Longtable Group Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Longtable Group Limited
ABN:	69 092 817 171
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

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2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	2,747.4%	to	11,105
Loss from ordinary activities after tax attributable to the owners of Longtable Group Limited	up	56.7%	to	(4,734)
Loss for the half-year attributable to the owners of Longtable Group Limited	up	56.7%	to	(4,734)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to $4.73 million (31 December 2017: loss of $3.02 million).

Financial position

The net assets of the consolidated entity increased by $2.82 million to $66.35 million (30 June 2018: $63.53 million). The increase during the period was as a result of the issue of equity (net of capital raising costs) amounting of $7.47 million coupled with the $4.73 million loss reported for the period.

Review of operations

Financial Performance

The Group's statutory financial results for the 6 months ended 31 December 2018 (H1 FY19) continued to reflect a period of transformational change for the company hence the results not representative of the underlying performance of the businesses.

The Group achieved revenue of $11.11 million, incorporating St David Dairy's sales since 1 August 2018, which was the date Longtable acquired that business. The Group incurred a loss after tax of $4.73 million (H1 FY18 loss: $3.02 million) due to:

- the continued transition of Paris Creek Farms to a sophisticated corporate business model;
- Paris Creek Farms' brand and product refresh, and expanded distribution rollout;
- the acquisition of St David Dairy;
- full complement of corporate costs associated with acquisitions and building group structure; and
- the successful turnaround of the Maggie Beer Products investment.

Revenue and Costs

St David Dairy

Since acquisition of the St David Dairy business on 1 August 2018, this business has delivered continued revenue growth and increased customer numbers. When comparing the full 6-month period to December 2018 to the same period last year, sales were up 31% to $3.60 million, with the number of ordering customers (stores) up 27%.

Milk continues to be the largest product category at 74% of total sales (H1 FY18: 82%) and milk sales increased 17% over the period. Butter and cream demonstrated significant sales growth increasing by 71% compared to H1 FY18, and now comprise 18% of sales (H1 FY18: 14%). The additional demand by our Sydney based distributor, coupled with an increased demand by bakeries contributed to the growth in butter sales.

Gross Profit reflected the positive sales performance for the period. As sales of butter and cream increased significantly, margin performance was adversely impacted by increasing costs of cream. Management implemented a price increase to customers in November 2018 to recover part of this difference, however as cream costs are not expected to abate it is likely that further price increases may be required. In addition to this, Paris Creek Farms is also supplying some of the cream requirements to St David Dairy, demonstrating some of the synergies between the two dairy facilities.

With St David Dairy's significant growth, management are continually managing the existing labour pool to meet increased production. During the half, the business utilised additional labour in the form of overtime and outsourced labour which impacted H1 FY19 EBITDA by 5%.

Sales and EBITDA growth are expected to continue given the continued focus on high levels of customer service, outstanding quality products, resetting cream and butter prices to customers, and the stabilising of labour costs.

Paris Creek Farms

Paris Creek Farms' business performance reflects a period of significant transformation. The business has taken longer to reposition the products and channels than initially anticipated since purchase, however a refined strategy for revenue growth from new branded products and cost base improvements are set to drive improved performance.

During H1 FY19 the business has:

1. launched its brand refresh;
2. rolled out new packaging;
3. completed its re-formulation;
4. launched its national yogurt range;
5. begun expanding its distribution channels into the Eastern seaboard; and
6. successfully executed a price increase for most of its product portfolio.

Sales for H1 FY19 incorporated the launch of the new range in October 2018 in SA and four weeks of the initial launch of the brand and products in the Eastern seaboard (ESB), which included the Christmas holiday period:

1. An agreement with Metcash was reached for the supply of milk and yogurt across its ESB network from early December. By the end of December, the sales network successfully supplied into more than 150 Metcash stores;
2. An agreement with Woolworths was reached for the supply of the core Paris Creek Farms' cheese range in 170 premium ESB stores, which commenced in mid-December; and
3. In South Australia, stores that traditionally ranged BD Farm Paris Creek, switched to the new Paris Creek Farms brand, a new pricing position and 100% biodynamic organic product portfolio. While volume predictably declined in South Australia, the pricing reset recovered this amount, with a 23% increase in average margin per litre of milk.

