

# Appendix 4E

## Preliminary Final Report to the Australian Securities Exchange

### Part 1 – Details of entity, reporting period

<b>Name of Entity</b>	Australian Agricultural Projects Limited
<b>ABN</b>	19 104 555 455
<b>Financial Period</b>	Year ended 30 June 2020
<b>Previous Corresponding Reporting Period</b>	Year ended 30 June 2019

### Part 2 – Results for Announcement to the Market

	<b>\$'000</b>	<b>Percentage increase /(decrease) over previous corresponding period</b>
<b>Revenue from ordinary activities</b>	1,124	(54.2%)
<b>Loss from ordinary activities after tax attributable to members</b>	(1,668)	(336%)
<b>Net loss attributable to members</b>	(983)	(1045%)

<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	Nil	Nil
<b>Interim Dividend</b>	Nil	Nil
<b>Record date for determining entitlements to the dividends (if any)</b>	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**

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

	Part	2020 \$	Restated 2019 \$
Revenue	9(a)	1,124,177	2,454,152
Cost of sales		(1,696,250)	(1,863,632)
Gross (loss)/profit		<u>(572,073)</u>	<u>590,520</u>
Other revenue	9(b)	50,007	105
Corporate and administrative expenses		(332,352)	(307,428)
Depreciation and amortisation		(432,917)	(419,634)
Borrowing costs		(380,809)	(359,567)
<b>Loss before income tax</b>		<b><u>(1,668,144)</u></b>	<b><u>(496,004)</u></b>
Income tax expense		-	-
<b>Net loss after income tax</b>		<b><u>(1,668,144)</u></b>	<b><u>(496,004)</u></b>
Other Comprehensive Income Revaluation of bearer plants		684,819	402,032
<b>Total Comprehensive Income</b>		<b><u><u>(983,325)</u></u></b>	<b><u><u>(93,972)</u></u></b>
Basic (Loss) per share (cents)	15	(0.63)	(0.33)
Diluted (Loss) per share (cents)	15	<u>(0.63)</u>	<u>(0.33)</u>

## Part 5 – Consolidated Statement of Financial Position

	Part	2020 \$	Restated 2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		101,286	156,446
Trade and other receivables		1,120,154	2,290,915
Inventories		84,056	267,057
Other	11	114,389	18,355
<b>Total Current Assets</b>		<b>1,419,885</b>	<b>2,732,773</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment		1,039,201	1,194,481
Bearer plants	12	9,423,565	8,778,853
Investment property		1,553,550	1,553,550
<b>Total Non-Current Assets</b>		<b>12,016,316</b>	<b>11,526,884</b>
<b>TOTAL ASSETS</b>		<b>13,436,201</b>	<b>14,259,657</b>
<b>CURRENT LIABILITIES</b>			
Bank overdraft		21,606	495,300
Trade and other payables		2,061,244	2,214,867
Provisions		315,255	301,783
Loans and borrowings		130,554	1,596,952
<b>Total Current Liabilities</b>		<b>2,528,659</b>	<b>4,608,902</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings		5,458,362	4,714,138
<b>Total Non-Current Liabilities</b>		<b>5,458,362</b>	<b>4,714,138</b>
<b>TOTAL LIABILITIES</b>		<b>7,987,021</b>	<b>9,323,040</b>
<b>NET ASSETS</b>		<b>5,449,180</b>	<b>4,936,617</b>
<b>EQUITY</b>			
Contributed equity	13	24,336,854	22,840,966
Reserves		1,689,807	1,004,988
Accumulated losses		(20,577,481)	(18,909,337)
<b>TOTAL EQUITY</b>		<b>5,449,180</b>	<b>4,936,617</b>

## Part 6 – Consolidated Statement of Cash Flows

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	3,335,475	2,204,478
Cash payments in the course of operations	(3,113,401)	(2,622,131)
Interest received	7	105
Interest paid	(389,731)	(336,134)
Other receipts	50,000	-
<b>Net cash used in operating activities</b>	<b>(117,650)</b>	<b>(753,682)</b>
<b>Cash flows from investing activities</b>		
Payments for bearer plants	(155,947)	(1,052,946)
Payments for property, plant and equipment	(81,583)	(129,217)
<b>Net cash used in investing activities</b>	<b>(237,530)</b>	<b>(1,182,163)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of securities (net of costs)	1,495,888	-
Proceeds from loan facilities	44,634	1,870,000
Repayment of loan facilities	(729,000)	-
Proceeds from hire purchase facilities	71,002	140,052
Repayment of hire purchase liabilities	(108,810)	(135,891)
<b>Net cash provided by financing activities</b>	<b>773,714</b>	<b>1,874,161</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>418,534</b>	<b>(61,684)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(338,854)</b>	<b>(277,170)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>79,680</b>	<b>(338,854)</b>
<b>Cash and cash equivalents represented by:</b>		
Cash at bank and in deposits	101,268	156,446
Bank overdraft	(21,606)	(495,300)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>79,680</b>	<b>(338,854)</b>

