



Australian Agricultural Projects Limited

ABN: 19 104 555 455

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**FINANCIAL REPORT**  
for the year ended 30 June 2021



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CORPORATE DIRECTORY

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**Directors**

Mr Paul Robert Challis – Managing Director  
Mr Anthony Ho – Non-Executive Director  
Mr Daniel Stefanetti – Non-Executive Director

**Company Secretary**

Ms Joan Dabon

**Principal Place of Business**

Suite 14, 456 St Kilda Road  
Melbourne VIC 3004

**Registered Office**

15 McCabe Street  
North Fremantle, Western Australia, 6159

Telephone: (61-8) 6389 2688  
Facsimile: (61-8) 6389 2588

**Auditor**

BDO Audit Pty Ltd  
Collins Square, Tower 4  
Level 18, 727 Collins Street  
Melbourne Victoria 3008

**Bankers**

Macquarie Bank Limited  
1 Shelley Street  
Sydney NSW 1164

**Solicitor**

Blackwall Legal LLP  
Level 26,  
140 St Georges Terrace  
Perth Western Australia 6000

**Share Registry**

Computershare Investor Services Pty Ltd  
Level 11  
172 St Georges Terrace  
Perth Western Australia 6000

Telephone: (61-8) 9323 2000  
Facsimile: (61-8) 9323 2033

**Stock Exchange**

ASX Limited  
Level 40, Central Park  
152-158 St George's Terrace  
Perth, Western Australia, 6000

ASX Code: AAP

**Corporate Governance Statement**

[www.voopl.com.au/aap-shareholders](http://www.voopl.com.au/aap-shareholders)



## CONTENTS

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	Page
Corporate Directory	Inside cover
Managing Director's Letter	1
Directors' Report	2
Auditor's Independence Declaration	10
Remuneration Report	11
Consolidated Financial Statements	19
Directors' Declaration	51
Independent Audit Report	52
Shareholder Information	55

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## MANAGING DIRECTOR'S LETTER

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30 September 2021

Dear Shareholders,

Your Company recorded a profit after tax of \$978,230 (2020 restated: loss of \$1,479,819) largely as a consequence of an excellent harvest of 752,900 litres which was completed in the last week of June. This result was above management's expectations and well above the 241,700 litre harvest in 2020. This year's harvest included the first commercial harvest of the first tranche of the replanting programme and we expect the second tranche of 96 hectares to contribute to the harvest in 2022 in what is expected to be an off year in the biennial cycle of the trees. Pleasingly, the two-year rolling average of harvest volumes is now trending upwards and this trend is expected to continue.

The trading result of the Company was supplemented by an upward revaluation of the olive orchard. The total combined value of the land and trees owned by the Company is now \$12,482,003, up from \$10,977,115 at June 2020.

The planning for the last tranche of the replanting programme is well advanced and we expect nearly 56 ha to be planted in March 2022. The Directors are confident that completing this replanting programme will continue to improve the value of the orchard asset and future revenue to the Company over the medium term as the newly planted areas continue to mature and the annual harvest increases.

In May 2021, the Company secured the refinancing of the Company's banking facilities which provides improved funding certainty as the Company continues to expand harvest volumes and consolidate the gains being made.

The Company has taken a careful approach to the issues presented by the COVID-19 pandemic and your Directors do not believe the pandemic will have a significant impact on the business.

The operating and financial reviews on pages 3 to 6 provide further details of the Company's operations for the year.

The Company has now commenced a strategic review with a focus on the structure of the managed schemes and projects. The broad aim of this review is to assess the Company's current structures to determine the best path to deliver long term growth and to maximise shareholder value. Separately, the Company will continue to review opportunities in the agribusiness sector in which the Company's management has considerable.

The Company continues to rely on a small team which manages the orchard and produces cost effective results. The Directors take this opportunity to record sincere appreciation for their ongoing efforts as well as for the ongoing support of our loyal shareholders.

Yours faithfully

**PAUL CHALLIS**  
Managing Director



## DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity, being Australian Agricultural Projects Limited (Company) and its subsidiaries, for the financial year ended 30 June 2021 and the auditor's report thereon.

### DIRECTORS

The Directors of the Company at any time during the financial year and to the date of this report are:

#### Mr Paul Challis

Managing Director – Appointed 12 September 2007

Mr Challis is an accountant with more than 20 years' experience in the finance, health and agricultural industries. Mr Challis has been involved with the olive industry, including a term as a director of the Australian olive industry's peak body – the Australian Olive Association, since the planting of the Company's first orchard in 2002. As part of his role as Managing Director, Mr Challis will continue to oversee grove operations.

#### Mr Anthony Ho

Non-Executive Director – Appointed 30 April 2003

Mr Ho graduated in 1980 with a Bachelor of Commerce from the University of Western Australia and is qualified as a Chartered Accountant in 1983. Mr Ho is presently the principal of a firm specialising in providing corporate and financial services to companies listed on the ASX. He is currently a director of a number of companies listed on the ASX.

#### Mr Daniel Stefanetti

Non-Executive Director – Appointed 26 September 2019

Mr Stefanetti graduated in 1998 with a Bachelor of Business from RMIT. He qualified as a Certified Financial Planner in 2006 and is a principal of Grimsey Wealth with over 20 years' experience in providing financial services and supervises their investment team. Mr Stefanetti is a director of a number of unlisted public and proprietary companies. He is a significant shareholder.

### COMPANY SECRETARY

#### Ms Joan Dabon

Company Secretary – Appointed 1 February 2021

Ms Dabon has degree in law and is a member of the Governance Institute of Australia. Over the past 5 years, Ms Dabon has been providing company secretarial services to ASX and NSX listed companies in their compliance, governance, capital raising, financial reporting and IPO-related requirements.

#### Mr Kim Hogg

Company Secretary – Resigned 1 February 2021

### DIRECTORSHIPS IN OTHER LISTED ENTITIES

Directorships of other listed entities held by directors of the Company during the last 3 years immediately before the end of the year are as follows:

Director	Company	Period of Directorship	
		From	To
Mr P Challis	Nil	-	-
Mr A Ho	Alchemy Resources Limited	2011	Present
	Newfield Resources Limited	2011	16 April 2021
	Mustera Property Group Limited	2014	Present
Mr D Stefanetti	Nil	-	-



## DIRECTORS' REPORT (cont'd)

### DIRECTORS' INTERESTS

The relevant interest of each Director in the securities of the Company at the date of this report is as follows:

Director	Ordinary Shares
Mr P Challis	37,137,852
Mr A Ho	4,000,002
Mr D Stefanetti	45,406,562

### DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of the Board of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board Meetings		Nomination and Remuneration Committee Meetings		Audit and Risk Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Mr P Challis	10	10	N/A	N/A	N/A	N/A
Mr A Ho	10	10	1	1	2	2
Mr D Stefanetti	10	10	1	1	2	2

### Committee membership

As at the date of the report, the Company had a Nomination and Remuneration Committee and an Audit and Risk Committee of the Board of Directors. Members acting on the committees of the Board during the financial year were:

Nomination and Remuneration Committee	Audit and Risk Committee
Mr A Ho (Chairman) Mr D Stefanetti	Mr A Ho (Chairman) Mr D Stefanetti

### PRINCIPAL ACTIVITY

The Company's principal activity is the management of managed investment schemes and other investors' olive groves located in Boort, Victoria.

### OPERATING AND FINANCIAL REVIEW

#### Financial result

The Company recorded a profit after income tax of \$978,230 for the year ended 30 June 2021 (2020 restated: loss of \$1,479,819), a result which was above management's expectations. The key components of this trading result include:

- The 2021 harvest completed in June 2021 yielded a total of 752,900 litres which compares with 241,700 litres in 2020. This significantly improved production yield resulted in total revenue from lease and management fees derived from the projects the Company manages increasing to \$3,319,410 compared with \$1,124,177 in the previous year;
- Total water costs continued their trend downwards towards their longer-term average. The 2021 expense of 293,990 was 42% less than that of the previous year's;
- Pleasingly, the cost of sales, which represents the operating costs at the orchard, reduced slightly despite the increased harvest. Markedly lower water costs contributed to this result;
- Total funding costs of \$540,102 included the one-off application fee associated with the refinance of the banking facilities. Other than this fee, total funding costs were consistent with management's expectations and were slightly less than the previous year; and
- Depreciation expense of \$462,450 (2020: \$432,917) includes the depreciation of the olive trees that amounted to \$248,608 (2020: \$196,054).



## DIRECTORS' REPORT (cont'd)

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### Financial result (*continued*)

In addition to the trading result summarised above, the Company also recorded an upward revaluation of the olive trees net of tax of \$1,090,819 (2020 restated: \$496,494). This valuation is based upon the anticipated discounted net cash flows expected to be generated from the lease of the orchard assets to the projects the Company manages and is consistent with an independent valuation the Directors obtained during the year. Importantly, it reflects the increase in the market value of quality horticultural assets which has occurred over recent years.

### Cash flows

The Company's net cashflows from operations this year amounted to a deficit of \$1,054,710 (2020: a deficit of \$117,650). The Company's operating cashflows is a direct reflection of its previous year's harvest. Accordingly, this cashflow deficit reflects the low cash receipts during the year as a consequence of the poor 2020 harvest with cash receipts from operations totalling \$1,451,556 compared with \$3,335,475 in the previous year.

This deficit was funded within the restructured financing facilities. Significantly better cashflows is expected from the sale of this year's improved harvest.

### Balance sheet

The Company's balance sheet significantly improved over the year with a 38% increase in net assets to \$7,520,561 (2020: \$5,449,180). This was largely driven by the recognition of the increased value of the Company's land and orchard assets.

Net working capital improved as a result of the larger than expected harvest, the proceeds of which will be received over the year as the oil is sold.

In May, the Company settled the refinance of its banking facilities with a syndicated loan of \$5,192,500 which better suits the cyclical working capital requirements of the business. It has an initial maturity date of August 2022 with the Company having the option to extend the facility to a further twelve-month term. Importantly, there are no fees or costs associated with early repayment of the facility.

### The Olive Orchards

#### Operations

The orchard is in good health and the newly replanted portions of the orchard are growing as expected.

The aim of the management team at the orchard continues to be being a low-cost producer of quality extra virgin olive oil. This objective is achieved by performing as much of the orchard maintenance, harvesting and processing in-house and having as little reliance on external contractors unless specialist skills or equipment is required. Contract labour is used as necessary for the few labour-intensive tasks at the orchard.

The immediate focus of operations continues to be the completion of the replanting programme which commenced in 2018. The objective of this programme is to replace the large sections of the orchard established with the barnea variety of olive tree with high density plantings of varieties which are expected to be more robust and amenable to "over-the-row" harvesting. The commercial performance of the barnea trees started to noticeably deteriorate in 2017 with reducing crop yields. It is expected that the replacement trees will replace this lost production as they enter commercial production and continue to mature.

#### Harvest

The annual harvest was completed in late June yielding 752,900 litres (2020: 241,700 litres). The highlights of this improved result are set out below:

- The excellent outcome follows on from the low 2020 harvest resulting in a two-year rolling average of 497,300 litres (2020 two year running average: 443,000 litres);
- The successful harvest validates the orchard re-planting strategy adopted in 2018 which will see in the region of 200 hectares (approximately 40%) of trees replaced with the higher density plantings which will enter production over the coming years;
- The 2021 harvest is the first time that the replanted trees yielded commercial quantities of oil and the contribution from the replanted areas will continue to scale up over the next 3 years as they approach maturity.





