Australian Agricultural Projects Limited
ABN: 19 104 555 455

FINANCIAL REPORT

for the year ended 30 June 2024

Australian Agricultural Projects Limited
ABN: 19 104 555 455

CORPORATE DIRECTORY

Directors

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

Company Secretary

Mr Adrian Teo

Principal Place of Business

Suite 19, 456 St Kilda Road
Melbourne VIC 3004

Registered Office

Suite 6, 4 Riseley Street
Applecross, Western Australia, 6153

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

National Australia Bank
Level 32 / 395 Bourke Street
Melbourne VIC 3000

Solicitor

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

Share Registry

Computershare Investor Services Pty Ltd
Level 17
221 St Georges Terrace
Perth Western Australia 6000

Telephone: (61-8) 9323 2000
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Stock Exchange

ASX Limited
Level 40, Central Park
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Perth, Western Australia, 6000

ASX Code: AAP

Corporate Governance Statement

www.voopl.com.au/aap-shareholders

CONTENTS

MANAGING DIRECTOR'S LETTER

25 September 2024

Dear Shareholders,

Your Company recorded a profit after tax of $1,254,830 (2023 $534,653) which was ahead of management's expectations. This result was largely driven by the value of the 2024 harvest which was completed in June 2024 and should be considered in the following context:

- The 2024 total oil production of 551,500 litres (2023: 727,400 litres) was in an "off year" in the natural "on-off" biennial cycle of olive oil yield;
- Olive oil prices are currently very strong due to a global shortage of oil as a consequence of poor European growing conditions over recent years. This is reflected in the budget price for this season's production and also resulted in a large positive final price/volume reconciliation for the 2023 harvest; and
- The final tranche of the replanting programme has still to come into commercial production.

This result marks the end of the orchard redevelopment phase following the removal of the barnea trees from the orchard in 2017 and allows the Company to focus on the next corporate goals being:

- The reinvestment into orchard processes and equipment to support the objective of being a consistently low cost producer of olive oils; and
- Building resilience in the balance sheet of the Company.

The operating and financial reviews on pages 3 to 7 provide further details of the Company's operations for the year.

The Company is conscious that the first term of the lease for the managed investment schemes the Company administers ends on 30 June 2025. The investors in these projects have the option to extend their leases for a further 25 years and as part of this renewal process the Company will focus on providing the scheme participants with alternatives to the exercise of their option which:

- allows project participants to access the benefit of their lease option without the inherent limitations of operating a managed investment scheme;
- give the Growers some liquidity to their investments; and
- simplify the overall operations of the schemes and the Company.

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 sincere appreciation for the team's 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 2024 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 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 two other 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.

COMPANY SECRETARY

Mr Adrian Teo, B. Com, CA
Company Secretary – Appointed 9 May 2023

Mr Adrian Teo graduated with a Bachelor of Commerce majoring in Financial Accounting and Corporate Finance from the University of Western Australia. He is a Chartered Accountant with the Chartered Accountants Australia and New Zealand. Mr Teo is currently an associate of a firm which is principally focussed in providing corporate and financial services to companies listed on the ASX.

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:

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

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	Options
Mr P Challis	57,951,113	-
Mr A Ho	5,000,002	-
Mr D Stefanetti	72,606,576	-

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:

	Board Meetings		Nomination and Remuneration Committee Meetings		Audit and Risk Committee Meetings	
Director	Held	Attended	Held	Attended	Held	Attended
Mr P Challis	7	7	N/A	N/A	N/A	N/A
Mr A Ho	7	6	0	0	2	1
Mr D Stefanetti	7	7	0	0	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 A Ho (Chairman)
Mr D Stefanetti	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

Trading result

The Company recorded a profit after income tax of $1,254,830 for the year ended 30 June 2024 (2023: $534,653), a result which was ahead of management's expectations. The key components of this trading result include:

- The 2024 harvest, which was completed in June 2024, yielded a total of 551,500 litres (2023: 727,400 litres). This was a pleasing result which is within 10% of initial management expectations in what was an "off" year in the biennial production cycle of the orchard.
- This harvest resulted in total revenue from lease and management fees derived from the projects the Company manages of $4,728,014, a 41% increase from the previous year. This outcome is a reflection of the current high market price for olive oil (discussed below). This increase in price also led to the actual farm gate price of olive oil for the 2024 financial year as calculated through the olive oil supply agreement with Cobram Estate Limited being much greater than that budgeted in July 2023. This resulted in a much larger than usual final price/volume reconciliation for the previous year's harvest being included in revenue.
- Funding costs increased to $506,903 (2023: $452,124) which is consistent with the increase in market interest rates between the two years.
- Depreciation expense of $667,550 (2023: $639,862) includes the depreciation of the olive trees that amounted to $456,638 (2023: $434,842).