Overall, Paris Creek Farms' net sales performance for H1 FY19 of $8.02 million was 6% below H1 FY18 due to the substantial transformation programme pulling back sales and does not reflect the business' potential going forward. Product category mix remained broadly consistent, with milk at 63% of sales (H1 FY18: 61%), yogurt at 17% (H1 FY18: 17%), cheese at 7% (H1 FY18: 9%), with the balance in the other categories.

Paris Creek Farms' farmer suppliers have continued to deliver milk in accordance with the supply growth trajectory, with excess milk over the spring months being on-sold to other parties. Management are considering opportunities to better capture the value of surplus milk needs for spring 2020, ensuring its full value as a bio-dynamic organic resource is recovered. In total, milk produced increased by 17% over the period to 6.8 million litres.

The launch of the new Paris Creek Farms' products, and the staggered launch of those products to align with supermarket timelines, added a layer of abnormal operational complexity in this transitory stage, creating temporary operational inefficiencies impacting both labour and waste. As a result, costs at Paris Creek Farms were $1.4 million or 37% higher than H1 FY18, mainly due to labour costs increasing by $0.5 million, cost increases in electricity and gas charges, cleaning chemicals and higher QA costs associated with the push into more extended shelf life (ESL) milk lines for national ranging (+$0.3 million); higher marketing investment (3% of sales) to support the brand refresh and the introduction of 3rd party sales force to service Metcash (+$0.4 million).

A total of $0.9 million of costs and other income in H1 FY19 were ''one-off' in nature within the Paris Creek Farms' result. They included transitional costs associated with the launch of the refreshed products, employee redundancy and restructure costs, net cost of excess milk and costs associated with the previous vendors (consulting fees).

Whilst Paris Creek Farms delivered a trading loss in H1 FY19, the causes of those losses are reflective of the transformation being undertaken and do not reflect the benefits that the growth strategy for Paris Creek Farms will have on future revenues and earnings. With access to the largest pool of bio-dynamic organic milk in Australia, reinforced by milk availability being up on last year, and cost-out initiatives underway, the opportunity remains in converting this milk to value added products coupled with a strong push into new geographic distribution.

Corporate

Group corporate office costs of $2.46 million was $0.47 million less than H1 FY18, with employee costs the most significant component. Longtable has built a strong executive team that is delivering growth, realising mergers and acquisition opportunities and creating long term value. Whilst employee costs were up, reflecting the increased head count, these were offset by a reduction in share-based payments expense. Other group costs reflect the nature of the listed company environment. Longtable has the right group structure now in place to support sustainable growth going forward.

Maggie Beer Products

Maggie Beer Products has considerably improved its operating performance with growth from new categories and major retailer sales along with an active cost out program delivering strong EBITDA outcomes. Its program of transformational change delivered positive EBITDA of $1.48 million (H1 FY18: loss of $0.09 million). This strong turnaround was delivered with overall modest sales growth versus the same period last year of 4% to $11.62 million, and focused cost out initiatives reducing selling, marketing and overhead expenses. This positive result contributed $0.4 million in share of profit in the equity accounting of Maggie Beer Products (H1 FY18: loss of $0.12 million).

Balance Sheet

The Group is supported by a balance sheet with net assets of $66.35 million, including a cash balance of $3.98 million at 31 December 2018. The acquisition of St David Dairy added to net assets, with intangibles increasing to $41.41 million (30 June 2018: $27.26 million).

Paris Creek Farms required working capital funding of $2.18 million to support the product and brand refresh. With the expected improvement in business performance, the quantum of funding will reduce. Paris Creek Farms is not forecast to undertake any major capital investment in FY19, except where opportunities are identified for significant new product launches aligned with brand credentials. The estimated spend is expected to be lower than depreciation in FY19.

Inventory as at 31 December 2018 was $1.46 million, the majority related to Paris Creek Farm. The stock is mainly attributed to the cheese investment, some of which is expected to be sold over H2 FY19. Overall working capital for the business is at approximately 9.5% of sales and is expected to be in this range for H2 FY19.

St David Dairy is expected to contribute positively to the Group's cash position in H2 FY19.

A disciplined approach to working capital and the Group's cash management will continue.

Outlook

The Group anticipates that FY19 will demonstrate the opportunities for long term growth of the businesses it has acquired and deepen the synergies that exist between them.

Over H2 FY19, growth for all businesses will primarily come from increasing distribution and availability of the products in the portfolio to new customers. The entire portfolio of brands and products are on trend in FMCG: delivering core trends in localisation, premiumisation and wellness attributes. They are therefore well placed to grow and underpin the Group's expansion.

