings	20	**16,672**	9,831
AASB 1060.35(n) Deferred tax liabilities	10	**251**	337
AASB 1060.35(o) Provisions	23	**1,197**	173
Deferred income	22	**1,424**	1,462
AASB 1060.37 **Non-current liabilities**		**19,984**	11,803
Total liabilities		**57,368**	42,580
Net assets		**45,746**	40,029
Equity[d]			
AASB 1060.44(f) Share capital		**19,600**	18,050
AASB 1060.44(f) Reserves		**22,424**	12,974
AASB 1060.44(f) Retained earnings		**3,722**	9,005
AASB 1060.35(q) **Equity attributable to owners of the Company**	19	**45,746**	40,029

The notes on pages 19 to 77 are an integral part of these consolidated financial statements.

For footnotes, see next page.

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AASB 1060.30, 42-43	**a.**	An entity may also use other titles – e.g. 'balance sheet' – as long as the meaning is clear and the title not misleading. There is no prescribed sequence or format in which items are to be presented in the statement of financial position. Additional line items may be included when the size, nature or function of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of the entity's financial position. The descriptions used and the sequencing of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide information that is relevant to an understanding of the entity's financial position. The judgement of whether additional line items are presented separately is based on the assessment of the amounts, nature and liquidity of assets and liabilities, and the function of assets within the entity.
AASB 1060.35, 44	**b.**	AASB 1060 sets out the minimum line items to be included in the statement of financial position. Further sub-classifications of the line items presented, classified in a manner appropriate to the entity's operations, may be disclosed either in the statement of financial position or in the notes.
AASB 16.47(a)	**c.**	The Group has presented right-of-use assets within 'property, plant and equipment' – i.e. the same line item in which it presents underlying assets of the same nature that it owns. Alternatively, an entity may choose to present right-of-use assets separately in the statement of financial position.
AASB 1060.44(f), 45	**d.**	Although it is not specifically required, the Group has presented in the statement of financial position line items related to classification of equity into share capital, retained earnings and reserves. The Group has presented in the statement of changes in equity and in the notes further information about each class of share capital and each reserve within equity.

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AASB 1060.25(b)(i), 30

Consolidated statement of profit or loss and other comprehensive income[a,b,c]

AASB 1060.31(c)

For the year ended 30 June

AASB 1060.20-21, 28-29, 31(d), 49(a), 51, 56, 92	*In thousands of dollars*	*Note*	2027	2026*
	Continuing operations			
AASB 1060.52(a)	Revenue	*6*	**102,400**	96,417
AASB 1060.58(b)	Cost of sales[d]		**(57,461)**	(56,186)
	Gross profit		**44,939**	40,231
	Other income	*7(A)*	**264**	16
AASB 1060.58(b)	Selling and distribution expenses[d]		**(18,322)**	(15,865)
AASB 1060.58(b)	Administrative expenses[d]		**(17,732)**	(14,428)
AASB 1060.58(b), 139	Research and development expenses[d]		**(1,109)**	(697)
AASB 1060.58(b)	Other expenses	*7(B)*	**(870)**	(190)
	Operating profit		**7,170**	9,067
	Finance income		**1,034**	369
AASB 1060.52(b)	Finance costs		**(1,867)**	(1,616)
	Net finance costs	*8*	**(833)**	(1,247)
AASB 1060.52(c)	Share of profit of associates, net of tax	*17*	**(49)**	315
	Profit before tax		**6,288**	8,135
AASB 1060.52(d), AASB 112.77	Income tax expense	*10*	**(1,837)**	(2,223)
	Profit from continuing operations		**4,451**	5,912
	Discontinued operation			
AASB 1060.52(e)	Profit (loss) from discontinued operation, net of tax		**379**	(422)
AASB 1060.52(f), 53(a)(ii)	**Profit for the period**		**4,830**	5,490
AASB 1060.51(b)	**Other comprehensive income**			
AASB 1060.52(g)(i)	**Items that will not be reclassified to profit or loss**[e]			
			-	-
AASB 1060.52(g)(ii)	**Items that are or will be reclassified to profit or loss**			
AASB 1060.180(b)	Foreign operations – foreign currency translation differences		**680**	471
AASB 1060.122(c)	Net investment hedge – net loss		**(3)**	(8)
AASB 1060.122(c)	Cash flow hedges – effective portion of changes in fair value		**(19)**	71
AASB 1060.122(d)	Cash flow hedges – reclassified to profit or loss		**(16)**	(6)
AASB 1060.180(b)	Reclassification of foreign currency differences on loss of significant influence		**(20)**	-
			622	528
AASB 1060.52(h)	**Share of OCI of associates**[f]	*17*	**(159)**	(169)
	Other comprehensive income for the period, net of tax		**463**	359
AASB 1060.52(i), 53(b)(ii)	**Total comprehensive income**[g] **for the period**		**5,293**	5,849

* Comparative information has been re-presented due to a discontinued operation. See Note 5.

The notes on pages 19 to 77 are an integral part of these consolidated financial statements.

For footnotes, see next page.

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AASB 1060.25(b)	**a.**	The Group has elected to present comprehensive income using a 'single-statement' approach. For an illustration of the alternative 'two-statement' approach, see Example Public Company Limited: Guide to annual reports – illustrative disclosures 2026-2027 *[Appendix II]*.
AASB 1060.50	**b.**	If an entity changes its presentation of total comprehensive income for the period from the single-statement approach to the two-statement approach, or vice versa, it is a change in accounting policy to which AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* applies.
AASB 1060.26	**c.**	If the only changes to equity during the periods for which financial statements are presented arise from profit or loss, payment of dividends, corrections of prior period errors, and changes in accounting policy, the entity may present a single statement of income and retained earnings in place of the statement of comprehensive income and statement of changes in equity. For an illustration of the single statement of income and retained earnings, see Appendix 1.
AASB 1060.58	**d.**	The Group has elected to analyse expenses recognised in profit or loss based on functions within the Group. Alternatively, an entity may present the analysis based on nature if this presentation provides information that is reliable and more relevant. The analysis may also be presented in the notes.
AASB 1060.52(g)(i)	**e.**	No items of OCI that will not be reclassified subsequently to profit or loss have arisen in the current or prior periods. When they arise, an entity presents each such item of OCI classified by nature and group them accordingly. This sub-heading may be omitted where there are no such items.
AASB 1060.52(g)-(h)	**f.**	The share of OCI of associates and joint ventures accounted for under the equity method is not disclosed separately by items that will not subsequently be reclassified to profit or loss and those that will,
AASB 1060.52(i)	**g.**	If an entity has no items of OCI, another term, such as profit or loss, may be used instead of total comprehensive income.

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AASB 1060.25(c), 30

Consolidated statement of changes in equity[a]

AASB 1060.20-21, 28-29, 31(d), 92

In thousands of dollars	Note	Share capital	Translation reserve	Hedging reserve	Profits reserve	Convert-ible notes	Retained earnings	Total equity
AASB 1060.61(c) **Balance at 1 July 2025**		18,050	(119)	399	3,521	-	12,900	34,751
Total comprehensive income								
AASB 1060.61(c)(i) Profit for the period		-	-	-		-	5,490	5,490
AASB 1060.61(c)(ii) OCI for the period		-	297	65		-	(3)	359
AASB 1060.61(a) **Total comprehensive income for the period**		-	297	65		-	5,487	5,849
Transactions with owners of the Company								
AASB 1060.61(c)(iii) **Contributions and distributions**								
Transfer to profits reserve[b]		-	-	-	9,382	-	(9,382)	-
Dividends		-	-	-	(571)	-	-	(571)
Total transactions with owners of the Company		-	-	-	8,811	-	(9,382)	(571)
AASB 1060.61(c) **Balance at 30 June 2026**		18,050	178	464	12,332	-	9,005	40,029
Total comprehensive income								
AASB 1060.61(c)(i) Profit for the period		**-**	**-**	**-**		**-**	**4,830**	**4,830**
AASB 1060.61(c)(ii) OCI for the period		**-**	**485**	**(35)**		**-**	**13**	**463**
AASB 1060.61(a) **Total comprehensive income for the period**		**-**	**485**	**(35)**		**-**	**4,843**	**5,293**
Hedging gains and losses and costs of hedging transferred to the cost of inventory		**-**	**-**	**8**		**-**	**-**	**8**
Transactions with owners of the Company								
AASB 1060.61(c)(iii) **Contributions and distributions**								
Issue of ordinary shares	*19(A)*	**1,550**	**-**	**-**		**-**	**-**	**1,550**
Issue of convertible notes	*20(C)*	**-**	**-**	**-**		**109**	**-**	**109**
Transfer to profits reserve[a]		**-**	**-**	**-**	**10,126**	**-**	**(10,126)**	**-**
Dividends		**-**	**-**	**-**	**(1,243)**	**-**	**-**	**(1,243)**
Total transactions with owners of the Company		**1,550**	**-**	**-**	**8,883**	**109**	**(10,126)**	**416**
AASB 1060.61(c) **Balance at 30 June 2027**		**19,600**	**663**	**437**	**21,215**	**109**	**3,722**	**45,746**

The notes on pages 19 to 77 are an integral part of these consolidated financial statements.

AASB 1060.26

a. If the only changes to equity during the periods for which financial statements are presented arise from profit or loss, payment of dividends, corrections of prior period errors, and changes in accounting policy, the entity may present a single statement of income and retained earnings in place of the statement of comprehensive income and statement of changes in equity. Refer to Appendix 1 for the illustrative consolidated statement of income and retained earnings.

b. Amounts transferred to the profits reserve characterise profits available for distribution as dividends in future years and reflects the amounts transferred by individuals in the Group and is therefore not necessarily equivalent to the consolidated Group profit for the year.

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AASB 1060.25(d), 30

Consolidated statement of cash flows

AASB 1060.31(c)

For the year ended 30 June

AASB 1060.20-21, 28-29, 31(d), 66, 92	*In thousands of dollars*	Note	2027	2026
AASB 1060.70(a)	**Cash flows from operating activities**[a]			
	Cash receipts from customers		**94,352**	97,996
	Cash paid to suppliers and employees		**(90,377)**	(94,149)
	Cash generated from operating activities		**3,975**	3,847
AASB 1060.82-83	Interest paid[b, c]		**(1,609)**	(1,289)
AASB 1060.85	Income taxes paid		**(400)**	(1,913)
AASB 1060.71	**Net cash from operating activities**		**1,966**	645
AASB 1060.74, 86	**Cash flows from investing activities**			
AASB 1060.68(a)	Acquisition of property, plant and equipment	*15(A)*	**(15,657)**	(3,690)
AASB 1060.68(a)	Development expenditure	*16(A)*	**(1,235)**	(503)
AASB 1060.68(b)	Proceeds from sale of property, plant and equipment		**3,085**	397
	Disposal of discontinued operation, net of cash disposed of		**10,890**	-
AASB 1060.68(c), (g)	Acquisition of other investments		**(602)**	(363)
AASB 1060.68(d), (h)	Proceeds from sale of investments		**1,589**	534
AASB 1060.74	Acquisition of subsidiary, net of cash acquired	*26*	**(2,560)**	-
AASB 1060.82-83	Interest received[c]		**6**	19
AASB 1060.82-83	Dividends received[c]		**26**	32
	Receipt of government grant[d]		**130**	1,462
	Net cash used in investing activities		**(4,328)**	(2,112)
AASB 1060.74, 86	**Cash flows from financing activities**			
AASB 1060.69(a)	Proceeds from issue of share capital	*19(A)*	**1,550**	-
AASB 1060.69(c)	Proceeds from issue of convertible notes	*20(C)*	**5,000**	-
AASB 1060.69(c)	Proceeds from issue of redeemable preference shares	*20(D)*	**2,000**	-
AASB 1060.69(c)	Proceeds from loans and borrowings		**591**	4,439
	Transaction costs related to loans and borrowings	*20(C)–(D)*	**(311)**	-
AASB 1060.69(d)	Repayment of borrowings		**(5,055)**	(2,445)
AASB 1060.69(e)	Payment of lease liabilities[b]		**(554)**	(590)
AASB 1060.82, 84	Dividends paid[c]		**(1,243)**	(571)
	Net cash from financing activities		**1,978**	833
	Net decrease in cash and cash equivalents		**(384)**	(634)
AASB 1060.88	Cash and cash equivalents at 1 July*		**1,567**	2,226
AASB 1060.81	Effect of movements in exchange rates on cash held		**(13)**	(25)
AASB 1060.88	**Cash and cash equivalents at 30 June***	*13*	**1,170**	1,567

AASB 1060.65

* Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The notes on pages 19 to 77 are an integral part of these consolidated financial statements.

For footnotes, see next page.

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AASB 1060.70	**a.**	The Group has elected to present cash flows from operating activities using the direct method. Alternatively, an entity may present operating cash flows using the indirect method, whereby profit or loss is adjusted for the effects of non-cash transactions (see *Example Public Company Limited: Guide to annual reports – illustrative disclosures 2026-2027* for example presentation).
AASB 1060.69(e), AASB 16.50	**b.**	The Group has classified: – cash payments for the principal portion of lease payments as financing activities; – cash payments for the interest portion of lease liabilities as operating activities consistent with the presentation of interest payments chosen by the Group (see footnote (c) below); and – short-term lease payments and payments for leases of low-value assets as operating activities.
AASB 1060.82-84, Insights 2.3.50.10-20	**c.**	AASB 1060 requires cash flows from interest and dividends received and paid to be disclosed separately. In our view, such disclosure is required in the statement of cash flows, rather than in the notes. In the absence of specific guidance in the IFRS Accounting Standards, an entity chooses an accounting policy, to be applied consistently, for classifying interest and dividends paid as either operating or financing activities, and interest and dividends received as either operating or investing activities. The Group has elected to classify cash flows from interest paid as operating activities, cash flows from interest received and dividends received as investing activities, and cash flows from dividends paid as financing activities. Interest paid includes the interest portion of the lease liabilities. See footnote (b) above.
Insights 2.3.20.11	**d.**	There is no specific guidance in IFRS Accounting Standards on the classification of cash flows from the receipt of government grants. Cash flows should be classified based on the nature of the activity to which they relate. The Group has classified cash flows related to asset-related grants as investing activities and those related to income related grants as operating activities because this reflects the nature of the related activities.

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AASB 1060.25(e), 28-30, 91–94

Notes to the consolidated financial statements[a]

1. Reporting entity

AASB 1060.31(a), 32(a)

Example Proprietary Limited (the 'Company') is domiciled in Australia. The Company's registered office is at [*address*].

AASB 1060.31(b), 104(a)

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

AASB 1060.11(b), 32(b)

The Group is a for-profit entity and is primarily involved in manufacturing paper and paper-related products, cultivating trees and selling wood.

2. Basis of preparation[b]

AASB 1060.10, 11(a), 104(a), Corporations Act 2001 Sect 296-297

These consolidated financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the *Corporations Act 2001*. They have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board and the *Corporations Act 2001*.

AASB 1060.186

These consolidated financial statements were authorised for issue by the Company's board of directors on [*date*].

AASB 1060.95

Details of the Group's accounting policies, including changes thereto, are included in Note 36 and Note 35.

3. Functional and presentation currency and rounding

AASB 1060.31(d)-(e), 181, ASIC Instrument 2026/468 (Part 2, Section10)

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The Group is of a kind referred to in *ASIC Corporations (Annual and Half-year Reporting) Instrument 2026/468 (Part 2, Section 10)*[c] and in accordance with the rounding relief in that instrument, amounts in the consolidated financial statements and directors' report have been rounded to the nearest thousand, unless otherwise stated.[d]

AASB 1060.92–93

a. Notes are presented, to the extent practicable, in a systematic order and are cross-referred to/from items in the primary statements. In determining a systematic manner of presentation, an entity considers the effect on the understandability and comparability of the financial statements. The Group has applied judgement in presenting related information together in a manner that it considers to be most relevant to an understanding of its financial performance and financial position. The order presented is only illustrative and entities need to tailor the organisation of the notes to fit their specific circumstances.

b. Where an entity adopting GPFS-Tier 2 SD for the first time, refer to our Transition to Simplified Disclosures guide publication, which includes a number of illustrative disclosures for a for-profit entity adopting GPFS-Tier 2 SD for the first time.

ASIC Instrument 2026/468 (Part 11, Section 47)

c. The ASIC Instrument applies for financial years or half-years ending on or ***after*** 1 January 2027. For financial years or half-years ending on or ***before*** 31 December 2026, reference "*ASIC Corporations (Rounding in Financial Directors' Report) Instrument 2026/183*".

ASIC Instrument 2026/468 (Part 2)

d.. Where an entity applies the rounding relief available in *ASIC Corporations (Annual and Half-year Reporting) Instrument 2026/468 (Part 2)*, certain amounts are required to be rounded to a lower level. The Instrument specifies those amounts with reference to particular disclosure paragraphs in AASB 1060 (i.e. AASB 1060.168, AASB 1060.98, AASB 1060.194 and AASB 1060.196, 198-199).

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Notes to the consolidated financial statements (cont.)

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates about the future, including climate-related risks and opportunities, that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively.

AASB 1060.96

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 17 – investments in associates: whether the Group has significant influence over an associate;
- Note 27(A) – lease term: whether the Group is reasonably certain to exercise extension options;
- Note 21 – reverse factoring – presentation of amounts related to supplier finance arrangements in the statement of financial position and in the statement of cash flows; and
- Note 36(D) – revenue recognition: whether revenue from made-to-order paper products is recognised over time or at a point in time.

AASB 1060.97

B. Assumptions and estimation uncertainties[a]

Information about assumptions and estimation uncertainties at 30 June 2027 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 10(F) – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 12(B) – measurement of ECL allowances for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate;
- Note 16(C) – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Notes 23 and 29 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Notes 26: acquisition of subsidiary – fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis.

AASB 1060.97

a. An entity discloses information about the key assumptions concerning the future, and other key sources of information uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

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Notes to the consolidated financial statements (cont.)

5. Discontinued operation[a]

See accounting policy in Note 36(C).

AASB 1060.91(c)

In November 2026, the Group sold its entire packaging line of business. Management committed to a plan to sell this business in end-2026, following a strategic decision to place greater focus on the Group's key competencies – i.e. the manufacture of paper used in the printing industry and forestry.

The packaging business was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss and OCI has been re-presented to show the discontinued operation separately from continuing operations.

Subsequent to the disposal, the Group has continued to purchase packaging from the discontinued operation. Although intra-group transactions have been fully eliminated in the consolidated financial results, management has elected to attribute the elimination of transactions between the continuing operations and the discontinued operation before the disposal in a way that reflects the continuance of these transactions subsequent to the disposal, because management believes this is useful to the users of the financial statements.

To achieve this presentation, management has eliminated from the results of the discontinued operation the inter-company sales (and costs thereof, less unrealised profits) made before its disposal. Because purchases from the discontinued operation will continue after the disposal, inter-company purchases made by the continuing operations before the disposal are retained in continuing operations.

a. AASB 1060 only requires the impact of a discontinued operation on the financial performance of the entity to be disclosed. No other specific disclosures are required. The Group has disclosed information relating to the discontinued operation to provide users of the financial statements with an understanding of the transactions that occurred during the financial year.