## Part 7 – Consolidated Statement of Changes in Equity

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total \$
<b>Balance as at 1 July 2018</b>	<b>22,840,966</b>	<b>401,856</b>	<b>(18,212,233)</b>	<b>5,030,589</b>
Restatement due to correction of error	-	201,100	(201,100)	-
<b>Balance as at 1 July 2018 restated</b>	<b>22,840,966</b>	<b>602,956</b>	<b>(18,413,333)</b>	<b>5,030,589</b>
Loss for the year after income tax	-	-	(496,004)	(496,004)
Other comprehensive income for the year	-	402,032	-	402,032
Total comprehensive income for the year	-	402,032	(496,004)	(93,972)
<b>Balance as at 30 June 2019 restated</b>	<b>22,840,966</b>	<b>1,004,988</b>	<b>(18,909,337)</b>	<b>4,936,617</b>
<b>Balance as at 1 July 2019</b>	<b>22,840,966</b>	<b>1,004,988</b>	<b>(18,909,337)</b>	<b>4,936,617</b>
Loss for the year after income tax	-	-	(1,668,144)	(1,668,144)
Other comprehensive income for the year	-	684,819	-	684,819
Total comprehensive income for the year	-	684,819	(1,668,144)	(983,325)
Contributions of equity (net of costs)	1,495,888	-	-	1,495,888
<b>Balance as at 30 June 2020</b>	<b>24,336,854</b>	<b>1,689,807</b>	<b>(20,577,481)</b>	<b>5,449,180</b>

## Part 8 – Prior period error

Management of Australian Agricultural Projects Limited, while preparing financial statements of the Company for the year ended 30 June 2020, identified that, having classified the bearer plants as a separate asset on the statement of financial position in 2019, they omitted to depreciate this asset in accordance with AASB 116 Property, Plant and Equipment. Furthermore, as the Company revalues the bearer plant assets annually to fair value, this omission had an equal and opposite impact upon the gain or loss from revaluation of bearer plants included in other comprehensive income.

The Group holds land on which olive trees are grown. Olive trees are bearer plants which are required to be depreciated under AASB 116. Therefore, management has depreciated the bearer plants (the olive trees) accordingly. The land and olive trees are leased to investors through managed investment schemes. These leases are both considered operating leases. Any gain or loss from fair value revaluations of bearer plants is classified to the revaluation reserve (refer to the Company's accounting policy in the 2019 Financial Report in regards to the measurement of the bearer plants). The depreciation of bearer plants impacted the calculation of this revaluation to fair value.

The error in applying the policy in the previous year's financial statements represents a prior period accounting error which must be accounted for retrospectively in the financial statements in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. Consequently, the Group has adjusted all comparative amounts presented in the current period's financial statements affected by the accounting error.

The changes in the comparative year are to include the depreciation of bearer plants as an expense and to correct the gain or loss on revaluing the bearer plants to fair value amending other comprehensive income, the revaluation reserve and accumulated losses.

Financial statement extracts of Australian Agricultural Projects Limited appear as follows after the retrospective correction of the prior period accounting error.

### EXTRACT OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 1 JULY 2018

	1 July 2018 \$	Effect of restatement \$	1 July 2018 Restated \$
<b>EQUITY</b>			
Issued capital	22,840,966	-	22,840,966
Reserves	401,856	201,100	602,956
Accumulated losses	(18,212,233)	(201,100)	(18,413,333)
<b>TOTAL EQUITY</b>	<b>5,030,589</b>	<b>-</b>	<b>5,030,589</b>

### EXTRACT OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	30 June 2019 \$	Effect of restatement \$	30 June 2019 Restated \$
<b>EQUITY</b>			
Issued capital	22,840,966	-	22,840,966
Reserves	636,592	368,396	1,004,988
Accumulated losses	(18,540,941)	(368,396)	(18,909,337)
<b>TOTAL EQUITY</b>	<b>4,936,617</b>	<b>-</b>	<b>4,936,617</b>