The businesses will look to new product development as a key part of future development beyond the next six months. This will include the expansion of Maggie Beer products to new categories in collaboration with the major supermarkets. At Paris Creek Farms this will include the preparation for launch in wellness and nutrition for value added dairy products including powders.

Managing cost will also be a core focus of the group with demonstrated success of these initiatives with Maggie Beer Products. At St David Dairy this will include the close management of labour and ingredient costs. At Paris Creek Farms, this will include the continuation of cost out programs to deliver savings over the next year.

The Board is highly confident in the potential of all the brands in the Group's portfolio and intends to continue the strategy set for the business to deliver growth and shareholder value.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	20.32	32.59

4. Control gained over entities

Name of entities (or group of entities)	St David Dairy Pty Ltd
Date control gained	1 August 2018

	$'000
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	477
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Longtable Group Limited (previously Primary Opinion Limited) holds a 48% shareholding in Maggie Beer Products Pty Ltd.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-Year Report.

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11. Attachments

Details of attachments (if any):

The Half-Year Report of Longtable Group Limited for the half-year ended 31 December 2018 is attached.

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12. Signed

Signed Date: 28 February 2019

Mr Tony Robinson
Non-Executive Chairman

Longtable Group Limited

ABN 69 092 817 171

Half-Year Report - 31 December 2018

Directors	Tony Robinson (Non-executive Chairman) Hugh Robertson (Non-executive Director) Tom Kiing (Non-executive Director) Laura McBain (Managing Director)
Company secretary	Clinton Orr
Chief Financial Officer	Michael Caragounis
Registered office	Level 30, 55 Collins St Melbourne VIC 3000 Tel: +613 9692 7222 Fax: +613 9077 9233
Principal place of business	Level 30, 55 Collins St Melbourne VIC 3000 Tel: +613 9692 7222 Fax: +613 9077 9233
Share register	Computershare Investor Services Pty Limited GPO Box 2975 Melbourne VIC 3001
Auditor	PricewaterhouseCoopers Level 19/2 Riverside Quay Southbank VIC 3006
Stock exchange listing	Longtable Group Limited shares are listed on the Australian Securities Exchange (ASX code: LON)
Website	www.longtablegroup.com

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Longtable Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors
The following persons were directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Tony Robinson (Non-executive Chairman)
Hugh Robertson (Non-executive Director)
Tom Kiing (Non-executive Director)
Laura McBain (Managing Director)

Principal activities
During the financial half-year the principal continuing activities of the consolidated entity were the expansion of its activities in the food and beverage industry with a particular focus on premium products. This included:

- managing its investment in Maggie Beer Products Pty Ltd ("MBP");
- completing the acquisition of St David Dairy; and
- transitioning the operations of B.-d Farm Paris Creek Pty Ltd ("Paris Creek Farms") to a corporate structure.

Review of operations
The consolidated entity reported a net loss of $4.73 million for the financial period (2017: $3.02 million loss). Included in the operating loss for the half-year period are share based payments amounting $0.09 million (2017: $2.04 million), and depreciation expense of $0.55 million (2017: $0.03 million).

The net assets of the consolidated entity increased by $2.82 million to $66.35 million (30 June 2018: $63.53 million). The increase during the period was as a result of the issue of equity (net of capital raising costs) amounting of $7.47 million coupled with the $4.73 million loss reported for the period.

A summary of the consolidated entity's review of operations for the six month period is included in the Appendix 4D, which is attached to this half-year report.

On 30 July 2018, the Company held a general meeting of shareholders to approve tranche two of the two-tranche placement being 7.1 million fully paid ordinary shares at an issue price of $0.70 (70 cents) per share, raising approximately $5 million before costs. The Company completed its placement on 1 August 2018.

On 1 August 2018 the Company completed its acquisition of St David Dairy Pty Ltd following approval of shareholders, having paid $12.25 million in cash and $2.7 million in shares issued at a fair value issue price of $0.63 (63 cents) to the vendor. The shares have been escrowed, with fifty percent of the shares escrowed for 12 months from the date of issue and the remaining fifty percent of the shares escrowed for 24 months from the date of issue.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year
No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's Review Report
The Company's auditor has included an "emphasis of matter" paragraph in the Auditor's Review Report relating to the Company's ability to continue as a going concern (refer Note 1).