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Notes to the consolidated financial statements (cont.)

6. Revenue

See accounting policy in Note 36(D).

The Group generates revenue primarily from sale of paper and provision of forestry services to its customers. Other sources of revenue include immaterial amounts related to hedge accounting and hedging gains.

AASB 1060.157(b)

In the following table, revenue from contracts with customers (excluding revenue related to a discontinued operation) is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition[a].

For the year ended 30 June

In thousands of dollars	**2027**	**2026**
Primary geographical markets		
Australia and New Zealand	**81,903**	78,098
United States	**20,491**	18,323
	102,394	96,421
Major products/service lines		
Standard paper products	**70,855**	66,862
Made-to-order paper products	**23,618**	22,287
Forestry services	**3,967**	3,483
Other	**3,954**	3,789
	102,394	96,421
Timing of revenue recognition		
Products transferred at a point in time	**74,386**	70,205
Products and services transferred over time	**28,008**	26,216
Revenue from contracts with customers	**102,394**	96,421
Other revenue	**6**	(4)
External revenue	**102,400**	96,417

AASB 1060.157(b)
AASB 15.B87–B89

a. An entity applies the guidance in AASB 15 *Revenue from Contracts with Customers* paragraphs B87–B89 when selecting the categories to use to disaggregate revenue. The extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances of the entity's contracts with customers.

In determining the appropriate categories, an entity considers how revenue is disaggregated in:
- disclosures presented outside the financial statements;
- information reviewed by the chief operating decision maker (CODM) for evaluating the financial performance of operating segments; and
- other similar information that is used by the entity or users of the entity's financial statements to evaluate performance or make resource allocation decisions.

Examples of categories that might be appropriate in disclosing disaggregated revenue include, but are not limited to, the following.

Type of category	Example
Type of good or service	Major product lines
Geographic region	Country or region
Market or type of customer	Government and non-government customers
Type of contract	Fixed-price and time-and-materials contracts
Contract duration	Short-term and long-term contracts
Timing of transfer of goods or services	Goods or services transferred to customers: – at a point in time – over time
Sales channels	Goods or services sold: – directly to consumers – through intermediaries

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Notes to the consolidated financial statements (cont.)

7. Income and expenses[a]

A. Other income

In thousands of dollars	Note	2027	2026
Government grants	*22(A)*	**238**	-
Gain on sale of property, plant and equipment		**26**	16
		264	16

B. Other expenses[b]

In thousands of dollars	Note	2027	2026
Impairment loss on goodwill[c]	*16(C)*	**116**	-
Impairment loss on remeasurement of disposal group		**35**	-
Impairment loss on trade receivables and contract assets	*12(B)*	**200**	190
Onerous contract charge	*23(D)*	**160**	-
Flood-related expenses		**359**	-
		870	190

8. Net finance costs

See accounting policies in Notes 36(G) and (L).

In thousands of dollars	Note	2027	2026
Finance income under the effective interest method on financial assets not measured at FVTPL		**202**	124
Remeasurement to fair value of pre-existing interest in an acquiree	*26*	**250**	-
Financial assets at FVTPL – net change in fair value		**582**	245
Finance income – other		**832**	245
Finance costs – impairment loss on debt securities	*18*	**(62)**	(13)
Financial liabilities at amortised cost – interest expense		**(1,523)**	(1,299)
Net foreign exchange loss		**(239)**	(266)
Cash flow hedges – reclassified from OCI		**17**	12
Unwind of discount on site restoration provision	*23*	**(60)**	(50)
Finance costs – other		**(1,805)**	(1,603)
Net finance costs recognised in profit or loss		**(833)**	(1,247)

The Group has capitalised $231 thousand (2026: $12 thousand) of borrowing costs related to the acquisition of land, the construction of the factory and the development of a new process in one of the factories.

AASB 1060.BC81

a. Entities applying AASB 1060 are still expected to disclose information that is not presented elsewhere but that is relevant to an understanding of the financial statement in accordance with paragraph 91(c). This would include information about individually material items of income and expense where information about these items is necessary to assess the entity's financial performance.

Insights 4.1.30.10–40

b. There is no guidance in the IFRS Accounting Standards on how specific expenses are allocated to functions. An entity establishes its own definitions of functions. In our view, cost of sales includes only expenses directly or indirectly attributable to the production process. Only expenses that cannot be allocated to a specific function are classified as 'other expenses'.

AASB 1060.169-170, Insights 3.10.410.20

c. The Group has classified expenses by function and has therefore allocated the impairment loss to the appropriate function, where possible. In our view, in the rare case that an impairment loss cannot be allocated to a function, it should be included in 'other expenses' as a separate line item if it is significant (e.g. impairment of goodwill), with additional information given in a note.

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Notes to the consolidated financial statements (cont.)

9. Share-based payment arrangements[a]

See accounting policy in Note 36(E)(ii).

AASB 1060.164(a)

At 30 June 2027, the Group had only one type of share-based payment arrangements[b,c] – cash-settled share appreciation rights (SARs).

On 1 July 2021 and 1 July 2026, the Group granted 100,000 and 300,000 SARs, respectively, to employees that entitle them to a cash payment after three years of service. The SARs expire at the end of a five-year period after grant date. The amount of the cash payment is determined based on the increase in the share price of the Company between grant date and the time of exercise.

Details of the liabilities arising from the SARs were as follows.

In dollars	*Note*	2027	2026
AASB 1060.168(b) Total carrying amount of liabilities for SARs		**439,950**	379,500

AASB 1060.166, AASB 2.33A

The fair value of the SARs has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

AASB 1060.168(a)

The Group has recognised in profit or loss the share-based expense of $439,950 (2026: $5,850).

10. Income taxes[d]

See accounting policy in Note 36(H).

A. Amounts recognised in profit or loss

In thousands of dollars	2027	2026
Current tax expense		
AASB 1060.177(a) Current year	**1,707**	3,352
AASB 1060.177(b) Changes in estimates related to prior years	**116**	(34)
	1,823	3,318
Deferred tax expense		
AASB 1060.177(c) Origination and reversal of temporary differences	**77**	(865)
AASB 1060.177(e) Recognition of previously unrecognised tax losses	**(50)**	(240)
AASB 1060.177(e) Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	**(13)**	10
	14	(1,095)
Tax expense on continuing operations	**1,837**	2,223

ASIC) Instrument 2026/468 (Part 2)

a. Where an entity applies the rounding relief available in *ASIC Corporations (Annual and Half-year Reporting) Instrument 2026/468 (Part 2)*, certain amounts are required to be rounded to a lower level. The Instrument specifies those amounts with reference to particular disclosure paragraphs in AASB 1060 (i.e. AASB 1060.168, AASB 1060.98, AASB 1060.194 and AASB 1060.196, 198-199).

AASB 1060.165

c. Where an entity has equity-settled share-based payment arrangements, it discloses how it measured the fair value of goods or services received or the value of equity instruments granted. If a valuation methodology was used, the entity discloses the method and its reason for choosing it.

d. The changes in tax laws and the tax rates disclosed or applied throughout this guide to calculate the tax impact amounts are for illustrative purposes only and do not reflect actual changes in tax laws or corporate tax rates in the respective jurisdictions. In practice, the applicable changes in tax laws need to be considered and tax rates of the respective entities need to be used. All tax impacts in this guide are calculated using the Company's domestic tax rate of 33 percent, except for global minimum top-up tax.

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Notes to the consolidated financial statements (cont.)

10. Income taxes (continued)

B. Amounts recognised in OCI and equity

In thousands of dollars	2027	2026
Tax expense (benefit)		
AASB 1060.178(a) Items recognised in OCI	**(16)**	29
AASB 1060.178(b) Items recognised directly in equity	**54**	-

C. Reconciliation of effective tax rate[a]

In thousands of dollars	2027	2027	2026	2026
AASB 1060.178(c) Profit before tax from continuing operations		**6,288**		8,135
Tax using the Company's domestic tax rate	**33.00%**	**2,075**	33.00%	2,685
Effect of tax rates in foreign jurisdictions[b]	**(1.06%)**	**(88)**	(0.66%)	(54)
Tax effect of:				
- Share of profit of associates, net of tax	**4.53%**	**(377)**	2.38%	(194)
- Non-deductible expenses	**2.95%**	**245**	0.44%	36
- Tax-exempt income	**(0.29%)**	**(24)**	(0.61%)	(50)
- Tax incentives	**(1.06%)**	**(88)**	(0.77%)	(63)
- Current-year losses for which no deferred tax asset is recognised	**0.49%**	**41**	1.56%	127
Recognition of previously unrecognised tax losses	**(0.60%)**	**(50)**	(2.95%)	(240)
Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	**(0.16%)**	**(13)**	0.12%	10
Changes in estimates related to prior years	**1.39%**	**116**	(0.42%)	(34)
	32.06%	**1,837**	26.82%	2,223

AASB 1060.178(c)

a. Rather than presenting either a numerical reconciliation between total tax expense and the product of accounting profit multiplied by the applicable tax rates, or a numerical reconciliation between the average effective tax rate and the applicable tax rate, the Group has elected to present both. Only one form is required to be presented.

b. The Group's reconciliation of the effective tax rate is based on its domestic tax rate, with a reconciling item in respect of tax rates applied by Group companies in other jurisdictions. The reconciliation of the effective tax rate is based on an applicable tax rate that provides the most meaningful information to users. In some cases, it might be more meaningful to aggregate separate reconciliations prepared using the domestic tax rate in each individual jurisdiction.

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Notes to the consolidated financial statements (cont.)

10. Income taxes (continued)

AASB 1060.178(e)

D. Movement in deferred tax balances

In thousands of dollars	Net balance at 1 July	Recogn. in profit or loss	Recogn. in OCI	Recogn. directly in equity	Acquired in bus. comb.	Other	Balance at 30 June: Net	Balance at 30 June: Deferred tax assets	Balance at 30 June: Deferred tax liabilities
2027									
Property, plant and equipment (including right-of-use assets)	**(927)**	**(56)**	**-**	**-**	**(35)**	**210**	**(809)**	**553**	**(1,362)**
Intangible assets	**56**	**4**	**-**	**-**	**(38)**	**-**	**22**	**98**	**(76)**
Investment in securities	**38**	**(7)**	**24**	**-**	**-**	**-**	**55**	**82**	**(27)**
Trade and other receivables	**53**	**17**	**-**	**-**	**-**	**-**	**70**	**70**	**-**
Derivatives	**(40)**	**(5)**	**16**	**-**	**-**	**-**	**(29)**	**2**	**(31)**
Inventories	**64**	**96**	**-**	**-**	**(3)**	**40**	**197**	**197**	**-**
Loans and borrowings (including lease liabilities)	**1,502**	**(131)**	**-**	**(54)**	**(9)**	**-**	**1,309**	**1,372**	**(63)**
Provisions	**417**	**8**	**(24)**	**-**	**6**	**-**	**407**	**661**	**(254)**
Deferred income	**54**	**(15)**	**-**	**-**	**-**	**-**	**39**	**39**	**-**
Other items	**14**	**25**	**-**	**-**	**-**		**39**	**50**	**(11)**
Tax losses carried forward	**386**	**50**	**-**	**-**	**-**	**-**	**436**	**436**	**-**
Tax assets (liabilities) before set-off	**1,617**	**(14)**	**16**	**(54)**	**(79)**	**250**	**1,736**	**3,560**	**(1,824)**
Set-off of tax							**-**	**(1,573)**	**1,573**
Net tax assets (liabilities)							**1,736**	**1,987**	**(251)**
2026									
Property, plant and equipment (including right-of-use assets)	(1,443)	516	-	-	-	-	(927)	526	(1,453)
Intangible assets	(38)	94	-	-	-	-	56	94	(38)
Investment in securities	(18)	61	(5)	-	-	-	38	92	(54)
Trade and other receivables	-	53	-	-	-	-	53	53	-
Derivatives	(12)	1	(29)	-	-	-	(40)	3	(43)
Inventories	8	56	-	-	-	-	64	64	-
Loans and borrowings (including lease liabilities)	1,652	(150)	-	-	-	-	1,502	1,502	-
Provisions	200	212	5	-	-	-	417	658	(241)
Deferred income	46	8	-	-	-	-	54	54	-
Other items	10	4	-	-	-	-	14	18	(4)
Tax losses carried forward	146	240	-	-	-	-	386	386	-
Tax assets (liabilities) before set-off	551	1,095	(29)	-	-	-	1,617	3,450	(1,833)
Set-off of tax							-	(1,496)	1,496
Net tax assets (liabilities)							1,617	1,954	(337)

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Notes to the consolidated financial statements (cont.)

10. Income taxes (continued)

E. Unrecognised deferred tax assets

AASB 1060.178(f)

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

In thousands of dollars	**2027**	**2026**
Deductible temporary differences	**161**	200
Tax losses	**644**	672
	805	872

F. Tax losses carried forward

AASB 1060.178(f)

Tax losses for which no deferred tax asset was recognised expire as follows.

In thousands of dollars	**2027**	**Expiry date**	**2026**	**Expiry date**
Expire	**644**	**2026–2030**	520	2029–2030
Never expire	**-**	**-**	152	-

G. Global minimum top-up tax[a,b,c,d]

AASB 1060.176, 178A

The Group is subject to the global minimum top-up tax under Pillar Two tax legislation. The top-up tax relates to the Group's operations in [*Country F*] and in [*Country G*]. In [*Country F*], the statutory tax rate is 10 percent, and top-up tax is levied on the Company under the Income Inclusion Rule[e]. In [*Country G*], Subsidiary X receives government support through additional tax deductions that reduce its effective tax rate to below 15 percent and is subject to a domestic minimum top-up tax[f]. The Group recognised a current tax expense of $ [ ] thousand related to the top-up tax (2026: $ [ ]).

AASB 1060.178B

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

11. Inventories

See accounting policies in Notes 36(D) and 36(I).

AASB 1060.123(b)

In thousands of dollars	**2027**	**2026**
AASB 1060.44(c)(i) Finished goods	**4,200**	4,705
AASB 1060.44(c)(iii) Raw materials and consumables	**7,415**	6,914
Right to recover returned goods[g]	**533**	500
Inventories	**12,148**	12,119
AASB 1060.123(e) Carrying amount of inventories pledged as security for liabilities	**1,650**	2,090

AASB 1060.123(c)

In FY 2027, inventories of $54,019 thousand (2026: $53,258 thousand) were recognised as an expense during the year and included in 'cost of sales'.

AASB 1060.123(d)

In FY 2026, the Group tested the related product line for impairment (see Note 16(C)(i)) and wrote down the related inventories to their net realisable value, which resulted in a loss of $42 thousand. In FY 2027, following a change in estimates, $10 thousand of the write-down was reversed.

In addition, inventories have been reduced by $345 thousand (2026: $125 thousand) as a result of the write-down to net realisable value. This write-down was recognised as an expense during FY 2027.

The write-downs and reversals are included in 'cost of sales'.

For footnotes, see next page.

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a. The Organisation for Economic Co-operation and Development (OECD)'s draft legislative framework for the global minimum top-up tax (GloBE model rules) applies to multinational enterprise groups with a total consolidated group revenue of EUR 750 million or more in at least two of the four preceding years, although jurisdictions may introduce a lower threshold. Although the Group may not be subject to this global minimum top-up tax, the disclosures are included for illustration purposes.

Insights 3.13.43.10

b. 'Pillar Two taxes' are those arising from tax laws enacted or substantively enacted to implement the Pillar Two framework published by the OECD. This tax reform aims to ensure that large multinational groups pay taxes at least at a minimum rate of 15 percent on income arising in each jurisdiction in which they operate by applying a system of top-up taxes. There are three active mechanisms under Pillar Two model rules that countries can adopt: the Income Inclusion Rule (IIR), the Undertaxed Payment Rule (UTPR) and a Qualified Domestic Minimum Top-up Tax (QDMTT). They are often referred to as 'global minimum top-up tax' or 'top-up tax'. Different jurisdictions may enact or substantively enact local tax laws at different points in time, and the taxes may also become effective at different points in time. These disclosures are included for illustrative purposes only.

c. For the purposes of the top-up tax, if a single jurisdiction in which a group operates enacts or substantively enacts changes to its tax laws, then that entire group may be impacted regardless of whether a similar tax law has been enacted or substantively enacted in the jurisdiction of the ultimate parent. An entity needs to monitor the progress of the legislative process in each jurisdiction in which it operates to determine whether and when it may become subject to the top-up tax.

d. For further information about the financial reporting impacts of global minimum top-up taxes, see our digital guide with FAQs.

e. The ultimate parent company of the Group is Cameron Paper Co (see Note 30(A)). However, it is located in a jurisdiction that has not adopted Pillar Two legislation. Therefore, the Company, as an intermediate parent, is liable for IIR Pillar Two taxes under the IIR in relation to the Group's operations in [*Country F*].

Insights 3.13.1214

f. In some jurisdictions, the QDMTT mechanism for reporting, charging and settling the tax is similar to those applied to tax-consolidated groups (see Insights into IFRS 3.13.1180). AASB 112 does not provide specific guidance for such groups. In our view, if the QDMTT mechanism in a jurisdiction has features specified in Insights into IFRS 3.13.1214.10, then an entity may apply the accounting guidance for tax-consolidated groups in its separate or individual financial statements. These illustrative disclosures show the impact on the Group's consolidated financial statements, rather than on the separate or individual financial statements.

AASB 15.B21

g. AASB 15 and other accounting standards do not specify where assets for rights to recover products from customers with regards to sales with a right of return should be presented. The Group has included the assets in 'inventories' and disclosed them separately in the note.

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Notes to the consolidated financial statements (cont.)

12. Trade and other receivables

See accounting policies in Notes 36(D) and (P)(i).

In thousands of dollars	*Note*	2027	2026
Trade receivables due from related parties	*30(C)*	**585**	516
Trade receivables due from other parties		**31,933**	21,809
Contract assets[a]		**1,271**	782
Prepayments		**330**	1,200
		34,119	24,307

AASB 1060.44(b)
AASB 1060.44(b)
AASB 1060.44(b), 159
AASB 1060.44(b)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on made-to-order paper products.

A. Transfer of trade receivables[b]

AASB 1060.116(a)-(b), 117

The Group sold with recourse trade receivables to a bank for cash proceeds. These trade receivables have not been derecognised from the statement of financial position, because the Group retains substantially all of the risks and rewards – primarily credit risk. The amount received on transfer has been recognised as a secured bank loan (see Note 20(A)). The arrangement with the bank is such that the customers remit cash directly to the Group and the Group transfers the collected amounts to the bank.

The receivables are considered to be held within a held-to-collect business model consistent with the Group's continuing recognition of the receivables.

The following information shows the carrying amount of trade receivables at the reporting date that have been transferred but have not been derecognised and the associated liabilities.

In thousands of dollars	*Note*	2027	2026
Carrying amount of trade receivables transferred to a bank		**600**	1,000
Carrying amount of associated liabilities	*20(A)*	**598**	985

AASB 1060.116(c)
AASB 1060.116(c)

B. Impairment losses

AASB 1060.119(c)

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

In thousands of dollars	2027	2026
Impairment loss on trade receivables and contract assets*	**210**	192
Impairment loss on lease receivable	**1**	1
	211	193

* Of which, $11 thousand (2026: $3 thousand) related to a discontinued operation.