Trading result (continued)

In addition to the trading result summarised above, the Company also recorded an upward revaluation of the olive trees of $1,149,792 (2023: $1,101,007). 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 reflects the increased maturity of the replanted portions of the orchard and the general improvement in industry conditions. The Directors have a policy of seeking an independent valuation every three years to validate this valuation. The next valuation is due in 2025.

Cash flows

The Company's net cashflows from operations this year amounted to a deficit of $312,583 (2023: surplus of $42,523). This reduction in net cashflows in a profitable year is a reflection of the deliberate effort by the Company to improve the working capital of the business. This year saw the level of trade payables reduce by $547,060 at the same time as receivables increased by $1,173,050. The Company intends to continue this trend in conjunction with a planned reduction in total loans and borrowings.

Balance sheet

The Company's balance sheet improved over the year with net assets increasing by $3,064,220 to $12,661,181. This increase was a result of:

• Trading profit before tax	967,382
• Revaluation of orchard assets	1,149,792
• Net proceeds from the issue of securities	947,046

The net proceeds from the issue of securities arose from the exercise of options that were issued in 2021 in conjunction with an entitlements offer at that time. The Company extends it gratitude to the patient support of its shareholders who have supported the Company with additional capital which enabled the progressing of the replanting programme.

A short-term corporate objective of the Company continues to be improving the resilience of the balance sheet post the replanting programme. As a consequence, it is expected that total liabilities will continue to reduce both in absolute terms and as a percentage of total assets. It is anticipated this improvement will be funded from ongoing operating profits driven by the increasing maturity of the replanted portions of the orchard and the currently high olive oil prices.

The olive orchards

Operations

Orchard operations during the 2024 financial year were the most normal in the past three years with no significant weather events other than a severe wind storm that damaged a number of irrigation system radio towers and many of the native trees on the orchard. These more stable conditions allowed the orchard team to complete the orchard operations in good time as well as complete the first phase of refurbishment of the harvest equipment.

Other than those small areas of the orchard which were impacted by the 2022 flooding, the orchard is in good health and the newly replanted portions of the orchard are growing as expected.

The aim of the orchard management team continues to be 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 with minimum 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 short-term focus of orchard management is now centred on two objectives:

- The improvement and reliability of the harvesting and processing equipment to ensure that the capacity exists to efficiently deal with the increased crop loads expected over the next few years; and
- Refining the management systems of the replanted portions of the orchard in order to reduce operating costs and risks.

The olive orchards (continued)

Harvest

The annual harvest was completed in mid-June yielding 551,500 litres (2023: 727,400 litres). This harvest result was within 10% of management's expectations and should be considered in the following context:

- 2024 was an "off year" in the natural biennial production cycle of olive oil yield;
- A better comparative production year is 2022 in which 564,500 litres were produced as it was the previous off year; and
- The poor growing conditions in the previous season which resulted in lower than normal tree growth had a more severe impact on this year's fruit volume than originally expected.

The total harvest is summarised as follows:

Project	Planted	Size	2024 Harvest (Litres)
VOOP I	2002	285 hectares	356,800
VOOP II	2003	118 hectares	99,800
Peppercorn	2006	108 hectares	94,900
		Total	**551,500**

Testing of the oil to date has confirmed that the majority of this season's oil produced is of a high extra virgin quality and will be supplied to Cobram Estate Limited (Cobram) under existing offtake arrangements in support of the Cobram Estate and Redisland retail brands of extra virgin olive oil. A small portion of final production was impacted by disease (which was limited to one small area of the orchard) and there was some frost affected fruit harvested towards the end of harvest. As a consequence, this oil was reclassified as virgin olive oil grade, the second highest grade of olive oil. Management reports that they have been able to sell all of this oil at strong prices due largely to the lack of supply in the current market (refer below).