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in the directors' report and financial statements have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, unless otherwise indicated.

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Tony Robinson
Non-executive Chairman

28 February 2019

Auditor's Independence Declaration

As lead auditor for the review of Longtable Group Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Longtable Group Limited and the entities it controlled during the period.

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
28 February 2019

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Longtable Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	Note	Consolidated 31 December 2018 $'000	31 December 2017 $'000
Revenue		11,014	371
Other income		91	19
Total revenue		11,105	390
Expenses			
Raw materials and consumables used	4	(6,308)	(200)
Marketing and advertising expense		(474)	(21)
Professional fees		(798)	(457)
Employee benefits expense	4	(4,739)	(2,351)
Depreciation expense		(552)	(28)
Other expenses	4	(1,007)	(231)
Overheads		(1,644)	-
Finance costs		(10)	(4)
Occupancy and utilities costs		(707)	-
Share of profit/(loss) of associate	5	400	(120)
Loss before income tax expense		(4,734)	(3,022)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Longtable Group Limited		(4,734)	(3,022)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Longtable Group Limited		(4,734)	(3,022)
		Cents	**Cents**
Basic earnings per share	13	(3.92)	(9.03)
Diluted earnings per share	13	(3.92)	(9.03)

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

Longtable Group Limited
Statement of financial position
As at 31 December 2018

	Note	Consolidated 31 December 2018 $'000	30 June 2018 $'000
Assets			
Current assets			
Cash and cash equivalents		3,978	14,782
Trade and other receivables		2,802	2,935
Inventories		1,463	1,341
Income tax refund due		61	-
Other assets		310	317
Total current assets		8,614	19,375
Non-current assets			
Investments accounted for using the equity method	5	5,306	4,907
Property, plant and equipment		16,240	15,585
Intangibles	6	41,412	27,257
Other non-current assets		-	750
Total non-current assets		62,958	48,499
Total assets		71,572	67,874
Liabilities			
Current liabilities			
Trade and other payables		4,349	3,514
Other financial liabilities		84	100
Income tax		23	-
Employee benefits		469	432
Total current liabilities		4,925	4,046
Non-current liabilities			
Other financial liabilities		245	264
Employee benefits		49	38
Total non-current liabilities		294	302
Total liabilities		5,219	4,348
Net assets		66,353	63,526
Equity			
Issued capital	7	104,696	97,224
Reserves	8	1,683	1,594
Accumulated losses		(40,026)	(35,292)
Total equity		66,353	63,526

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

Consolidated	Contributed equity $'000	Share based payments reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2017	37,158	899	(28,622)	9,435
Loss after income tax expense for the half-year	-	-	(3,022)	(3,022)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(3,022)	(3,022)
Transactions with owners in their capacity as owners:				
Contributions of equity (note 7)	50,322	-	-	50,322
Cost of capital raising (note 7)	(1,754)	-	-	(1,754)
Share based payments (note 8)	-	635	-	635
Balance at 31 December 2017	85,726	1,534	(31,644)	55,616

Consolidated	Contributed equity $'000	Share based payments reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2018	97,224	1,594	(35,292)	63,526
Loss after income tax expense for the half-year	-	-	(4,734)	(4,734)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(4,734)	(4,734)
Transactions with owners in their capacity as owners:				
Contributions of equity (note 7)	7,699	-	-	7,699
Cost of capital raising (note 7)	(227)	-	-	(227)
Share based payments (note 8)	-	89	-	89
Balance at 31 December 2018	104,696	1,683	(40,026)	66,353

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

Longtable Group Limited
Statement of cash flows
For the half-year ended 31 December 2018

	Note	Consolidated 31 December 2018 $'000	Consolidated 31 December 2017 $'000
Cash flows from operating activities			
Receipts from customers and others		11,646	192
Payments to suppliers and employees		(15,326)	(1,045)
Interest received		41	27
Income taxes (paid) / refunded		(31)	-
Net cash used in operating activities		(3,670)	(826)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	11	(11,337)	(30,406)
Purchase for property, plant and equipment		(523)	-
Payments for assets under finance lease		(36)	-
Net cash used in investing activities		(11,896)	(30,406)
Cash flows from financing activities			
Proceeds from issue of shares	7	4,999	44,255
Payments for share issue costs	7	(227)	(1,754)
Repayment of borrowings		-	(7,644)
Finance costs paid		(10)	(4)
Net cash from financing activities		4,762	34,853
Net increase/(decrease) in cash and cash equivalents		(10,804)	3,621
Cash and cash equivalents at the beginning of the financial half-year		14,782	4,057
Cash and cash equivalents at the end of the financial half-year		3,978	7,678

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

Note 1. General information

The financial statements cover Longtable Group Limited as a consolidated entity consisting of the Company and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

The Company is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 30, 55 Collins Street
Melbourne, VIC 3000
Tel: +613 9692 7222
Fax: +613 9077 9233

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2019.