AASB 1060.97

The loss allowances for trade receivables and contract assets are based on assumptions about risk of default and expected loss rates. The expected loss rates applied as at 30 June 2027 vary from 1% for receivables that are more than 30 days past due to 44% for receivables that are more than 120 days past due (2026: 1% to 40%).

AASB 1060.44(b), AASB 15.109

a. Although this guide uses the term 'contract assets', an entity may also use another term.

Insights 2.3.150.20, 170.30

b. There is no specific guidance in the Accounting Standards on the classification of cash flows from factoring arrangements – e.g. whether the entity should classify the cash inflows from the factor as operating or financing in the statement of cash flows. The primary consideration for the classification of cash flows is the nature of the activity to which they relate and judgement may be needed to apply this to factoring arrangements.

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Notes to the consolidated financial statements (cont.)

13. Cash and cash equivalents

See accounting policies in Notes 36(M)(i)–(ii) and (P)(i).

AASB 1060.88

In thousands of dollars	**2027**	**2026**
Bank balances	**50**	988
Demand deposits	**1,352**	861
Cash	**1,402**	1,849
3-month deposit (cash equivalent)	**102**	-
Cash and cash equivale/nts in the statement on financial position	**1,504**	1,849
Bank overdrafts repayable on demand and used for cash management purposes	**(334)**	(282)
Cash and cash equivalents in the statement of cash flows	**1,170**	1,567

An amount of $300 thousand (2026: nil) included in demand deposits is subject to restrictions imposed by certain customers. Although the amount can be withdrawn at any time from the bank without penalty, the agreements with the customers require the Group to keep an aggregate amount of $300 thousand in a demand deposit account and to use it only for the purpose of meeting warranty claims arising in the next 12 months (see Note 23(A))[a]

14. Disposal group held for sale[b]

See accounting policy in Note 36(L).

AASB 1060.47(a)-(b)

In December 2026, management committed to a plan to sell part of a manufacturing facility. Accordingly, part of that facility is presented as a disposal group held for sale. Efforts to sell the disposal group have started and a sale is expected by October 2026.

At 30 June 2027, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities.[c]

AASB 5.38

In thousands of dollars	***Note***	**2027**
Property, plant and equipment	*7(B), 15(A)*	**8,129**
Inventories		**2,775**
Trade and other receivables		**3,496**
Assets held for sale		**14,400**

In thousands of dollars	***Note***	**2027**
Trade and other payables		**4,270**
Deferred tax liabilities	*10(D)*	**140**
Liabilities held for sale		**4,410**

Insights 2.3.10.20, 40, 70, IU 03-22

a The Group has classified the amount of $300 thousand as cash because it assessed that the contractual restrictions on use of the amount held in the demand deposit do not change the nature of the demand deposit because the amount can still be accessed on demand from the bank without penalty. The Group has included the demand deposit as a component of cash and cash equivalents in its statement of cash flows and presents the demand deposit as cash and cash equivalents in its statement of financial position. The Group has also provided disclosure about the restriction on use in Note 13.

b. The part of the Group's manufacturing facility that has been presented as a disposal group held for sale does not meet the definition of a discontinued operation in AASB 5. If it did, then additional disclosures applicable to the discontinued operation would be required.

AASB 5.38

c. The Group has elected to disclose major classes of assets and liabilities classified as held-for-sale in the notes. Alternatively, this information may be provided in the statement of financial position.

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Notes to the consolidated financial statements (cont.)

15. Property, plant and equipment[a]

See accounting policies in Notes 36(J), (P)(ii) and (R)(ii).

A. Reconciliation of carrying amount[b]

	In thousands of dollars	*Note*	Land and buildings	Plant and equipment	Fixtures and fittings	Under construction	Total
	Balance at 1 July 2026:						
AASB 1060.134(d)	Gross carrying amount		**10,624**	**30,284**	**6,135**	**-**	**47,043**
AASB 1060.134(d)	Accumulated depreciation and impairment losses		**(1,738)**	**(10,318)**	**(1,757)**	**-**	**(13,813)**
AASB 1060.134(e)	**Net carrying amount at 1 July 2026**		**8,886**	**19,966**	**4,378**	**-**	**33,230**
AASB 1060.134(e)(i)	Additions	*(B)*	**1,750**	**9,694**	**657**	**4,100**	**16,201**
AASB 1060.134(e)(ii)	Reclassification to assets held for sale: gross carrying amount	*14*	**-**	**(9,222)**	**-**	**-**	**(9,222)**
	Reclassification to assets held for sale – depreciation offset	*14*	**-**	**1,058**	**-**	**-**	**1,058**
AASB 1060.134(e)(iii)	Acquisitions through business combinations	*26*	**185**	**1,580**	**190**	**-**	**1,955**
AASB 1060.134(e)(vi)	Reversal of impairment loss		**-**	**393**	**-**	**-**	**393**
AASB 1060.134(e)(vii)	Depreciation		**(120)**	**(4,478)**	**(741)**	**-**	**(5,339)**
AASB 1060.134(e)(viii)	Disposals: gross carrying amount		**(89)**	**(11,972)**	**(2,100)**	**-**	**(14,161)**
	Disposals: depreciation offset		**-**	**3,808**	**1,127**	**-**	**4,935**
AASB 1060.134(e)(viii)	Effect of movements in exchange rates: gross carrying amount		**-**	**91**	**50**	**-**	**141**
	Effect of movements in exchange rates: depreciation and impairment		**-**	**(63)**	**(38)**	**-**	**(101)**
	Net carrying amount at 30 June 2027		**10,612**	**10,855**	**3,523**	**4,100**	**29,090**
	Balance at 30 June 2027:						
AASB 1060.134(d)	Gross carrying amount		**12,470**	**20,455**	**4,932**	**4,100**	**41,957**
AASB 1060.134(d)	Accumulated depreciation and impairment losses		**(1,858)**	**(9,600)**	**(1,409)**	**-**	**(12,867)**
	Net carrying amount at 30 June 2027		**10,612**	**10,855**	**3,523**	**4,100**	**29,090**

[AASB 16.47] Property, plant and equipment includes right-of-use assets of $3,593 thousand related to leased properties (see Note 27(A)(i)).

B. Property, plant and equipment under construction

In FY 2027, the Group acquired a piece of land for $3,100 thousand, with the intention of construction a new factory on the site.

The Group has started construction and costs incurred up to 30 June 2027 totalled $1,000 thousand (2026: nil).

AASB 1060.136

a. If items of property, plant and equipment are stated at revalued amounts, an entity discloses the effective date of revaluation, whether an independent valuer was involved, the methods and significant assumptions applied in estimating the items' fair values, and the revaluation surplus indicating the change for the period and any restrictions on the distribution of the balance to shareholders.

AASB 1060.134(e)

b. This reconciliation need not be presented for prior periods.

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Notes to the consolidated financial statements (cont.)

15. Property, plant and equipment (continued)

C. Change in estimates

AASB 1060.109

During 2026, the Group conducted an operational efficiency review at one of its plants, which resulted in changes in the expected usage of certain dyeing equipment. The dyeing equipment, which management had previously intended to sell after five years of use, is now expected to remain in production for 12 years from the date of purchase. As a result, the expected useful life of the equipment increased and its estimated residual value decreased. The effect of these changes on actual and expected depreciation expense, included in 'cost of sales', was as follows.

In thousands of dollars	**2027**	**2028**	**2029**	**2030**	**2031**	**Later**
(Decrease) increase in depreciation expense	**(256)**	(113)	150	150	130	170

16. Intangible assets

See accounting policies in Notes 36(K) and (P)(ii).

A. Reconciliation of carrying amount[a,b,c]

In thousands of dollars	***Note***	**Goodwill**	**Patents and trademarks**	**Development costs**	**Customer relationships**	**Total**
Balance at 1 July 2026:						
AASB 1060.137(c) Gross carrying amount		**3,545**	**1,093**	**4,551**	**-**	**9,189**
AASB 1060.137(c) Accumulated depreciation and impairment losses		**(138)**	**(639)**	**(3,751)**	**-**	**(4,528)**
Net carrying amount at 1 July 2026		**3,407**	**454**	**800**	**-**	**4,661**
AASB 1060.137(e)(i) Acquisitions – internally developed		**-**	**-**	**1,272**	**-**	**1,272**
AASB 1060.137(e)(iii), 143(a) Acquisitions through business combinations	*26*	**541**	**170**	**-**	**80**	**791**
AASB 1060.137(e)(v) Amortisation	*(B)*	**-**	**(129)**	**(646)**	**(10)**	**(785)**
AASB 1060.137(e)(vi), 143(b) Impairment loss	*(C), 7(B)*	**(116)**	**-**	**-**	**-**	**(116)**
AASB 1060.137(e)(vi) Reversal of impairment loss	*(C)*	**-**	**-**	**100**	**-**	**100**
AASB 1060.137(e)(vii) Effect of movements in exchange rates: gross carrying amount		**-**	**186**	**195**	**-**	**381**
Effect of movements in exchange rates: depreciation and impairment		**-**	**(61)**	**(17)**	**-**	**(78)**
Net carrying amount at 30 June 2027		**3,832**	**620**	**1,704**	**70**	**6,226**
Balance at 30 June 2027						
AASB 1060.137(c) Gross carrying amount		**4,086**	**1,449**	**6,018**	**80**	**11,633**
AASB 1060.137(c) Accumulated depreciation and impairment losses		**(254)**	**(829)**	**(4,314)**	**(10)**	**(5,407)**
Net carrying amount at 30 June 2027		**3,832**	**620**	**1,704**	**70**	**6,226**

AASB 1060.137(e) **a.** This reconciliation need not be presented for prior periods.

AASB 1060.138(a) **b.** Where any individual intangible asset (other than goodwill) is material to the entity's financial statements, the entity discloses a description, the carrying amount and remaining amortisation period of that intangible asset.

AASB 1060.141 **c.** Where an intangible asset (other than goodwill) is assessed as having an indefinite useful life, the entity discloses the carrying amount of that asset and the reasons for supporting the assessment of an indefinite useful life. In giving these reasons, the entity discloses the factor(s) that played a significant role in determining that the asset has an indefinite useful life.

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Notes to the consolidated financial statements (cont.)

16. Intangible assets (continued)

B. Amortisation

AASB 1060.137(d)

The amortisation of patents, trademarks and development costs is allocated to the cost of inventory and is included in 'cost of sales' as inventory is sold; the amortisation of customer relationships is included in 'cost of sales'.

C. Impairment test

AASB 1060.169

The impairment loss and its subsequent reversal were recognised in relation to the manufacture of a new product in the non-recycled papers business, and in relation to the goodwill in the manufacturing and distribution CGU as follows.

In thousands of dollars	***Note***	**2027**	**2026**
AASB 1060.170(a) **Non-recycled papers**: Plant and equipment	*(i)*	**(393)**	1,123
AASB 1060.170(d) **Non-recycled papers**: Development costs	*(i)*	**(100)**	285
AASB 1060.170(c) **Manufacturing and distribution**: Goodwill		**116**	-

The impairment loss and subsequent reversal of plant and equipment and development costs were included in 'cost of sales'.[a]

The impairment loss on goodwill was included in 'other expenses' (see Note 7(B)).[a]

i. Impairment loss and subsequent reversal in relation to a new product

During FY 2026, a regulatory inspection revealed that a new product did not meet certain environmental standards, necessitating substantial changes to the manufacturing process. Before the inspection, the product was expected to be available for sale in FY 2027; however, as a result of the regulatory restrictions, production and the expected launch date were deferred.

Accordingly, management estimated the recoverable amount of the CGU (the product line) in FY 2026. The recoverable amount was estimated based on its value in use, assuming that the production line would go live in April 2028.

In FY 2027, following certain significant changes to the recovery plan, the Group reassessed its estimates and reversed part of the initially recognised impairment.

AASB 1060.97

The estimate of value in use was determined using a pre-tax discount rate of 10.5% (2026: 9.8%) and a terminal value growth rate of 3% from 2031 (2026: 3% from 2030).

AASB 1060.169-170, Insights 3.10.410.20

a. The Group has classified expenses by function and has therefore allocated the impairment loss to the appropriate function. In our view, in the rare case that an impairment loss cannot be allocated to a function, it should be included in 'other expenses' as a separate line item if it is significant (e.g. impairment of goodwill), with additional information given in a note.

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Notes to the consolidated financial statements (cont.)

17. Investments in associates

See accounting policies in Notes 36(A)(v)–(vi) and (P)(i).

AASB 1060.125(b)

In thousands of dollars	**2027**	**2026**
Investments in associates	**272**	900

On 30 September 2026, the Group's equity interest in its material associate, Papyrus (2026: $453 thousand), increased from 25 to 100% and Papyrus became a subsidiary from that date (see Note 26). Papyrus is one of the Group's strategic suppliers and is principally engaged in the production of paper pulp.

The Group's share of results of Papyrus for the period from 1 July 2026 to 30 September 2026 (the acquisition date) comprised profit and OCI of $69 thousand and minus $102 thousand respectively (2026: $213 thousand and minus $138 thousand respectively).

The Group also has interests in a number of individually immaterial associates. For one of these associates; the Group owns 20% of the equity interests but has less than 20% of the voting rights; however, the Group has determined that it has significant influence because it has meaningful representation on the board of the investee.

The following table analyses, in aggregate, the carrying amount and share of profit and OCI of these associates.

AASB 1060.127

In thousands of dollars	**2027**	**2026**
Carrying amount of interests in associates	**272**	447
Share of:		
– Profit from continuing operations	**(133)**	102
– Other comprehensive income	**(57)**	(31)
	(190)	71

18. Other financial assets

See accounting policies in Notes 36(L) and (P)(i).

AASB 1060.120(b)

In thousands of dollars	**2027**	**2026**
Current investments		
Government bonds – mandatorily at FVTPL	**243**	591
Forward exchange contracts used for hedging	**419**	441
	662	1,032
Non-current investments		
Equity securities – mandatorily at FVTPL	**251**	254
Corporate debt securities – at amortised cost	**2,421**	2,243
	2,672	2,497

AASB 1060.114

Government bonds at FVTPL have stated interest rates of 3.5–4.0% (2026: 3.2–3.8%) and are held for trading.

Corporate debt securities classified as at amortised cost have interest rates of 6.3–7.8% (2026: 7.5–8.3%) and mature in two to five years.

AASB 1060.119(c)

The Group has recognised an impairment loss on debt securities at amortised cost of $62 thousand (2026: $13 thousand).

AASB 1060.120, 122(a)

The Group has entered into contracts to supply goods to customers in United States. The Group has entered into foreign exchange contracts to hedge the exchange rate risk arising from the anticipated future transactions. It is anticipated that the sales will take place during the first six months of the next financial year, at which time the amount deferred in equity will be reclassified to profit or loss.

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Notes to the consolidated financial statements (cont.)

19. Capital and reserves

See accounting policies in Notes 36(B)(i)–(ii), (E)(iv), (M)(v), (N) and (O).

A. Share capital

AASB 1060.45(a)(iv)

In thousands of shares	Ordinary shares	Non-redeemable preference shares
AASB 1060.45(a)(ii) In issue at 1 July 2026[a]	**3,100**	**1,750**
Issued for cash	**130**	**-**
AASB 1060.45(a)(ii) **In issue at 30 June 2027 – fully paid**	**3,230**	**1,750**

AASB 1060.45(a)(i), (iii) The Company does not have authorised capital or par value in respect of its issued shares.

AASB 1060.45(a)(v) All ordinary shares rank equally with regard to the Company's residual assets. Preference shareholders participate only to the extent of the face value of the shares.

i. Ordinary shares

AASB 1060.45(a)(v) Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

In April 2026, the general meeting of shareholders approved the issue of 130,000 ordinary shares at a price of $11.92 per share (2026: nil).

ii. Non-redeemable preference shares

AASB 1060.45(a)(v) Holders of these shares receive a non-cumulative dividend of 25.03 cents per share at the Company's discretion, or whenever dividends to ordinary shareholders are declared. They do not have the right to participate in any additional dividends declared for ordinary shareholders. These shares do not have voting rights.

B. Nature and purpose of reserves

AASB 1060.45(b)

i. Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation (see Note 36(M)(v)).

ii. Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

iii. Convertible notes

The reserve for convertible notes comprises the amount allocated to the equity component for the convertible notes issued by the Group in February 2026 (see Note 20(C)).

iv. Profits reserve

The profits reserve represents profits of entities within the Group transferred to a separate reserve to preserve their profit character. Such profits are available to enable payment of franked dividends in future years. Dividends amounting to $1,243 thousand (2026: $571 thousand) were distributed from the profits reserve during the year.

C. Dividends

AASB 1060.101

In thousands of dollars	2027		2026	
Dividend franking account[b]	**AU**	**NZ**	AU	NZ
Amount of franking credits available to shareholders of Example Simplified Disclosures Proprietary Limited for subsequent years	**3,092**	**1,030**	1,348	726

The ability to utilise the franking credits is dependent upon the ability to declare dividends. In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the total benefit of $4,122 thousand (2026: $2,074 thousand) franking credits.

AASB 1060.45(a)(iv) a. The reconciliation of the number of shares outstanding at the beginning and at the end of the period need not be presented for prior periods.

AASB 1060.100 b. Separate disclosure is required in respect of any New Zealand imputation credits and any Australian imputation credits.

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Notes to the consolidated financial statements (cont.)

AASB 1060.113(d)

20. Loans and borrowings

See accounting policies in Notes 36(B)(i)–(ii), (M)(i), (M)(iii), (P)(ii) and (R).

In thousands of dollars	Note	2027	2026
Current			
Secured bank loans		**1,055**	3,985
Unsecured bank loans		**503**	117
Loan from associate	*30(C)*	**-**	1,000
Convertible notes (Series B)		**950**	-
Dividends on redeemable preference shares		**51**	-
Lease liabilities		**674**	444
		3,233	5,546
Non-current			
Secured bank loans		**7,554**	8,093
Convertible notes (Series A) including embedded conversion option		**3,728**	-
Redeemable preference shares		**1,939**	-
Dividends payable on redeemable preference shares		**-**	-
Lease liabilities		**3,451**	1,738
		16,672	9,831

AASB 1060.114

A. Terms and repayment schedule

The terms and conditions of outstanding loans are as follows.[a]

				2027	2026
In thousands of dollars	Currency	Nominal interest rate	Year of maturity	Carrying amount	Carrying amount
Secured bank loan (see Note 12(A))	AUD	3.60–3.90%	2026–27	**598**	985
Secured bank loan	NZD	3.90-4.70%	2026–30	**1,240**	1,257
Secured bank loan	USD	4.70%	2028–29	**1,447**	1,521
Secured bank loan (see (B)(i))	AUD	4.50%	2028–29	**3,460**	3,460
Secured bank loan (see (B)(ii))	NZD	3.50-3.70%	2026–28	**1,864**	4,855
Secured bank loan assumed (see (B)(iii))	AUD	BBSW +(1.10%)	2032	**503**	-
Unsecured bank loan	AUD	5.50%	2026	**-**	117
Loan from associate	AUD	4.80%	2026	**-**	1,000
Convertible notes (Series B) (see (C)(ii))	NZD	3.00%	2029	**950**	-
Convertible notes (Series A) (see (C)(i))	AUD	4.50%	2029	**3,728**	-
Redeemable preference shares	AUD	4.40%	2032	**1,990**	-
Lease liabilities	AUD	6.0–7.0%	2026–40	**4,125**	2,182
Total interest-bearing liabilities				**19,905**	15,377

AASB 1060.114, 116(c), 117, 123(e), 135(a)

The secured bank loans are secured over land and buildings, inventories and trade receivables with a carrying amount of $5,000 thousand (2026: $4,700 thousand), $1,650 thousand (2026: $2,090 thousand) and $600 thousand (2026: $1,000 thousand) respectively.