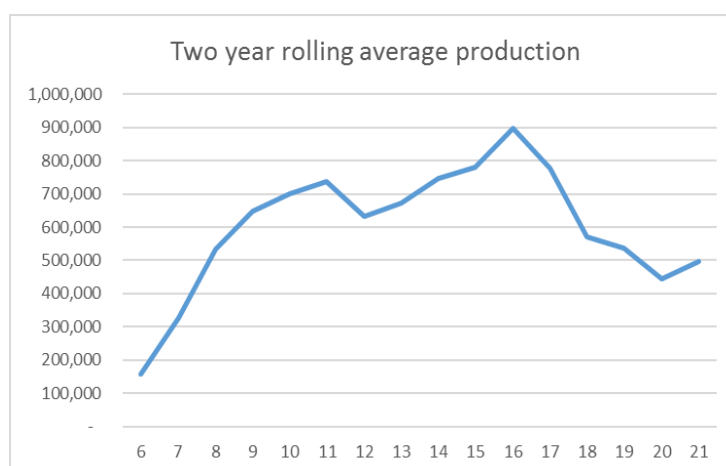
## DIRECTORS' REPORT (cont'd)

### **Harvest (continued)**

The harvest result also reflects an “on” year in the orchard which will likely be followed by an “off” year. This may result in lower oil production next harvest. Accordingly, management assesses future performance of the orchard on a two-year rolling average of oil produced as a better performance measurement to accommodate the volatility associated with the biennial productive nature of olive trees. The expectation is that the two-year rolling average will continue to improve as a consequence of the increasing production from the newly replanted areas.

Testing of the oil to date has confirmed the oil produced this season to be high-quality extra virgin oil. The oil will be supplied to Cobram Estate Olive Limited (**Cobram**) (formerly Boundary Bend Olive Pty Ltd) in support of the Cobram Estate and Redisland retail brands of extra virgin olive oil.

The following graph summarises the total harvests from the orchards on a two-year rolling average basis since the first harvest in 2006. The impact of the deterioration of the barnea trees which initiated the replanting programme is apparent from 2017 onwards and the uptick in the trend this year is expected to continue as the newly replanted areas enter commercial production.



Orchard management's outlook for the 2022 harvest has yet to be set other than it will almost certainly be greater than the previous “off” year which was the 2020 harvest. The Company is proceeding with an initial budget production for 2022 in the region of 500,000 – 550,000 litres and this will be refined by the orchard team later this year after flowering and fruit set in November 2021. As always, the 2022 result will depend on general climatic and growing conditions during the season. The Company will continue to report each significant event such as flowering and fruit set as well as indicators of oil accumulation through its quarterly reports.

### **Price**

The Company sells the olive oil produced through an Olive Oil Supply Agreement with Cobram entered into in December 2012. The basis of this offtake arrangement is that the Company will supply all of the oil produced to Cobram in support of their Australian retail packaged products. The pricing mechanism of this offtake arrangement is such that our Company benefits from Cobram's ability to more effectively negotiate pricing improvements in the retail market.

We are pleased to note that after several years of static prices, in February 2021 Cobram was able to negotiate a retail price increase with the major supermarket chains in Australia. The benefit of this price increase has commenced to flow through to the Company in the form of increased cash receipts as the 2021 harvest is sold to Cobram.

### **Water**

The price of irrigation water for the orchard on the temporary market has fallen during the year and appears to have consolidated around \$100 - \$120 per mega litres (ML). This compares with spot prices eighteen months ago in the region of \$700 per ML. Consistent with this decrease in price, the availability of water in the region has also increased with the increased volume of water held in the dams which influences the pricing in the region. Further, the wet start of the irrigation season should continue to reduce early demand for temporary water as well as assist with strong inflows into dams.





## DIRECTORS' REPORT (cont'd)

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### **Water (continued)**

Management's plan to acquire water for the orchard remains the same, that is, utilising a combination of strategies including carry-over rights from the previous year, short- and medium-term water leases and acquisition on the spot market. One consequence of this strategy is that the Company's average price of water in the past was below the spot price due to the pricing of the leased water and may be slightly above the local spot price this year for the same reason.

Separate to the pricing, the volume of water used by the orchard is still lower than average as a consequence of the replanting programme and the reduced water requirement of the younger trees.

In summary, the business risk associated with water has decreased back to more normal levels.

### **Replanting programme**

As previously reported, no trees were planted in the past year as part of the replanting programme largely because of management's desire to ensure larger nursery stock which experience has shown to result in a superior outcome at an overall lower cost. With regard to the three tranches of the programme, we note:

- The 2018 replantings were harvested this year producing over 1,000 litres per ha, slightly above initial expectations. The trees will most likely receive a manual prune this year with a view of reducing growth of hard wood into the row and to encourage growth down the row;
- The 2019 replanting has shown good canopy growth since summer and given the experience with the prior year's planting, supporting expectations of a commercial harvest from these trees as part of the 2022 harvest; and
- The management team is finalising the revised budget and plan for the replanting of the final tranche of trees (approx. 56 ha). The goal is to finalise the replanting programme in March 2022.



### **COVID-19**

The Company continues to take a careful approach to the issues presented by the COVID-19 pandemic.

The management team has implemented procedures at the orchard and office locations consistent with the advice provided by the federal and state authorities. The largest risks identified involve the management of staff and contractors during the period of harvest as well as when labour teams are contracted for specific tasks. To date, we are pleased to report that the Company has not had any occurrence of transmission of the virus either at the orchard and office locations and the amended procedures do not significantly impact operations. The greatest impact on the practical operations of the business had been the longer time taken to access and ship spare parts for the maintenance of orchard equipment especially where these parts need to be imported. These timeframes have now been factored into maintenance schedules.

### **LOOKING FORWARD**

The immediate goal of the Company is to return future harvest yields and cash flow to historical levels and this is now nearing completion with the finalisation of the replanting programme and the newly planted trees entering production.

The Company has now commenced a strategic review with a focus on the structure of the managed schemes and projects. The broad aim of this review is to assess the Company's current structures to determine the best path to deliver long term growth and to maximise shareholder value.

Separately, the Company will continue to review opportunities in the agribusiness sector in which the Company's management has considerable experience or where immediate cash flows can be created.



## DIRECTORS' REPORT (cont'd)

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### APPRECIATION

The Company continues to rely on a small team which manages the orchard and produces cost effective results. The Directors take this opportunity to record their appreciation for their ongoing efforts as well as for the ongoing support of our shareholders.

### Impact of legislation and other external requirements

The Board believes that the consolidated entity has adequate systems in place for the management of its environmental regulations and is not aware of any breach of those environmental requirements as they apply to the consolidated entity. There were no changes in environmental or other legislative requirements during the year that have significantly affected the results or operations of the consolidated entity.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has not been any significant change in the state of affairs of the consolidated entity during the year.

### RESULTS

The consolidated entity reported a profit of \$978,230 (2020 restated: loss of \$1,479,819) after income tax for the year.

### DIVIDENDS

No dividend has been declared or paid by the Company during the year or to the date of this Report.

### MATTERS SUBSEQUENT TO REPORTING DATE

The Company has considered the impact of the COVID-19 virus on the business and has implemented procedures consistent with the directions given by government authorities. These procedures have had little or no impact upon the operations of the business although management continue to monitor the situation.

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The consolidated entity will continue to operate the olive grove at Boort, Victoria as outlined in the Operating and Financial Review.

### OPTIONS

#### Options exercised during the year

The Company has 75,854,327 (2020: 76,179,185) options on issue. These options have the following terms:

- Exercise price 1.5 cents
- Expiry date 22 December 2023

These options are not quoted on the ASX.

On 26 May 2021, 324,858 of these options were exercised.



## DIRECTORS' REPORT (cont'd)

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### **INDEMNIFICATION AND INSURANCE OF OFFICERS**

#### **Indemnification**

The Company has agreed to indemnify the current Directors and the company secretary of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and company secretary of the Company, except where the liability arises out of conduct involving a lack of good faith.

The agreement stipulates that the Company will meet, to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

#### **Insurance Premiums**

The Company paid a premium, during the year in respect of a director and officer liability insurance policy, insuring the Directors of the Company, the company secretary, and all executive officers of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts; as such disclosure is prohibited under the terms of the contract.

### **INDEMNIFICATION AND INSURANCE OF AUDITORS**

The Company has not, during or since the financial year indemnified or agreed to indemnify an auditor of the Company or any related body corporate against a liability incurred as an auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### **PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

### **NON-AUDIT SERVICES**

No non-audit services were provided by the consolidated entity's auditor, BDO Audit Pty Ltd.

### **OFFICERS OF THE COMPANY WHO ARE FORMER DIRECTORS OF BDO AUDIT PTY LTD**

There are no officers of the Company who are former audit directors of BDO Audit Pty Ltd.

### **REMUNERATION REPORT**

The remuneration report is set out on pages 11 to 18 and forms part of the Directors' Report.

### **ROUNDING OF AMOUNTS**

In accordance with ASIC Legislative Instrument 2016/191, amounts shown in the Directors' report and the financial report have been rounded off to the nearest dollar.



## DIRECTORS' REPORT (cont'd)

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### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 10 and forms part of the Directors' Report.

Dated at Melbourne, Victoria this 30th day of September 2021.

Signed in accordance with a resolution of the Directors, made pursuant to s298(2)(a) of the Corporations Act 2001.

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Paul Challis  
*Managing Director*

## DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF AUSTRALIAN AGRICULTURAL PROJECTS LIMITED

As lead auditor of Australian Agricultural Projects Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Agricultural Projects Limited and the entities it controlled during the period.



**Wai Aw**  
**Director**

**BDO Audit Pty Ltd**

Melbourne, 30 September 2021



## REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the consolidated entity in accordance with the requirements of the *Corporations Act 2001 (Act)* and its regulations. This information has been audited as required by section 308(3C) of the Act.

For the purposes of this report, key management personnel of the consolidated entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

### KEY MANAGEMENT PERSONNEL

The following were key management personnel of the consolidated entity at any time during the financial year and unless otherwise indicated were key management personnel for the entire financial year:

#### Directors

Name	Position held
Mr P Challis	Managing Director
Mr A Ho	Non-Executive Director
Mr D Stefanetti	Non-Executive Director

#### Other Key Management Personnel

Name	Position held
Ms J Dabon (appointed 1 February 2021)	Company Secretary
Mr K Hogg (resigned 1 February 2021)	Company Secretary

### REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing remuneration policies for the Directors and executives. If necessary, the Nomination and Remuneration Committee obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the consolidated entity. No advice was sought in the past year.

### PRINCIPLES OF REMUNERATION

The remuneration structures explained below are competitively set to attract and retain suitably qualified and experienced candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the relevant segments performance;
- the consolidated entity's performance including:
  - the consolidated entity's earnings; and
  - the growth in share price and delivering constant returns on shareholder wealth.



## REMUNERATION REPORT (cont'd)

### REMUNERATION STRUCTURE

In accordance with best practice corporate governance, the structure of non-executive directors' remuneration is clearly distinguished from that of executives.

#### Non-executive director remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. Total remuneration for all non-executive directors, last voted upon by shareholders at the 2003 General Meeting, is not to exceed \$100,000 per annum. Directors' fees cover all main board activities and membership of committees.

Non-executive directors do not receive any retirement benefits, nor do they receive any performance related compensation. Non-executive directors' fees as at the reporting date are as follows:

Name	Non-executive directors' fees (per annum)
Mr A Ho	\$12,000
Mr D Stefanetti	-

#### Executive remuneration

Remuneration for executives is set out in employment agreements.

Executive directors may receive performance related compensation but do not receive any retirement benefits, other than statutory superannuation.

#### Fixed remuneration

Fixed remuneration consists of base compensation as well as employer contributions to superannuation funds.

Fixed remuneration is reviewed by the Nomination and Remuneration Committee through a process that considers individual and overall performance of the consolidated entity. As noted above, the Nomination and Remuneration Committee has access to external advice independent of management.

#### Other benefits

Key management personnel may receive benefits such as car allowances, and the Company pays fringe benefits tax on these benefits.