Going Concern

For the half year ended 31 December 2018, the consolidated entity has incurred losses of $4.73 million (2017: $3.02 million) and incurred net cash outflows of $3.67 million from operations (2017: $0.83 million). As at half year end, the cash position was $3.98 million (30 June 2018: $7.30 million excluding cash earmarked for the acquisition of St David Dairy on 1 August 2018).

The Company expects increased revenues, primarily from the expansion of Paris Creek Farms sales. However, given the complexity of the organic dairy market coupled with the early stages of the biodynamic value proposition in Australia, there is not sufficient certainty in the timing and quantum of revenue to be relied upon in cash flow planning.

As a result of the above matters and subsequent to half-year, the company has commenced discussions with parties both related to investment opportunities and sourcing additional working capital funding. The Directors continue to have confidence that the Company will be successful in obtaining appropriate new equity funding or funding via other sources and accordingly have prepared the financial report on a going concern basis. As such no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

The absence of new funding coupled with insufficient certainty around the timing and quantum of revenue results in material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Note 2. Significant accounting policies (continued)

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in the director's report and financial statements have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, unless otherwise indicated.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Where the business combination is achieved in stages, the Consolidated Entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

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

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

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred.

A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Note 2. Significant accounting policies (continued)

The consolidated entity will adopt this standard from 1 July 2019. The consolidated entity believes the application of AASB 16 may have a material impact on the financial statements.

New Accounting Standards and Interpretations Adopted

AASB 15: Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
The standard requires:

- contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract;
- determination of the transaction price, adjusted for the time value of money excluding credit risk;
- allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and
- recognition of revenue when each performance obligation is satisfied.

Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers, the significant judgements made in applying the guidance to those contracts, and any assets recognised from the costs to obtain or fulfil a contract with a customer.

AASB 9: Financial instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. This standard replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment on financial assets, and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from AASB 139.

To assess for any expected credit losses under AASB 9, there is consideration around the probability of default upon initial recognition of the asset, and subsequent consideration as to whether there have been any significant increases in credit risk on an ongoing basis at each reporting period. To assess whether there is a significant increase in credit risk the consolidated entity compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

In making this assessment, as far as available, the consolidated entity considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the consolidated entity's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the consolidated entity's core operations.

Note 2. Significant accounting policies (continued)

In particular, as far as available, the following information is taken into account when assessing significant movements in credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- external credit rating;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the consolidated entity and changes in the operating results of the borrower; and
- macroeconomic information such as market interest rates and growth rates.

The consolidated entity assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the consolidated entity applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impact on application

AASB 15
The consolidated entity predominantly derives revenue from the sale of goods. Contracts with customers pertain to predominantly one performance obligation, that being the delivery of the product. Revenue from the sale of goods were previously recognised when the control of ownership of the goods have passed to the buyer and the seller no longer retains continuing managerial involvement. The delivery date is usually the date on which control pass.

The total transaction price currently includes variable consideration in the form of rebates and discounts. Variable considerations are updated for managements best estimate as at period end.

The application of AASB 15 has not resulted in any adjustments. Revenue from sale of goods continue to be recognised at a point in time on the delivery date.

AASB 9
The change in method from recognition of incurred losses to recognition of expected credit losses for impairment of financial assets under AASB 9 has not resulted in any adjustments.

Note 3. Operating segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the managing director (the Chief Operating Decision Maker) in order to allocate resources to the segment and to assess its performance.

There are currently three operating segments under the criteria set out in AASB 8, being Paris Creek Farms, St David Dairy and a separate third operating segment referred to as 'Investment / Other' which includes the equity investment in Maggie Beer Products and other corporate costs.

Across all segments, revenue is attributed to Australia and non-current assets located in Australia.

Information regarding these segments is set out below. The accounting policies for the segment are consistent with those of the consolidated entity.