AASB 1060.114, 144(b), BC78

a. AASB 1060 requires an entity to disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance. For example, for long-term debt such information would normally include the terms and conditions of the debt instrument (such as interest rate, maturity, repayment schedule, and restrictions that the debt instrument imposes on the entity). AASB 1060 does not mandate a maturity analysis by time bands, except for lease payments – see Note 27(A); however, an entity may present such analysis if it determines it is an appropriate disclosure to satisfy the requirements in paragraph 114.

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Notes to the consolidated financial statements (cont.)

20. Loans and borrowings (continued)

AASB 1060.47A

B. Breach of loan covenant

The Group's secured bank loans are subject to various covenants. Two of these loans include covenants that need to be complied with within 12 months of the reporting date.

i. Secured bank loan (AUD)

AASB 1060.47A(a)

The Group has a secured bank loan with a carrying amount of $3,460 thousand at 30 June 2027 (2026: $3,460 thousand). This loan is repayable in tranches within five years from the issue date, with the next tranche due in July 2028. However, the loan contains a covenant stating that at the end of each quarter the Group's debt (defined in the covenant as the Group's loans and borrowings and trade and other payables) cannot exceed 2.5 times the Group's quarterly revenue from continuing operations, otherwise the loan will be repayable on demand.[a,b]

AASB 1060.47A(b)

The Group exceeded its maximum leverage threshold in the first quarter of 2026; however, management obtained a waiver from the bank in April 2026 and the breach was remedied. At 30 June 2027, the threshold was no longer exceeded and the Group complied with the covenant. Accordingly, the loan is classified as non-current at 30 June 2027.

The Group expects to comply with the quarterly covenants within 12 months after the reporting date.

ii. Secured bank loan (NZD)

AASB 1060.47A(a)

The Group has another secured bank loan with a carrying amount of $1,864 thousand at 30 June 2027 (2026: $4,855 thousand). This loan is repayable in tranches within 3 years from the issue date, with the next and final tranche due in December 2029. The loan contains a covenant that requires the Group to reach a cumulative revenue threshold (from both continuing and discontinued operations) of at least $105,060 thousand per year, over the period from 1 January to 31 December of each year. The covenant is tested annually on 31 December. The loan becomes repayable on demand if the cumulative threshold is not met at any testing date.

AASB 1060.47A(b)

The Group complied with the cumulative revenue threshold when it was tested on 31 December 2026. The Group earned revenue of $50,330 thousand from 1 January 2026 through 30 June 2027. As at 30 June 2027, management is uncertain whether the Group will meet the cumulative revenue threshold at 31 December 2026. However, the loan is classified as non-current at 30 June 2027 because the Group has an existing right to defer settlement of the loan for at least 12 months after the reporting period.[b]

IFRS 7.20(B)–(D)

iii . Sustainability-linked secured bank loan (AUD)

The Group has entered into a sustainability-linked secured bank loan whereby the amount of contractual interest cash flows could decrease based on the occurrence of certain contingent events.

In July 2026, Papyrus entered into a sustainability-linked secured bank loan with a term of six years. The Group assumed this loan when it gained control of Papyrus during the year (see Note 26). The loan has a face value of AUD 510 thousand and a carrying amount of AUD 503 thousand at 30 June 2027. Interest is borne at a rate of BBSW plus 1.10 percent, subject to a non-cumulative maximum annual step-down of 45 basis points dependent on the Group's performance against the following annual sustainability targets:

- reduced carbon footprint of its manufacturing facilities located in Auckland; and
- increased recycling rate for packaging paper and cardboard consumed in Auckland.

If either target is met, then the interest rate applied to the next interest period decreases by 25 basis points. If both targets are met, the interest rate further decreases by 20 basis points.

The following table shows the amounts by which the contractual interest cash flows could decrease as a result of the Group meeting these targets.

Number of sustainability targets met	Annual interest step-down (basis points)	Annual interest discount (AUD)
1	(25)	(1,275)
2	(45)	(2,295)

For the year ended 30 June 2027, the Group only met the carbon footprint reduction target. Therefore, the interest rate applicable to the 2027 interest period will decrease by 25 basis points, resulting in interest savings for FY 2027 of AUD 1,275.

For footnotes, see next page.

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AASB 1060.40(d), Insights 3.1.50.100, 190, 3.1.70.20	**a.**	Any breach of a covenant at or before the reporting date, that triggers a repayment of the related liability within 12 months after the reporting date, results in the entity classifying that liability as current unless the breach is remediated at or before the reporting date. In this case, the Group breached the covenant but obtained a remedy or 'waiver' from the lender before the reporting date. In addition, the Group complied with the covenant at 30 June 2027 resulting in the Group having the right to defer settlement of the loan for at least 12 months after the reporting date. The covenants with which the Group needs to comply after the reporting date (i.e. future covenants) do not affect the Group's right to defer settlement of the loan at the reporting date.
AASB 1060.47A, Insights 3.1.80.10	**b.**	When an entity classifies a liability arising from a loan arrangement as non-current, and that liability is subject to covenants with which an entity is required to comply within 12 months after the reporting date, the entity discloses information in the notes that enables users of the financial statements to understand the risk that the liabilities could become repayable within 12 months after the reporting date.

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Notes to the consolidated financial statements (cont.)

20. Loans and borrowings (continued)

AASB 1060.114

C. Convertible notes

i. Convertible notes (Series A)

In thousands of dollars

Proceeds from issue of convertible notes (1,000,000 notes at $4 par value)	**4,000**
Transaction costs	**(200)**
Net proceeds	**3,800**
Amount classified as equity (net of transaction costs of $9 thousand)	**(163)**
Accrued interest	**91**
Carrying amount of liability at 30 June 2027	**3,728**

The Company issued 1,000,000 convertible notes on 6 February 2027 (2026: nil). The notes have a three-year term. Interest is payable at maturity. The conversion option may be exercised by the holders of the notes at any time until maturity. When the conversion option is exercised, the outstanding principal of the notes are converted into 250,000 ordinary shares of the Company; any accrued but unpaid interest as at the exercise date is required to be paid in cash. Otherwise, the total principal and accrued interest outstanding is repayable in cash at maturity. The liability is classified as non-current at 30 June 2027.[a]

ii. Convertible notes (Series B)

In thousands of dollars

Proceeds from issue of convertible notes (250,000 notes at $4 par value)	**1,000**
Transaction costs[b]	**(45)**
Net proceeds	**955**
Fair value of embedded derivative liability (equity conversion option)	**(5)**
Accreted interest	**-**
Carrying amount of liability at 30 June 2027	**950**

The Company issued 250,000 foreign currency (NZD) convertible notes on 30 June 2027 (2026: nil). The notes have a three-year term. Interest is payable annually in arrears. The conversion option may be exercised by the holders of the notes at any time until maturity. When the conversion option is exercised, the outstanding principal of the notes are converted into 100,000 ordinary shares of the Company; any accrued but unpaid interest as at the exercise date is required to be paid in cash. Otherwise, the total principal and accrued interest outstanding is repayable in cash at maturity. The host liability is classified as current at 30 June 2027.[c]

AASB 1060.114

D. Redeemable preference shares

In thousands of dollars

Proceeds from issue of redeemable preference shares	**2,000**
Transaction costs	**(61)**
Accrued dividend	**51**
Carrying amount at 30 June 2027	**1,990**

During FY 2027, 1,000,000 redeemable preference shares were issued as fully paid with a face value of $2 per share (2026: nil). The redeemable preference shares are mandatorily redeemable at par on 30 November 2031 and the Group is obliged to pay holders of these shares annual dividends of 4.4% of the face amount on 30 November each year until and including on maturity. Redeemable preference shares do not carry the right to vote.

For footnotes, see next page.

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AASB 1060.40(a)–(d), 47A, AASB 132.11, 16, Insights 3.1.100	**a.**	The Group classified the liability as non-current at 30 June 2027 as the maturity date is not within 12 months of the reporting date and the equity-classified conversion option does not impact the classification of the liability as current or non-current. The Group therefore has the right to defer settlement of the liability for at least 12 months after the reporting date. The conversion option is classified as an equity component under AASB 132 because the conversion will result in a fixed amount (i.e. the outstanding principal amount of the notes), exchanged for a fixed number of ordinary shares (i.e. the 'fixed for fixed' requirement is met).
Insights 7.7.50.80	**b.**	In our view, an entity should choose an accounting policy, to be applied consistently, to allocate transaction costs relating to a hybrid (combined) instrument that includes a non-derivative host contract which is not accounted for at FVTPL and an embedded derivative that is accounted for at FVTPL. The Group's accounting policy is to allocate all of the transaction costs to, and deduct from, the carrying amount of the non-derivative host contract on initial recognition and measure the embedded derivative at fair value on initial recognition.
AASB 1060.40(a)–(d), 47A, AASB 132.11, Insights 3.1.100	**c.**	Even though the maturity date is not within 12 months from the reporting date, the Group classified the host liability as current at 30 June 2027 because the Group takes the liability-classified conversion option into account when classifying the host liability. The note holders may exercise the conversion option at any time, which would result in the notes being settled by the Group. As such, the Group does not have the right to defer settlement of the host liability for at least 12 months after the reporting date. The conversion option contains an obligation for the Company to issue a fixed number of shares in exchange for a variable amount of cash. As the note payable is denominated in NZD rather than AUD, the Company's functional currency, the cash is fixed in NZD terms but is variable in the Company's functional currency terms. In addition, the conversion option has economic characteristics of equity and is not closely related to those of the host debt instrument. Therefore, the conversion option is a separable embedded derivative liability.

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Notes to the consolidated financial statements (cont.)

21. Trade and other payables

See accounting policies in Notes 36(M)(iii)-(iv).

AASB 1060.44(d)

In thousands of dollars	*Note*	2027	2026
Trade payables due to related parties	*30*	**137**	351
Trade payables due to other parties – without supplier finance arrangements		**20,011**	15,100
Trade payables due to other parties – with supplier finance arrangements		**2,520**	1,500
Accrued expenses		**312**	487
Trade payables		**22,980**	20,438
Forward exchange contracts used for hedging	*24(C)*	**8**	7
Refund liabilities[a]		**988**	883
Cash-settled share-based payment liability		**440**	380
Other payables		**1,436**	1,270
		24,416	21,708

A. Supplier finance arrangements

AASB 1060.119B

The Group participates in a supplier finance arrangement under which its suppliers may elect to receive early payment of their invoices from a bank. Under the arrangement, the bank agrees to pay amounts due to participating suppliers in respect of invoices owed by the Group and the Group repays the bank at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and provide the willing suppliers early payment terms, compared with the related invoice payment due date.

The Group has not derecognised the original trade payables relating to the arrangement because neither a legal release was obtained nor was the original liability substantially modified on entering into the arrangement.

From the Group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating; however, the arrangement does provide willing suppliers with the benefit of early payment. Additionally, the Group does not incur any additional interest towards the bank on the amounts due to the suppliers. The Group therefore includes the amounts subject to the arrangement within trade payables because the nature and function of these payables remain the same as those of other trade payables.

All payables under the arrangement are classified as current as at 30 June 2027 and 2026.

Additional information about the Group's trade payables is provided in the table below.

In thousands of dollars	30 June 2027	30 June 2026	1 July 2025
Carrying amount of financial liabilities subject to supplier finance arrangements			
Presented within trade and other payables	**2,520**	1,500	3,615
– of which suppliers have received payment from the bank	**520**	480	650
Range of payment due dates			
Trade payables subject to supplier finance arrangement (days after invoice date)	**50-65**	50-65	50-65
Comparable trade payables (days after invoice date)	**45-60**	40-55	40-55

Non-cash changes

There were no significant non-cash changes in the carrying amount of financial liabilities subject to supplier finance arrangements.

The payments to the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating – i.e. payments for the purchase of goods and services. The payments to a supplier by the bank of $520 thousand are considered non-cash transactions.

ASB 15.55

a. The Group has presented its refund liabilities under AASB 15 *Revenue from Contracts with Customers* as 'trade and other payables'. The Group's returns policy offers only an exchange for another good – i.e. the Group does not offer a cash refund. Therefore, refund liabilities do not meet the definition of a financial liability in AASB 132 *Financial Instruments: Presentation*.

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Notes to the consolidated financial statements (cont.)

22. Deferred income

See accounting policy in Note 36(F).

In thousands of dollars	2027	2026
Government grants[a]	**1,424**	1,462

AASB 1060.160(a)-(b)

The Group has been awarded three government grants. One of the grants, received in FY 2026, amounted to $1,462 thousand and was conditional on the acquisition of factory premises in a specified region. The factory has been in operation since late FY 2026 and the grant, recognised as deferred income, is being amortised over the useful life of the building. In accordance with the terms of the grant, the Group is prohibited from selling the factory premises for a period of 15 years from the date of the grant.

The second grant, received in FY 2027, was unconditional and amounted to $130 thousand. It was included in 'other income' when it became receivable (see Note 7(A)).

In FY 2027, the Group received support from the government, amounting to $70 thousand, towards payroll for employees who were temporarily out of work in flood-affected areas. The full amount of the grant was received in FY 2027 and recognised in profit or loss as 'other income' (see Note 7(A)).

23. Provisions

See accounting policies in Notes 36(E) and (Q).

In thousands of dollars	2027	2026
Current provisions		
AASB 1060.44(e) Employee benefits	**20**	8
AASB 1060.44(e) Other provisions	**660**	1,540
	680	1,548
Non-current provisions		
AASB 1060.44(e) Employee benefits	**187**	173
AASB 1060.44(e) Other provisions	**1,010**	-
	1,197	173

AASB 1060.172

Contributions to defined contribution plans recognised as an expense in profit or loss in 2027 were $455 thousand (2026: $419 thousand).

A reconciliation for each class of other provisions is provided below.[a]

In thousands of dollars	*Note*	Warranties	Restructuring	Site restoration	Onerous contracts	Legal	Total
AASB 1060.153(a)(i) Balance at 1 July 2026		**200**	**600**	**740**	**-**	**-**	**1,540**
Assumed in a business combination	*26*	**-**	**-**	**150**	**-**	**20**	**170**
AASB 1060.153(a)(ii) Provisions made during the year		**280**	**400**	**720**	**160**	**-**	**1,560**
AASB 1060.153(a)(iii) Provisions used during the year		**(200)**	**(500)**	**(800)**	**-**	**-**	**(1,500)**
AASB 1060.153(a)(iv) Provisions reversed during the year		**-**	**(100)**	**-**	**-**	**-**	**(100)**
AASB 1060.153(a)(i) **Balance at 30 June 2027**		**280**	**400**	**810**	**160**	**20**	**1,670**

AASB 1060.160(d), AASB 120.24, Insights 4.3.130.60

a. The Group has elected to present government grants related to assets as deferred income. Alternatively, an entity may present these grants as a deduction in arriving at the carrying amount of the related asset.
The deferred income is generally classified as a non-current liability when an entity presents a classified statement of financial position.

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Notes to the consolidated financial statements (cont.)

23. Provisions (Continued)

See accounting policies in Notes 36(E) and (Q).

	In thousands of dollars	*Note*	2027	2026
	Current provisions			
AASB 1060.44(e)	Employee benefits		**20**	8
AASB 1060.44(e)	Other provisions		**660**	1,540
			680	1,548
	Non-current provisions			
AASB 1060.44(e)	Employee benefits		**187**	173
AASB 1060.44(e)	Other provisions		**1,010**	-
			1,197	173

AASB 1060.172 Contributions to defined contribution plans recognised as an expense in profit or loss in 2027 were $455 thousand (2026: $419 thousand).

A reconciliation for each class of other provisions is provided below.[a]

	In thousands of dollars	*Note*	Warranties	Restructuring	Site restoration	Onerous contracts	Legal	Total
AASB 1060.153(a)(i)	Balance at 1 July 2026		**200**	**600**	**740**	**-**	**-**	**1,540**
	Assumed in a business combination	*26*	**-**	**-**	**150**	**-**	**20**	**170**
AASB 1060.153(a)(ii)	Provisions made during the year		**280**	**400**	**720**	**160**	**-**	**1,560**
AASB 1060.153(a)(iii)	Provisions used during the year		**(200)**	**(500)**	**(800)**	**-**	**-**	**(1,500)**
AASB 1060.153(a)(iv)	Provisions reversed during the year		**-**	**(100)**	**-**	**-**	**-**	**(100)**
AASB 1060.153(a)(i)	**Balance at 30 June 2027**		**280**	**400**	**810**	**160**	**20**	**1,670**

AASB 1060.153 a. An entity is not required to disclose comparative information for prior periods.

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Notes to the consolidated financial statements (cont.)

23. Provisions (continued)

A. Warranties

AASB 1060.153(b)-(d)

The provision for warranties relates mainly to paper sold in FY 2026 and FY 2027. The provision has been estimated based on historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability over the next year. An expected reimbursement of warranty expense incurred of $25 thousand has been included in 'trade receivables due from other parties' (see Note 12) following a supplier accepting responsibility for the defective products.

B. Restructuring (including termination benefits)[a]

AASB 1060.153(b)-(c), 174

During FY 2027, a provision of $400 thousand was made to cover the costs associated with restructuring part of a manufacturing facility that will be retained when the remainder of the facility is sold (see Note 14). Estimated restructuring costs mainly include employee termination benefits of $325 thousand, which are fully provided for, and are based on a detailed plan agreed between management and employee representatives. The restructuring and the sale are expected to be completed by December 2027.

During FY 2026, the Group committed to a plan to restructure a product line in the paper manufacturing and distribution division due to a decrease in demand as a result of a deterioration in economic conditions. Following the announcement of the plan, the Group recognised a provision of $600 thousand for expected restructuring costs, including contract termination costs of $128 thousand, consulting fees of $271 thousand and employee termination benefits of $201 thousand. Estimated costs were based on the terms of the relevant contracts. The restructuring was completed in 2027, and $500 thousand of the provision was used during the year (noting that the full amount of employee termination benefits provided for was paid). The unused provision of $100 thousand was reversed and has been included in 'cost of sales'.[b]

C. Site restoration

i. Australia

AASB 1060.153(b)

A provision of $740 thousand was made in FY 2026 and an unwind of the discount of $60 thousand was recognised in FY 2026 in respect of the Group's obligation to rectify environmental damage in Australia. The required work was completed during FY 2026 at a cost of $800 thousand.

ii. New Zealand

AASB 1060.153(b)-(c)

Under New Zealand law, the Group's subsidiary in New Zealand is required to restore contaminated land to its original condition before the end of 2029. During FY 2027, the Group provided $660 thousand for this purpose.

Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are currently available. The Group has been provided with a range of reasonably possible outcomes for the total cost, which range from $500 thousand to $700 thousand, reflecting different assumptions about pricing of the individual components of the cost. The provision has been calculated using a discount rate of 5.9%, which is the risk-free rate in New Zealand. The rehabilitation is expected to occur in the next two to three years.

iii. Acquisition of Papyrus

AASB 1060.153(b)

As part of the acquisition of Papyrus, the Group recognised environmental provisions of $150 thousand, measured on a provisional basis (see Note 26).

D. Onerous contracts

AASB 1060.153(b)

As a result of a non-cancellable sales contract related to standard paper products and the expected increase in costs to fulfil the contract arising from supply chain disruptions, the Group is no longer expected to cover the consideration receivable and recognised an onerous contract provision of $160 thousand.

E. Legal

AASB 1060.154, 142(e)

As a result of the acquisition of Papyrus, the Group assumed a contingent liability of $20 thousand, measured on a provisional basis (see Note 26).

AASB 1060.175

a. When there is uncertainty about the number of employees who will accept an offer of termination benefits, an entity discloses information about this contingent liability unless the possibility of an outflow in settlement is remote.

b. This disclosure is not specifically required in AASB 1060 but is included to provide context for the termination benefits that were previously provided for and actually paid.

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Notes to the consolidated financial statements (cont.)

24. Financial instruments

A. Accounting classifications

AASB 1060.113

The following table shows the carrying amounts of financial assets and financial liabilities.

30 June *In thousands of dollars*	*Note*	2027	2026
AASB 1060.113(a) **Financial assets measured at fair value through profit or loss**			
Forward exchange contracts used for hedging	*18*	**419**	441
Government bonds	*18*	**243**	591
Equity securities	*18*	**251**	254
		913	1,286
AASB 1060.113(b) **Financial assets measured at amortised cost**			
Trade receivables*	*12*	**32,518**	22,325
Cash and cash equivalents	*13*	**1,504**	1,849
Corporate debt securities	*18*	**2,421**	2,243
		36,443	26,417
AASB 1060.113(c) **Financial liabilities measured at fair value through profit or loss**		**2**	
Forward exchange contracts used for hedging	*21*	**(8)**	(7)
		(8)	(7)
AASB 1060.113(d) **Financial liabilities measured at amortised cost**			
Bank overdrafts	*13*	**(334)**	(282)
Secured bank loans	*20*	**(8,609)**	(12,078)
Unsecured bank loans	*20*	**(503)**	(117)
Convertible notes – liability component	*20*	**(4,678)**	-
Redeemable preference shares	*20*	**(1,939)**	-
Dividends payable on redeemable preference shares	*20*	**(51)**	-
Loan from associate	*30*	**-**	(1,000)
Trade payables*	*21*	**(22,980)**	(20,438)
		(39,094)	(33,915)

* Other receivables and payables that are not financial instruments (contract assets, prepayments and refund liabilities) are not included.

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Notes to the consolidated financial statements (cont.)

24. Financial instruments (continued)

B. Measurement of fair values

AASB 1060.115

The following tables show the valuation techniques used in measuring fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in Note 4(B).

Type	Valuation technique	Significant unobservable inputs
Equity securities	*Market comparison technique:* The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the equity securities, and the revenue and EBITDA of the investee. The estimate is adjusted for the net debt of the investee.	Adjusted market multiple (2026: 4–7).
Corporate debt securities	*Market comparison/discounted cash flow:* The fair value is estimated considering (i) current or recent quoted prices for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.	Not applicable.
Forward exchange contracts	*Forward pricing:* The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable.

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Notes to the consolidated financial statements (cont.)

24. Financial instruments (continued)

C. Financial risk management – Hedging

The Group uses derivatives to manage market risks, e.g. changes in foreign exchange rates. All such transactions are carried out within the guidelines set by risk management committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Currency risk

AASB 1060.120(c)

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the Australian (AUD) and New Zealand (NZD) dollars. The currencies in which these transactions are primarily denominated are AUD, NZD and USD.

AASB 1060.120(a)-(b)

The Group's risk management policy is to hedge 75 to 85% of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12 months at any point in time. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. These contracts are generally designated as cash flow hedges.[a,b,c]

AASB 1060.120

The Group designates the full change in the fair value of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item under the hypothetical derivative method.

In these hedging relationships, the main sources of ineffectiveness are:

- the effect of the counterparties' and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

Net investment hedges

AASB 1060.120(c)

A foreign currency exposure arises from the Group's net investment in its New Zealand subsidiary that has a New Zealand dollar functional currency. The risk arises from the fluctuation in spot exchange rates between the NZD and AUD, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedge is the risk of a weakening NZD against AUD that will result in a reduction in the carrying amount of the Group's net investment in the New Zealand subsidiary.

AASB 1060.120(a)-(b)

Part of the Group's net investment in its New Zealand subsidiary is hedged by a NZD-denominated secured bank loan (carrying amount: $1,240 thousand (2026: $1,257 thousand)), which mitigates the foreign currency risk arising from the subsidiary's net assets. The loan is designated as a hedging instrument for the changes in the value of the net investment that is attributable to changes in the AUD/NZD spot rate.

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a. The Group has not designated any fair value hedging relationships.

AASB 1060.122(b)

b. The Group did not have any forecast transaction for which cash flow hedge accounting had been used in the previous period, but which is no longer expected to occur. If it did, then it would be required to disclose a description of the forecast transaction as well as the amount reclassified from the cash flow hedge reserve to profit or loss.

AASB 1060.122(e)

c. The amount of any cash flow hedge or net investment hedge ineffectiveness recognised in profit or loss for the period is also separately disclosed where relevant. Other quantitative disclosures relating to hedging are disclosed in the Statement of profit or loss and OCI.

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Notes to the consolidated financial statements (cont.)

25. List of subsidiaries[a]

See accounting policy in Note 36(A)(ii).

AASB 1060.192

Set out below is a list of material subsidiaries of the Group.

- Paper AU Pty Ltd – Australia, 100% ownership interest (2026: 100%)
- Paper Pulp Pty Ltd – Australia, 100% ownership interest (2026: 100%)
- Paper NZ Ltd – New Zealand, 100% ownership interest (2026: 100%)
- Papyrus Ltd – New Zealand, 100% ownership interest (2026: 25%)

26. Acquisition of subsidiary

See accounting policy in Note 36(A)(i)–(iii).

AASB 1060.142(a)-(d)

On 30 September 2026, the Group acquired 75% of the shares and voting interests in Papyrus for a total cash consideration of $2,935 thousand. As a result, the Group's equity interest in Papyrus increased from 25 to 100%, granting it control of Papyrus (see Note 17).

Taking control of Papyrus will enable the Group to modernise its production process through access to Papyrus's patented technology. The acquisition is also expected to provide the Group with an increased share of the standard paper market through access to Papyrus's customer base. The Group also expects to reduce costs through economies of scale.

AASB 1060.142(e)

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

In thousands of dollars	***Note***	**2027**
Property, plant and equipment	*15(A)*	**1,955**
Intangible assets	*16(A)*	**250**
Inventories		**825**
Trade receivables		**848**
Cash and cash equivalents		**375**
Loans and borrowings	*20(B)(iii)*	**(500)**
Deferred tax liabilities	*10(D)*	**(79)**
Contingent liabilities	*23*	**(20)**
Site restoration provision	*23*	**(150)**
Trade and other payables		**(460)**
Total identifiable net assets acquired		**3,044**

Goodwill arising from the acquisition has been recognised as follows.

In thousands of dollars	***Note***	**2027**
Consideration transferred		**2,935**
Fair value of pre-existing interest in Papyrus		**650**
Fair value of identifiable net assets		**(3,044)**
Goodwill	*16(A)*	**541**

The remeasurement to fair value of the Group's existing 25% interest in Papyrus resulted in a gain of $250 thousand ($650 thousand less the $420 thousand carrying amount of the investment in associate at the date of acquisition plus $20 thousand of translation reserve reclassified to profit or loss). This amount has been included in 'finance income' (see Note 8).

AASB 1060.142(g)

The goodwill is attributable mainly to the skills and technical talent of Papyrus's work force and the synergies expected to be achieved from integrating the company into the Group's existing standard papers business.

AASB 1060.104(b)

a. When a parent entity controls another entity but does not own, directly or indirectly through subsidiaries, more than half of the voting power, it discloses the basis for concluding that control exists.

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Notes to the consolidated financial statements (cont.)

27. Leases

See accounting policy in Note 36(R).

A. Leases as lessee

AASB 1060.144(c)

The Group leases warehouse and factory facilities. The leases typically run for a period of 10 years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

During FY 2027, one of the leased properties has been sub-let by the Group. The lease and sub-lease expire in FY 2028.

Information about leases for which the Group is a lessee is presented below.

i. Right-of-use assets

AASB 16.47(a)(ii)

Right-of-use assets related to leased properties are presented as property, plant and equipment (see Note 15(A)).

In thousands of dollars	Land and buildings	Production equipment	Total
AASB 1060.144(a) Balance at 1 July 2026	**2,181**	**1,972**	**4,153**
AASB 1060.145 Additions to right-of-use assets	**150**	**-**	**150**
AASB 1060.145 Depreciation charge for the year	**(338)**	**(283)**	**(621)**
Derecognition of right-of-use assets*	**(89)**	**-**	**(89)**
AASB 1060.144(a) **Balance at 30 June 2027**	**1,904**	**1,689**	**3,593**

* Derecognition of the right-of-use asset is as a result of entering into a finance sub-lease.

ii. Amounts recognised in profit or loss

In thousands of dollars	2027	2026
AASB 1060.146(b) Expenses relating to short-term leases and leases of low-value assets that are not recognised as right-of-use assets	**145**	141

iii. Extension options

AASB 1060.144(c)

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

iv. Future lease payments

AASB 1060.144(b)

The total of future lease payments (including those lease payments that are not included in the measurement of the lease liability, e.g. for short-term leases and leases of low-value items) are disclosed for each of the following periods.

In thousands of dollars	2027	2026
Less than one year	**1,145**	531
One to five years	**2,413**	1,124
More than five years	**2,139**	1,531
	5,697	3,186

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Notes to the consolidated financial statements (cont.)

27. Leases (continued)

B. Leases as lessor

i. Finance lease

AASB 1060.147(f)

During FY 2027, the Group has sub-leased a building that had previously been presented as part of a right-of-use asset – property, plant and equipment.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

In thousands of dollars	2027	2026
AASB 1060.147(a)(i) Less than one year	**40**	-
AASB 1060.147(a)(ii) One to five years	**80**	-
AASB 1060.147(a)(iii) More than five years	**-**	-
Total undiscounted lease receivable	**120**	-
AASB 1060.147(b) Unearned finance income	**9**	-
Net investment in the lease	**111**	-

28. Commitments

AASB 1060.135(b), 138(d)

A. Property, plant and equipment

During FY 2027, the Group entered into a contract to purchase property, plant and equipment and patents and trademarks in FY 2027 for $1,465 thousand (2026: nil) and $455 thousand (2026: nil) respectively.

AASB 1060.122A

B. Nature-dependent electricity contracts

On 1 January 2027 the Group entered into a fixed-price pay-as-produced power purchase agreement (PPA) with the operator of a solar photovoltaic (PV) plant, for a five-year supply of solar energy to one of its Australian paper manufacturing facilities. Payment to the operator is based on the actual energy produced by the solar PV plant and delivered to the Group's facility, which varies depending on hours of sunlight. Therefore, the Group is exposed to the risk of having to purchase energy from the solar PV plant during a delivery interval, which exceeds the amount required to power its manufacturing facility over that interval. In these cases, the Group may be required to sell the unused energy shortly after delivery and at the then-available spot price.

The Group has determined that the PPA meets the own-use exemption and it is therefore not recognised as a derivative in the statement of financial position.[a]

[AASB 9.B2.7–8, BC2.18G–18H, Insights 7.1.235.100–110]

a. The Group has determined that the own-use exemption in IFRS 9 applies to the PPA because the Group has been, and expects to be, a 'net-purchaser' of energy for the contract period. In making this assessment, the Group anticipates that it will be able to buy sufficient energy to offset the sales of any unused energy no later than six months from its delivery date, in the same market in which the Group sold the energy. To avoid double counting, the Group excludes any expected purchases of unusable energy from its six-month energy purchase forecast. See our article for more information on applying the own-use exemption to nature-dependent energy contracts and the disclosures required. When a parent entity controls another entity but does not own, directly or indirectly through subsidiaries, more than half of the voting power, it discloses the basis for concluding that control exists.

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Notes to the consolidated financial statements (cont.)

28. Commitments (continued)

B. Nature-dependent electricity contracts (continued)

The estimated future cash outflows of purchasing energy under the PPA are provided in the table below

[Insights 3.12.620.10]

In thousands of AUD	2027	2028	2029	2030	2031
Estimated future cash flows	**1,827**	**1,918**	**2,022**	**2,178**	**1,066**

The Group does not assess whether the PPA is onerous because the related cash flows are not clearly distinguishable from the Group's paper manufacturing operations as a whole (except for proceeds from the sale of unused energy). However, if the operations become loss-making, the Group will assess the related paper manufacturing facilities for impairment.

The PPA has enabled the Group to lock in the cost of a significant proportion of the paper manufacturing facility's forecast energy demand, at lower than the average annual spot price in the same energy market. The effect on the Group's financial performance for the reporting period is provided in the table below.

In thousands of AUD	2027
Costs from purchases of energy made under the PPA	**852**
- Of which was unused at the time of delivery	**59**
Proceeds from sale of unused energy	**58**
Costs from purchases of energy made to offset sales of unused energy	**61**

C. Capital expenditure

The Group is committed to incurring other capital expenditure of $141 thousand (2026: $41 thousand). These commitments are expected to be settled in FY 2027.

29. Contingencies

AASB 1060.97, 154

A subsidiary is defending an action brought by an environmental agency in Australia. Although liability is not admitted, if the defence against the action is unsuccessful, then fines and legal costs could amount to $950 thousand, of which $250 thousand would be reimbursable under an insurance policy. Based on legal advice, management believes that the defence against the action will be successful.

AASB 1060.142(e)

As part of the acquisition of Papyrus, the Group recognised a contingent liability of $20 thousand in respect of a claim for contractual penalties made by one of Papyrus's customers (see Note 26).

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Notes to the consolidated financial statements (cont.)

30. Related parties[a]

A. Parent and ultimate controlling party

AASB 1060.192

During FY 2027, a majority of the Company's shares were acquired by Cameron Paper Co from Brown Products Corporation. As a result, the new ultimate controlling party of the Group is AJ Pennypacker. The previous ultimate controlling party was Sigma Australia Investment Holdings.[b]

B. Transactions with key management personnel

i. Key management personnel compensation

AASB 1060.194

Key management personnel compensation comprised short-term employee benefits, post-employment benefits, other long-term benefits, termination benefits and share-based payments.

In dollars	2027	2026
Total key management personnel compensation	**1,127,500**	775,250

ii. Key management personnel transactions

AASB 199(c)

Directors of the Company control 12% of the voting shares of the Company.

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

AASB 1060.198(b)(i)

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel-related companies on an arm's length basis.

AASB 1060.198(a)-(b)

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows.

In dollars		Transaction values for the year ended 30 June		Balance outstanding as at 30 June	
Transaction	***Note***	**2027**	**2026**	**2027**	**2026**
Legal fees	*(a)*	**12,250**	12,750	**-**	-
Repairs and maintenance	*(b)*	**409,950**	519,750	**136,900**	351,250
Inventory purchases – paper	*(c)*	**66,000**	-	**-**	-

AASB 1060.198(b)(i), 202

a. The Group used the legal services of one of its directors in relation to advice over the sale of certain non-current assets of the Company. Amounts were billed based on market rates for such services and were due and payable under normal payment terms.

b. In FY 2027, the Group entered into a two-year contract with On-Track Pty Ltd, a company controlled by another director, to buy repairs and maintenance services on production equipment. The total contract value is $986 thousand. The contract terms are based on market rates for these types of services and amounts are payable on a quarterly basis for the duration of the contract.

c. The Group bought various paper supplies from FabSupplies Pty Ltd, a company that is controlled by another director. Amounts were billed based on market rates for such supplies and were due and payable under normal payment terms.

From time-to-time directors of the Group, or their related entities, may buy goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers.

ASIC) Instrument 2026/468 (Part 2)

a. Where an entity applies the rounding relief available in *ASIC Corporations (Annual and Half-year Reporting) Instrument 2026/468 (Part 2)*, certain amounts are required to be rounded to a lower level. *The Instrument* specifies those amounts with reference to particular disclosure paragraphs in AASB 1060 (i.e. AASB 1060.168, AASB 1060.98, AASB 1060.194 and AASB 1060.196, 198-199).

AASB 1060.192

b. Relationships between a parent and its subsidiaries are disclosed irrespective of whether there have been related party transactions. An entity shall disclose the name of its parent and, if different, the ultimate controlling party.

If neither the Company's parent nor its ultimate controlling party produced consolidated financial statements available for public use, then the Company would disclose the name of the next most senior parent that does so. If neither the ultimate controlling party nor any intermediate controlling party produced consolidated financial statements that are available for public use, then this fact would be disclosed.

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Notes to the consolidated financial statements (cont.)

30. Related parties (continued)

C. Other related party transactions[a,b]

AASB 1060.198(a)-(b)

	Transaction values for the year ended 30 June		Balance outstanding as at 30 June	
In dollars	**2027**	**2026**	**2027**	**2026**
Sale of goods and services				
AASB 1060.199(a) Parent of the Group – Cameron Paper Co (2026: Brown Products Corporation)	**350,233**	319,976	**252,753**	282,683
AASB 1060.199(b) Associates	**400,219**	149,685	**331,982**	232,593
Others				
Associates				
– Loan and related interest	**5,000**	6,000	**-**	1,000,000

AASB 1060.198(b)-(d), 202

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within two months of the reporting date. None of the balances is secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties. In FY 2027, there were no transactions or outstanding balances with Brown Products Corporation, the previous parent of the Group. No guarantees have been given or received.

AASB 1060.201

Purchase obligations in relation to recycled paper products arise from supply and service contracts signed by the Group. In FY 2027, the Group entered into an $89,000 supply agreement with Cameron Paper Co. At 30 June 2027, the Group has used $25,000 of its commitment under the agreement.

a. Transactions between subsidiaries in the consolidated group, which are eliminated on consolidation, need not be disclosed.

Insights 5.5.120.30

b. In our view, an entity should disclose the portions of transactions with joint ventures or associates that are not eliminated in applying equity accounting in the consolidated financial statements.

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Notes to the consolidated financial statements (cont.)