## Part 8 – Prior period error (continued)

### EXTRACT OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	30 June 2019 \$	Effect of restatement \$	30 June 2019 Restated \$
Revenue	2,454,152	-	2,454,152
Cost of sales	(1,863,632)	-	(1,863,632)
Gross profit	<u>590,520</u>	-	<u>590,520</u>
Other income	105	-	105
Corporate and administrative expenses	(307,428)	-	(307,428)
Depreciation and amortisation	(252,338)	(167,296)	(419,634)
Borrowing costs	(359,567)	-	(359,567)
<b>Loss before income tax</b>	<b>(328,708)</b>	<b>(167,296)</b>	<b>(496,004)</b>
Income tax expense	-	-	-
<b>Loss after income tax</b>	<b>(328,708)</b>	<b>(167,296)</b>	<b>(496,004)</b>
Other Comprehensive Income			
Revaluation of bearer plants	234,736	167,296	402,032
<b>Total Comprehensive Income attributable to the members of Australian Agricultural Projects Limited</b>	<b>(93,972)</b>	<b>-</b>	<b>(93,972)</b>

## Part 9 – Revenue and income

	2020 \$	2019 \$
<b>(a) Revenue from continuing operations</b>		
Management fees	472,962	1,032,458
Lease fees from the investment property	406,636	691,756
Production sharing	244,579	729,938
	<u>1,124,177</u>	<u>2,454,152</u>
<b>(b) Other revenue</b>		
Interest received	7	105
Other income	50,000	-
	<u>50,007</u>	<u>105</u>



	<b>2020</b>	<b>Restated</b>
	<b>\$</b>	<b>2019</b>
		<b>\$</b>
<b>Part 10 – Expenses</b>		
<b>(a) Personnel expenses</b>		
Wages and salaries cost	591,269	551,225
Superannuation costs	57,629	63,087
Change in liability for annual and long service leave	13,472	21,966
Non-executive directors' fees	12,000	12,000
	674,370	648,278
	674,370	648,278

In 2020, \$578,070 (2019: \$559,628) of personnel expenses were included in cost of sales and the balance, \$96,300 (2019: \$88,650), was included in corporate and administrative expenses.

### Part 11 – Other current assets

Prepayments	46,739	18,335
Security deposits	67,650	-
	114,389	18,335
	114,389	18,335

### Part 12 – Bearer plants

Olive trees	9,423,565	8,778,853
Movement consists of:		
Opening balance	8,778,853	7,491,171
Depreciation	(196,054)	(167,296)
Capital improvements	155,947	1,052,946
Revaluation of olive trees	684,819	402,032
	9,423,565	8,778,853
	9,423,565	8,778,853

### Part 13 – Contributed equity and reserves

#### (a) Issued capital

304,716,768 (2019: 152,358,384) fully paid ordinary shares	24,336,854	22,840,966
	24,336,854	22,840,966

#### *Movements in ordinary share capital*

	Date	No of shares	Issue price	\$
Balance	1 July 2018	152,358,384		22,840,966
Balance	30 June 2019	152,358,384		22,840,966
Shares subscribed under the Share Entitlement Issue	16 Mar 2020	116,595,566	0.01	1,165,956
Share issue transaction costs	16 Mar 2020	-	0.00	(27,696)
Issue of shares arising from placement of shortfall shares from Share Entitlement Issue	15 May 2020	35,762,818	0.01	357,628
Balance	30 June 2020	304,716,768		24,336,854

## Part 13 – Contributed equity and reserves (continued)

### (b) Options

The Company issued 76,179,185 free attaching options during the year as part of the Share Entitlement Issue. The options have the following terms:

- Exercise price 0.015 cents
- Expiry date 22 December 2022

These options are not listed on the ASX.

The company had no options on issue as at 30 June 2019.

## Part 14 – 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 15 – Earnings per Share

### (a) Basic earnings per share

The calculation of basic earnings per share at 30 June 2020 was based on the loss attributable to ordinary shareholders of \$1,668,144 (2019: loss of \$496,004) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2020 of 265,912,057 (2019: 152,358,384).

### (b) Diluted earnings per share

On the basis of the Group's losses, the outstanding options as at 30 June 2020 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

## Part 16 – Net Tangible Assets per Security

	2020	2019
Net tangible asset backing per ordinary security 304,716,768 (2019: 152,358,384) shares used for NTAS calculation	1.79 cents	3.24 cents

## Part 17 – Segment Information

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

### Part 18 – Audit Status

<b>This report is based on accounts to which one of the following applies:</b> (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