Consolidated - 31 December 2018	Paris Creek Farms $'000	St David Dairy $'000	Investment / Other $'000	Total $'000
Revenue				
Sales to external customers	8,015	2,999	-	11,014
Other revenue	50	-	41	91
Total revenue	8,065	2,999	41	11,105
Profit/(loss) before income tax expense	(3,185)	477	(2,026)	(4,734)
Income tax expense				-
Loss after income tax expense				(4,734)
Assets				
Segment assets	19,983	1,810	70,326	92,119
Intersegment eliminations				(20,547)
Total assets				71,572
Liabilities				
Segment liabilities	15,918	539	607	17,064
Intersegment eliminations				(11,845)
Total liabilities				5,219

Note 3. Operating segments (continued)

Consolidated - 31 December 2017	Paris Creek Farms $'000	Investment / Other $'000	Total $'000
Revenue			
Sales to external customers	371	19	390
Total revenue	371	19	390
Loss before income tax expense	(7)	(3,015)	(3,022)
Income tax expense			-
Loss after income tax expense			(3,022)
Consolidated - 30 June 2018			
Assets			
Segment assets	20,513	66,481	86,994
Intersegment eliminations			(19,120)
Total assets			67,874
Liabilities			
Segment liabilities	13,263	1,274	14,537
Intersegment eliminations			(10,189)
Total liabilities			4,348

Note 4. Significant items

Significant items relate to significant changes in the business during the past financial year and are identified due to their nature and magnitude on the assessment of business performance.

The following significant items are included in Raw materials and consumables used, Employee benefits expense and Other expenses:

	Consolidated	
	31 December 2018 $'000	31 December 2017 $'000
New product launch transitional costs	408	-
Redundancy	139	-
Net cost of excess raw milk	298	-
Consultant fees (ex Paris Creek Farms vendors)	117	-
Total significant items	962	-

Note 5. Non-current assets - investments accounted for using the equity method

The Group has recognised $0.40 million as its share of the MBP profit for the half year ending 31 December 2018.

	Consolidated	
	31 December 2018 $'000	30 June 2018 $'000
Investment in Maggie Beer Products Pty Ltd (MBP)	5,306	4,907

Note 5. Non-current assets - investments accounted for using the equity method (continued)

	Consolidated 31 December 2018 $'000	Consolidated 30 June 2018 $'000
Maggie Beer Products Pty Ltd		
Summarised Balance Sheet		
Current assets	11,100	10,476
Non-current assets	7,318	7,658
Current liabilities	(4,028)	(5,299)
Non-current liabilities	(1,927)	(1,169)
Net assets	12,463	11,666

	Consolidated 31 December 2018 $'000	Consolidated 31 December 2017 $'000
Reconciliation of carrying amount of investment		
Opening net assets	11,666	12,905
Profit/(loss) for the period	797	(250)
Closing net assets	12,463	12,655

Maggie Beer Products profit for the period ended 31 December 2018 includes $0.03 million unrealised loss on Longtable Limited shares (31 December 2017 nil).

Note 6. Non-current assets - intangibles

	Consolidated 31 December 2018 $'000	Consolidated 30 June 2018 $'000
Goodwill - at cost	41,412	27,257

Recoverable amount of goodwill
In accordance with AASB 136, impairment testing has been undertaken for all cash generating units (CGUs) with indefinite intangibles or where there is an indication of impairment. At 31 December 2018, the Company identified a need to perform impairment testing for Paris Creek Farms as a result of the trading loss incurred during the period.

The recoverable amount has been determined based on value-in-use calculations which uses cash flow projections based on financial forecasts covering a five-year period, including non-cash adjustments such as change in working capital, depreciation and amortisation, and maintenance capital expenditure. Cash flows are extrapolated using estimated growth rates beyond the five-year period.

Key assumptions used in the value-in-use calculations for the Paris Creek Farms CGU are based on management's latest forecast for financial year 2019 and a combination of business case assumptions, forecast milk availability and long-term averages for the latter years.

Note 6. Non-current assets - intangibles (continued)

Revenue growth
Revenue growth over the five-year period is based upon forecasted revenue growth associated with the Group's growth strategy, in line with the processing capability and capacity of the business unit, underpinned by estimated increases in milk intake volumes, new and re-branded product offerings and a price re-set where applicable. Average revenue growth over the forecast period is anticipated to be 29.2% per annum (16.0% per annum for the 4 years from financial year 2020).

