

Appendix 4E

Preliminary Final Report to the Australian Securities Exchange

Part 1 – Details of entity, reporting period

Name of Entity	Australian Agricultural Projects Limited
ABN	19 104 555 455
Financial Period	Year ended 30 June 2018
Previous Corresponding Reporting Period	Year ended 30 June 2017

Part 2 – Results for Announcement to the Market

	\$'000	Percentage increase / (decrease) over previous corresponding period
Revenue from ordinary activities	1,655	(44.3%)
Profit from ordinary activities after tax attributable to members	(853)	NA
Net profit attributable to members	(853)	NA

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	Not Applicable	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to the Operations Review for commentary on the results for the year.

Part 3 – Contents of ASX Appendix 4E

Section	Contents
Part 1	Details of entity, reporting period
Part 2	Results for announcement to the market
Part 3	Contents of ASX Appendix 4E
Part 4	Consolidated Statement of Profit or Loss and Other Comprehensive Income
Part 5	Consolidated Statement of Financial Position
Part 6	Consolidated Statement of Cash Flows
Part 7	Consolidated Statement of Changes in Equity
Part 8	Revenue and income
Part 9	Expenses
Part 10	Investment property
Part 11	Contributed equity and reserves
Part 12	Details relating to dividends
Part 13	Earnings per share
Part 14	Net tangible assets per security
Part 15	Segment information
Part 16	Audit status

Part 4 – Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Part	2018 \$	2017 \$
Revenue	8	1,654,827	2,969,873
Cost of sales		(1,548,538)	(1,871,458)
Gross profit		<u>106,289</u>	<u>1,098,415</u>
Other revenue	8	5,032	463
Corporate and administrative expenses		(271,547)	(274,947)
Depreciation and amortisation		(286,908)	(284,315)
Borrowing costs		(331,570)	(313,050)
Net fair value (loss)/gain on investment property		(74,003)	216,075
(Loss)/Profit before income tax		<u>(852,707)</u>	<u>442,641</u>
Income tax expense		-	-
Net (loss)/profit after income tax		<u>(852,707)</u>	<u>442,641</u>
Other Comprehensive Income		-	-
Total Comprehensive (Loss)/Income		<u><u>(852,707)</u></u>	<u><u>442,641</u></u>
Basic (Loss)/Earnings per share (cents)	12	(0.56)	0.29
Diluted (Loss)/Earnings per share (cents)	12	<u>(0.56)</u>	<u>0.29</u>

Part 5 – Consolidated Statement of Financial Position

	Part	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents		197,570	192,100
Trade and other receivables		1,660,462	2,641,856
Inventories		129,514	295,128
Other		37,124	98,057
Total Current Assets		<u>2,024,670</u>	<u>3,227,141</u>
NON-CURRENT ASSETS			
Property, plant & equipment		1,317,602	1,188,314
Investment property	10	<u>9,044,721</u>	<u>8,789,560</u>
Total Non-Current Assets		<u>10,362,323</u>	<u>9,977,874</u>
TOTAL ASSETS		<u>12,386,993</u>	<u>13,205,015</u>
CURRENT LIABILITIES			
Bank overdraft		474,740	492,874
Trade and other payables		2,164,918	2,390,653
Provisions		279,817	295,680
Loans and borrowings		<u>1,042,899</u>	<u>996,566</u>
Total Current Liabilities		<u>3,962,374</u>	<u>4,175,773</u>
NON-CURRENT LIABILITIES			
Loans and borrowings		<u>3,394,030</u>	<u>3,145,946</u>
Total Non-Current Liabilities		<u>3,394,030</u>	<u>3,145,946</u>
TOTAL LIABILITIES		<u>7,356,404</u>	<u>7,321,719</u>
NET ASSETS		<u><u>5,030,589</u></u>	<u><u>5,883,296</u></u>
EQUITY			
Contributed equity	11	22,840,966	22,840,966
Reserves		259,784	259,784
Accumulated losses		<u>(18,070,161)</u>	<u>(17,217,454)</u>
TOTAL EQUITY		<u><u>5,030,589</u></u>	<u><u>5,883,296</u></u>

