



MERCHANT HOUSE INTERNATIONAL LIMITED

ARBN 065 681 138

APPENDIX 4D and

FINANCIAL REPORT

For the half-year ended 30 September 2024

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Appendix 4D

Reporting period (current period)	Half-year ended 30 September 2024
Previous corresponding period	Half-year ended 30 September 2023

Results for announcement to the market

	6 months to 30 Sep 2024 \$'000	6 months to 30 Sep 2023 (restated) \$'000	Percentage increase / (decrease)
Revenue from ordinary activities	-	-	-
Loss from continuing operations after income tax attributable to owners of the company	(983)	(1,013)	(2.96)
Profit / (loss) from discontinued operations after income tax attributable to owners of the company	7,449	(4,433)	(268.04)
Net profit / (loss) attributable to owners of the company	6,466	(5,446)	(218.73)

Dividend information

	Amount per share (cents)	Franked amount per share (cents)
Final 2024 dividend per share	Nil	Nil
Interim 2024 dividend per share	Nil	Nil

Net tangible assets

	30 Sep 2024	30 Sep 2023
Net tangible assets per ordinary share (cents)	33.12	32.32

Loss of control over entities

Name of entities	Date control lost
N/A	

Details of associates

	Reporting entity's percentage holding		Contribution to profit / (loss)	
	30 Sep 2024 %	30 Sep 2023 %	30 Sep 2024 \$'000	30 Sep 2023 \$'000
<i>Name of associate</i>				
Tianjin Tianxing Kesheng Leather Products Company Limited	-	33.79	-	-
<i>Group's aggregate share of associate entities profit</i>				
Profit from ordinary activities before income tax			-	-
Income tax on operating activities			-	-

Review of Results

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 30 September 2024. This Interim Financial Report should be read in conjunction with the most recent annual financial report.

Review Report

This Interim Financial Report has been subject to review by the Company's external auditor.

Directors' Report

The directors of Merchant House International Limited (the "Company") present their report on the Company and the entities it controlled (the "Group") for the half year ended 30 September 2024.

Directors

The Directors of the Company (the "Directors") during or since the end of the reporting period are:

Ms Loretta Bic Hing Lee	Executive Chairperson
Mr Ian James Burton	Non-executive Director
Mr Oliver Hein	Non-executive Director
Ms Xiao Lan Wu	Non-executive Director (resigned on 2 August 2024)

Principal activities

During the period, the principal activities of the Group were the design, manufacture, and marketing of home textile products, in the United States of America ("USA"). The Group's major sales market is the USA.

Review of operations

The Group has over 30 years' experience in sourcing, producing, and selling consumer products with an emphasis on footwear and home textile products. The Group is headquartered in Hong Kong and is listed on the Australian Securities Exchange (ASX: MHI). Where practical, the Group adheres to ASX best practices in relation to corporate governance. As a manufacturing group, there are also stringent practices in place to reduce overall risk from operational activities.

On 30 May 2024, the Group announced it had entered into a binding agreement for the sale of its 33.79% interest in Tianjin Tianxing Kesheng Leather Products Company Limited ("Tianxing") to Tianjin Wuxi International Trading Company Limited for approximately A\$8,300,000 (RMB 40,000,000) before taxes and other fees.

On 8 July 2024, the Company advised shareholders that RMB 26,814,134 (approx. A\$5,478,000) had been deposited into a joint HSBC Shanghai bank account between Forsan and the buyer. The final tranche of RMB 13,185,866 (gross) (approx. A\$2,822,000) will be paid once the PRC tax has been settled. The balance of funds will be converted to US Dollars and remitted to Forsan, a subsidiary of Merchant House International Limited. This process continues to be managed by the Company's legal counsel. During the period, Forsan was required to pay Tianxing approximately A\$2,764,000 for its share of outstanding liabilities prior to the receipt of the final payment from the sale.

The discontinuation of its investment in Tianxing is anticipated to result in the dissolution of Forsan. Management is actively involved in managing the impact of the discontinuation on ongoing operations.

On 6 August 2024, the Board of the Company advised it had resolved to permanently cease operations at the American Merchant Inc. textile factory in the USA. The cessation of business followed continued losses generated by the business. The operation recorded a loss of A\$3,700,000 for the year ended 31 March 2024 and continued to sustain losses.

The closure took place in September 2024 with a final shipment made by AMI on 30 September 2024. The Company will now seek to dispose of the land, buildings and equipment associated with the business. At this stage, no estimate can be made as to the timing of the sales or the likely proceeds from the sale. The potential purchaser of the assets is not known. The Company will approach other major textile manufacturers to identify a potential purchaser of the assets.