Costs
Overall forecast costs are based on past performance and management's expectations for the future. The cost per litre of procuring biodynamic organic milk however is not forecasted to change from current levels.

Long-term growth rate
The long-term growth rate is the weighted average growth rate used to extrapolate cash flows beyond the budget period. A long-term growth rate of 2.5% has been used in the value-in-use calculations, which is consistent with the Reserve Bank of Australia rates.

Post-tax discount rate
Discount rates represent the current market assessment of the risks relating to the relevant CGU. In performing the value-in-use calculations for the CGU, the Group has applied a post-tax discount rate of 10.8% per annum.

A reduction in the EBITDA margin by an average of 2.3pts over the five-year forecast period would result in the recoverable amount of the CGU being equal to the carrying amount. A reduction of 13.2% in net revenue each year over the forecast period would result in the average revenue growth to decrease 3.1pts to 26.1% per annum and the recoverable amount of the CGU being equal to the carrying amount. Management believe that any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the carrying amount of goodwill to exceed its recoverable amount.

Note 7. Equity - issued capital

	Consolidated			
	31 December 2018 Shares	**30 June 2018 Shares**	**31 December 2018 $'000**	**30 June 2018 $'000**
Ordinary shares - fully paid	122,721,454	111,292,884	104,696	97,224

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$'000**
Balance	1 July 2018	111,292,884		97,224
Issue of shares to shareholders	30 July 2018	7,142,856	$0.700	4,999
Issue of shares to vendors	1 August 2018	4,285,714	$0.630	2,700
Cost of capital raising		-	$0.000	(227)
Balance	31 December 2018	122,721,454		104,696

Note 8. Equity - reserves

	Consolidated	
	31 December 2018 $'000	**30 June 2018 $'000**
Share based payments reserve	1,683	1,594

Note 8. Equity - reserves (continued)

Movements in reserves
Movements in share based payments reserve during the current and previous financial half-year are set out below:

Consolidated	Share based payments reserve $'000	Total $'000
Balance at 1 July 2018	1,594	1,594
Share based payments*	89	89
Balance at 31 December 2018	1,683	1,683

* The increase in share based payment expense during the financial period has resulted from the following:

- Accounting for the fair value of performance rights and options issued to Laura McBain during the financial period, amounting to $0.05 million;
- Accounting for the fair value of options issued to employees during the financial period, amounting to $0.02 million; and
- Accounting for the fair value of loan funded shares, which were issued during the 2017 financial year, amounting to $0.02 million.

Consolidated	Share based payments reserve $'000	Total $'000
Balance at 1 July 2017	899	899
Share based payments **	635	635
Balance at 31 December 2017	1,534	1,534

** The increase in share based payments reserve during the previous period has resulted from the following:

- Accounting for the fair value of options issued to Laura McBain during the financial period, amounting to $0.57 million;
- Accounting for the fair value of loan funded shares, which were issued during the 2017 financial year, amounting to $0.06 million.

Note 9. Equity - dividends

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

Note 10. Contingent assets and liabilities

The directors are not aware of any contingent assets or contingent liabilities as at 31 December 2018 (2017: Nil).

Note 11. Business combinations

Effective 1 August 2018, the consolidated entity acquired 100% of the ordinary shares of St David Dairy Pty Ltd ("St David Dairy") for a total consideration of $14.95 million. St David Dairy a premium inner-city dairy product processing and distribution business located at Fitzroy in Melbourne.

Note 11. Business combinations (continued)

At the date of finalisation of the half year report, the consolidated entity has not yet finalised its analysis on whether all identifiable intangible assets have been recognised and vendor warranties and representations met. Accordingly, the initial accounting for the acquisition of St David Dairy has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of St David Dairy's assets are required to be reset based on market values of the assets when admitted into the tax consolidated group.

The acquired business contributed revenues of $3.00 million and a profit after tax of $0.48 million to the consolidated entity for the period ending 31 December 2018.