31. Deed of cross guarantee[a,b,c]

ASIC Instrument 2016/785

Pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

ASIC Instrument 2016/785 Condition 6(v)(i)-(ii)

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

ASIC Instrument 2016/785 Condition 6(v)(i)-(ii)

The subsidiaries subject to the Deed are:

- Paper AU Pty Ltd
- Paper Pulp Pty Ltd

ASIC Instrument 2016/785 Condition 6(v)(i), (iii)-(iv)

Paper AU Pty Ltd Limited became a party to the Deed on 1 January 2026, by virtue of a Deed of Assumption. Tasman Trust was released from its obligations under the Deed by executing Revocation Deeds on 30 March 2027.

Paper Pulp Pty Ltd obtained relief pursuant to the Instrument for the year ended 30 June 2026; however, whilst still a party to the Deed, is not eligible for relief in the current year as it has become a small proprietary company. It was a large proprietary company in the previous financial year.

ASIC Instrument 2016/785 Condition 6(v)(i), (v)-(vi)

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2027 is set out as follows:

ASIC Instrument 2016/785

a. Summarised consolidated income statement and balance sheet disclosures for each of the following groups of entities as at the reporting date must be included in the consolidated financial statements of the Holding Entity:

- the Closed Group
- the group comprising the Holding Entity and all of its controlled entities that are parties to the Deed of Cross Guarantee (i.e. including controlled entities not wholly owned)
- parties to the Deed of Cross Guarantee which are not controlled entities (either individually or in aggregate).

In some circumstances, the disclosures required for each of the above will not differ as all the parties to the Deed of Cross Guarantee will be members of the Closed Group. This is the case in *Example Simplified Disclosures Proprietary Limited* group.

These are only the financial report conditions for obtaining relief under the legislative instrument. The legislative instrument must be referred to for full details and conditions.

ASIC Instrument 2016/785

b. Comparative information is only required when the holding entity was a holding entity in a Deed of Cross Guarantee at any time during the immediately preceding year.

ASIC Instrument 2026/533

c. *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* applies to 31 December 2026.
ASIC Corporations (Wholly-owned Companies) Instrument 2026/533 applies from 1 January 2027.

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Notes to the consolidated financial statements (cont.)

31. Deed of cross guarantee (continued)

ASIC Instrument 2016/785 Condition 6(v)(v)-(vi)

Statement of profit or loss and other comprehensive income and retained earnings

	For the year ended 30 June	
In thousands of dollars	**2027**	**2026**
Continuing operations		
Revenue	**xx**	xx
Cost of sales	**xx**	xx
Gross profit	**xx**	xx
Other income	**xx**	xx
Selling and distribution expenses	**xx**	xx
Administrative expenses	**xx**	xx
Research and development expenses	**xx**	xx
Other expenses	**xx**	xx
Operating profit	**xx**	xx
Finance income	**xx**	xx
Finance costs	**xx**	xx
Net finance costs	**xx**	xx
Share of profit of associates, net of tax	**xx**	xx
Profit before tax	**xx**	xx
Income tax expense	**xx**	xx
Profit from continuing operations	**xx**	xx
Discontinued operations	**xx**	xx
Profit (loss) from discontinued operation, net of tax	**xx**	xx
Profit for the period	**xx**	xx
Other comprehensive income		
Items that are or will be reclassified to profit or loss when specific conditions are met, net of tax	**xx**	xx
Foreign operations – foreign currency translation differences	**xx**	xx
Net investment hedge – net loss	**xx**	xx
Cash flow hedges – effective portion of changes in fair value	**xx**	xx
Cash flow hedges – reclassified to profit or loss	**xx**	xx
Reclassification of foreign currency differences on loss of significant influence	**xx**	xx
	xx	xx
Share of OCI of associates	**xx**	xx
Other comprehensive income for the period, net of tax	**xx**	xx
Total comprehensive income for the period, net of tax	**xx**	xx
Retained earnings at the beginning of year	**xx**	xx
Transfers to and from reserves	**xx**	xx
Dividends recognised during the year	**xx**	xx
Retained earnings at end of year	**xx**	xx

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Notes to the consolidated financial statements (cont.)

31. Deed of cross guarantee (continued)

Statement of financial position

In thousands of dollars	2027	2026
Assets		
Cash and cash equivalents	xx	xx
Trade and other receivables	xx	xx
Other financial assets	xx	xx
Inventories	xx	xx
Current tax assets	xx	xx
Assets held for sale	xx	xx
Current assets	xx	xx
Other financial assets	xx	xx
Property, plant and equipment	xx	xx
Intangible assets	xx	xx
Investments in associates	xx	xx
Deferred tax assets	xx	xx
Non-current assets	xx	xx
Total assets	xx	xx
Liabilities		
Bank overdraft	xx	xx
Trade and other payables	xx	xx
Other financial liabilities	xx	xx
Current tax liabilities	xx	xx
Provisions	xx	xx
Liabilities held for sale	xx	xx
Current liabilities	xx	xx
Other financial liabilities	xx	xx
Deferred tax liabilities	xx	xx
Provisions	xx	xx
Deferred income	xx	xx
Non-current liabilities	xx	xx
Total liabilities	xx	xx
Net assets	xx	xx
Equity		
Share capital	xx	xx
Reserves	xx	xx
Retained earnings	xx	xx
Total Equity	xx	xx

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Notes to the consolidated financial statements (cont.)

32. Parent entity disclosures[a,b]

S295(2), S295(3), Reg 2M.3.01

As at, and throughout, the financial year ended 30 June 2027 the parent entity of the Group was Example Simplified Disclosures Proprietary Limited.

Reg 2M.3.01(1)(k)

In thousands of dollars	2027	2026
Results of the parent		
Reg 2M.3.01(f) Profit for the period	xx	xx
Other comprehensive income	xx	xx
Reg 2M.3.01(g) **Total comprehensive income for the period**	xx	xx
Financial position of parent entity at year end		
Reg 2M.3.01(a) Current assets	xx	xx
Reg 2M.3.01(b) **Total assets**	xx	xx
Reg 2M.3.01(c) Current liabilities	xx	xx
Reg 2M.3.01(d) **Total liabilities**	xx	xx
Reg 2M.3.01(e) **Total equity of the parent entity comprising of:**		
Share capital	xx	xx
Reserves	xx	xx
Retained earnings	xx	xx
Total Equity	xx	xx

Parent entity contingent liabilities

Reg 2M.3.01(1)(f)

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

In thousands of dollars	*Note*	2027	2026
Contingent liabilities not considered remote			
Litigation	*(a)*	xx	xx
Performance guarantees	*(b)*	xx	xx
GST liabilities of other entities within the GST group		xx	xx
Tax liabilities of other entities within the tax consolidated group		xx	xx

(a) The parent entity is defending an action brought by an environmental agency in Australia. While liability is not admitted, if the defence against the action is unsuccessful, then fines and legal costs could amount to $950 thousand, of which $250 thousand (2026: nil) would be reimbursable under an insurance policy. Based on legal advice, the directors do not expect the outcome of the action to have a material effect on the parent entity's financial position. In the director's opinion, disclosure of any further information would be prejudicial to the interests of the Group.

(b) The Group has guaranteed, to an unrelated party, the performance of a subsidiary in relation to a contract for the supply of paper. In the event of default, the terms of the contract contain a minimum compensation payment to the unrelated party of $600,000. The contract is due to be fulfilled by 30 June 2027.

Reg 2M.3.01(1)(j)

Parent entity capital commitments or acquisition of property, plant and equipment

During the year, the Company entered into contracts to purchase plant and equipment for $520 thousand (2026: $370 thousand).

Reg 2M.3.01(1)(h)

Parent entity guarantees in respect of the debt of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 31.

a. Parent entities that are APRA regulated or hold an Australian Financial Services License are recommended to continue to present the parent entity financial statements and notes in the group annual report.

INT 1052

b. When a tax funding agreement is in place with a head entity, the entity provides relevant disclosures under Interpretation 1052 *Tax Consolidation Group*.

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Notes to the consolidated financial statements (cont.)

33. Auditors' remuneration[a,b,c,d]

	In dollars	2027	2026
ASIC Instrument 2026/468 (Part 2)	**Audit and review services**		
	Auditors of the Group – KPMG		
	Audit and review of financial statements – Group[e]	**658,900**	524,360
	Audit and review of financial statements – controlled entities[e]	**1,049,600**	689,890
AASB 1060.98(a)		**1,708,500**	1,214,250
	Other auditors		
AASB 1060.98(a)	Audit and review of financial statements	**12,260**	11,310
	Assurance services[f]		
	Auditors of the Group – KPMG		
APES 110 R5410.30(a)	Regulatory sustainability report assurance services[g,k]	**311,027**	221,050
AASB 1060.99	Other regulatory assurance services[g]	**43,410**	30,860
AASB 1060.99	Other assurance services[h,j]	**460,510**	491,370
AASB 1060.98(b)		**814,947**	743,280
	Other auditors		
AASB 1060.98(b), 99	Other assurance services[h]	**2,000**	2,000
	Other services[f,i]		
	Auditors of the Group – KPMG		
AASB 1060.98(b), 99	Taxation advice and tax compliance services	**114,320**	96,350
	Other auditors		
AASB 1060.98(b), 99	Valuation services	**25,000**	23,000

For footnotes, see next page.

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ASIC Instrument 2026/468 (Part 2)	a.	Where an entity applies the rounding relief available in *ASIC Corporations (Annual and Half-year Reporting) Instrument 2026/468 (Part 2)* certain amounts are required to be rounded to a lower level. *The Instrument* specifies those amounts with reference to particular disclosure paragraphs in AASB 1060 (i.e. AASB 1060.168, AASB 1060.98, AASB 1060.194 and AASB 1060.196, 198-199).
	b.	This illustrative disclosure excludes auditors' remuneration for associates. An entity may want to separately disclose auditors' remuneration for associates, in which case we recommend additional line items be included within each section for transparency.
	c.	Although it is not required, this categorisation of fees to auditors is encouraged by ASIC to aid in the consistent and transparent reporting of audit and non-audit fee information.
	d.	Disclosures are required regardless of whether the entity or a related entity make the payments. Where fees are paid on behalf of the entity by a related party outside the consolidated entity, disclosure as a related party transaction is required.
	e.	ASIC encourages fees paid to the Group auditor to be split out separately for those relating to auditing the statutory financial report of the parent covering the consolidated group; and those relating to auditing the statutory financial reports of any controlled entities. This disclosure is provided for illustrative purposes only.
	f.	Although it is not required, ASIC encourages entities to split fees for assurance services from fees for non-assurance services. They also encourage assurance services to be further split between "regulatory assurance services" and "other assurance services". This disclosure is provided for illustrative purposes only.
AASB 1060.99		An entity is required to describe the nature of all services provided that do not related to the audit or review of the financial statements. There is no requirement to provide an amount for each non-audit services.
S300(2A), S300(11B)(a) S300(11C)(b)		However, an entity that has not included detailed amounts for all non-audit services in the directors' report but has specified that this information may be found in the financial statements, discloses the amount for each non-audit service in this note in order to comply with the *Corporations Act 2001* requirements.
	g.	Regulatory assurance services are those that are required under legislation and are performed by the auditor, for example, Form FS 71 and AFS licensee, workers compensation, APRA reports, US Sarbanes-Oxley Act of 2002 Section 404, sustainability reporting, franchising code of conduct and retirements villages.
	h.	Other assurance services are fees for other assurance services other than those included under regulatory sustainability report assurance services and other regulatory assurance services, such as those required under contractual arrangements. Examples include, assurance on revenue information relevant to a royalty agreement, voluntary sustainability assurance reporting (see footnote (j)) and capital raisings.
	i.	Other services are services that do not fall within regulatory sustainability report, other regulatory, or other assurance services, e.g. tax advice, tax compliance, consulting, GAP assessment, Agreed upon procedures.
	j.	Voluntary sustainability assurance (e.g. AASB S1) included in "Other assurance services". This category would also include assurance fees where a National Greenhouse and Energy Reporting (NGER) reporter elects to obtain voluntary assurance over their NGER report.
APES 110 R5410.30(a)	k.	Regulatory sustainability report assurance services have been separately disclosed in accordance with the *APES 110 Code of Ethics for Professional Accountants (including Independence Standards*) for periods beginning from 1 January 2026. This disclosure is provided for illustrative purposes only for Public Interest Entities.

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Notes to the consolidated financial statements (cont.)

34. Subsequent events

A. Restructuring

AASB 1060.187-188

At the end of July 2026, the Group announced its intention to implement a cost-reduction programme and to take further measures to reduce costs. Additionally, to enable the Group to adapt its size to current market conditions, it intends to reduce the Group's workforce by 400 positions worldwide by the end of 2027, by means of non-replacement whenever possible. The Group expects the restructuring associated with the reduction in positions to cost between $600 thousand and $850 thousand in the year ending 30 June 2027 and 2028.

B. Others

Subsequent to 30 June 2027, one of the Group's major trade customers went into liquidation following a natural disaster in August 2026 that damaged its operating plant. Of the $100 thousand owed by the customer, the Group expects to recover less than $10 thousand. No additional allowance for impairment has been made in these consolidated financial statements.

On 10 July 2027, one of the premises of the Group's material subsidiary, having a carrying amount of $220 thousand, was seriously damaged by fire. Surveyors are in the process of assessing the extent of the loss, following which the Group will file a claim for reimbursement with the insurance company. The Group is unable to estimate the incremental costs relating to refurbishment and temporary shift of production to other locations (in excess of the reimbursement expected).

As explained in Note 20(B), the Group breached a financial loan covenant associated with a bank loan in the first quarter of 2027. The Group obtained a waiver for the breach of covenant in April 2026 for a period of 18 months. Subsequent to 30 June 2027, the bank revised the loan covenant ratio and the waiver was lifted.

On 22 January 2026, the Group announced its intention to acquire all of the shares of ABC Company for $6,500 thousand. On 4 July 2027, the Group's shareholders approved the transaction and the Group is now awaiting approval from regulatory authorities before proceeding with the acquisition. Management anticipates that this approval will be received by October 2027.

AASB 1060.95–96

35. Changes in material accounting policies [a,b,c,d]

Derecognition of financial liabilities settled via electronic payment systems

The Group has adopted *Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)* from 1 July 2026. The amendments clarify when a financial asset or a financial liability is recognised and derecognised. They also introduce an exception that permits an entity to derecognise a financial liability before the settlement date when the financial liability is settled with cash, using an electronic payment system that meets specific criteria.

Adopting the amendments resulted in a change in the accounting policy for the derecognition of trade payables settled with cash using qualifying electronic payment systems, for which the Group has elected to apply the exception. Previously, the Group derecognised trade payables settled with cash using an electronic payment system on the settlement date. Under the new policy, derecognition of these trade payables occurs on the date when the Group's ability to withdraw, stop or cancel the payment instruction is surrendered and the other eligibility criteria are met. As a result, the Group derecognises certain trade payables and cash earlier. The amendments apply retrospectively; however, the Group was not required to restate prior periods to reflect their application under the transitional provisions. In addition, the change in accounting policy did not have a material effect on the Group's consolidated financial statements for the periods presented. [e,f]

For footnotes, see next page.

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a. The description of the nature and effects of the changes in accounting policies presented is only an example that reflects the circumstances of the Group and may not be representative of the nature and effects of the changes for other entities. It is provided for illustrative purposes largely without regard to materiality.

Amendments to accounting standards and interpretations that are effective for annual reporting periods beginning on 1 January 2026 are described in our Standards on Issue.

b. The Group chose to present a separate note describing its change in accounting policy since the last annual financial reporting period. Alternatively, this information could be provided in the basis of accounting note – see Note 2.

c. Comparative information is generally required in respect of the preceding period for all amounts reported in the current period's financial statements, as well as – if relevant to understanding the current period's financial statements – for narrative and descriptive information. However, when entities adopt new accounting standards without restating comparative information, the disclosure requirements of the new accounting standards do not normally apply to the comparative period because the comparative information reflects the requirements of the superseded accounting standards.

d. The accounting policies within this guide are provided for illustrative purposes only and largely without regard to materiality. Therefore, in some instances the accounting policies include detailed descriptions that summarise the requirements of the applicable accounting standards. Entities should consider their own circumstances as well as the users of their financial statements to determine the accounting policy information to provide. For further information, see our article.

e. For some entities, these amendments may have a material effect on their financial statements. If the effect of the change in accounting policy had been material for the Group, then the Group would have derecognised trade payables meeting the specified criteria and recognised a corresponding decrease to cash and cash equivalents at the date of initial application. The adjustment to cash and cash equivalents would also have impacted the opening balance in the statement of cash flows at the date of initial application. For further information on the amendments, see our article.

Insights 2.3.15.30

f. Adopting the amendments did not result in a change in the accounting policy for the derecognition of financial assets settled with cash via electronic payment systems. The Group's accounting policy for derecognition of financial assets applies equally to trade receivables settled with cash using an electronic payment system (see Note 36(M)(iii)).

In our view, an outstanding receivable which will be settled with cash via an electronic payment system does not qualify as a cash equivalent while the cash transits through the system because treating it as such would have a similar effect as derecognising the receivable before the cash is received. Such receivables are derecognised only on completion of the settlement.

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies[a]

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

AASB 1060.18, AASB 5.34

Certain comparative amounts in the statement of profit or loss and OCI have been re-presented as a result of an operation discontinued during the current year (see Note 5).

Set out below is an index of the material accounting policies, the details of which are available on the pages that follow.

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a. The example accounting policies illustrated reflect the circumstances of the Group on which these financial statements are based, by describing only the specific policies that are relevant to an understanding of the Group's consolidated financial statements. For example, the accounting policy for preference shares (Note 36(N)(ii)) is not intended to be a complete description of the classification of such shares in general. These example accounting policies should not be relied on for a complete understanding of Australian Accounting Standards and should not be used as a substitute for referring to the standards and interpretations themselves. To help you identify the underlying requirements in Australian Accounting Standards, references to the recognition and measurement requirements in Australian Accounting Standards that are relevant for a particular accounting policy have been included and indicated by square brackets – e.g. *[AASB 3.19]*.

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

A. Basis of consolidation

i. Business combinations

[AASB 3.3–4, 32, 34, 53, B5–B12]

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see (A)(ii)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified reassessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see (P)(ii)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see (N)).

[AASB 3.40, 58]

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

ii. Subsidiaries

[AASB 10.6, 20]

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii. Loss of control

[AASB 10.25, B97–B99]

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

AASB 1060.125(a)

iv. Investments in associates

[AASB 128.3]

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

[AASB 128.10, 16, 22]

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of associates, until the date on which significant influence ceases.

v. Transactions eliminated on consolidation

[AASB 10.B86(c), AASB 128.28–29]

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee.[a] Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Insights 3.5.430.30

a. In the absence of specific guidance in the Accounting Standards, the Group has elected to eliminate unrealised gains and losses resulting from transactions with associates against the investment in associates. Alternatively, the elimination may be presented as a reduction in the underlying asset – e.g. inventory.

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

B. Foreign currency

i. Foreign currency transactions

[AASB 121.21]

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

[AASB 121.23, 28, 30, 32]

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.[a]

[AASB 9.B5.7.3]

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see (M)(v)); and
- qualifying cash flow hedges to the extent that the hedges are effective.

ii. Foreign operations

[AASB 121.39]

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into dollars at the exchange rates at the dates of the transactions.