Following the sale of the assets, it is the intention of the Company to seek a voluntary delisting of the Company from the ASX, together with seeking shareholder approval to distribute the net funds held by the Company at that time to shareholders followed by the winding up of the Company.

Subsequent events

Other than the matters disclosed in note 11 of the notes to the consolidated financial statements, there have been no matters or circumstances that have arisen since the end of the reporting period that have affected or may affect, significantly, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Dividends

No final dividend was proposed or paid during the reporting period in respect of the year ended 31 March 2024 (2023: Nil).

No interim dividend was declared for the half-year ending 30 September 2024 (30 September 2023: Nil).

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

Signed in accordance with a resolution of Directors.

On behalf of the Directors,



Ian James Burton
Director

Perth, Australia
28 November 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Half-year ended 30 September 2024

		30 Sep 2024	30 Sep 2023 (Restated) ⁽¹⁾
	Note	\$'000	\$'000
Other gains		5	307
Depreciation and amortisation		(48)	(98)
Employee benefits expense		(664)	(827)
General and administrative expenses		(310)	(448)
Results from operating activities		(1,017)	(1,066)
Interest income		47	70
Interest expense		(1)	(6)
		46	64
Loss before income tax expense from continuing operations		(971)	(1,002)
Income tax expense		(12)	(11)
Loss after income tax expense from continuing operations		(983)	(1,013)
Profit / (loss) after income tax expense from discontinued operations	4	7,449	(4,433)
Profit / (loss) after income tax expense for the period		6,466	(5,446)

⁽¹⁾ The prior year comparative figures have been restated to reflect the impact of discontinued operations detailed in note 4.

The above statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
Half-year ended 30 September 2024

	30 Sep 2024	30 Sep 2023 (Restated) ⁽¹⁾
	\$'000	\$'000
Profit / (loss) for the period	6,466	(5,446)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign exchange translation	(3,527)	1,359
Other comprehensive (loss) / income for the period, net of tax	(3,527)	1,359
Total comprehensive income / (loss) for the period attributable to owners of the Company	2,939	(4,087)
Profit / (loss) for the period is attributable to:		
Continuing operations	(983)	(1,013)
Discontinued operations	7,449	(4,433)
	6,466	(5,446)
Comprehensive (loss) / income for the period is attributable to:		
Continuing operations	(2,307)	285
Discontinued operations	(1,220)	1,074
	(3,527)	1,359
(Loss) / profit per share attributable to owners of the Company:		
Basic and diluted (cents per share) – continuing operations	(1.04)	(1.07)
Basic and diluted (cents per share) – discontinued operations	7.90	(4.70)
Basic and diluted (cents per share)	6.86	(5.77)

⁽¹⁾ The prior year comparative figures have been restated to reflect the impact of discontinued operations detailed in note 4.

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2024

	Note	30 Sep 2024 \$'000	31 Mar 2024 \$'000
Assets			
Cash and cash equivalents	10	2,335	6,612
Receivables		673	637
Amounts due from the sale of an associate	6	7,453	-
Inventories		-	429
Prepayments		84	191
Assets held for sale	5	22,899	352
Property, plant, and equipment	7	8	25,231
Right of use assets		34	78
Deferred tax assets		12	24
Total assets		33,498	33,554
Liabilities			
Trade and other payables	8	2,209	5,051
Lease liabilities		35	80
Liabilities associated with assets held for sale		-	108
Total liabilities		2,244	5,239
Net assets		31,254	28,315
Equity			
Issued capital	9	2,944	2,944
Foreign currency translation reserve		9,750	13,277
Retained earnings		18,560	12,094
Total equity		31,254	28,315

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Half-year ended 30 September 2024

	Attributable to owners of the Company			
	Issued capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance as of 1 April 2024	2,944	13,277	12,094	28,315
Profit for the period	-	-	6,466	6,466
Other comprehensive expense	-	(3,527)	-	(3,527)
Total comprehensive income for the period	-	(3,527)	6,466	2,939
Balance as of 30 September 2024	2,944	9,750	18,560	31,254
Balance as of 1 April 2023	2,944	12,342	19,486	34,772
Loss for the period	-	-	(5,446)	(5,446)
Other comprehensive income	-	1,359	-	1,359
Total comprehensive income for the period	-	1,359	(5,446)	(4,087)
Balance as of 30 September 2023	2,944	13,701	14,040	30,685