#### Long-term incentives

Long-term incentives (**LTI**) may be provided to key management personnel via the Australian Agricultural Projects Limited Employee Option Scheme (**EOS**). The LTI are provided as options over ordinary shares of the Company to key management personnel based on their position within the consolidated entity. Vesting conditions may be imposed on any LTI grants if considered appropriate, in accordance with the EOS's terms and conditions.

LTI are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth. Options may only be issued to Directors subject to approval by shareholders in general meeting.

The Company has introduced a policy that prohibits employees and Directors of the consolidated entity from entering into transactions that operate or are intended to operate to limit the economic risk or are designed or intended to hedge exposure to unvested Company securities. This includes entering into arrangements to hedge their exposure to LTI granted as part of their remuneration package. This policy may be enforced by requesting employees and Directors to confirm compliance.



## REMUNERATION REPORT (cont'd)

### REMUNERATION STRUCTURE (cont'd)

#### Consequences of performance on shareholder wealth

In considering the consolidated entity's performance and benefits for shareholder wealth, the Directors have regard to the following indices in respect of the current financial year and the previous four financial years:

	2021	Restated 2020	Restated 2019	Restated 2018	2017
Profit/(loss) for the year	\$978,230	\$(1,479,819)	\$(496,004)	\$(979,807)	\$226,566
Dividends paid	Nil	Nil	Nil	Nil	Nil
Change in share price	1.2 cents	(0.5) cents	(1.0) cents	(0.9) cents	0.9 cents
Share price at beginning of the year	1.0 cents	1.5 cents	2.5 cents	3.4 cents	2.5 cents
Share price at end of the year	2.2 cents	1.0 cents	1.5 cents	2.5 cents	3.4 cents
Earnings/(Loss) per share	0.32 cents	(0.78) cents	(0.33) cents	(0.64) cents	0.15 cents

The overall level of key management personnel's compensation takes account of the performance of the consolidated entity over the past 5 years. As a result, the level of compensation has remained relatively unchanged, other than the increase or decrease in compensation levels due to the appointment or resignation of key management personnel.

There were no performance related remuneration transactions during the financial year (2020: Nil).

#### USE OF REMUNERATION CONSULTANTS

The Nomination and Remuneration Committee did not engage the services of a remuneration consultant during the year.

#### VOTING AND COMMENTS MADE AT THE COMPANY'S 2020 ANNUAL GENERAL MEETING

The Remuneration Report for the 2020 financial year received unanimous shareholder support at the 2020 AGM. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

#### EMPLOYMENT AGREEMENTS

The consolidated entity has an employment agreement with the Company Secretary who is not a director, that is capable of termination between one and three months' notice. The terms of the contracts are open ended although the consolidated entity retains the right to terminate a contract immediately by making payment equal to the termination period in lieu of notice. The key executives are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The employment contract outlines the components of compensation paid to each executive but does not prescribe how compensation levels are to be modified year to year. Compensation levels are reviewed each year to take into account cost of living changes, any change in the scope of the role performed by the executive and any changes to meet the principles of remuneration.

All Directors of the Company are employed under a letter of appointment. The letters of appointment set out remuneration details and are rolling with no fixed term.





REMUNERATION REPORT (cont'd)

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Details of the nature and amount of each major element of the remuneration of each key management person of the consolidated entity are:

		SHORT TERM		LONG TERM	POST-EMPLOYMENT	SHARE-BASED PAYMENTS	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration that is performance related
		Salary & fees	Other benefits	Long term benefits <sup>1</sup>	Superannuation benefits	Options			
		\$	\$	\$	\$	\$	\$	%	%
<b>Directors</b>									
<i>Non-executive</i>									
Mr A Ho	2021	12,000	-	-	-	-	12,000	-	-
	2020	12,000	-	-	-	-	12,000	-	-
Mr D Stefanetti	2021	-	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-	-
<i>Executive</i>									
Mr P Challis	2021	140,000	-	7,048	13,300	-	160,348	-	-
	2020	140,000	-	7,587	13,300	-	160,887	-	-
<b>Total, all Directors</b>	<b>2021</b>	<b>152,000</b>	<b>-</b>	<b>7,048</b>	<b>13,300</b>	<b>-</b>	<b>172,348</b>	<b>-</b>	<b>-</b>
	<b>2020</b>	<b>152,000</b>	<b>-</b>	<b>7,587</b>	<b>13,300</b>	<b>-</b>	<b>172,887</b>	<b>-</b>	<b>-</b>



REMUNERATION REPORT (cont'd)

		SHORT TERM		LONG TERM	POST-EMPLOYMENT	SHARE-BASED PAYMENTS			
		Salary & fees \$	Other benefits \$	Long term benefits <sup>1</sup> \$	Superannuation benefits \$	Options \$	Total \$	Proportion of remuneration performance related %	Value of options as proportion of remuneration that is performance related %
<b>Other key management personnel</b>									
Mr K Hogg <sup>2</sup>	2021	-	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-	-
Ms J Dabon <sup>3</sup>	2021	14,500	-	-	-	-	14,500	-	-
	2020	-	-	-	-	-	-	-	-
<b>Total, all other key management personnel</b>									
	2021	14,500	-	-	-	-	14,500	-	-
	2020	-	-	-	-	-	-	-	-
<b>Total, all Directors and other key management personnel</b>									
	2021	166,500	-	7,048	13,300	-	186,848	-	-
	2020	152,000	-	7,587	13,300	-	172,887	-	-

Notes:

- 1 - Long term benefits relate to the change in annual leave and long service leave entitlements from the previous year.
- 2 - Resigned 1 February 2021.
- 3 - Appointed 1 February 2021.



REMUNERATION REPORT (cont'd)

**OPTION HOLDINGS BY KEY MANAGEMENT PERSONNEL**

Two Directors acquired options from the estate of Mr Grimsey, a past director of the Company. The number of options held by key management personnel are summarised as follows:

	Mr P Challis	Mr D Stefanetti <sup>2</sup>	Mr A Ho	Mr P Grimsey <sup>1</sup>
Held at 1 July 2020	6,236,922	7,804,100	1,000,000	-
Purchases	6,043,931	6,043,931	-	-
Received on participation in entitlement issue	-	-	-	-
Held at 30 June 2021	12,280,853	13,848,031	1,000,000	-
Held at 1 July 2019	-	-	-	-
Purchases	-	-	-	-
Received on participation in entitlement issue	6,236,922	7,804,100	1,000,000	-
Held at 30 June 2020	6,236,922	7,804,100	1,000,000	-

Note:

- Mr Grimsey ceased to be a Director of the Company on 19 September 2019 and as a consequence, he no longer had a shareholding held while being a Director of the Company as at 30 June 2020. As at 30 June 2020, these shares were still owned by entities associated with Mr Grimsey and during 2021, a portion of these shares were sold to two Directors.
- Appointed 26 September 2019.

**SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL**

Two Directors acquired shares from the estate of Mr Grimsey, a past director of the Company. The number of shares held by key management personnel are summarised as follows:

	Mr P Challis	Mr D Stefanetti <sup>2</sup>	Mr A Ho	Mr P Grimsey <sup>1</sup>
Held at 1 July 2020	24,947,690	33,216,400	4,000,002	-
Purchases	12,190,162	12,190,162	-	-
Received on exercise of options	-	-	-	-
Other changes	-	-	-	-
Held at 30 June 2021	37,137,852	45,406,562	4,000,002	-
Held at 1 July 2019	12,473,845	15,608,200	2,000,001	33,263,585
Purchases	12,473,845	17,608,200	2,000,001	-
Received on exercise of options	-	-	-	-
Other changes	-	-	-	(33,263,585) <sup>1</sup>
Held at 30 June 2020	24,947,690	33,216,400	4,000,002	-

Note:

- Mr Grimsey ceased to be a Director of the Company on 19 September 2019 and as a consequence, he no longer had a shareholding held while being a Director of the Company as at 30 June 2020. As at 30 June 2020, these shares were still owned by entities associated with Mr Grimsey and during 2021, a portion of these shares were sold to two Directors.
- Appointed 26 September 2019.



REMUNERATION REPORT (cont'd)

**Other key management personnel transactions with the Company or its controlled entities**

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of those entities transacted with the Company or its subsidiaries during the financial year. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

Transaction	Note	Transactions value year ended 30 June		Balance outstanding as at 30 June		
		2021 \$	2020 \$	2021 \$	2020 \$	
<b>Directors</b>						
Mr A Ho	Secretarial and accounting fees	(i)	14,500	-	7,700	-
Mr P Challis, Mr D Stefanetti and Mr P Grimsey (ceased 19 September 2019)	Management fees	(ii)	544,971	162,108	758,180	682,213
Mr P Challis	Shareholder Loans	(iii)	(250,000)	-	(1,377,000)	(1,127,000)
	Interest paid on loans	(iv)	85,776	85,160	83,560	82,973
Mr P Grimsey (ceased 19 September 2019)	Shareholder Loans	(iii)	-	-	(339,000)	(339,000)
	Interest paid on loans	(iv)	27,120	27,120	6,780	4,520
Mr D Stefanetti	Payment of loan establishment fee	(v)	175,000	-	-	-
	Administration services	(vi)	(12,000)	(12,000)	(2,200)	(1,100)

*Notes in relation to the table of related party transactions*

- (i) A company associated with Mr Ho, provides company secretarial services in connection with the operations of the consolidated entity.
- (ii) The consolidated entity manages an olive orchard for a company in which Mr P Challis, and Mr P Grimsey are both beneficially entitled to minority shareholdings (approx 1.3% each). Mr D Stefanetti is a director of the company. The management fees for this project had been calculated in accordance with production sharing agreement. The fees charged for this project are of a similar amount and nature as the fees charged for management of other projects managed by the consolidated entity.
- (iii) The consolidated entity entered into shareholder loan agreements with entities associated with Mr P Grimsey (\$339,000) and Mr P Challis (\$127,000). These loans were extended to October 2023. In addition, an entity associated with Mr P Challis has provided a \$1,000,000 unsecured loan facility to the Company, which was fully drawn at 30 June 2020 and is repayable in October 2023. Finally, an entity associated with Mr P Challis provided in June 2021 a \$250,000 unsecured short term advance to the Company which is repayable prior to 30 September 2021.
- (iv) The consolidated entity pays interest in relation to the unsecured shareholder loan agreements referred to in note (iii). Average interest rate for the year was 7.56%.
- (v) Grimsey Wealth Pty Ltd is a financial services business in which Mr Stefanetti has a significant interest. The Company paid to Grimsey Wealth Pty Ltd a fee of \$175,000 for arranging the syndicate that provided the finance facility in May 2021.
- (vi) The Company provides administration services to Grimsey Pty Ltd in support of their accounting for Peppercorn Estate Limited.



## REMUNERATION REPORT (cont'd)

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### SHARE-BASED COMPENSATION

#### Equity based payments

There were no equity based payments during the year ended 30 June 2021 (2020: Nil).

#### *Employee option scheme*

The Company operates an incentive scheme known as the Australian Agricultural Projects Limited Employee Option Scheme ("EOS") approved at the general meeting on 30 May 2003.

The maximum number of options that can be granted under the Scheme is restricted to 5% of the total issued shares as at the date of the grant of options. There is no issue price for any options granted under the EOS.

Each option is convertible to one ordinary share. The exercise price of the options, determined in accordance with the terms of the plan, is the highest of:

- 110% of the market price of the Company's shares on the date on which the options are issued;
- 20 cents; or
- any greater price determined by the Directors.

All options expire on the earlier of their expiry date or one month after termination of the employee's employment.

There were no options issued under the employee share scheme during the year ended 30 June 2021 (2020: nil).

At 30 June 2021 there were no options on issue under this scheme.

#### *Modification of terms of equity-settled share-based payment transactions*

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

End of remuneration report (audited).