Orchard management's outlook for the 2025 harvest which is expected to be an "on" year, is that it should be greater than this year's harvest as well as that of 2023 (the most recent on year). The 2025 harvest will be the first harvest since the commencement of the replanting programme where the full orchard is in production although management remains conscious that the trees impacted by the 2022 flooding will still take several seasons to fully recover.

The Company is proceeding with an initial harvest budget for 2025 in the region of 790,000 to 850,000 litres and this will be refined by the orchard team later this year after flowering and fruit set in November. As always, the 2025 harvest 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 international price for olive oil has been extremely strong over the past year and is currently at the highest price the Company has seen since the establishment of the orchard in 2002.

The principal cause of this increase has been a series of poor harvests in the European region largely as a consequence of disease and poor growing conditions, specifically extremely low rainfall across the growing regions. These poor harvests have led to reduced oil stocks that have not been able to meet the demand required by major olive oil brands to supply their customers. This has resulted in a unique situation where olive oil wholesalers and owners of brands have been prepared to pay high prices for oil to secure supply to protect their customer base. These high bulk prices were finally reflected in significantly increased shelf prices in the Australian market in the middle of 2023 led largely by the brands of imported oil.

The Company sells its oil through an Olive Oil Supply Agreement with Cobram Estate Limited. The pricing mechanism in this agreement refers to a farm gate price of oil which is ultimately derived from the average price which Cobram Estate is able to sell packaged olive oil in the Australian market. Accordingly, the recent increases in the retail shelf price have been of significant benefit to the Company.

The Company will continue to monitor this situation. The outlook for the current European harvest is positive which will likely take some of the heat out of the current market. However, it is the Company's view that it will take several seasons before the supply will return to more normal levels with manageable levels of carry over stock at the end of each season.

The olive orchards (continued)

Price (continued)

The Company recognises that this unique set of circumstances has resulted in the retail linked price the Company will receive for the current harvest being less than the spot market price for bulk oil. However, management retains the view that in the longer term, having the price linked to the retail shelf price of olive oil will result in much greater longer-term value for the Company and the Growers in the projects we manage.

Operating costs

Business operations continue relatively smoothly and many of the supply pressures that arose during the COVID period have subsided. Quality casual labour still remains tight in the region, however, the increased supply of international backpackers at the time of harvest has mitigated this risk significantly. The outlook for the water market this season is for prices to be in line with or below the historical long-term average and the water storages have all started the season with high levels.

Material business risks

The Group has set out below potential risks that may have a material impact on the Group's future financial performance and operations.

The Group makes every effort to identify materials risks and where possible, take the appropriate action to manage and mitigate these effectively. This section does not attempt to provide an exhaustive list of risks faced by the Group or by investors in the Group, nor are they in order of significance. Actual events may be different to those described.

The Group's management of material risks and the systems has in place to manage these risks include the following:

Agricultural risks

This category includes those risks that are inherent to most agricultural businesses and cannot be avoided regardless of management's action and includes adverse growing conditions, damaging events such as fire and flood and market conditions which influence demand, supply and price of the oil we produce.

The Company continues to implement appropriate policies and procedures that have the objective of mitigating the impact of these events where possible. These include insurance where appropriate, orchard design and maintenance as well as long term secure marketing arrangements.

Financial risks

This risk is categorised as an economic risk and is managed through detailed budgeting and forecasting supported by monthly reporting systems.

Financial risk including cashflow management, inventory management and the maturity of core debt facilities are monitored with a view of identifying financial issues as soon as practical so that appropriate mitigating action can be taken in a timely manner.

Cyber risk

This risk is categorised as a business risk and is managed by undertaking regular risk assessments of the exposure to disruption events and the impact of an event on the ability of the Company to operate.

The Company has a focus on prevention and also continues to operate recovery measures as well as raising employee awareness to ensure the integrity of its digital environment.