[AASB 121.41]

Foreign currency differences are recognised in OCI and accumulated in the translation reserve.

[AASB 121.48–49]

When a foreign operation is disposed of in its entirety or partially such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

C. Discontinued operation

[AASB 5.32]

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

AASB 5.34

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Insights 2.7.160.20

a. In our experience, the most common practice is for all such exchange differences related to monetary items to be included as part of finance costs. However, it is also acceptable to allocate the exchange differences to the various line items affected. If exchange differences are allocated in this way, then this should be done consistently from period to period having regard to the guidance in IAS 1 on offsetting, and in our view it would be necessary to disclose the entity's allocation policy, if it is significant, in the financial statements. The offsetting guidance in AASB 1060 is consistent with that in IAS 1 and AASB 101.

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

D. Revenue from contracts with customers

AASB 1060.157(a), 158

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies. For the accounting policy for onerous contracts, see Note 36(Q).

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Methods used to recognise revenue for performance obligations satisfied over time[a]
Standard paper products	Customers obtain control of standard paper products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 30 days. No discounts are provided for standard paper products. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.	
Made-to-order paper products	The Group has determined that for made-to-order paper products, the customer controls all of the work in progress as the products are being manufactured. This is because under those contracts paper products are made to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to contractual terms and are usually payable within 30 days. Uninvoiced amounts are presented as contract assets.	Revenue and associated costs are recognised over time – i.e. before the goods are delivered to the customers' premises. Progress is determined based on the cost-to-cost method because the customer obtains control of the work in progress as the made-to-order paper products are being manufactured, and the cost measure faithfully depicts the transformation of the work in progress.
Managing forest resources services and related services	Invoices for forestry services are issued on a monthly basis and are usually payable within 30 days.	Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on surveys of work performed. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Group sells the services in separate transactions.

AASB 1060.158, BC68

a. An entity is required to disclose the methods used to recognise revenue only for performance obligations satisfied over time and not for performance obligations satisfied at a point in time.

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

E. Employee benefits

i. Short-term employee benefits

[AASB 119.11]

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Share-based payment arrangements

[AASB 2.30, 32]

The fair value of the amount payable to employees in respect of share appreciation rights (SARs), which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognised in profit or loss.

iii. Defined contribution plans

[AASB 119.51]

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. Other long-term employee benefits

[AASB 119.155–156]

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

v. Termination benefits

[AASB 119.165]

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

F. Government grants[a]

AASB 1060.160(d)

[AASB 120.7, 24–26]

The Group initially recognises government grants related to assets as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

[AASB 120.12, 20, 29]

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

Insights 4.3.140.10

a. An entity chooses a presentation format, to be applied consistently, either to offset a grant related to income against the related expenditure (net presentation) or to present it separately or under a general heading such as 'other income' (gross presentation).

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

G. Finance income and finance costs[a]

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- dividend expense on preference shares issued classified as financial liabilities;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- impairment losses (and reversals) on investments in debt securities carried at amortised cost;
- the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination;
- the fair value loss on contingent consideration classified as a financial liability;
- hedge ineffectiveness recognised in profit or loss; and
- the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of foreign currency risk for borrowings.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

[AASB 9.5.4.1–5.4.2, A]

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

H. Income tax

[AASB 112.58]

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.[b]

[AASB 112.88A]

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of AASB 112. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.[c]

i. Current tax

[AASB 112.2, 12, 46, INT 23.11]

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

[AASB 112.71]

Current tax assets and liabilities are offset only if certain criteria are met.

Insights 7.10.70.37

a. There is no guidance in the Accounting Standards on what is included in finance income and finance costs and the Group has disclosed as part of its accounting policy which items constitute finance income and finance costs.

Insights 3.13.45.10

b. Interest and penalties related to income taxes are not explicitly included in the scope of AASB 112. The IFRS Interpretations Committee discussed the accounting for interest and penalties related to income taxes and noted that an entity first considers whether interest or a penalty itself is an income tax. If so, then it applies AASB 12. If the entity does not apply AASB 112, then it applies AASB 137 to that amount. The Committee also noted that this is not an accounting policy choice – i.e. an entity needs to apply judgement based on the specific facts and circumstances.

Insights 3.13.43.20

c. Pillar Two top-up taxes are determined based on taxable profit or loss in a specific jurisdiction. They are included in the consolidated financial statements of the ultimate parent entity, before eliminating intra-group items and after making other adjustments – i.e. top-up taxes are levied on a net amount. Therefore, in our view all Pillar Two top-up taxes levied by tax authorities are generally income taxes in the scope of AASB 112.

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

H. Income tax (continued)

ii. Deferred tax

[AASB 112.15, 24, 39, 44]

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
  - is not a business combination; and
  - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

[AASB 112.56]

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

[AASB 112.37]

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

[AASB 112.47, INT 23.11]

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

[AASB 112.51]

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

[AASB 112.74]

Deferred tax assets and liabilities are offset only if certain criteria are met.

I. Inventories

AASB 1060.123(a)

[AASB 102.9, 25]

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out allocation method. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

J. Property, plant and equipment

i. Recognition and measurement

AASB 1060.134(a)

[AASB 1.D5, AASB 116.30]

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 July 2005, the Group's date of transition to the Australian Accounting Standards, was determined with reference to its fair value at that date.

[AASB 116.45]

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

[AASB 116.41, 71]

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

J. Property, plant and equipment (continued)

ii. Subsequent expenditure

[AASB 116.13]

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

AASB 1060.134(b)-(c)

iii. Depreciation

[AASB 116.53, 58, 60]

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- buildings: 40 years
- plant and equipment: 3–12 years
- fixtures and fittings: 5–10 years.

[AASB 116.51]

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

K. Intangible assets

i. Recognition and measurement

[AASB 138.107–108]

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Research and development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

[AASB 138.54–55]

[AASB 138.57, 71, 74]

[AASB 138.74]

ii. Subsequent expenditure

[AASB 138.18]

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

AASB 1060.137(a)-(b)

iii. Amortisation

[AASB 138.97]

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values under the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

- patents and trademarks: 3–20 years
- development costs: 2–5 years
- customer relationships: 4–5 years.

[IAASB 138.104]

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

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

L. Assets held for sale

[AASB 5.6]

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

[AASB 5.15–15A, 18–23]

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or deferred tax assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

[AASB 5.25, AASB 128.20]

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any interest in associate is no longer equity accounted.

AASB 1060.112

M. Financial instruments

i. Recognition and initial measurement

[AASB 9.3.1.1]

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

[AASB 9.5.1.1, 5.1.3]

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets - Classification

[AASB 9.4.1.1]

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

[AASB 9.4.4.1, 5.6.1]

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

[AASB 9.4.1.2]

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

[AASB 9.4.1.5]

Financial assets not classified as measured at amortised cost as described above are measured at FVTPL (see Note 24(A)).

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

M. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets – Business model assessment

[AASB 9.B4.1.2]

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level[a] because this best reflects the way the business is managed and information is provided to management.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.[b]

The business models of the Group are as follows.

Held to collect	The Group holds financial assets which arise from its paper manufacturing business. The objective of the business model for these financial instruments is to collect the amounts due from the Group's receivables and to earn contractual interest income on the amounts collected. The Group also holds a portfolio of corporate debt securities for the purpose of earning fixed coupons throughout the life of the instrument, as well as maintaining a largely fixed interest rate profile to manage its interest rate risk exposure. (see Note 18 and 24 for further details)
Held for trading	The Group holds a portfolio of listed equity securities and sovereign debt securities for the purpose of trading (see Note 18 for further details).

Financial assets – Assessment whether contractual cash flows are SPPI

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

[AASB 9.B4.1.11(b), B4.1.12]

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition. The Group had no financial assets held outside trading business models that failed the SPPI assessment.

AASB 9.B4.1.1–B4.1.2, Insights 7.4.70.30

a. The objective of the entity's business model is not based on management's intentions with respect to an individual instrument, but rather is determined at a higher level of aggregation. The assessment needs to reflect the way that an entity manages its business or businesses. A single reporting entity may have more than one business model for managing its financial instruments.

Insights 7.4.110.15

b. IFRS 9 does not provide specific guidance for business model assessment related to portfolios of financial assets for which the entity's objectives include transfers of financial assets to third parties in transactions that do not qualify for derecognition. In our view, whether such a portfolio is considered consistent with a held-to-collect business model depends on the circumstances.

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

M. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses

[AASB 9.5.7.1]

Financial assets at fair value through profit or loss (FVTPL)	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see Note 36M)(v) for derivatives designated as hedging instruments.

[AASB 9.5.7.2]

Financial assets at amortised cost	These assets are subsequently measured at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

[AASB 9.5.7.1]

Financial liabilities are measured at amortised cost or FVTPL. A financial liability is measured at FVTPL if it is classified as held-for-trading. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

See Note 36(M)(v) for financial liabilities designated as hedging instruments.

iii. Derecognition

[AASB 9.3.2.6(b)]

Financial assets

The Group derecognises financial assets on the date on which the contractual rights to the cash flows expire or the asset is transferred.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised. See Note 12(A) for further details.

[AASB 9.B3.1.2A, B3.3.8]

Financial liabilities

The Group derecognises financial liabilities on the settlement date. However, for certain financial liabilities settled with cash using electronic payment systems, the Group applies an exception on a system-by-system basis to derecognise financial liabilities earlier. For these liabilities, derecognition occurs when the Group's ability to withdraw, stop or cancel the payment instruction is surrendered and the other eligibility criteria are met.

iv. Offsetting

[AASB 132.42]

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

M. Financial instruments (continued)

v. Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

[AASB 9.4.3.3]

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

[AASB 9.5.1.1, 5.2.1(c)]

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

[AASB 9.6.4.1]

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

[AASB 9.6.5.11, 6.5.16]

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates the full change in fair value of the forward exchange contracts (including forward points) as the hedging instrument in cash flow hedging relationships, and recognises the gains or losses relating to the effective portion of the change in fair value of the entire forward contract in the cash flow hedge reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

[AASB 9.6.5.6–7, 6.5.12]

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

[AASB 9.6.5.13–14]

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

N. Share capital

i. Ordinary shares

[AASB 132.35–35A]

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with AASB 112 (see Note 36(H)).

ii. Preference shares

[AASB 132.AG25–AG26]

The Group's redeemable preference shares are classified as financial liabilities because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

Non-redeemable preference shares are classified as equity because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

O. Compound financial instruments

[AASB 132.28–32]

Compound financial instruments issued by the Group comprise convertible notes denominated in dollars which can be converted by the holder at any time until maturity to a fixed number of ordinary shares (see Note 20(C)).

[AASB 9.5.1.1, AASB 132.38, AG31]

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

[AASB 9.5.3.1]

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

[AASB 132.AG32]

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

P. Impairment

i. Financial assets

Financial instruments and contract assets

[AASB 9.5.5.1]

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost and contract assets.

The Group also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

[AASB 9.5.5.3, 5.5.5, 5.5.11, 5.5.15–16]

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.[a]

AASB 9.5.5.15

a. For lease receivables, contract assets and trade receivables with a significant financing component, an entity can choose as an accounting policy either to apply the general model for measuring the loss allowance or always to measure the loss allowance at an amount equal to the lifetime ECLs. The Group has chosen the latter policy.

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

P. Impairment (continued)

i. Financial assets (continued)

Financial instruments and contract assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

[AASB 9.5.5.19, B5.5.38]

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

[AASB 9.5.5.17, A, B5.5.28–30, B5.5.33]

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

[AASB 9.5.5.1–5.5.2]

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

ii. Non-financial assets

[AASB 136.9–10, 59]

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

[AASB 136.22, 80]

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

[AASB 136.6, 30]

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

[AASB 136.59]

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

[AASB 136.104]

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

[AASB 136.117, 122, 124]

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

Q. Provisions

[AASB 137.14, 45, 47, INT 1.8]

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

[AASB 137.39]

Warranties	A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

[AASB 137.72]

Restructuring	A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

[AASB 137.21]

Site restoration	In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

[AASB 137.66, 68]

Onerous contracts	A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see (P)(ii)).

R. Leases

[AASB 16.9]

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. As a lessee

[AASB 16.13-15, 45]

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

[AASB 16.22–24]

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

[AASB 16.29–33]

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

[AASB 16.26]

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

AASB 1060.91(c)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

[AASB 16.27]

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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Notes to the consolidated financial statements (cont.)

36. Material accounting policies (continued)

R. Leases (continued)

i. As a lessee (continued)

[AASB 16.36, 40, 42] The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

[AASB 16.39] When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

[AASB 16.47–48] The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

ii. As a lessor

[AASB 16.17] At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

[AASB 16.61–62] When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

[AASB 16.63] To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

[AASB 16.B58] When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

[AASB 16.17] If an arrangement contains lease and non-lease components, then the Group applies AASB 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

[AASB 16.77] The Group applies the derecognition and impairment requirements in AASB 9 *Financial Instruments* to the net investment in the lease (see Note 36(P)(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

S. Fair value measurement

[AASB 13.9, 24, 42] 'Fair value' is 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

[AASB 13.77, 79, A] When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

[AASB 13.61–62]] If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

[AASB 13.70–71] If an asset or liability measured at fair value has a bid price and ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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Directors' declaration

S295(4)

1. In the opinion of the directors of [Example Simplified Disclosures Proprietary Limited] ('the Company'):

   (a) the Company is not publicly accountable;

   (b) the consolidated [a] financial statements and notes that are set out on pages [xx] to [xxx] are in accordance with the *Corporations Act 2001*, including:

S294(4)(d)(ii)

S294(4)(d)(i)

      (i) giving a true and fair view of the Group's financial position as at 30 June 2027 and of its performance, for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards – Simplified Disclosure Requirements and the *Corporations Regulations 2001*; and

S295(4)(c)

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the group entities identified in Note [ ] will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* [b].

S295(5)(a)

Signed in accordance with a resolution of the directors:

S295(5)(b)

Dated at…… ……[city]……day of……2027.

S295(5)(c)

_____

[Director_name]

Director [c]

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a. Entities that are including parent entity financial statements (not only consolidated financial statements) will need to tailor this to reflect the parent entity's financial statements, financial position and performance.

ASIC Instrument 2026/533

b. *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* applies to 31 December 2026. *ASIC Corporations (Wholly-owned Companies) Instrument 2026/533* applies from 1 January 2027.

c. The declaration may be signed by more than one director.

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Independent audit report to the members of Example Simplified Disclosures Proprietary Limited

[To be provided by Auditor]

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Appendices

Appendix 1 – Consolidated statement of income and retained earnings
Appendix 2 – Illustrative disclosures for scenarios not covered
Appendix 3 – Example disclosures when part of a tax-consolidated group

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Appendix 1 – Consolidated statement of income and retained earnings

AASB 1060 allows an entity to present a combined statement of income and retained earnings in place of a statement of comprehensive income and a statement of changes in equity if the only changes to its equity during the periods for which financial statements are presented arise from profit or loss, payment of dividends, corrections of prior period errors, and changes in accounting policy. This appendix provides an illustration of such a statement.

AASB 1060.26, 30, 62

Consolidated statement of income and retained earnings

AASB 1060.31(c)

AASB 1060.20-21, 28-29, 31(d), 49(a), 51, 56, 92 In thousands of dollars	Note	For the year ended 30 June 2027	2026
Continuing operations			
AASB 1060.52(a) Revenue	6	**102,400**	96,417
AASB 1060.58(b) Cost of sales		**(57,461)**	(56,186)
Gross profit		**44,939**	40,231
Other income	7(A)	**264**	16
AASB 1060.58(b) Selling and distribution expenses		**(18,322)**	(15,865)
AASB 1060.58(b) Administrative expenses		**(17,732)**	(14,428)
AASB 1060.58(b), 139 Research and development expenses		**(1,109)**	(697)
AASB 1060.58(b) Other expenses	7(B)	**(870)**	(190)
Operating profit		**7,170**	9,067
Finance income		**1,034**	369
AASB 1060.52(b) Finance costs		**(1,867)**	(1,616)
Net finance costs	8	**(833)**	(1,247)
AASB 1060.52(c) Share of profit of associates, net of tax	17	**(49)**	315
Profit before tax		**6,288**	8,135
AASB 1060.52(d), AASB 112.77 Income tax expense	10	**(1,837)**	(2,223)
Profit from continuing operations		**4,451**	5,912
Discontinued operation			
AASB 1060.52(e) Profit (loss) from discontinued operation, net of tax		**379**	(422)
AASB 1060.52(f), 53(a)(ii) **Profit for the period**		**4,830**	5,490
Retained earnings			
AASB 1060.63(a) Retained earnings at the beginning of the reporting period		21,337	16,421
AASB 1060.63(c) Restatement of retained earnings for correction of prior period error		-	-
AASB 1060.63(d) Restatement of retained earnings for change in accounting policy		-	-
AASB 1060.63(b) Dividends		(1,243)	(571)
AASB 1060.63(e) **Retained earnings at the end of the reporting period**		**24,937**	21,337

The notes on pages xx to xxx are an integral part of these consolidated financial statements.

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Appendix 2 – Illustrative disclosures for scenarios not covered

This Appendix provides additional considerations and illustrative disclosures for transactions, conditions and events relating to the following items, which Example Simplified Disclosures Proprietary Limited have not accounted for in the main example of this guidance:

- biological assets (Appendix 2.1);
- investment property (Appendix 2.2);
- equity-settled share-based payments (Appendix 2.3); and
- non-controlling interests (Appendix 2.4).

The sub-sections identify the relevant location in the financial statements, where an entity presents and discloses additional line items and information relating to the corresponding topic area. Also, references to AASB 1060 are provided for further details in relation to the accounting requirements affecting the relevant item.

2.1 Biological assets

Consolidated statement of financial position

- Biological assets classified into current/non-current (ref. AASB 1060.35(h))

Consolidated statement of cash flows

- Cash flow from investing activities – Purchase of non-current biological assets (ref. AASB 1060.68(a))

Note – Income and expenses

- Other income/expenses – Change in fair value of biological assets (ref. materiality, e.g. AASB 1060.21)

Note – Income taxes

- Movement in deferred tax balances – Biological assets (ref. AASB 1060.178(e))

Note – Biological assets

Example disclosures with respect to biological assets measured at fair value:

A. Reconciliation of carrying amount

	In thousands of dollars	Standing timber	Livestock	Total
AASB 1060.204(c)	Balance at 1 July 2026	3,756	300	4,056
AASB 1060.204(c)(i)	Change in fair value less costs to sell	407	180	587
AASB 1060.204(c)(ii)	Purchases	294	11	305
AASB 1060.204(c)(iii)	Harvested timber transferred to inventories	(135)	-	(135)
AASB 1060.204(c)(v)	Effect of movements in exchange rates	30	14	44
AASB 1060.204(c)(vi)	Sales of livestock	-	(127)	(127)
AASB 1060.204(c)	**Balance at 30 June 2027**	4,352	378	4,730
	Non-current	4,352	346	4,698
	Current	-	32	32
		4,352	**378**	**4,730**

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B. Measurement of fair values

AASB 1060.204(a)–(b)

The following table shows the valuation techniques used in measuring fair values, as well as the significant assumptions applied.