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
for the year ended 30 June 2021

	Note	2021 \$	Restated 2020 \$
Revenue	3	3,319,410	1,124,177
Cost of sales		(1,664,713)	(1,696,250)
Gross profit / (loss)		<u>1,654,697</u>	<u>(572,073)</u>
Other income	4	119,951	50,007
Corporate and administrative expenses		(384,302)	(332,352)
Depreciation and amortisation		(462,450)	(432,917)
Borrowing costs		(540,102)	(380,809)
Revaluation of investment property		207,175	-
<b>Profit / (Loss) before income tax</b>		<u><b>594,969</b></u>	<u><b>(1,668,144)</b></u>
Income tax benefit	7	383,261	188,325
<b>Profit / (Loss) Loss after income tax</b>		<u><b>978,230</b></u>	<u><b>(1,479,819)</b></u>
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
- Revaluation of bearer plants net of tax	13	1,090,819	496,494
<b>Total Comprehensive Income attributable to the members of Australian Agricultural Projects Limited</b>		<u><u><b>2,069,049</b></u></u>	<u><u><b>(983,325)</b></u></u>
Basic earnings/(loss) per share (cents)	22	0.32	(0.78)
Diluted earnings per share (cents)	22	0.26	(0.78)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
as at 30 June 2021

	Note	2021 \$	Restated 2020 \$	Restated 1 July 2019
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	8	134,941	101,286	156,446
Trade and other receivables	9	3,050,607	1,120,154	2,290,915
Inventories	10	391,217	84,056	267,057
Other	11	118,764	114,389	18,355
<b>Total Current Assets</b>		<b>3,695,529</b>	<b>1,419,885</b>	<b>2,732,773</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant & equipment	12	1,009,980	1,039,201	1,194,481
Bearer plants	13	10,721,278	9,423,565	8,778,853
Investment property	14	1,760,725	1,553,550	1,553,550
<b>Total Non-Current Assets</b>		<b>13,491,983</b>	<b>12,016,316</b>	<b>11,526,884</b>
<b>TOTAL ASSETS</b>		<b>17,187,512</b>	<b>13,436,201</b>	<b>14,259,657</b>
<b>CURRENT LIABILITIES</b>				
Bank overdraft	8	-	21,606	495,300
Trade and other payables	15	2,444,803	2,061,244	2,214,867
Provisions	16	275,081	315,255	301,783
Loans and borrowings	17	270,708	130,554	1,596,952
<b>Total Current Liabilities</b>		<b>2,990,592</b>	<b>2,528,659</b>	<b>4,608,902</b>
<b>NON-CURRENT LIABILITIES</b>				
Loans and borrowings	17	6,676,359	5,458,362	4,714,138
<b>Total Non-Current Liabilities</b>		<b>6,676,359</b>	<b>5,458,362</b>	<b>4,714,138</b>
<b>TOTAL LIABILITIES</b>		<b>9,666,951</b>	<b>7,987,021</b>	<b>9,323,040</b>
<b>NET ASSETS</b>		<b>7,520,561</b>	<b>5,449,180</b>	<b>4,936,617</b>
<b>EQUITY</b>				
Issued capital	18	24,339,186	24,336,854	22,840,966
Reserves	19	2,387,370	1,296,551	800,057
Accumulated losses		(19,205,995)	(20,184,225)	(18,704,406)
<b>TOTAL EQUITY</b>		<b>7,520,561</b>	<b>5,449,180</b>	<b>4,936,617</b>

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF CASH FLOWS  
for the year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations including GST		1,451,556	3,335,475
Cash payments in the course of operations including GST		(2,059,356)	(3,113,401)
Interest received		-	7
Interest paid		(560,510)	(389,731)
Other receipts		113,600	50,000
<b>Net cash used in operating activities</b>	26	<b>(1,054,710)</b>	<b>(117,650)</b>
<b>Cash flows from investing activities</b>			
Proceeds from the sale of assets		16,000	-
Payments for bearer plants		(72,241)	(155,947)
Payments for property, plant and equipment		(194,271)	(81,583)
<b>Net cash used in investing activities</b>		<b>(250,512)</b>	<b>(237,530)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of securities (net of costs)		2,332	1,495,888
Proceeds from loan facilities		5,463,454	44,634
Repayment of loan facilities		(3,665,586)	(729,000)
Proceeds from hire purchase facilities		-	71,002
Repayment of hire purchase liabilities		(439,716)	(108,810)
<b>Net cash provided by financing activities</b>		<b>1,360,484</b>	<b>773,714</b>
<b>Net increase in cash and cash equivalents</b>		<b>55,261</b>	<b>418,534</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>79,680</b>	<b>(338,854)</b>
<b>Cash and cash equivalents at the end of the year</b>	8	<b>134,941</b>	<b>79,680</b>
<b>Cash and cash equivalents represented by:</b>			
Cash at bank and in deposits		134,941	101,268
Bank overdraft		-	(21,606)
<b>Cash and cash equivalents in the statement of cash flows</b>		<b>134,941</b>	<b>79,680</b>

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
for the year ended 30 June 2021

	Issued capital \$	Reserves \$  (Note 19)	Accumulated losses \$	Total \$
<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>
Restatement due to correction of error (Note 1)	-	(204,931)	204,931	-
<b>Balance as at 1 July 2019 - restated</b>	<b>22,840,966</b>	<b>800,057</b>	<b>(18,704,406)</b>	<b>4,936,617</b>
Loss for the year after income tax	-	-	(1,479,819)	(1,479,819)
Other comprehensive income for the year	-	496,494	-	496,494
Total comprehensive income for the year	-	496,494	(1,479,819)	(983,325)
Contributions to equity (net of costs)	1,495,888	-	-	1,495,888
<b>Balance as at 30 June 2020 - restated</b>	<b>24,336,854</b>	<b>1,296,551</b>	<b>(20,184,225)</b>	<b>5,449,180</b>
<b>Balance as at 1 July 2020 - restated</b>	<b>24,336,854</b>	<b>1,296,551</b>	<b>(20,184,225)</b>	<b>5,449,180</b>
Profit for the year after income tax	-	-	978,230	978,230
Other comprehensive income for the year	-	1,090,819	-	1,090,819
Total comprehensive income for the year	-	1,090,819	978,230	2,069,049
Contributions to equity (net of costs)	2,332	-	-	2,332
<b>Balance as at 30 June 2021</b>	<b>24,339,186</b>	<b>2,387,370</b>	<b>(19,205,995)</b>	<b>7,520,561</b>

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Reporting entity

The consolidated financial report of Australian Agricultural Projects Limited for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 30<sup>th</sup> September 2021.

Australian Agricultural Projects Limited (the **Company**) is a company limited by shares incorporated in Australia whose shares are quoted on the Australian Securities Exchange. The registered office for the Company is 15 McCabe Street, North Fremantle, Western Australia, 6159 and the principal place of business is Suite 14, 456 St Kilda Road, Melbourne VIC 3000.

Separate financial statements for Australian Agricultural Projects Limited as an individual entity have not been presented within this financial report as permitted by the Corporations Act 2001, however limited financial information for Australian Agricultural Projects Limited as an individual entity is included in Note 27.

The nature of the operations and principal activities of the consolidated entity are described in the Directors' Report.

### Basis of preparation

#### *Statement of compliance*

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards (**AASBs**) and interpretations of the Australian Accounting Standards Board as appropriate for profit oriented entities. The consolidated financial report of the consolidated entity also complies with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### *Basis of measurement*

Except for the cash flow information, the financial report is prepared on the accruals basis and the historical cost basis with the exception of financial assets and liabilities, the investment property and bearer plants which are recorded at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

### Going Concern

The financial report has been prepared on the basis of a going concern as the Directors expect the consolidated entity to be in a position to pay its debts as and when they become due for a period of twelve months from the date of this financial report. In forming this view, the Directors had regard to the following:

- At 30 June 2021, the Group had a cash position of \$134,941 (2020 restated: \$101,286) and a working capital balance of \$704,937 (2020: deficit of \$1,108,774).
- For the year ended 30 June 2021, the Group recorded a profit after tax of \$978,230 (2020 restated: loss of \$1,479,819);
- The consolidated entity successfully restructured its finance facilities during the year and the new facilities provide greater funding flexibility to suit the cyclical operational circumstances of the consolidated entity;
- While the consolidated entity's operations are subject to normal business risks of producing olive oil, its ongoing profitability and cashflows indicate that the sensitivity to such agriculture related business risks have been significantly reduced as a result of the recent replanting programme and the consequential increase in future annual harvests;
- The consolidated entity is confident that the quality of its assets and its successful operational track record supports the ability to raise equity funds by way of placement or rights issue;
- The consolidated entity has considered the impact of COVID-19 and, in particular, the restrictions placed on Victorian businesses has had on its operations and is of the view that there is no significant impact on its operations.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

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## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Significant accounting judgements, estimates and assumptions

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, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- (a) Note 7 - Recognition of Deferred Tax Assets
- (b) Note 13 – Bearer Plants
- (c) Note 14 – Investment Property
- (d) Note 16 - Provisions

### Adoption of new and revised accounting standards

The consolidated entity has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The adoption of these standards has not had any financial impact.

### Principles of consolidation

#### *Subsidiaries*

Subsidiaries are entities controlled by the consolidated entity.

Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. The reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

The assets, liabilities and results of all subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment charges.

#### *Transactions eliminated on consolidation*

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### Rounding of amounts

In accordance with ASIC Legislative Instrument 2016/191, amounts shown in the Directors' report and the financial report have been rounded off to the nearest dollar.

### Foreign currency

#### *Functional and presentation currency*

Both the functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars (\$). The United States subsidiaries' functional currency is United States Dollars which is translated to presentation currency. The United States subsidiaries are non-operating and have no assets or liabilities denominated in US dollars.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Foreign currency (continued)**

*Functional and presentation currency (continued)*

Exchange variations resulting from the translation are recognised in the foreign currency translations reserve in equity.

On consolidation, exchange differences arising from the translation of the net investment in United States subsidiaries are taken to the foreign currency translation reserve. If a United States subsidiary were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the statement of profit or loss and other comprehensive income.

**Segment reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with any of the consolidated entity's other components) whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segment, assess its performance and for which discrete financial information is available.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 *Operating segments* are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included in current liabilities in the statement of financial position.

**Trade and other receivables**

Trade receivables are amounts due from customers for goods or services provided or lease fees earned in the ordinary course of business. They are generally due for settlement from the proceeds of sale of the olive oil produced during the period to which the services and lease fees relate and this date is generally within twelve months of reporting date. They are therefore classified as current assets. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

**Financial instruments**

*Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flows.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

A financial instrument is recognised if the consolidated entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the consolidated entity's contractual rights to the cash flows from the financial assets expire or if the consolidated entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the consolidated entity commits itself to purchase or sell the asset. Financial liabilities are derecognised if the consolidated entity's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

**Fair value measurement hierarchy**

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to note 13 and 14 for further information.

**Issued capital**

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax.

**Property, plant and equipment**

*Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

*Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the consolidated entity and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*Depreciation*

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

Plant and equipment	2.5 to 14 years
Motor vehicles	5 to 10 years
Office furniture and equipment	2.5 to 14 years
Buildings	10 to 25 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

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## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Bearer Plants**

Bearer plants comprising of mature and immature olive trees in the olive groves are measured initially at cost. Costs associated with establishing trees will be capitalised for the two years following the planting of the tree. Subsequent to initial recognition, the bearer plants are recognised at fair value which is based on the discounted cash flows of expected future income streams, adjusted for any difference in the nature, location or condition of the specific asset at the reporting date.

Increases in the carrying amounts arising on revaluation of bearer plants are recognised in other comprehensive income and credited to other reserves in shareholders' equity. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to profit or loss.

Depreciation of bearer plants is recognised in profit or loss on a straight-line basis over the estimated useful lives of those bearer plants. The estimated useful life of bearer plants is 25 years.