Part 6 – Consolidated Statement of Cash Flows

	2018 \$	2017 \$
Cash flows from operating activities		
Cash receipts in the course of operations	3,504,765	4,010,932
Cash payments in the course of operations	(2,672,383)	(3,290,792)
Interest received	227	463
Interest paid	(362,707)	(386,581)
<i>Net cash provided by operating activities</i>	469,902	334,022
Cash flows from investing activities		
Payments for property, plant and equipment	(745,359)	(58,434)
Proceeds from sale of property, plant and equipment	4,646	-
<i>Net cash used in investing activities</i>	(740,713)	(58,434)
Cash flows from financing activities		
Proceeds from hire purchase facilities	428,500	84,442
Repayment of hire purchase liabilities	(134,085)	(202,820)
<i>Net cash provided by / (used in) financing activities</i>	294,415	(118,378)
Net increase cash and cash equivalents	23,604	157,210
Cash and cash equivalents at the beginning of the year	(300,774)	(457,984)
Cash and cash equivalents at the end of the year	(277,170)	(300,774)

Part 7 – Consolidated Statement of Changes in Equity

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total \$
Balance as at 1 July 2016	22,840,966	259,784	(17,660,095)	5,440,655
Profit for the year after income tax	-	-	442,641	442,641
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	442,641	442,641
Balance as at 30 June 2017	22,840,966	259,784	(17,217,454)	5,883,296
Balance as at 1 July 2017	22,840,966	259,784	(17,217,454)	5,883,296
Loss for the year after income tax	-	-	(852,707)	(852,707)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(852,707)	(852,707)
Balance as at 30 June 2018	22,840,966	259,784	(18,070,161)	5,030,589

Part 8 – Revenue and income

	2018 \$	2017 \$
(a) Revenue from continuing operations		
Management fees	567,928	1,585,955
Lease fees from the investment property	678,857	666,200
Production sharing	408,042	717,718
	1,654,827	2,969,873
	1,654,827	2,969,873

In order to provide additional clarity to the revenue of the Company, the directors no longer consider the sale of bulk oil as revenue when that oil was received by the Company in settlement of services provided. For consistency, the 2017 comparative revenue amount has been restated to \$2,969,873 (a reduction of \$369,334) and 2017 Cost of Sales has been restated to \$1,871,458 (a reduction of \$369,334). This restatement does not impact on Gross Profit or Net Profit after Tax.

(b) Other revenue

Interest received	227	463
Profit on sale of assets	4,646	-
Other income	159	-
	5,032	463
	5,032	463

Part 9 – Expenses

(a) Personnel expenses

Wages and salaries cost	536,157	665,337
Superannuation costs	72,459	73,420
Change in liability for annual and long service leave	(15,863)	8,519
Non-executive directors' fees	12,000	12,000
	604,753	759,276
	604,753	759,276

In 2018, \$516,103 (2017: \$670,626) of personnel expenses were included in cost of sales and the balance, \$88,650 (2017: \$88,650), was included in corporate and administrative expenses.

Part 10 – Investment property

Land, trees and orchard assets held to earn lease fees	9,044,721	8,789,560
Movement consists of:		
Investment property opening balance	8,789,560	8,573,485
Capital improvements	329,164	-
Orchard (impairment)/revaluation	(74,003)	216,075
	9,044,721	8,789,560
	9,044,721	8,789,560

Part 11 – Contributed equity and reserves

(a) Issued capital

152,358,384 (2017: 152,358,384) fully paid ordinary shares	22,840,966	22,840,966
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Movements in ordinary share capital

There were no movements in ordinary share capital during the financial year.

Options

There were no options granted during the financial year and no options have been granted since the end of the financial year. No options were exercised during the year.

The company had no options on issue as at 30 June 2018 (2017: nil).

Part 12 – Details Relating to Dividends

No dividends have been paid or declared by the company since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

Part 13 – Earnings per Share

(a) Basic earnings per share

The calculation of basic earnings per share at 30 June 2018 was based on the loss attributable to ordinary shareholders of \$852,707 (2017: profit of \$442,641) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2018 of 152,358,384 (2017: 152,358,384).

(b) Diluted earnings per share

The diluted earnings per share is the same as the basic earnings per share as there were no options on issue at 30 June 2018 and 30 June 2017.

Part 14 – Net Tangible Assets per Security

	2018	2017
Net tangible asset backing per ordinary security 152,358,384 (2017: 152,358,384) shares used for NTAS calculation	3.30 cents	3.86 cents

Part 15 – Segment Information

The Company operates in one segment, being the operation of an olive orchard located in Boort, Victoria.

Part 16 – Audit Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input checked="" type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

Not Applicable

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

Not Applicable