Material business risks (continued)

Regulatory risk

The Company maintains an Australian Financial Services Licence (ASFL) as part of the operation of the two managed investment schemes it operates. There is a business risk that any change to the conditions of the ASFL or the regulatory environment surrounding managed investment schemes may impact the fundamental structure of the projects the business manages.

This risk is mitigated by the Company maintaining a high compliance culture and continually monitoring the regulatory environment it operates in.

People risk

Future financial and operational performance of the Company is dependent on the performance and retention of key personnel. The unplanned or unexpected loss of key personnel, or the inability to attract and retain experienced individuals to the business may adversely affect the Company's future financial performance. This risk is mitigated by continually monitoring market rates and conditions for compensating its personnel and adopting appropriate human resource management and compensation policies to support its people resource.

MIS Project restructure

The first term of the two managed investment schemes the Company operates ends on 30 June 2025; shortly after the completion of the June 2025 harvest. Each of these projects have a lease option for a further 25 years.

The Company has considered proposals to restructure the projects over the past year. To date, no single restructure proposal has been able to meet all of the competing interests of the individual participants (Growers) in the Projects.

While the Company is not averse to the continuation of the Projects, it is strongly of the view that there are more efficient structures for both the Company and the Growers. The focus now is on providing the Growers with alternatives to the exercise of their option which:

- allows project participants to access the benefit of their lease option without the inherent limitations of operating a managed investment scheme;
- give the Growers some liquidity to their investments; and
- simplify the overall operation of the business.

The Company is conscious of the responsibilities it has to the individual growers in the projects and that any change to the existing arrangements is an involved and complex exercise. Developments addressing these issues will be directly advised to the Growers and, where appropriate, will be set out in the Company's quarterly reports.

Looking forward

The Directors consider the future outlook for the Company is positive and this will be driven by:

- increasing harvest volumes as the last of the replanted portions of the orchard enter commercial production;
- historically high olive oil prices as a result of the poor European harvests; and
- the benefits that may flow from the Growers being required to either exercise their option for a further 25-year term or consider some alternative action.

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.

Appreciation

As always, 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 the continuing 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 $1,254,830 (2023: $534,653) 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

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

The Company has no options on issue as at 30 June 2024 (2023: 75,796,477).

Options exercised during the year

As at 30 June 2023 the Company had 75,796,477 options on issue. These options had the following terms:

- Exercise price 1.5 cents
- Expiry date 22 December 2023

These options were not quoted on the ASX.

During the year ended 30 June 2024, 63,504,236 of these options were exercised. The remaining 12,292,241 of these options expired on 22 December 2023.

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.

INDEMNIFICATION AND INSURANCE OF OFFICERS (CONTINUED)

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.

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 25th day of September 2024.

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

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Australia

DECLARATION OF INDEPENDENCE BY JAMES DIXON TO THE DIRECTORS OF AUSTRALIAN AGRICULTURAL PROJECTS LIMITED

As lead auditor of Australian Agricultural Projects Limited for the year ended 30 June 2024, 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.

JAMES DIXON
Director

BDO Audit Pty Ltd

Melbourne, 25 September 2024

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
Mr A Teo	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 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, does 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	$24,000
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 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:

	2024	2023	2022	2021	2020
Profit/(loss) for the year	$1,254,830	$534,653	$(246,592)	$978,230	$(1,479,819)
Dividends paid	Nil	Nil	Nil	Nil	Nil
Change in share price	1.5 cents	(1.2) cents	0.2 cents	1.2 cents	(0.5) cents
Share price at beginning of the year	1.2 cents	2.4 cents	2.2 cents	1.0 cents	1.5 cents
Share price at end of the year	2.7 cents	1.2 cents	2.4 cents	2.2 cents	1.0 cents
Earnings/(Loss) per share	0.37 cents	0.18 cents	(0.08) cents	0.32 cents	(0.78) 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 (2023: 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 2023 ANNUAL GENERAL MEETING

The Remuneration Report for the 2023 financial year received unanimous shareholder support at the 2023 AGM. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

EMPLOYMENT AGREEMENTS

All Directors of the Company are appointed under a letter of appointment. The letters of appointment:

- 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.
- are rolling with no fixed term although the consolidated entity retains the right to terminate a position immediately by making payment equal to the termination period in lieu of notice.