### **Investment Property**

Investment properties are measured initially at cost including transaction costs. Investment properties are subsequently stated at fair value which is based on an independent expert valuation report which is no more than three years old. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

### **Right of use assets**

Right of use assets are recognised at the commencement date of a lease and comprise the initial measurement of the corresponding lease liability less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated on a straight line basis over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the consolidated entity expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The consolidated entity has elected not to recognise a right to use asset and corresponding lease liability for short-term leases with terms of 12 months or less. Lease payments on these assets are expensed to the profit and loss as incurred.

### **Impairment**

#### *Non-financial assets*

The carrying amounts of the consolidated entity's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

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## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price less associated costs to sell.

### Provisions

A provision is recognised if, as a result of a past event, the consolidated entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The time value of money is not material to the currently recognised provisions and they are not discounted to expected future cash flows at a pre-tax rate.

### Employee Benefits

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled wholly within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on Australian corporate bond markets with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### Lease liability

Lease liabilities are recognised at the commencement date of a lease and are initially measured at the present value of the lease payments discounted by the rate implicit in the lease. If this rate cannot be readily determined, the consolidated entity uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability include:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate;
- Any amount expected to be payable by the lease under residual value guarantees;
- The exercise price of purchase options if the lessee is reasonably certain to exercise the option; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate a lease.

The lease liability is subsequently measured at amortised cost by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

### Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue (continued)**

*Sale of goods*

Revenue from the sale of goods is recognised on a one time basis when the control of the goods passes to the customer and the price can be reliably determined so that there will not be a significant reduction in the future.

*Rendering of services*

Revenue from the management and ongoing maintenance of the orchard schemes not subject to production sharing is recognised by reference to separate contracts. The rates are set at the beginning of the financial year and billed when proceeds from the sale of the produce is available.

*Rental Revenue*

Rental revenue from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the period in which it is earned.

*Production sharing revenue*

Revenue from the production sharing arrangement is earned under lease and management agreements whereby the Company is entitled to an agreed percentage of the crops proceeds. Revenue is recognised once the Company has sufficient information to enable determination with reasonable certainty the value of the Company's share of the oil. This information includes a calculation of the volume of oil available for sale after the harvest and an estimate of the weighted average per litre farm gate price expected over the next twelve months as advised by customer. Payment is received over the following ten months.

*Interest Revenue*

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognisable for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

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## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Income tax (continued)

#### *Tax consolidation*

The Company and its wholly-owned Australian resident entities formed a tax-consolidated group on 1 July 2007. As a consequence, all members of the tax-consolidated group are taxed as a single entity from that date. The head entity within the tax-consolidated group is Australian Agricultural Projects Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amount of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

#### *Tax funding agreement*

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding agreement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. Amounts are recognised as payable to or receivable by the head entity and each member of the group in relation to any tax liability/asset assumed by the head entity.

### Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### Loans and borrowings

Loans are recognised at their principal amount, subject to set-off arrangements. Borrowing costs are recognised as an expense when incurred.

### Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the consolidated entity. Trade accounts payable are normally settled within 60 days.

### Earnings per share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

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## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

#### **Determination of fair values**

A number of the consolidated entity's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### *Bearer plants*

The fair value of the bearer plants is based on the discounted cash flows expected to be derived from the plants.

#### *Investment Property*

The fair value of the investment property is based on the Directors' assessment of the value of the property having reference to tri annual independent valuations of the investment property.

#### **Prior Period Error**

Management of Australian Agricultural Projects Limited, while preparing financial statements of the Company for the year ended 30 June 2021, identified that, having classified the bearer plants as a separate asset on the statement of financial position in 2019 and depreciating this asset in accordance with AASB 116 Property, Plant and Equipment, they omitted to account for the tax impact of the revaluations to bearer plants that had been included in other comprehensive income.

The consolidated entity holds land on which olive trees are grown and the land and trees are leased to investors through managed investment schemes. These leases are 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 regards to the measurement of the bearer plants) net of any tax effect. Therefore, management has tax effected the other comprehensive income that has arisen from the revaluation of the bearer plants.

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 consolidated entity 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 amending income tax benefit, 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior period error (continued)

EXTRACT OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 1 JULY 2019

	1 July 2019 \$	Effect of restatement \$	1 July 2019 Restated \$
<b>EQUITY</b>			
Issued capital	22,840,966	-	22,840,966
Reserves	1,004,988	(204,931)	800,057
Accumulated losses	(18,909,337)	204,931	(18,704,406)
<b>TOTAL EQUITY</b>	<b>4,936,617</b>	<b>-</b>	<b>4,936,617</b>

EXTRACT OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	30 June 2020 \$	Effect of restatement \$	30 June 2020 Restated \$
<b>EQUITY</b>			
Issued capital	24,336,854	-	24,336,854
Reserves	1,689,807	(393,256)	1,296,551
Accumulated losses	(20,577,481)	393,256	(20,184,225)
<b>TOTAL EQUITY</b>	<b>5,449,180</b>	<b>-</b>	<b>5,449,180</b>

EXTRACT OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2020

	30 June 2020 \$	Effect of restatement \$	30 June 2020 Restated \$
Revenue	1,124,177	-	1,124,177
Cost of sales	(1,696,250)	-	(1,696,250)
Gross profit	(572,073)	-	(572,073)
Other income	50,007	-	50,007
Corporate and administrative expenses	(332,352)	-	(332,352)
Depreciation and amortisation	(432,917)	-	(432,917)
Borrowing costs	(380,809)	-	(380,809)
<b>Loss before income tax</b>	<b>(1,668,144)</b>	<b>-</b>	<b>(1,668,144)</b>
Income tax benefit	-	188,325	188,325
<b>Loss after income tax</b>	<b>(1,668,144)</b>	<b>188,325</b>	<b>(1,479,819)</b>
Other Comprehensive Income			
Revaluation of bearer plants net of tax	684,819	(188,325)	496,494
<b>Total Comprehensive Income attributable to the members of Australian Agricultural Projects Limited</b>	<b>(983,325)</b>	<b>-</b>	<b>(983,325)</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

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## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Prior period error (continued)

#### Revision of Appendix 4E Final Preliminary Report for the year ended 30 June 2021

Other comprehensive income previously included in the Consolidated Statement of Profit and Loss and Other Comprehensive Income in the Appendix 4E Preliminary Final Report for the year ended 30 June 2021 has been amended to an after tax amount and the corresponding tax benefit recorded in income tax benefit.

As a result of this correction, for the year ended 30 June 2021, other comprehensive income has been reduced by \$383,261 (2020: \$ 188,325) and an income tax benefit has been recorded of \$383,261 (2020: \$ 188,325) with no net change to total comprehensive income attributable to members of Australian Agricultural Projects Limited. Furthermore, current year movements in the revaluation reserve has been reduced by \$383,261 (2020: \$188,325. 1 July 2019 opening balance: \$204,931) and accumulated losses reduced by \$383,261 (2020: \$188,325. 1 July 2019 opening balance: \$204,931) with no net change to total equity.

## 2. FINANCIAL RISK MANAGEMENT

### Overview

The consolidated entity has exposure to the following risks from the use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the consolidated entity's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included in Note 20.

The Company's risk management framework is supported by the Board, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the consolidated entity's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee is responsible for identifying, monitoring and managing significant business risks faced by the consolidated entity and considering the effectiveness of its internal control system. Management and the Audit and Risk Committee report to the Board.

The Board has established an overall Risk Management Policy which sets out the consolidated entity's system of risk oversight, management of material business risks and internal control.

### Financial risk management objectives

The overall financial risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

### Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and commodity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

#### *Price risk*

The consolidated entity's exposure to price risk primarily relates to the market price of olive oil. The consolidated entity manages price risk by monitoring its supply agreements and assessing those price arrangements against current and market prices.

#### *Foreign currency risk*

The consolidated entity is not exposed to currency risk on transactions that are denominated in a currency other than the Australian dollar (AUD) as part of its ordinary operations.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

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## 2. FINANCIAL RISK MANAGEMENT (continued)

### *Interest rate risk*

The consolidated entity's exposure to interest rates primarily relates to the consolidated entity's long-term debt obligations. The consolidated entity manages market risk by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates.

### **Credit risk**

Credit risk is the risk of financial loss to the consolidated entity if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated entity's cash and cash equivalents.

The consolidated entity does not hold any credit derivatives to offset its credit exposure.

### *Trade and other receivables*

The consolidated entity's exposure to credit risk is influenced principally by the ability to collect fees from the participants in the projects it manages.

The consolidated entity's current policy is to only invoice fees once an equivalent amount of oil has been harvested. In this way the collectability of fees is linked to the sale of the bulk oil and this has been secured under the olive oil supply agreement with Cobram Estate Limited (ASX:CBO) (formally Boundary Bend Limited). The consolidated entity maintains a constant credit watch on Cobram Estate Limited due to the critical nature of this agreement.

The consolidated entity's policy in respect to receivables not covered by oil supplies is to only recognise those balances that it expects to recover from the proceeds of the sale of future harvests. The consolidated entity has not sourced new customers or projects to manage and therefore there is no new credit risk to the consolidated entity.

### **Liquidity risk**

Liquidity risk arises from the financial liabilities of the consolidated entity and the consolidated entity's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The consolidated entity manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows. This is done in the context of an annual forecast and projected inventory levels.

### **Capital management**

When managing capital, the Board's objective is to ensure the consolidated entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the consolidated entity.

The Board is constantly adjusting the capital structure to take advantage of favorable costs of capital or high return on assets. As the market is constantly changing, Directors' may issue new shares, sell assets to reduce debt or consider deferment of payment of dividends to shareholders.

The Board has no current plans to issue further shares on the market.

The capital structure of the consolidated entity consists of net debt (borrowings as detailed in Note 17, offset by cash and cash equivalents) and equity of the consolidated entity (comprising issued capital, reserves and retained earnings).

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels. This position has not changed from the previous year.

There were no changes in the consolidated entity's approach to capital management during the year.

The consolidated entity is not subject to any externally imposed capital requirements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

	2021 \$	2020 \$
<b>3. REVENUE</b>		
Revenue from contracts with customers		
Management fees	1,498,327	472,962
Production sharing	1,120,367	244,579
	<u>2,618,694</u>	<u>717,541</u>
Lease fees from investment property and bearer plants	700,716	406,636
	<u>3,319,410</u>	<u>1,124,177</u>
<p>Production sharing revenue includes lease and management fees that are determined as a percentage of the total value of the annual harvest.</p>		
<b>4. OTHER INCOME</b>		
Interest received	-	7
Gain on sale of assets	6,351	-
COVID-19 related government grants	113,600	50,000
	<u>119,951</u>	<u>50,007</u>
<p>Covid-19 related government grants comprised \$63,600 (2020: nil) jobkeeper payments and \$50,000 (2020: \$50,000) cash flow boost</p>		
<b>5. PERSONNEL EXPENSES</b>		
Wages and salaries costs	623,819	591,269
Superannuation costs	57,311	57,629
Change in liability for annual and long service leave	18,664	13,472
Non-executive directors' fees	12,000	12,000
	<u>711,794</u>	<u>674,370</u>
<p>In 2021, \$599,395 (2020: \$578,070) of personnel expenses were included in cost of sales and the balance, \$112,399 (2020: \$96,300) was included in corporate and administrative expenses.</p>		
<b>6. AUDITOR'S REMUNERATION</b>		
<b>Audit services</b>		
Auditors of the Company (BDO Audit Pty Ltd)		
- audit and review of financial reports	69,000	68,000
- audit and review of other financial statements	42,715	39,835
	<u>111,715</u>	<u>107,835</u>
<p>The auditors provided no other services.</p>		