⁽¹⁾ The prior year comparative figures have been restated to reflect the impact of discontinued operations detailed in note 4.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
Half-year ended 30 September 2024

	Note	30 Sep 2024 \$'000	30 Sep 2023 \$'000
Cash flows from operating activities			
Receipts from customers		3,593	6,261
Payments to suppliers and employees		(8,000)	(10,641)
Receipts from government subsidies		14	269
Interest paid		(2)	(6)
Net cash used in operating activities	10	(4,395)	(4,117)
Cash flows from investing activities			
Interest received		53	88
Payments for property, plant, and equipment		-	(36)
Net cash generated from investing activities		53	52
Cash flows from financing activities			
Repayment of borrowings		-	(89)
Proceeds from related party loans		-	150
Repayment of related party loans		-	(150)
Payments of right of use asset lease liabilities		(48)	(97)
Net cash used in financing activities		(48)	(186)
Net decrease in cash and cash equivalents		(4,390)	(4,251)
Cash and cash equivalents at the beginning of the period		6,930	7,493
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		(205)	240
Cash and cash equivalents at the end of the period	10	2,335	3,482

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

NOTES TO THE FINANCIAL REPORT Half-year ended 30 September 2024

CORPORATE INFORMATION

The financial statements cover Merchant House International Limited as a consolidated entity consisting of Merchant House International Limited (the “Company” or “MHI”) 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 presentation currency.

MHI is a listed public company limited by shares incorporated in Bermuda and domiciled in Hong Kong. Its registered office and principal place of business are:

Head office	Room 3, 30/FI., W50, 50 Wong Chuk Hang Road, Hong Kong
Registered office	1st Floor, 31 Cliff Street, Fremantle, Western Australia, 6160

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

The financial statements were authorised for issue, in accordance with a resolution of the directors, on 28 November 2024.

1. Material Accounting Policies

Basis of Preparation

The financial statements of Merchant House International Limited have been prepared on a liquidation basis of accounting, following the Company’s ASX announcement of its intention to permanently cease operations, sell all assets, extinguish its liabilities, and distribute the remaining funds to shareholders. This decision was announced to the market on 6 August 2024.

Liquidation Basis of Accounting

As a result of the decision to permanently cease operations, the financial statements present assets and liabilities on a liquidity basis.

Material Uncertainties

Management has assessed that there are no material uncertainties that may cast significant doubt on the ability of the Company to complete the winding up process as planned. However, actual outcomes may vary based on market conditions and other factors affecting asset sales.

New or amended Accounting Standards and Interpretations adopted

Standards and interpretations applicable to 30 September 2024

For the half-year ended 30 September 2024, the Directors have reviewed all new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the half year reporting periods beginning on or after 1 April 2024.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and therefore no material change is necessary to Group accounting policies.

Standards and interpretations in issue not yet adopted

The Directors have also reviewed all new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 April 2024.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Group and therefore no material change is necessary to Group accounting policies.

Accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue, and expenses. Management bases its judgements, estimates and assumptions on historical experience and other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

Discontinued operations

During the reporting period, the Board of MHI resolved to permanently cease operations at the American Merchant Inc. textile factory in the USA. As the sale of these assets is expected to be completed within 12 months, in addition to Footwear Industries of Tennessee Inc. and Forsan Limited, American Merchant Inc. have been reclassified as discontinued operations at the reporting date and for the comparative accounting periods.

2. Operations update

On 6 August 2024, the Board of the Company advised it had resolved to permanently cease operations at the American Merchant Inc. (AMI) textile factory in the USA. The cessation of business followed continued losses generated by the business. The operation recorded a loss of A\$3,700,000 for the year ended 31 March 2024 and continued to sustain losses.

The closure took place in September 2024 with a final shipment made by AMI on 30 September 2024. Despite the cessation of operations, the Group remains a financial going concern. This assessment is based on the anticipated cash inflows from the disposal of assets related to the ceased operations.

The Group has received expressions of interest from potential buyers for its assets, which include land, buildings, and machinery. However, no definitive buyer has been secured at this time. Management expects the asset disposal process to be completed within 12 months, although a precise timeline cannot be provided at this stage.

2. Operations update (continued)

As of 30 September 2024, the Group incurred an operating loss from continuing operations of \$983 thousand and had net cash outflows from operating activities of \$4,395 thousand, and a working capital surplus of \$117 thousand. On 30 September 2024, the group had a cash balance of \$2,335 thousand.