The provisional fair values of the identifiable net assets acquired are detailed below:

	Provisional fair value $'000
Cash and cash equivalents	163
Trade receivables	337
Other current assets	158
Property, plant and equipment	683
Trade payables	(430)
Other current liabilities	(116)
Net assets acquired	795
Goodwill	14,155
Acquisition-date fair value of the total consideration transferred	14,950
Representing:	
Cash paid to vendors	12,250
Longtable Group Limited shares issued to vendor	
Value of share issued at fair value issue price of $0.63 (63 cents) per share*	2,700
	14,950

*The Company issued shares to vendors on completion of the acquisition of St David Dairy at a deemed issue price of $0.70 (70 cents) per share, with a total contract value of $3.00 million. However under AASB 3 - Business Combination, the fair value of $2.70 million is calculated using $0.63 (63 cents) per share, being the closing share price on the date of shareholder approval (1 August 2018). This resulted in a decrease in the accounting value amounting by $0.30 million.

i. Consideration transferred

The fair value of the ordinary shares issued to vendor was $0.63 (63 cents) per ordinary share, being the closing share price on 1 August 2018 (date of shareholder approval). The shares have been escrowed, with fifty percent of the shares escrowed for 12 months from the date of issue and the remaining fifty percent of the shares escrowed for 24 months from the date of issue.

ii. Acquisition related costs

Acquisition-related costs amounting to $0.02 million are not included as part of consideration for the acquisition and have been recognised as transaction costs for the period ended 31 December 2018 (December 2017: nil).

Note 12. Events after the reporting period

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 13. Earnings per share

	Consolidated 31 December 2018 $'000	Consolidated 31 December 2017 $'000
Loss after income tax attributable to the owners of Longtable Group Limited	(4,734)	(3,022)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	120,819,280	33,484,356
Weighted average number of ordinary shares used in calculating diluted earnings per share	120,819,280	33,484,356
	Cents	**Cents**
Basic earnings per share	(3.92)	(9.03)
Diluted earnings per share	(3.92)	(9.03)

The weighted average number of ordinary shares for 31 December 2017 has been restated for the effect of the share consolidation (25 for 1) completed in March 2018, in accordance with AASB 133 'Earnings per share'.

Note 14. Share based payments

On 28 November 2018 the consolidated entity received approval for its Performance Rights Plan, and granted 600,000 performance rights under this plan to Laura McBain. The consolidated entity also granted 4,700,000 unlisted options to Laura McBain on this date. These options and performance rights are subject to vesting conditions related to service and performance.

The options and performance rights hold no voting or dividend rights, and are not transferable.

Set out below is a summary of options outstanding at reporting date:

31 December 2018

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
17/12/2013	17/12/2018	$1.500	50,321	-	-	(50,321)	-
17/12/2013	17/12/2019	$1.500	50,321	-	-	-	50,321
17/12/2013	17/12/2020	$1.500	50,321	-	-	-	50,321
07/08/2017	13/10/2021	$0.500	2,800,000	-	-	-	2,800,000
28/11/2018	30/06/2020	$0.750	-	940,000	-	-	940,000
28/11/2018	30/06/2021	$0.750	-	3,760,000	-	-	3,760,000
			2,950,963	4,700,000	-	(50,321)	7,600,642

Note 14. Share based payments (continued)

31 December 2017

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
17/12/2013	17/12/2018	$0.060	1,258,033	-	-	-	1,258,033
17/12/2013	17/12/2019	$0.060	1,258,033	-	-	-	1,258,033
17/12/2013	17/12/2020	$0.060	1,258,033	-	-	-	1,258,033
07/08/2017	13/10/2021	$0.020	-	70,000,000	-	-	70,000,000
			3,774,099	70,000,000	-	-	73,774,099

The amounts in the table above for the period ended 31 December 2017 do not consider the effects of the 25-for-1 consolidation completed in March 2018.

Set out below is a summary of the performance rights outstanding at reporting date:

Grant date	Expiry date	31 December 2018 Number	31 December 2017 Number
28/11/2018	30/06/2019	120,000	-
28/11/2018	30/06/2020	120,000	-
28/11/2018	30/06/2021	360,000	-
		600,000	-

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Tony Robinson
Non-executive Chairman

28 February 2019

Independent auditor's review report to the members of Longtable Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Longtable Group Limited (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of changes in equity, statement of cash flows and statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration for Longtable Group Limited. The Group comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Longtable Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred losses of $4.73 million, a net cash outflow of $3.67 million during the half-year ended 31 December 2018 and, as of that date, the Group cash balance is $3.98 million. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Longtable Group Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

PricewaterhouseCoopers

PricewaterhouseCoopers

Brad Peake
Partner

Melbourne
28 February 2019