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

	2021 \$	Restated 2020 \$
<b>7. INCOME TAX</b>		
<b>(a) Income tax</b>		
The major components of income tax are:		
<b>Income statement</b>		
Current income tax charge/(credit)	96,000	(462,819)
Deferred tax liability movement	53,865	-
Deferred tax asset movement	(533,126)	274,494
	<u>(383,261)</u>	<u>(188,325)</u>
Aggregate income tax benefit	<u>(383,261)</u>	<u>(188,325)</u>
<b>(b) Numerical reconciliation between tax credit and pre-tax net loss</b>		
Profit / (loss) before income tax	<u>594,969</u>	<u>(1,668,144)</u>
Income tax expense/(benefit) calculated at 26.0% (2020: 27.5%)	154,692	(458,740)
Tax effect on the following amounts:		
Depreciation entitlement attached to fixed assets	(3,370)	(3,564)
Capital raising costs	(1,457)	(515)
Tax losses and temporary differences recouped	(533,126)	-
Tax losses and temporary differences not brought to account	-	274,494
	<u>(383,261)</u>	<u>(188,325)</u>
Income tax benefit reported in the statement of comprehensive income	<u>(383,261)</u>	<u>(188,325)</u>
<b>(c) Unrecognised deferred tax assets</b>		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses - Revenue	2,859,228	3,108,574
Temporary differences	(730,511)	(293,128)
Unrecognised deferred tax asset	<u>2,128,717</u>	<u>2,815,446</u>
Movement consists of:		
Opening balance	2,815,446	3,311,071
Restatement	-	(770,119)
Effect of change in corporate tax rate on unrecognised deferred tax assets	(153,603)	-
Current year tax losses and temporary differences recouped	(533,126)	-
Current year tax losses and temporary differences not brought to account	-	274,494
Closing balance	<u>2,128,717</u>	<u>2,815,446</u>

The benefits of the deferred tax benefits not brought to account will only be recognised if the conditions for deductibility set out in the accounting policies note occur.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

	2021 \$	2020 \$
<b>8. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in deposits	134,941	101,286
Bank overdrafts	-	(21,606)
Cash and cash equivalents in the statement of cash flows	<u>134,941</u>	<u>79,680</u>

The consolidated entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 20.

**9. TRADE AND OTHER RECEIVABLES**

**Current**

Trade receivables	<u>3,050,607</u>	<u>1,120,154</u>
	<u>3,050,607</u>	<u>1,120,154</u>

The consolidated entity's exposure to credit and currency risks and impairment losses related to trade and receivables are disclosed in Note 20.

**10. INVENTORIES**

Finished goods	<u>391,217</u>	<u>84,056</u>
	<u>391,217</u>	<u>84,056</u>

**11. Other current assets**

Prepayments	47,814	46,739
Security deposits	70,950	67,650
	<u>118,764</u>	<u>114,389</u>





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

12. PROPERTY, PLANT & EQUIPMENT

Year ended 30 June 2021	Plant & equipment	Motor vehicles	Office furniture & equipment	Buildings	Total
At 1 July 2020, net of accumulated depreciation	595,125	126,976	3,136	313,964	1,039,201
Additions	192,545	-	1,726	-	194,271
Disposals	-	(9,650)	-	-	(9,650)
Depreciation charge for the year	(126,997)	(52,872)	(1,571)	(32,402)	(213,842)
At 30 June 2021, net of accumulated depreciation	660,673	64,454	3,291	281,562	1,009,980
<b>At 30 June 2021</b>					
Cost	4,288,812	1,096,372	66,880	1,061,417	6,513,481
Accumulated depreciation	(3,628,139)	(1,031,918)	(63,589)	(779,855)	(5,503,501)
Net carrying amount	660,673	64,454	3,291	281,562	1,009,980

Year ended 30 June 2020	Plant & equipment	Motor vehicles	Office furniture & equipment	Buildings	Total
At 1 July 2019, net of accumulated depreciation	645,767	201,945	403	346,366	1,194,481
Additions	78,448	-	3,135	-	81,583
Depreciation charge for the year	(129,090)	(74,969)	(402)	(32,402)	(236,863)
At 30 June 2020, net of accumulated depreciation	595,125	126,976	3,136	313,964	1,039,201
<b>At 30 June 2020</b>					
Cost	4,102,267	1,121,024	65,154	1,061,417	6,349,862
Accumulated depreciation	(3,507,142)	(994,048)	(62,018)	(747,453)	(5,310,661)
Net carrying amount	595,125	126,976	3,136	313,964	1,039,201

*Restrictions on property plant and equipment*

Where plant and equipment was purchased using hire purchase finance, then the financier has a charge over that equipment until such time as the finance is repaid. This amounts to \$nil as at 30 June 2021 (2020: \$297,358).

Where motor vehicles were purchased using hire purchase finance, then the financier has a charge over that vehicle until such time as the finance is repaid. This amounts to \$38,567 as at 30 June 2021 (2020: \$181,190).

All buildings are included in the security provided to a lending syndicate in support of the term loan which has been provided to the consolidated entity.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

13. BEARER PLANTS	2021 \$	2020 \$
Olive trees	10,721,278	9,423,565
Movement consists of:		
Bearer plants opening balance	9,423,565	8,778,853
Depreciation	(248,608)	(196,054)
Capital improvements	72,241	155,947
Change in fair value of bearer plants	1,474,080	684,819
	<u>10,721,278</u>	<u>9,423,565</u>

The bearer plants are a level 3 asset for the purposes of determining fair value. The bearer plants comprise the trees on a 403 hectare olive orchard. They are leased in conjunction with the investment property (Note 14) to two managed investment schemes for an initial period to 2025 plus an option of another 25 years.

The estimated useful life of the bearer plants is 25 years from the date which they commence commercial production.

The value of the bearer plants was determined by the Directors at 30 June 2021 by discounting the cash flows of expected future net income streams over the remaining useful life of the bearer plants based on the following key assumptions:

- Future cash inflows were estimated as the budgeted rental to be received from the bearer plants increased annually by CPI indexation commencing at a rate of 1.5 percent and increasing to a long term average of 3 percent from 2025. Where the rental forms a percentage of the proceeds from the sale of the produce from the property, the long term average value of the production was assumed to increase by 3 percent per annum.
- Where a lease is required to be renewed at a market rental at the end of the first term in 2025, the market rental at that time is assumed to be \$4,000.
- Pre tax discount rate of 11.0 percent (2020: 11.5 percent) was applied to future cash flows, which is based on group cost of funding plus risk premium.
- The orchard has a short term yield averaging 6.2 tonnes of fruit per hectare per annum (which reflect the period until the replanted portions of the orchard reach maturity yields) increasing to a long term average of 10.5 tonnes per hectare per annum from 2025.
- The average price of water available to the orchard increases from \$100 per ML in the current year to a long term average of \$170 per ML from 2024.

The sensitivity of these long term assumptions are as follows:

Assumption	Assumed Value	Sensitivity	Change in Valuation
CPI	3.0% from 2026	if increased to 3.5% if reduced to 2.5 %	653,395 (579,214)
2025 market rental	\$4,000 per ha	If increased to \$4,250 If reduced to \$3,750	554,354 (554,354)
Discount rate	11.0%	if increased to 11.5% if reduced to 10.5 %	(886,454) 1,007,842
Harvest yield	10.5 t per ha from 2026	if increased to 11.5 tonne per ha if reduced to 9.5 tonne per ha	263,950 (263,950)
Price of water	\$170 per ML from 2026	if increased to \$190 per ML if decreased to \$150 per ML	(207,540) 207,540



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

14. INVESTMENT PROPERTY	2021 \$	2020 \$
Land	1,760,725	1,553,550

The land is a level 3 asset for the purposes of determining fair value. The land is located at 1453 Wychitella Quambatook Road, Terrapee in Victoria totalling 517.85 hectares. The land has been planted with the olive trees (bearer plants) included in Note 13: Bearer plants. The land in conjunction with the olive trees are leased to two managed investment schemes for an initial period to 2025 plus an option of another 25 years. The majority of the expenses of the Group are incurred to maintain the land and the bearer plants as a combined asset, and as such a reasonable split of the expenses between the land and the bearer plants cannot be made.

The value of the land was determined by the Directors at 30 June 2021 with reference to a valuation dated 28 October 2020 prepared by a recognised and relevantly qualified, independent professional who has relevant experience in the region and the industry. The key assumptions in the valuation were:

- A fair value for the land was \$3,500 per hectare of usable land; and
- A fair value for the land of \$50 per hectare of unusable land with remnant vegetation.

The sensitivity of this assumption is as follows:

Assumption	Assumed Value \$	Sensitivity	Change in Valuation \$
Fair value per hectare of usable land	3,500	if increased 5% to \$3,675 per hectare if reduced 5% to \$3,325 per hectare	87,999 (87,999)
Fair value per hectare of land with remnant vegetation	50	if increased 10% to \$55 per hectare if reduced 10% to \$45 per hectare	75 (75)

The land has been pledged as security in support of the consolidated entities term loan provided by a lending syndicate.

The lease agreement requires the consolidated entity to provide sufficient water to the property to allow for the commercial growing of olives and meet all outgoings associated with the property.

15. TRADE AND OTHER PAYABLES	2021 \$	2020 \$
<b>Current</b>		
Trade payables	2,004,234	1,661,991
Other payables and accruals	440,569	399,253
	<u>2,444,803</u>	<u>2,061,244</u>

16. PROVISIONS	2021 \$	2020 \$
Liability for employee benefits	275,081	315,255
	<u>275,081</u>	<u>315,255</u>

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The amount of the provision of \$275,081 (2020: \$315,255) is presented as current since the consolidated entity does not have an unconditional right to defer settlement for any of these obligations. However, based upon past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The current leave obligations expected to be settled within the next 12 months is \$44,063 (2020: \$77,215).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

**17. LOANS AND BORROWINGS**

This note provides information about the contractual terms of the consolidated entity's interest-bearing loans and borrowings. For more information about the consolidated entity's exposure to interest rate risk, see Note 20.

	2021 \$	2020 \$
<b>Current</b>		
Hire purchase liabilities	20,708	130,554
Unsecured loan facilities	250,000	-
	270,708	130,554
<b>Non-current</b>		
Hire purchase liabilities	17,859	347,728
Secured syndicated loan	5,192,500	-
Secured bank facilities	-	3,644,634
Unsecured loan facilities	1,466,000	1,466,000
	6,676,359	5,458,362

**Terms of loans and borrowings**

*Hire purchase facilities*

The hire purchase liabilities are secured by the leased assets, as such in the event of default, the assets revert to the lessor. These assets are included in the categories of Plant and Equipment and Motor Vehicles.

Hire purchase liabilities of the consolidated entity are payable as follows:

	Minimum payments 2021	Interest 2021	Principal 2021	Minimum payments 2020	Interest 2020	Principal 2020
Less than one year	21,802	1,094	20,708	148,484	17,930	130,554
Between one and five years	18,168	309	17,859	364,412	16,684	347,728
Later than 5 years	-	-	-	-	-	-
	39,970	1,403	38,567	512,896	34,614	478,282

*Secured syndicated loan*

The secured syndicated loan was drawn on 19 May 2021 and was used to pay out all banking facilities with the CBA bank. The details of the above noted loan include:

- Interest rate of 9% per annum
- An initial term to 19 August 2022 with the Company having an option to extend the term of the facility for a further twelve months.

*Secured facilities*

This loan was repaid on 19 May 2021.

*Unsecured loan facilities*

The unsecured loan facilities bear the following interest rates and repayment dates:

\$1,000,000	the greater of 7.5% or the 30 day bank bill swap reference rate plus 5% repayable October 2023;
\$ 466,000	the greater of 8.0% or the 30 day bank bill swap reference rate plus 5% repayable October 2023.
\$ 250,000	the greater of 7.5% or the 30 day bank bill swap reference rate plus 5% repayable 30 September 2021

All unsecured loans are from shareholders or parties associated with shareholders.