Management has prepared a detailed cash flow forecast which does not include the timing of cash receipts from the sale of the AMI assets, given the current uncertainty regarding the finalisation of sales date and quantum. Despite this, management believes that the Group will have adequate resources to realise its assets and discharge its liabilities. Management will continue to monitor the situation closely and take appropriate action as necessary to ensure the Group's financial stability.

On 8 July 2024, the Company advised shareholders that RMB 26,814,134 (approx. A\$5,478,000) had been deposited into a joint HSBC Shanghai bank account between Forsan and the buyer. The final tranche of RMB 13,185,866 (gross) (approx. A\$2,822,000) will be paid once the PRC tax has been settled. The balance of funds will be converted to US Dollars and remitted to Forsan. This process continues to be managed by the Company's legal counsel. During the period, Forsan was required to pay Tianxing approximately A\$2,764,000 for its share of outstanding liabilities prior to the receipt of the final payment from the sale.

Following the sale of the assets, it is the intention of the Company to seek a voluntary delisting of the Company from the ASX, together with seeking shareholder approval to distribute the net funds held by the Company at that time to shareholders followed by the winding up of the Company.

3. Operating Segments

Information about reportable segments

The Group has identified its operating segments on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and determining the allocation of resources.

During the reporting period, the Group made the strategic decision to discontinue the home textiles business segment. Discontinued operations are reported separately from continuing operations in the financial statements in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. Refer to note 4.

Unless otherwise stated, all amounts reported to the chief operating decision maker are determined in accordance with AASB 8 *Operating Segments*.

4. Discontinued operations

Accounting Policy

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

Summary

	AMI \$'000	FOR \$'000	FIT \$'000	Total \$'000
Carrying amounts of assets held for sale				
Inventory	110	-	-	110
Property, plant, and equipment	22,775	14	-	22,789
	22,885	14	-	22,899
		30 Sep 2024 \$'000	30 Sep 2023 \$'000	
Profit / (loss) after income tax expense from discontinued operations				
American Merchant Inc. ("AMI")		(1,838)	(1,970)	
Forsan Limited ("FOR")		9,359	(1)	
Footwear Industries of Tennessee Inc. ("FIT")		(72)	(2,462)	
		7,449	(4,433)	

American Merchant Inc. ("AMI")

On 6 August 2024, the Board of the Company advised it had resolved to permanently cease operations at the American Merchant Inc. textile factory in the USA. The cessation of business followed continued losses generated by the business. The operation recorded a loss of A\$3,700,000 for the year ended 31 March 2024 and continued to sustain losses.

The closure took place in September 2024 with a final shipment made by AMI on 30 September 2024. The Company will now seek to dispose of the land, buildings and equipment associated with the business. At this stage, no estimate can be made as to the timing of the sales or the likely proceeds from the sale. The potential purchaser of the assets is not known. The Company has received expressions of interest from potential buyers for its assets.

4. Discontinued operations (continued)

American Merchant Inc. ("AMI") (continued)

To adequately reflect the continuing operations of the Group, the financial performance for AMI is disclosed as a discontinued operation for the financial periods ending 30 September 2024 and 30 September 2023.

	30 Sep 2024 \$'000	30 Sep 2023 (Restated) \$'000
<i>Cash flow information</i>		
Net cash used in operating activities	(397)	(289)
Net cash from investing activities	399	316
Net cash used in financing activities	(12)	(12)
Net (decrease) / increase in cash and cash equivalents from discontinued operations	(10)	15
<i>Financial performance information</i>		
Revenue	3,655	2,101
Cost of sales	(3,979)	(2,660)
Gross loss	(324)	(559)
Government grants	14	27
Selling and distribution costs	(3)	-
Depreciation and amortisation	(984)	(1,005)
Employee benefits expense	(366)	(277)
General and administrative expenses	(175)	(155)
Finance costs	-	(1)
Loss before income tax	(1,838)	(1,970)
Income tax expense	-	-
Loss after income tax expense on discontinued operations	(1,838)	(1,970)
	30 Sep 2024 \$'000	31 Mar 2024 \$'000
<i>Carrying amounts of assets to be sold</i>		
Inventory	110	-
Property, plant, and equipment	22,775	-
Net assets	22,885	-

4. Discontinued operations (continued)

Forsan Limited ("FOR")

To adequately reflect the continuing operations of the Group, the financial performance for Forsan is disclosed as a discontinued operation for the financial periods ending 30 September 2024 and 30 September 2023.