The consolidated entity has a service agreement with the Company Secretary who is not a director. The terms of the agreement 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.

All appointments and agreements are capable of termination between one and three months' notice,

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			
		Salary & fees $	Other benefits $	Long term benefits[1] $	Superannuation benefits $	Options $	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration that is performance related %
Directors									
Non-executive									
Mr A Ho	2024	24,000	-	-	-	-	24,000	-	-
	2023	12,000	-	-	-	-	12,000	-	-
Mr D Stefanetti	2024	-	-	-	-	-	-	-	-
	2023	-	-	-	-	-	-	-	-
Executive									
Mr P Challis	2024	151,532	-	(12,850)	25,400	-	164,082	-	-
	2023	140,000	-	3,573	14,525	-	158,098	-	-
Total, all Directors	**2024**	**175,532**	**-**	**(12,850)**	**25,400**	**-**	**188,082**	**-**	**-**
	2023	**152,000**	**-**	**3,573**	**14,525**	**-**	**170,098**	**-**	**-**

REMUNERATION REPORT (cont'd)

		SHORT TERM		LONG TERM	POST-EMPLOYMENT	SHARE-BASED PAYMENTS			
		Salary & fees $	Other benefits $	Long term benefits[1] $	Superannuation benefits $	Options $	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration that is performance related %
Other key management personnel									
Mr Adrian Teo (from May 2023)	2024	30,000	-	-	-	-	30,000	-	-
	2023	5,000	-		-	-	5,000	-	-
Ms J Dabon (to April 2023)	2024	-	-	-	-	-	-	-	-
	2023	25,000	-	-	-	-	25,000	-	-
Total, all other key management personnel	**2024**	**30,000**	**-**	**-**	**-**	**-**	**30,000**	**-**	**-**
	2023	**30,000**	**-**	**-**	**-**	**-**	**30,000**	**-**	**-**
Total, all Directors and other key management personnel	**2024**	**205,532**	**-**	**(12,850)**	**25,400**	**-**	**218,082**	**-**	**-**
	2023	**182,000**	**-**	**3,573**	**14,525**	**-**	**200,098**	**-**	**-**

Notes:
1 - Long term benefits relate to the change in annual leave and long service leave entitlements from the previous year.

OPTION HOLDINGS BY KEY MANAGEMENT PERSONNEL

The directors exercised all of their options during the year. The number of options held by key management personnel are summarised as follows:

	Mr P Challis	Mr D Stefanetti	Mr A Ho
Held at 1 July 2023	**14,782,990**	**16,350,167**	**1,000,000**
Exercised	(14,782,990)	(16,350,167)	(1,000,000)
Held at 30 June 2024	**-**	**-**	**-**
Held at 1 July 2022	**12,280,853**	**13,848,031**	**1,000,000**
Purchases	2,502,137	2,502,136	-
Held at 30 June 2023	**14,782,990**	**16,350,167**	**1,000,000**

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

The directors all increased their shareholdings as a consequence of exercising the options they held. Two directors increased their shareholdings by acquiring shares on market. The number of shares held by key management personnel are summarised as follows:

	Mr P Challis	Mr D Stefanetti	Mr A Ho
Held at 1 July 2023	**42,142,124**	**52,686,348**	**4,000,002**
Purchases	1,025,999	3,570,061	-
Received on exercise of options	14,782,990	16,350,167	1,000,000
Other changes	-	-	-
Held at 30 June 2024	**57,951,113**	**72,606,576**	**5,000,002**
Held at 1 July 2022	**37,137,852**	**47,682,076**	**4,000,002**
Purchases	5,004,272	5,004,272	-
Received on exercise of options	-	-	-
Other changes	-	-	-
Held at 30 June 2023	**42,142,124**	**52,686,348**	**4,000,002**

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 2024 $	2023 $	Balance outstanding as at 30 June 2024 $	2023 $
Directors						
Mr A Ho	Secretarial and accounting fees	(i)	30,000	30,000	(2,750)	(5,500)
Mr P Challis, Mr D Stefanetti	Management fees	(ii)	(537,675)	(513,634)	452,776	513,634
	Net proceeds on sale of oil	(iii)	473,478	239,525	(1,032,845)	(964,286)
Mr P Challis	Shareholder Loans	(iv)	150,000	(150,000)	(1,127,000)	(1,277,000)
	Interest paid on loans	(v)	102,986	97,993	98,778	102,385
Mr D Stefanetti	Administration services	(vi)	(12,000)	(12,000)	2,200	2,200

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 is entitled to minority shareholdings (approx. 1.3%). 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 company referred to in (ii) is owed an amount by the consolidated entity being balance of net proceeds of the sale of oil from prior year harvests.