**Assets pledged as security**

The syndicated loan are secured by:

- a first registered mortgage over rural property situated at Wytchitella Road, Boort, Victoria.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

		2021 \$	2020 \$	
<b>18. ISSUED CAPITAL</b>				
<b>Issued capital</b>				
304,716,768 (2020: 304,716,768) fully paid ordinary shares		24,339,186	24,336,854	
<i>Movements in ordinary share capital</i>				
	<b>Date</b>	<b>No of shares</b>	<b>Issue price</b>	<b>\$</b>
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	<u>304,716,768</u>		<u>24,336,854</u>
Issue of shares on exercise of options	26 May 2021	324,858	0.015	4,873
Share issue transaction costs	26 May 2021	-	0.00	(2,541)
Balance	30 June 2021	<u>305,041,626</u>		<u>24,339,186</u>

**Options**

The Company has 75,854,327 (2020: 76,179,185) options on issue. These options have the following terms:

- Exercise price 1.5 cents
- Expiry date 22 December 2023

These options are not quoted on the ASX.

On 26 May 2021, 324,858 of these options were exercised.

<b>19. RESERVES</b>	<b>2021 \$</b>	<b>Restated 2020 \$</b>
Foreign currency translation reserve	259,784	259,784
Revaluation surplus reserve	2,127,586	1,36,767
	<u>2,387,370</u>	<u>1,296,551</u>

*Foreign currency translation reserve*

This reserve is used to record the value of exchange differences arising on translation of the foreign controlled entities. There were no movements in the reserve during the year (2020: nil).

*Revaluation reserve*

This reserve is used to recognise increments and decrements in the fair value of bearer plants net of tax.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

**19 RESERVES (continued)**

*Movement in reserves*

Movements in each class of reserve during the current and previous year are set out below:

	Note	Foreign exchange translation \$	Bearer plants revaluation \$	Total \$
Balance as at 30 June 2019		259,784	745,204	1,004,988
Restatement due to correction of error		-	(204,931)	(204,931)
Balance as at 30 June 2019 - restated		259,784	540,273	800,057
Revaluation of bearer plants net of tax	13	-	496,494	496,494
Balance as at 30 June 2020 - restated		259,784	1,036,767	1,296,551
Revaluation of bearer plants net of tax	13	-	1,090,819	1,090,819
Balance as at 30 June 2021		259,784	2,127,586	2,387,370

**20. FINANCIAL INSTRUMENTS DISCLOSURE**

**Market risk**

*Exposure to foreign currency risk*

The consolidated entity has no material exposure to foreign currency risk (2020: nil).

*Price risk*

The consolidated entity is not exposed to any significant price risk (2020: nil).

*Interest rate risk*

(a) *Profile*

At the reporting date the interest rate profile of the consolidated entity's interest bearing financial instruments was:

	2021 Interest rate p.a.	Carrying Amount		2020 Interest rate p.a.	\$
		\$	\$		
<b>Fixed rate instruments</b>					
Hire purchase liabilities	3.8%	38,567	3.1% - 6.2%	478,282	
Secured Loans	9.0%	5,192,500		-	
		5,231,067		478,282	
<b>Variable rate instruments</b>					
Secured bank loans		-	3.37%	3,644,634	
Unsecured loans	(i) 7.64%	1,716,000	(i) 7.66%	1,466,000	
Bank overdraft		-	7.68%	21,606	
		1,716,000		5,132,240	
<b>Interest free instruments</b>					
Trade and other payables		2,444,803		2,061,244	
		9,391,870		7,671,766	
(i) Weighted Average					



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

**20. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

**Market risk (continued)**

*(b) Cash flow sensitivity for variable rate instruments*

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value risk.

The consolidated entity's variable rate borrowings at reporting date amounted to \$1,716,000 (2020 : \$5,132,240) are interest only loans. Monthly cash outlays of approximately \$10,919 (2020:\$19,730) are required to service the interest payments on these variable rate borrowings. An increase / decrease in interest rates of 50 (2020: 50) basis points would have an adverse / favourable effect on profit after tax of \$8,580 (2020: \$25,661) per annum and an adverse / favourable impact on total equity of \$8,580, (2020: \$25,661). The percentage change is based on the expected maximum change in interest rates over the next twelve months using market data and analysts forecasts.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

	Carrying Amount	
	2021	2020
	\$	\$
The financial assets are:		
Cash and cash equivalents	134,941	101,286
Trade receivables	3,050,607	1,120,154
	<u>3,185,548</u>	<u>1,221,440</u>

The consolidated entity has a credit risk exposure to the investors in the projects it manages who collectively, as at 30 June 2021, owed the consolidated entity \$3,016,476 (98.9% of trade receivables) (2020: \$1,103,319 (98.5% of trade receivables)). These receivables arise from the management of the investors projects and lease fees for the orchard assets and primarily relate to the year ended 30 June 2021. The consolidated entity expects to collect \$2,953,179 (2020: \$986,582) of this amount by way of a deduction from the proceeds of the sale of the investors' oil over the next twelve months. The balance of \$63,297 (2020: \$116,747) will be collected by way of deduction from future harvest proceeds or by way of equity in the projects should they be restructured.

Management considers the following factors indicators of significant increase in credit risk:

- With regard to grower lease and management fees to be deducted from the proceeds of sale of the oil produced, when the proceeds due are more than 30 days past due from the terms set out in the olive oil supply agreement;
- For grower receivables that the Company holds security over through either future harvest proceeds or the growers lease, a shortfall in this security; and
- For all other amounts receivable, when the amount is more than 30 days past due



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

**20. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

**Liquidity risk**

Liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

*Financing arrangements*

Unused borrowing facilities with the bank at the reporting date:

	2021		2020	
	Facility amount	Unused portion	Facility amount	Unused portion
Bank overdraft	-	-	500,000	478,394
Secured bank loans	5,192,500	-	3,644,634	-
Unsecured loans	1,716,000	-	1,466,000	-
	<u>5,192,500</u>	<u>-</u>	<u>5,610,634</u>	<u>478,394</u>

*Contractual maturities*

The following tables detail the consolidated entity's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position. Where the financial liability has a variable interest rate, the contractual payments are calculated using the weighted average interest rate for the past twelve months.

30 June 2021	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Total contractual maturities
<i>Non-interest bearing</i>				
Trade and other payables	2,444,803	-	-	2,444,803
<i>Interest bearing – fixed rate</i>				
Hire purchase liabilities	21,802	18,168	-	39,970
Secured loans	467,325	5,231,444	-	5,698,769
<i>Interest bearing – variable rate</i>				
Secured loans	-	-	-	-
Unsecured loans	367,583	112,280	1,503,427	1,983,290
Bank overdraft	-	-	-	-
	<u>3,301,513</u>	<u>5,361,892</u>	<u>1,503,427</u>	<u>10,166,832</u>

**30 June 2020**

<i>Non-interest bearing</i>				
Trade and other payables	2,061,244	-	-	2,061,244
<i>Interest bearing – fixed rate</i>				
Hire purchase liabilities	148,484	176,018	188,394	512,896
<i>Interest bearing – variable rate</i>				
Secured loans	92,118	3,678,368	-	3,770,486
Unsecured loans	112,280	112,280	1,503,427	1,727,987
Bank overdraft	21,606	-	-	21,606
	<u>2,435,732</u>	<u>3,966,666</u>	<u>1,691,821</u>	<u>8,094,219</u>





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

**20. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

**Fair value of financial instruments**

Fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flows.

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flows. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

**Fair value measurement**

Details regarding fair value measurement of bearer plants are disclosed in Note 13 and for investment property are disclosed in Note 14.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair value.

**21 COMMITMENTS**

	2021 \$	2020 \$
<b>Lease commitments</b>		
Future lease rentals not provided for in the financial statements and payable:		
Not later than one year	-	18,000
Later than one year but not later than five years	-	-
More than five years	-	-
	-	18,000
	-	18,000

The consolidated entity leases office premises that has been classified as a short term lease. The lease had an initial term until June 2021 and continues on a month to month basis.

The consolidated entity leases out the bearer trees set out in Note 13 and the investment property set out in Note 14. A significant portion of the lease payments from this property are directly linked to the value of the agricultural production each year and as a consequence, the Directors cannot measure the future receivables with reliable certainty.

These lease payments are included in the valuation model of the bearer plants as set out in Note 13.

**22. EARNINGS PER SHARE**

	2021	Restated 2020
Earnings/(loss) per share	0.32 cents	(0.78) cents

**Basic earnings per share**

The calculation of basic earnings per share at 30 June 2021 was based on the profit attributable to ordinary shareholders of \$978,230 (2020 restated: loss of \$1,479,819) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2021 of 304,747,919 (2020: 190,087,229).

**Diluted earnings per share**

The calculation of diluted earnings per share at 30 June 2021 was based on the profit attributable to ordinary shareholders of \$978,230 and the number of fully diluted ordinary shares calculated as follows:

Ordinary shares issued at 30 June 2021	305,041,626
Options on issue	<u>75,854,327</u>
Total diluted shares on issue	<u>380,895,953</u>

In 2020, diluted loss per share does not show an inferior view of the earnings performance of the Group than is shown by the basic loss per share and is disclosed as the same as the undiluted amount for this reason.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

23. RELATED PARTY DISCLOSURES

(a) Controlled entities

The consolidated financial statements include the financial statements of Australian Agricultural Projects Limited and the subsidiaries listed in the following table:

	Country of Incorporation	Equity interest 2021	Equity interest 2020
AOX Pty Ltd	Australia	100%	100%
Australian Agricultural Investments Ltd	Australia	100%	100%
Victorian Olive Oil Project Limited	Australia	100%	100%
Popeye Holdings Pty Ltd	Australia	100%	100%
Lanyons Paddock Pty Ltd	Australia	100%	100%
Terrapee Contractors Pty Ltd	Australia	100%	100%
Victorian Olive Processors Pty Ltd	Australia	100%	100%
EVOO Marketing Pty Ltd	Australia	100%	100%
Finest Food Import Corporation	USA	100%	100%
AAP Export Pty Ltd	Australia	100%	100%
Oilpack Australia Pty Ltd	Australia	100%	100%
Red Island Australian Food Corporation	USA	100%	100%

Investments in controlled entities are measured at cost.

(b) Ultimate parent

Australian Agricultural Projects Limited is the ultimate parent of the consolidated entity.

(c) Key management personnel

Details relating to key management personnel, including remuneration paid and related party transactions are included in Note 24.

(d) Key transactions with related parties

Transaction	Note	Transactions value year ended 30 June		Balance outstanding as at 30 June	
		2021 \$	2020 \$	2021 \$	2020 \$
<b>Schemes</b>	(a)				
Victorian Olive Oil Project					
Lease fees	(i)	700,716	406,637	768,666	483,403
Management fees	(ii)	1,486,327	368,434	1,139,237	305,893
Victorian Olive Oil Project II					
Lease fees as part of production sharing	(i)	244,748	65,669	244,748	65,663
Management fees as part of production sharing	(ii)	342,684	90,382	468,547	217,321
Oil purchased	(iii)	-	-	(908,087)	(819,839)
<b>Grimsey Group</b>	(b)				
Grimsey Wealth Pty Ltd					
Payment of loan establishment fee		175,000	-	-	-

(a) A member of the consolidated entity, Victorian Olive Oil Project Limited, acts as the responsible entity for two managed investment schemes. The consolidated entity transacts with these schemes in accordance with contracts which are fundamental to the operation of the schemes. Paul Challis is a director of Victorian Olive Oil Project Limited.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

**23. RELATED PARTY DISCLOSURES (CONTINUED)**

**(d) Key transactions with related parties (continued)**

*Notes in relation to the table of key transactions with associated entities*

(i) The consolidated entity receives lease fees in respect to the land, trees and orchard assets which are leased to the schemes. These lease fees are as set out in the scheme constitution and original product disclosure statement.