Type	Valuation technique	Significant assumptions
Standing timber Standing timber older than 25 years (the age at which it becomes marketable)	*Discounted cash flows*: The valuation model considers the present value of the net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for [*X*] years. The expected net cash flows are discounted using a risk-adjusted discount rate.	– Estimated future timber market prices per tonne: 2027: $12.8–17.9, weighted average $16.25 (2026: $11.6–16.3, weighted average $15.15). – Estimated yields per hectare: 2027: 6–10, weighted average 8 (2026: 5–10, weighted average 7.5). – Estimated harvest and transportation costs: 2027: 6.4–8.3%, weighted average 7.5% (2026: 6.3–7.8%, weighted average 6.7%). – Risk-adjusted discount rate: 2027: 7.9–9.0%, weighted average 8.6% (2026: 7.1–8.3%, weighted average 7.8%).
Younger standing timber	*Cost approach and discounted cash flows*: The Group considers both approaches, and reconciles and weighs the estimates under each approach based on its assessment of the judgement that market participants would apply. The cost approach considers the costs of creating a comparable plantation, taking into account the costs of infrastructure, cultivation and preparation, buying and planting young trees with an estimate of the profit that would apply to this activity. Discounted cash flows consider the present value of the net cash flows expected to be generated by the plantation at maturity, the expected additional biological transformation and the risks associated with the asset; the expected net cash flows are discounted using risk-adjusted discount rates.	– Estimated costs of infrastructure per hectare: 2027: $0.8–1.1, weighted average $0.95 (2026: $0.8–1.2, weighted average $0.97). – Estimated costs of cultivation and preparation per hectare: 2027: $0.2–0.4, weighted average $0.3 (2026: $0.3–0.4, weighted average $0.35). – Estimated costs of buying and planting young trees: 2027: $1.0–1.3, weighted average $1.25 (2026: $1.1–1.3, weighted average $1.2). – Estimated future timber market prices per tonne: 2027: $13.8–19.8, weighted average $17.05 (2026: $13.7–19.5, weighted average $16.6). – Estimated yields per hectare: 2027: 6–11, weighted average 8.6 (2026: 7–11, weighted average 8.9). – Risk-adjusted discount rate: 2027: 8.9–9.9%, weighted average 9.4% (2026: 9.3–9.9%, weighted average 9.6%).
Livestock Livestock comprises cattle and sheep, characterised as commercial or breeders	*Market comparison technique*: The fair values are based on the market price of livestock of similar age, weight and market values.	Not applicable.

Where an entity measures its biological assets using the cost model, it discloses:

- a description of each class of its biological assets;
- an explanation of why fair value cannot be measured reliably;
- the depreciation method used;
- the useful lives or the depreciation rates used; and
- the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period. (ref. AASB 1060.205)

Note – Material accounting policies

Biological assets

[AASB 141.12-13]

Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss.

Inventories

[AASB 102.20]

The cost of standing timber transferred from biological assets is its fair value less costs to sell at the date of harvest.

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2.2 Investment property

Consolidated statement of financial position

- Investment property (ref. AASB 1060.35(f))

Note: If an entity's right-of-use assets meet the definition of investment property, it presents the right-of-use assets in the statement of financial position as investment property (AASB 16.48).

Consolidated statement of cash flows

- Cash flow from investing activities – Acquisition of investment property (ref. AASB 1060.68(a))

Note – Revenue

- Other revenue – Investment property rentals (ref. materiality, e.g. AASB 1060.21)

Note – Income and expenses

- Other income/expenses – Change in fair value of investment property (ref. materiality, e.g. AASB 1060.21)

Note – Income taxes

- Movement in deferred tax balances – Investment property (ref. AASB 1060.178(e))

Note – Property, plant and equipment

If an entity carries a class of its property, plant and equipment at cost less accumulated depreciation and impairment, it makes the following additional disclosure, where relevant:

- Reconciliation of carrying amount – Transfers to/from investment property carried at FVTPL (ref. AASB 1060.134(e)(v))

Note – Investment property

Example disclosures with respect to investment property accounted for at FVTPL:

A. Reconciliation of carrying amount

	In thousands of dollars	**Total**
AASB 1060.132(e)	Balance at 1 July 2026	**250**
AASB 1060.132(e)(i)	Acquisitions	**300**
AASB 1060.132(e)(ii)	Change in fair value	**20**
AASB 1060.132(e)(iv)	Reclassification from property, plant and equipment	**800**
AASB 1060.132(e)	**Balance at 30 June 2027**	**1,520**

B. Measurement of fair values

AASB 1060.132(b)

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every six months.

AASB 1060.132(a)

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant assumptions applied.

Valuation technique	**Significant assumptions**
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	– Expected market rental growth 2027: 2–3%, weighted average 2.6% (2026: 2–3%, weighted average 2.5%). – Void periods (2027 and 2026: average 6 months after the end of each lease). – Occupancy rate 2027: 90–95%, weighted average 92.5% (2026: 91–95%, weighted average 92.8%). – Rent-free periods (2027 and 2026: 1-year period on new leases). – Risk-adjusted discount rates 2027: 5–6.3%, weighted average 5.8% (2026: 5.7–6.8%, weighted average 6.1%).

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Note – Capital and reserves

Where an entity measures its property, plant and equipment at cost and investment property at fair value, it discloses the nature and purpose of a revaluation reserve.

AASB 1060.45(b)

B. Nature and purpose of reserves

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately before its reclassification as investment property.

Note – Leases

Where an entity leases out its investment property and the lease is classified as an operating lease, it discloses the following:

Leases as lessor

Operating lease

AASB 1060.148(c)

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

In thousands of dollars	**2027**	**2026**
AASB 1060.148(a)(i) Less than one year	**450**	xx
AASB 1060.148(a)(ii) One to five years	**1,170**	xx
AASB 1060.148(a)(iii) More than five years	**145**	xx
Total	**2,065**	xx

Note – Material accounting policies

Income tax

Deferred tax

[AASB 112.51C]

The carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Property, plant and equipment

Reclassification to investment property

[AASB 140.61]

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

Investment property

[AASB 140.20, 33, 35]

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

[AASB 140.62(b)(ii), 69]

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

[AASB 16.81]

Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

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2.3 Equity-settled share-based payments

Consolidated statement of changes in equity

- Transactions with owners of the company – Equity-settled share-based payment (ref. AASB 1060.61(c)(iii))

Note – Share-based payment arrangements

Description of share-based payment arrangements

AASB 1060.164(a)

At 30 June 2027, the Group had the following share-based payment arrangements.

Share option programmes (equity-settled)

On 1 July 2023 and 1 July 2025, the Group established share option programmes that entitle key management personnel to purchase shares in the Company. On 1 July 2026, a further grant on similar terms was offered to key management personnel and senior employees. Under these programmes, holders of vested options are entitled to purchase shares at the market price of the shares at grant date. Currently, these programmes are limited to key management personnel and other senior employees.

The key terms and conditions related to the grants under these programmes are as follows; all options are to be settled by the physical delivery of shares.

Grant date/employees entitled	Number of instruments in thousands	Vesting conditions	Contractual life of options
Options granted to key management personnel			
On 1 July 2023	400	3 years' service from grant date and 5% increase in operating income in each of the 3 years	7 years
On 1 July 2025	200	Same as above	10 years
On 1 July 2026	225	Same as above	10 years
Options granted to senior employees			
On 1 July 2026	100	3 years' service from grant date	10 years
Total share options	925		

Measurement of fair values

Equity-settled share-based payment arrangements

AASB 1060.165

The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

Reconciliation of outstanding share options

AASB 1060.164(b)

The number and weighted-average exercise prices of share options under the share option programmes and replacement awards were as follows.

In thousands of options	Number of options 2027	Weighted-average exercise price 2027	Number of options 2026	Weighted-average exercise price 2026
AASB 1060.164(b)(i) Outstanding at 1 July	**550**	**$10.18**	400	$10.00
AASB 1060.164(b)(ii) Granted during the year	**475**	**$10.16**	200	$10.50
AASB 1060.164(b)(iii) Forfeited during the year	**(50)**	**$10.00**	(50)	$10.00
AASB 1060.164(b)(iv) Exercised during the year	**(5)**	**$10.00**	-	-
AASB 1060.164(b)(v) Expired during the year	**-**	**-**	-	-
AASB 1060.164(b)(vi) **Outstanding at 30 June**	**970**	**$10.18**	550	$10.18
AASB 1060.164(b)(vii) Exercisable at 30 June	**295**	**$10.00**	350	$10.00

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Note – Income taxes

- Movement in deferred tax balances – Equity-settled share-based payments (ref. AASB 1060.178(e))

Note – Capital and reserves

Where an entity set up a separate share-based payment reserve, it discloses the nature and purpose of this reserve (ref. AASB 1060.45(b).

Note – Material accounting policies

[AASB 2.14–15, 19–21A]

Employee benefits

Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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2.4 Non-controlling interests

Consolidated statement of financial position

- Equity – Non-controlling interests (presented separately from the equity attributable to the owners of the parent) (ref. AASB 1060.35(p))

Consolidated statement of profit or loss and other comprehensive income

- Profit or loss for the period attributable to non-controlling interests (ref. AASB 1060.53(a)(i))
- Total comprehensive income for the period attributable to non-controlling interests (ref. AASB 1060.53(b)(i))

Consolidated statement of changes in equity

- Total comprehensive income attributable to non-controlling interests (ref. AASB 1060.61(a)))
- Reconciliation between the carrying amount of non-controlling interests at the beginning and the end of the period (ref. AASB 1060.61(c))
- Changes in ownership interests in subsidiaries that do not result in a loss of control (ref. AASB 1060.61(c)(iii))

Note – Acquisition of subsidiary

Goodwill arising from the acquisition has been recognised as follows.

In thousands of dollars	2027
Consideration transferred	**2,631**
AASB 1060.142(h) NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of [ ]	**304**
Fair value of identifiable net assets	**(3,044)**
Goodwill	**541**

Note – Material accounting policies

Basis of consolidation

Non-controlling interests

[AASB 3.19] NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.[a]

[AASB 10.23, B96] Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

[AASB 10.25, B97–B99] When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Foreign currency

Foreign operations

[AASB 121.41, AASB 10.B94] Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

AASB 3.19

a. An entity has a choice on a combination-by-combination basis to measure any NCI in the acquiree at either the proportionate share of the acquiree's identifiable net assets or fair value. The Group has elected the former approach.

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Appendix 3 - Example disclosures when part of a tax consolidated group

Tax consolidation – AI 1052 disclosures

This appendix provides extracts of example disclosures that would apply under AI 1052 *Tax Consolidation Accounting* when a tax funding arrangement is in place with a head entity. The disclosures are based on the following assumptions:

- the Company implemented tax consolidation as at 1 July 2003
- under the tax funding arrangement the intercompany charge recognised equals the current tax liability of the subsidiary, resulting in neither a contribution by the head entity to the subsidiary nor a distribution by the subsidiary to the head entity; and
- deferred taxes are calculated by reference to the carrying amounts of the assets within the separate financial statements of each entity (i.e. subsidiary carrying amounts less tax consolidation tax base).

Each entity will need to perform its own assessment of the impact AI 1052 has on its financial statements and provide disclosures accordingly.
The following pages are set out as follows:

- Example accounting policy for the 'separate taxpayer within the group' approach adopted by a subsidiary under AI 1052 Tax Consolidation Accounting (Appendix 3.1);
- Example accounting policy for the 'standalone taxpayer' approach adopted by a subsidiary under AI 1052 *Tax Consolidation Accounting* (Appendix 3.2);
- Example accounting policy for the 'group allocation' approach adopted by a subsidiary under AI 1052 *Tax Consolidation Accounting* (Appendix 3.3);
- Example disclosures for current tax assets and liabilities for a subsidiary in a tax-consolidated group (Appendix 3.4); and
- Example related party disclosures under AASB 124 *Related Party Disclosures* for a subsidiary in a tax-consolidated group (Appendix 3.5).

3.1 Example accounting policy for the 'separate taxpayer within the group'

Income tax

Tax consolidation

The Company is a wholly owned subsidiary in a tax-consolidated group with Example Public Company Limited as the head entity. The implementation date of the tax consolidation system for the tax-consolidated group was 1 July 2003.

Current tax expense (income), deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company's balance sheet and their tax values applying under tax consolidation[1].

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the Company are assumed by the head entity of the tax-consolidated group and are recognised as amounts payable (receivable) to other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution from or distribution to the head entity.

The Company recognises deferred tax assets arising from unused tax losses to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the assets can be utilised. The Company assesses the recovery of its unused tax losses and tax credits only in the period in which they arise, and before assumption by the head entity, in accordance with AASB 112 applied in the context of the tax-consolidated group. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability are recognised by the head entity only.

[1] AI 1052.37 allows a choice of the company or the tax consolidation group accounting carrying amounts to be used.

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Appendix 3 - Example disclosures when part of a tax consolidated group

Nature of tax funding arrangement and tax sharing agreements

The Company, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the Company recognising an inter-entity payable (receivable) equal in amount to the tax liability (asset) assumed. The inter-entity payable (receivable) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The Company, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

[*Insert significant terms and conditions of tax sharing agreement that may affect the amount, timing and uncertainty of future cash flows*].

3.2 Example accounting policy for the 'standalone taxpayer' approach

Income tax

Tax consolidation

The Company is a wholly owned subsidiary in a tax-consolidated group with Example Public Company Limited as the head entity. The implementation date of the tax consolidation system for the tax-consolidated group was 1 July 2003.

Current tax expense (income), deferred tax liabilities and deferred tax assets arising from temporary differences of the Company are recognised using the 'stand alone taxpayer' approach whereby the Company measures its current and deferred taxes as if it continued to be a separately taxable entity in its own right. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company's balance sheet and their tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the Company are assumed by the head entity of the tax-consolidated group and are recognised as amounts payable (receivable) to other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution from or distribution to the head entity.

The Company recognises deferred tax assets arising from unused tax losses to the extent that it is probable that future taxable profits of the Company will be available against which the assets can be utilised. The Company assesses the recovery of its unused tax losses and tax credits only in the period in which they arise, and before assumption by the head entity, in accordance with AASB 112 applied in the context of the tax-consolidated group. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability are recognised by the head entity only.

Nature of tax funding arrangement and tax sharing agreements

The Company, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the Company recognising an inter-entity payable (receivable) equal in amount to the tax liability (asset) assumed. The inter-entity payable (receivable) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the

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timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The Company, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

[*Insert significant terms and conditions of tax sharing agreement that may affect the amount, timing and uncertainty of future cash flows*].

3.3 Example accounting policy for the 'group allocation' approach

Income tax

Tax consolidation

The Company is a wholly owned subsidiary in a tax-consolidated group with Example Public Company Limited as the head entity. The implementation date of the tax consolidation system for the tax-consolidated group was 1 July 2003.

Current tax expense (income), deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are allocated to the Company and recognised using a 'group allocation' approach. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company's balance sheet and their tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the Company are assumed by the head entity of the tax-consolidated group and are recognised as amounts payable (receivable) to other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution from or distribution to the head entity.

The Company recognises deferred tax assets arising from unused tax losses to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the assets can be utilised. The Company assesses the recovery of its unused tax losses and tax credits only in the period in which they arise, and before assumption by the head entity, in accordance with AASB 112 applied in the context of the tax-consolidated group. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability are recognised by the head entity only.

Nature of tax funding arrangement and tax sharing agreements

The Company, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the Company recognising an inter-entity payable (receivable) equal in amount to the tax liability (asset) assumed. The inter-entity payable (receivable) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.
The Company, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

[*Insert significant terms and conditions of tax sharing agreement that may affect the amount, timing and uncertainty of future cash flows*].

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Appendix 3 - Example disclosures when part of a tax consolidated group

3.4 Example disclosure for current tax assets and liabilities

Tax assets and liablities[1]

Current tax assets and liabilities

In accordance with AI 1052, the Company recognises in each reporting period current tax amounts. Subsequently, in accordance with the tax consolidation legislation, the head entity has assumed the current tax liability (asset) initially recognised by the Company. Hence, the Company's current tax liability (asset) has been derecognised immediately after its initial recognition.

Under the tax funding arrangement the Company and the head entity recognise an inter-entity payable (receivable) equal in amount to the current tax liability (asset) assumed. The Company continues to recognise tax expense (income) even though it has derecognised its current tax liability or asset.[2]

The Company's inter-entity payable of $[ ] (2026: $[ ]) relating to the current tax liability assumed by the head entity is included in trade and other payables.

Explanatory notes on tax consolidation

1. [AASB 112.12] A current tax liability or asset is recognised for income tax payable or recoverable in respect of all periods to date. Under AI 1052, this balance is assumed by the head entity of the tax-consolidated group.
2. [AI 1052.11(a), (b), (c)] Specific tax consolidation adjustments shall be accounted for by a subsidiary in a tax-consolidated group as follows:
   a) current tax liabilities (or assets) recognised for the period by the subsidiary shall be accounted for as immediately assumed by the head entity
   b) deferred tax assets arising from unused tax losses and unused relevant tax credits recognised for the period by the subsidiary shall be accounted for as immediately assumed by the head entity
   c) assets and liabilities (if any) arising for the subsidiary under a tax funding arrangement shall be recognised as amounts receivable from or payable to other entities in the group; and
   d) any differences between the net tax amount derecognised under paragraphs (a) and (b) and the net amount recognised under paragraph (c) shall be recognised as a contribution by (or distribution to) equity participants between the subsidiary and the head entity

   [AI 1052.42] The derecognition of a subsidiary's current tax liability (or asset) is treated under AI 1052 as a contribution by (or distribution to) the head entity, in conjunction with any tax funding arrangement amounts, on the basis that the transaction is with the parent in its capacity as the parent. The definition of "income" (or "expenses") in the Framework for the Preparation and Presentation of Financial Statements cannot be satisfied, as the decrease in the subsidiary's current tax liability (or asset) results from a contribution by or distribution to equity participants. AI 1052 does not prescribe which equity accounts are to be adjusted by subsidiaries for tax-consolidation contributions or distributions.

   [AI 1052.44] The subsidiary recognises the assumption of its current tax liability or asset as a contribution by or distribution to the head entity, in conjunction with any tax funding arrangement amounts. Thus, the subsidiary continues to recognise tax expense (income) even though it derecognises its current tax liability or asset. The subsidiary may choose to classify a tax-consolidation equity contribution from the head entity as contributed equity other than paid-in capital. A transaction that would result in an equity reduction for the subsidiary may be subject to legal restrictions concerning capital distributions.

3.5 Example related party disclosures

Related parties (tax consolidation)

[Refer Note 30 for disclosures required in relation to related parties. Below are example disclosures in respect of tax consolidation only].

Parent entity

The Company is a wholly owned subsidiary in a tax-consolidated group with its parent entity, Example Public Company Limited, as the head entity. The Company, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The Company, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement.
The Company's inter-entity payable of $[ ] (2026: $[ ]) relating to the current tax liability assumed by the parent entity as the head entity, is included in trade and other payables.

For further details regarding tax consolidation and the nature of the tax funding arrangement and tax sharing agreement, refer to accounting policy Note 36(xx) and Note x

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