(iv) The consolidated entity entered into shareholder loan agreements with entities associated with Mr P Challis (total facility limit amounts to $1,127,000 (2023: $1,500,000) of which $1,127,000 was drawn at 30 June 2024 (2023: $1,277,000).

(v) The consolidated entity pays interest in relation to the unsecured shareholder loan agreements referred to in note (iv). Average annual interest rate at 30 June 2024 was 9.35%.

(vi) The Company provides administration services to Grimsey Pty Ltd in support of their accounting for Peppercorn Estate Limited.

SHARE-BASED COMPENSATION

Equity based payments

There were no equity based payments during the year ended 30 June 2024 (2023: Nil).

Employee incentive plan

The Company operates a Company's Employee Incentive Plan ("Plan") which was adopted at the 2021 Annual General Meeting on 29 November 2021. This plan has a three year term until 29 November 2024.

Eligibility to the Plan is limited to all employees including directors, contractors or casual employees employed to work more than 40% of a full-time position;

- The Plan is administered by the Board;
- The Plan provides for the issue of shares, options or performance rights in the securities of the Company;
- Securities awarded under this Plan may be subject to restriction conditions;
- The maximum number of securities that may be granted under the Plan is restricted to 5% of the total listed shares at the time of the grant of the securities; and
- Securities issued under the Plan may not be transferred, encumbered or otherwise disposed of unless all restriction on their transfer have been met or the Board has waived such restrictions;

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 2024

	Note	2024 $	2023 $
Revenue	3	4,728,014	3,351,899
Cost of sales		(2,248,902)	(1,913,839)
Gross profit		2,479,112	1,438,060
Other income	4	105,088	4,821
Corporate and administrative expenses		(442,365)	(393,204)
Depreciation and amortisation		(667,550)	(639,862)
Borrowing costs		(506,903)	(452,124)
Revaluation of investment property		-	301,710
Profit / (Loss) before income tax		**967,382**	**259,401**
Income tax benefit	7	287,448	275,252
Profit / (Loss) after income tax		**1,254,830**	**534,653**
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
- Revaluation of bearer plants net of tax	14	862,344	825,755
Total Comprehensive Income attributable to the members of Australian Agricultural Projects Limited		**2,117,174**	**1,360,408**
Basic earnings / (loss) per share (cents)	25	0.37	0.18
Diluted earnings / (loss) per share (cents)	25	0.37	0.17

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 2024

	Note	2024 $	2023 $
CURRENT ASSETS			
Cash and cash equivalents	8	458,115	229,340
Trade and other receivables	9	4,283,255	3,110,205
Inventories	10	559,246	421,527
Other	11	66,030	29,250
Total Current Assets		5,366,646	3,790,322
NON-CURRENT ASSETS			
Property, plant & equipment	12	955,620	732,324
Right of use asset	13	35,694	48,924
Bearer plants	14	13,711,106	13,017,952
Investment property	15	2,313,860	2,313,860
Total Non-Current Assets		17,016,280	16,113,060
TOTAL ASSETS		22,382,926	19,903,382
CURRENT LIABILITIES			
Trade and other payables	16	2,569,143	3,116,203
Lease liability	17	17,387	14,568
Employee entitlements	18	347,056	333,962
Loans and borrowings	19	558,209	1,489,000
Total Current Liabilities		3,491,795	4,953,733
NON-CURRENT LIABILITIES			
Lease liability	17	18,951	33,188
Loans and borrowings	19	6,210,999	5,319,500
Total Non-Current Liabilities		6,229,950	5,352,688
TOTAL LIABILITIES		9,721,745	10,306,421
NET ASSETS		**12,661,181**	**9,596,961**
EQUITY			
Issued capital	20	25,285,850	24,338,804
Reserves	21	5,038,435	4,176,091
Accumulated losses		(17,663,104)	(18,917,934)
TOTAL EQUITY		**12,661,181**	**9,596,961**