		30 Sep 2024	30 Sep 2023 (Restated)
	Note	\$'000	\$'000
<i>Cash flow information</i>			
Net cash used in operating activities		(2,864)	(518)
Net cash from / (used in) investing activities		2,629	(448)
Net decrease in cash and cash equivalents from discontinued operations		(235)	(966)
<i>Financial performance information</i>			
Revenue		-	3,747
Cost of sales		-	(3,453)
Gross profit		-	294
Gain on disposal of an associate	6	9,431	-
Selling and distribution costs		-	(3)
Depreciation and amortisation		-	(1)
Employee benefits expense		-	(209)
General and administrative expenses		(72)	(82)
Profit / (loss) before income tax		9,359	(1)
Income tax expense		-	-
Profit / (loss) after income tax expense on discontinued operations		9,359	(1)
		30 Sep 2024	31 Mar 2024
		\$'000	\$'000
<i>Carrying amounts of assets to be sold</i>			
Property, plant, and equipment		14	-
		14	15

4. Discontinued operations (continued)

Footwear Industries of Tennessee Inc. ("FIT")

To adequately reflect the continuing operations of the Group, the financial performance for FIT is disclosed as a discontinued operation for the financial periods ending 30 September 2024 and 30 September 2023.

	30 Sep 2024 \$'000	30 Sep 2023 (Restated) \$'000
<i>Cash flow information</i>		
Net cash used in operating activities	(139)	(2,005)
Net cash from investing activities	103	2,088
Net cash from financing activities	-	-
Net (decrease) / increase in cash and cash equivalents from discontinued operations	(36)	83
<i>Financial performance information</i>		
Revenue	-	2,079
Cost of sales	10	(3,774)
Gross profit / (loss)	10	(1,695)
Selling and distribution costs	-	(18)
Depreciation and amortisation	-	(173)
Employee benefits expense	(30)	(381)
General and administrative expenses	(52)	(195)
Finance costs	-	-
Loss after income tax expense on discontinued operations	(72)	(2,462)

5. Amounts due from the sale of an associate

On 30 May 2024, the Company announced one of its subsidiaries, Forsan Limited, had entered into a binding agreement on 27 May 2024 for the sale of its 33.79% interest in Tianjin Tianxing Leather Products Company Limited ("Tianxing") to TianJin WuShi International Trade Company Limited for \$8,313 thousand (RMB 40,000,000) before taxes and other fees. The Group's investment in this associate was fully impaired in a prior year.

5. Amounts due from the sale of an associate (continued)

A reconciliation of the gain on disposal of the Group's investment in Tianxing and amount due from its disposal is below:

	30 Sep 2024 \$'000	31 Mar 2024 \$'000
Details of the disposal		
Total sale consideration	8,313	-
Derecognition of original investment in associate	406	-
Derecognition of foreign currency reserve	1,702	-
Disposal costs (withholding tax and stamp duty)	(789)	-
Exchange differences	(201)	-
Gain on disposal before income tax	9,431	-
Gain on disposal after income tax	9,431	-
Consideration	8,313	-
Disposal costs (withholding tax and stamp duty)	(789)	-
Exchange differences	(71)	-
Amount receivable on 30 September 2024	7,453	-

On 8 July 2024, the Company advised shareholders that RMB 26,814,134 (approx. A\$5,478,000) had been deposited into a HSBC Shanghai bank account pursuant to the Escrow Agreement between TianJin WuShi International Trade Co Ltd ("the buyer"), Forsan and HSBC Bank (China) Company Limited dated 18 June 2024.

The final tranche of RMB 9,390,998, being RMB 13,185,866 less RMB 3,794,968 of withholding tax and stamp duty, was paid into the escrow account on 22 July 2024.

The funds remain in the Escrow account in the People's Republic of China ("PRC") until the formal share transfer and PRC registration procedures are complete. Once complete, the PRC Government for Foreign Exchange will approve the funds transfer from PRC to Hong Kong where the funds will be converted to US Dollars and remitted to Forsan. This process continues to be managed by the Company's legal counsel in Hong Kong and PRC.

6. Assets held for sale

On 6 August 2024, the Board of the Company advised it had resolved to permanently cease operations at the American Merchant Inc. (AMI) textile factory in the USA. The closure took place in September 2024 with a final shipment made by AMI on 30 September 2024.

The Group has received expressions of interest from potential buyers for its assets, which include land, buildings, and machinery. However, no definitive buyer has been secured at this time. Management expects the asset disposal process to be completed within 12 months, although a precise timeline cannot be provided at this stage.