(ii) The consolidated entity receives management fees for the management of the orchard and the processing of the annual harvest from the investors in the managed investment schemes as well as for acting as responsible entity. These fees are as set out in the scheme constitution and the original disclosure statement

(iii) The consolidated entity sells the oil produced by the investors in the managed investment schemes on their behalf. At reporting date, the balance outstanding is the amount of proceeds received by the consolidated entity that is payable to the investors.

(b) Grimsey Wealth Pty Ltd is a financial services business in which Mr Stefanetti has a significant interest. The Company paid to Grimsey Wealth Pty Ltd a fee of \$175,000 for arranging the syndicate that provided the finance facility in May 2021.

**(e) Loans from director related parties**

The Company has entered into shareholder loan agreements with entities associated Mr P Challis. The interest rates applicable to these loans are these loans are:

- \$1,000,000 the greater of 7.5% or the 30 day bank bill swap reference rate plus 5% repayable October 2023;
- \$ 127,000 the greater of 8.0% or the 30 day bank bill swap reference rate plus 5% repayable October 2023.
- \$ 250,000 the greater of 7.5% or the 30 day bank bill swap reference rate plus 5% repayable September 2021

The maturity profile of these loans is as summarised as follows:

	Carrying amount	At call	1 year or less	2-5 years
Mr P Challis	1,377,000	-	250,000	1,127,000
	1,377,000	-	250,000	1,127,000

**24. KEY MANAGEMENT PERSONNEL**

**Details of key management personnel**

The following were key management personnel of the consolidated entity at any time during the year and unless otherwise indicated were key management personnel for the entire year:

- Mr P Challis (Managing Director)
- Mr A Ho (Non-Executive Director)
- Mr D Stefanetti (Non-Executive Director)
- Mr K Hogg (Company Secretary) – resigned 1 February 2021
- Ms J Dabon (Company Secretary) – appointed 1 February 2021

**Key management personnel compensation**

	Consolidated	
	2021	2020
	\$	\$
Short-term employee benefits	166,500	152,000
Post-employment benefits	13,300	13,300
Long term benefits	7,048	7,587
	186,848	172,887

The Company has entered into loan agreements with entities related to Mr P Challis and has paid fees to an entity related to Mr Stefanetti. Details of these loans are set out in Notes 23(d) and 23(e). Detailed remuneration disclosures are provided in the Remuneration Report on pages 11 to 18.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

**25. SEGMENT INFORMATION**

**Business segments**

*Identification of reportable operating segments*

The Company only operates in one segment, being the management of olive groves located in Boort, Victoria, including those managed investment schemes that lease the orchard assets from the consolidated entity. The Company did not utilise its assets to provide annually renewable contracting services to parties during the year (2020: \$10,538).

*Major Customers*

The Company currently generates its management and lease fee revenue from two managed investment schemes, Victorian Olive Oil Project (ASRN 096 091 511) and Victorian Olive Oil Project II (ASRN 106 286 560) and management fees from one corporate project operated by Peppercorn Estate Limited. In earning these management fees, the Company is responsible for the sale of the olive oil produced and these sales are exclusively with Cobram Estate Limited (formally Boundary Bend Limited) through an Olive Oil Supply Agreement which has a term until 30 June 2025.

<b>26. RECONCILIATION OF CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	<b>2021</b>	<b>Restated 2020</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) for the year	978,230	(1,479,819)
Adjustments for:		
Depreciation	462,450	432,917
Gain on sale of assets	(6,350)	-
Revaluation of investment property	(207,175)	-
Income tax benefit	(383,261)	(188,325)
Change in trade and other receivables	(1,930,453)	1,170,761
Change in inventories	(307,161)	183,001
Change in other assets	(4,375)	(96,034)
Change in provisions and employee benefits	(40,174)	13,472
Change in trade and other payables	383,559	(153,623)
Net cash used in operating activities	<u>(1,054,710)</u>	<u>(117,650)</u>

**27. PARENT ENTITY INFORMATION**

The following details information related to the parent entity, Australian Agricultural Projects Limited as at 30 June 2021. The information presented has been prepared using accounting policies as disclosed in Note 1.

**Statement of financial position**

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Current Assets	956,750	1,049,082
Non Current Assets	7,738,296	6,168,109
<b>TOTAL ASSETS</b>	<u>8,695,046</u>	<u>7,217,191</u>
Current Liabilities	2,961,653	2,924,015
Non Current Liabilities	1,466,000	1,466,000
<b>TOTAL LIABILITIES</b>	<u>4,427,653</u>	<u>4,390,015</u>
<b>NET ASSETS</b>	<u><b>4,267,393</b></u>	<u><b>2,827,176</b></u>
<b>EQUITY</b>		
Contributed equity	24,339,186	24,336,854
Accumulated losses	(20,071,793)	(21,509,678)
<b>TOTAL EQUITY</b>	<u><b>4,267,393</b></u>	<u><b>2,827,176</b></u>
Comprehensive income of parent entity	<u>1,437,885</u>	<u>(1,435,097)</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)  
for the year ended 30 June 2021

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**28. COMMITMENTS AND CONTINGENT LIABILITIES**

The Company has no contingent liabilities as at 30 June 2021 (2020: \$60,000). During the year, the Company retired a bank guarantee of \$60,000 (2020: \$60,000) supporting lease obligations.

The Company has undertaken a commitment to replant a portion of the bearer trees. The commitment for the twelve months to 30 June 2022 has been budgeted at \$647,616 (2020: \$481,368) but no contractual liability exists.

Other than the above, the Company does not have any capital commitments or contingent liabilities at balance and reporting dates.

**29. EVENTS SUBSEQUENT TO REPORTING DATE**

The Company has considered the impact of the COVID-19 virus on the business and has implemented procedures consistent with the directions given by the authorities. These procedures have had little or no impact upon the operations of the business although management continue to monitor the situation.

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



## DIRECTORS' DECLARATION

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The Directors of the Company declare that:

- the attached financial statements and notes as set out on pages 19 to 50 comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial 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; and

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

Dated at Melbourne, Victoria this 30<sup>th</sup> day of September 2021.

A handwritten signature in black ink, appearing to be 'P. Challis', written over a horizontal line.

Paul Challis  
*Managing Director*

## INDEPENDENT AUDITOR'S REPORT

To the members of Australian Agricultural Projects Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Australian Agricultural Projects Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Valuation of Bearer Plants

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's assets include bearer plants at fair value with a carrying value of \$10.72m. This asset consists of olive trees currently leased to investors via managed investment schemes.</p> <p>Fair value is determined using a value-in-use model which estimates the cash flows to be earned from the asset over the remaining term of the leases.</p> <p>This is a key audit matter as judgements and estimates, which are complex and subjective, are incorporated into the valuation of the bearer plants to determine the fair value.</p> <p>The accounting policy is disclosed in Note 1, and details of the key accounting estimates and assumptions are disclosed in Note 13 of the accompanying financial report.</p>	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"> <li>• Ensuring management had correctly classified the bearer plants to be in line with the requirements of AASB 116 <i>Property, Plant and Equipment</i>.</li> <li>• Challenging management's key assumptions and estimates used in the value-in-use model to determine the fair value of the bearer plants, including those relating to forecast revenue, costs, and discount rate, and corroborating the key market related assumptions to relevant and appropriate external data.</li> <li>• Assessing the ongoing appropriateness of the fair value and key estimates used by reference to an external valuation report which was commissioned by management during the current financial year.</li> <li>• Evaluating the competency and capability of management's expert engaged to prepare the valuation report.</li> <li>• Checking the mathematical accuracy of the value-in-use model and agreeing relevant data to the latest budgets.</li> <li>• Assessing the historical accuracy and reliability of management's forecasts.</li> <li>• Performing a sensitivity analysis on the key financial assumptions being CPI, market rental, discount rate, harvest yield and the price of water.</li> <li>• Assessing the adequacy of the disclosures in the financial statements in respect of the key assumptions adopted in the value-in-use model.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





### **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

### **Report on the Remuneration Report**

#### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 11 to 18 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Australian Agricultural Projects Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

#### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Wai Aw  
Director

Melbourne, 30 September 2021



## SHAREHOLDER INFORMATION

### Details of shares as at 20 September 2021:

#### Top holders

The 20 largest holders of each class of quoted security as at 20 September 2021 were:

#### Fully paid ordinary shares

	Name	No. of Shares	%
1	Patrac Holdings Pty Ltd <The Challis Family A/C>	37,137,852	12.17
2	Bliss On Banksia Hairdressing Pty Ltd <The Stefanest Egg Sfund A/C>	33,216,400	10.89
3	Petto Holdings Pty Ltd <The P Petto Prezza Fam A/C>	29,207,938	9.58
4	Grimfam Investments Pty Ltd <The Grimsey Super Fund A/C>	28,412,754	9.31
5	Bond Street Custodians Limited <GFSOFF - D42134 A/C>	24,947,690	8.18
6	Caroline House Superannuation Fund Pty Ltd <The Caroline House S/F A/C>	22,586,332	7.40
7	DB Investments Pty Ltd	15,012,818	4.92
8	Stefanetti Wealth Pty Ltd <D & P Super Fund>	12,190,162	4.00
9	Mr Paul Pettofrezza + Mrs Carmela Pettofrezza <Pettofrezza Ret Fund A/C>	11,082,354	3.63
10	Wai Heng Ho	9,837,586	3.22
11	Mrs Serng Yee Liew	9,200,000	3.02
12	Mr Robert Brydon Rudd	9,025,030	2.96
13	Citicorp Nominees Pty Limited	5,673,875	1.86
14	Woodduck Pty Limited	4,215,000	1.38
15	Ms Linlin Li	4,109,214	1.35
16	Mr Anthony Ho	4,000,002	1.31
17	Winpar Holdings Limited	3,000,000	0.98
18	Mr Christopher Manning Beattie	2,719,736	0.89
19	Mr Alex Andrianopoulos + Ms Virginia Orfanos	2,000,000	0.66
20	Bluedale Pty Ltd <Comb Super Fund A/C>	1,500,000	0.49
		<b>269,074,743</b>	<b>88.20</b>

#### Distribution schedule

A distribution schedule of each class of equity security as at 20 September 2021:

#### Fully paid ordinary shares

Range	Holders	Units	%
1 - 1,000	18	5,776	0.00
1,001 - 5,000	9	27,096	0.01
5,001 - 10,000	3	25,041	0.01
10,001 - 100,000	144	6,484,201	2.12
100,001 - Over	95	298,499,512	97.86
Total	269	305,041,626	100.00

#### Unquoted options exercisable at \$0.015 on or before 22 December 2023

Range	Holders	Units	%
1 - 1,000	3	2,362	0.00
1,001 - 5,000	7	24,250	0.03
5,001 - 10,000	3	30,000	0.04
10,001 - 100,000	13	652,310	0.86
100,001 - Over	27	75,145,407	99.07
Total	53	75,854,329	100.00



## SHAREHOLDER INFORMATION

### Number of unquoted securities

Class	Exercise Price	Expiry Date	Number of Shares	Number of Holders
Unquoted Options	\$0.015	22 December 2023	76,179,185	57

### Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial shareholder	Number of Shares
Grimsey Group	28,412,754
Patrac Holdings Pty Ltd <The Challis Family A/C>	37,137,852
Bliss on Banksia Hairdressing Pty Ltd	45,406,562
Caroline House Superannuation Pty Limited <The Caroline House Superfund A/C>	22,586,332

### Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 15,667 units as at 20 September 2021):

Holders	Units
42	228,544

### Voting Rights

The voting rights attaching to ordinary shares are:

- on a show of hands, every member present in person or by proxy shall have one vote; and
- upon a poll, each share shall have one vote.

Options do not carry any voting rights.

### On-Market Buy Back

There is no current on-market buy-back.