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 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Cash receipts in the course of operations including GST		4,671,676	3,343,202
Cash payments in the course of operations including GST		(4,451,061)	(2,905,634)
Interest received		5,498	4,821
Interest paid		(538,696)	(399,866)
Net cash (used in) / provided by operating activities	29	(312,583)	42,523
Cash flows from investing activities			
Proceeds from the sale of assets		66,000	-
Payments for property, plant and equipment		(417,000)	-
Net cash ()used in investing activities		(351,000)	-
Cash flows from financing activities			
Proceeds from issue of securities		952,564	-
Share issue transaction costs		(5,518)	-
Proceeds from loan facilities		-	325,000
Repayment of loan facilities		(489,000)	(175,000)
Proceeds from equipment finance facilities		458,700	-
Repayment of equipment finance liabilities		(8,992)	(17,859)
Repayment of lease liability		(15,396)	(13,364)
Net cash provided by financing activities		892,358	118,777
Net increase / (decrease) in cash and cash equivalents		228,775	161,300
Cash and cash equivalents at the beginning of the year		229,340	68,040
Cash and cash equivalents at the end of the year	8	**458,115**	**229,340**

Cash and cash equivalents represented by:		
Cash at bank and in deposits	458,115	68,040
Cash and cash equivalents in the statement of cash flows	**458,115**	**68,040**

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 2024

	Issued capital $	Reserves $ (Note 21)	Accumulated losses $	Total $
Balance as at 1 July 2022	**24,338,804**	**3,350,336**	**(19,452,587)**	**8,236,553**
Loss for the year after income tax	-	-	534,653	534,653
Other comprehensive income for the year	-	825,755	-	825,755
Total comprehensive income for the year	-	825,755	534,653	1,360,408
Balance as at 30 June 2023	**24,338,804**	**4,176,091**	**(18,917,934)**	**9,596,961**
Balance as at 1 July 2023	**24,338,804**	**4,176,091**	**(18,917,934)**	**9,596,961**
Profit for the year after income tax	-	-	1,254,830	1,254,830
Other comprehensive income for the year	-	862,344	-	862,344
Total comprehensive income for the year	-	862,344	1,254,830	2,117,174
Contributions to equity (net of costs)	947,046	-	-	947,046
Balance as at 30 June 2024	**25,285,850**	**5,038,435**	**(17,663,104)**	**12,661,181**

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

1. MATERIAL ACCOUNTING POLICY INFORMATION

Reporting entity

The consolidated financial report of Australian Agricultural Projects Limited for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors on 25th September 2024.

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 Suite 6,4 Riseley Street, Applecross, WA 6953 and the principal place of business is Suite 19, 456 St Kilda Road, Melbourne VIC 3004.

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 29.

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.

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) Note3 - Revenue
(b) Note 7 - Recognition of Deferred Tax Assets
(c) Note 14 – Bearer Plants
(d) Note 15 – Investment Property
(e) Note 18 - Provisions

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

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.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 14 and 15 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Right of use assets (continued)

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.

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.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

Sale of goods

Revenue from the sale of goods is recognised at a point in 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 at a point in time. 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

Revenue from the leasing of 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goods and Services Tax (continued)

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 initially recognised at their fair value, 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.

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 2024.

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.

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 22.

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.

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.

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.

2. FINANCIAL RISK MANAGEMENT (continued)

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.

	2024 $	2023 $
3. REVENUE		
Revenue from contracts with customers		
Management fees	2,137,553	1,131,026
Production sharing	1,776,762	1,449,157
	3,914,315	2,580,183
Lease fees from investment property and bearer plants	813,699	771,716
	4,728,014	3,351,899

Production sharing revenue includes lease and management fees that are determined as a percentage of the total value of the annual harvest.

The value of the current year's harvest includes estimates of the volume of oil lost due to settlings in storage and of the farm gate price which will be achieved over the twelve months following the completion of harvest as set out in the supply agreement.