A summary of the assets held for sale is detailed below:

	30 Sep 2024 \$'000	31 Mar 2024 \$'000
Inventory *	110	-
Property, plant, and equipment	22,789	-
	22,899	-

* Inventory was sold after the reporting date

7. Property, plant, and equipment

	Buildings \$'000	Freehold land \$'000	Building improvements \$'000	Plant and equipment \$'000	Total \$'000
Balance on 1 April 2023	4,381	665	5,158	18,246	28,450
Disposals	(1,123)	(76)	-	(602)	(1,801)
Depreciation	(124)	-	(316)	(1,570)	(2,010)
Classified as assets held for sale	(48)	-	-	(134)	(182)
Exchange differences	112	18	145	499	774
Balance on 31 March 2024	3,198	607	4,987	16,439	25,231
Classified as assets held for sale	(3,024)	(571)	(4,696)	(15,469)	(23,760)
Depreciation	-	-	-	(12)	(12)
Exchange differences	(174)	(36)	(291)	(950)	(1,451)
Balance on 30 September 2024	-	-	-	8	8

8. Payables

	30 Sep 2024 \$'000	31 Mar 2024 \$'000
Current		
Trade payables	483	191
Amounts payable to associates	-	2,785
Accruals	294	452
Deferred government grant where conditions have not been satisfied	1,377	1,465
Others	55	158
	2,209	5,051

9. Issued capital

Issued capital as of 30 September 2024 amounted to \$2.94 million (31 March 2024: 94,266,496 ordinary shares). There were no movements in the issued capital of the Company in the current and prior interim reporting periods.

10. Reconciliation of loss after tax to net cash used in operating activities

Reconciliation of cash recorded in the Statement of Financial Position to Statement of Cash Flow

	30 Sep 2024 \$'000	31 Mar 2024 \$'000
Cash and Cash Equivalents		
Cash at bank and on hand	895	2,048
Fixed bank deposits with original maturities less than three months	1,440	4,564
Total cash and cash equivalents held by continuing operations	2,335	6,612
Cash included in assets held for sale	-	318
Balance as per consolidated statement of cashflows	2,335	6,930

10. Reconciliation of loss after tax to net cash used in operating activities (continued)

Reconciliation of cash flows from operating activities

	30 Sep 2024 \$'000	30 Sep 2023 \$'000
Profit / (loss) for the period from continuing operations	6,466	(5,446)
Income tax expense for the period	12	11
Depreciation and amortisation of non-current assets	1,032	1,277
Interest income	(48)	(70)
Deferred government grants – conditions now satisfied	(14)	(27)
Gain on disposal of associate	(9,431)	-
Change in receivables and prepayments	37	(2,044)
Change in inventories	305	495
Change in payables	(2,754)	1,688
Change in provisions	-	(1)
Net cash used in operating activities	(4,395)	(4,117)

11. Events after the reporting date

There have been no matters or circumstances that have arisen since the end of the interim period that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.

Directors' Declaration

In the opinion of the Directors:

- (a) The attached consolidated financial statements and notes thereto:
 - (i) comply with Australian Accounting Standards (including the Australian Accounting Interpretations);
 - (ii) give a true and fair view of the Group's financial position as of 30 September 2024 and of its performance and cash flows for the half year ended on that date; and
- (b) 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 the Board of Directors.

On behalf of the Board of Directors,



Ian James Burton
Director

Perth, Australia
28 November 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Merchant House International Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Merchant House International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 September 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of the Group does not present fairly, in all material respects, the financial position of the Group as at 30 September 2024, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with AASB 134 *Interim Financial Reporting*.

Basis for conclusion

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

Emphasis of matter

We draw attention to Note 1 in the financial report, which states that the financial statements have been prepared on a liquidation basis due to the Directors intention to permanently cease operations. Our opinion is not modified with respect to this matter.

Responsibility of the directors for the financial report

The directors of the Group are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects, the financial position of the Group as at 30 September 2024 and of its financial performance and its cash flows for the half-year ended on that date, in accordance with Accounting Standard AASB 134 Interim Financial Reporting.

A review of a 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.

BDO Audit Pty Ltd

The image shows a handwritten signature in blue ink. The signature appears to be 'Dean Just' written in a cursive, stylized script. Above the signature, the letters 'BDO' are handwritten in a similar cursive style.

Dean Just

Director

Perth, 28 November 2024