Revenue also includes a reconciliation of the actual volume of oil sold and the actual farm gate price achieved for the previous year's harvest with the previous year's estimates. In 2024 this reconciliation amounted to $644,249 (2023: ($152,015)).

4. OTHER INCOME

Interest received	5,498	4,821
Proceeds of insurance claim	33,590	-
Gain on sale of assets	66,000	-
	105,088	4,821

5. PERSONNEL EXPENSES

Wages and salaries costs	693,999	617,488
Superannuation costs	91,556	74,090
Change in liability for annual and long service leave	13,093	22,192
Non-executive directors' fees	24,000	12,000
	822,648	725,770

In 2024, $716,968 (2023: $626,920) of personnel expenses were included in cost of sales and the balance, $105,680 (2023: $98,850) was included in corporate and administrative expenses.

6. AUDITOR'S REMUNERATION
Audit services

Auditors of the Company (BDO Audit Pty Ltd)		
- audit and review of financial reports	105,625	110,820
- audit and review of other financial statements	60,320	57,994
	165,945	168,814

The auditors provided no other services.

7. INCOME TAX

	2024 $	2023 $
(a) Income tax		
The major components of income tax are:		
Income statement		
Current income tax charge/(credit)	-	-
Deferred tax liability movement	-	-
Deferred tax asset movement	(287,448)	(275,252)
Aggregate income tax benefit	(287,448)	(275,252)
(b) Numerical reconciliation between tax credit and pre-tax net loss		
Profit / (Loss) before income tax	967,382	259,401
Income tax expense / (benefit) calculated at 25.0%.	241,846	64,850
Tax effect on the following amounts:		
Non deductible expenditure	788	330
Depreciation entitlement attached to fixed assets	(1,809)	(1,809)
Capital raising costs	(1,720)	(1,574)
Tax losses and temporary differences recouped	(526,553)	(337,049)
Income tax benefit reported in the statement of comprehensive income	(287,448)	(275,252)
(c) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses - Revenue	2,626,483	2,888,044
Temporary differences	(1,619,077)	(1,354,085)
Unrecognised deferred tax asset	1,007,406	1,533,959
Movement consists of:		
Opening balance	1,533,959	1,871,008
Effect of change in corporate tax rate on unrecognised deferred tax assets		-
Current year tax losses and temporary differences recouped	(526,553)	(337,049)
Closing balance	1,007,406	1,533,959

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.

	2024 $	2023 $
8. CASH AND CASH EQUIVALENTS		
Cash at bank and in deposits	458,115	229,340
Cash and cash equivalents in the statement of cash flows	458,115	229,340

The consolidated entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 22.

9. TRADE AND OTHER RECEIVABLES

Current

	2024 $	2023 $
Trade receivables	4,283,255	3,110,205
	4,283,255	3,110,205

The consolidated entity's exposure to credit and currency risks and impairment losses related to trade and receivables are disclosed in Note 22.

85.1% (2023: 98.7%) of trade receivables relate to management and lease fees the Company has earned over the past twelve months from the growers in the projects which the Company manages. These fees are paid from the proceeds of the sale of the produce from the annual harvest. As the produce is sold progressively over the ten months following the harvest, the amount receivable is received over the period.

10. INVENTORIES

	2024 $	2023 $
Finished goods	559,246	421,527
	559,246	421,527

11. OTHER CURRENT ASSETS

	2024 $	2023 $
Prepayments	62,729	25,950
Security deposits	3,301	3,300
	66,030	29,250

12. PROPERTY, PLANT & EQUIPMENT

Year ended 30 June 2024	Plant & equipment	Motor vehicles	Office furniture & equipment	Buildings	Total
At 1 July 2023, net of accumulated depreciation	429,074	86,438	54	216,758	732,324
Additions	-	417,000	-	-	417,000
Disposals	-	(66,000)	-	-	-
Profit on disposals	-	66,000	-	-	-
Depreciation charge for the year	(111,029)	(50,219)	(54)	(32,402)	(193,704)
At 30 June 2024, net of accumulated depreciation	318,045	453,219	-	184,356	955,620
At 30 June 2024					
Cost	4,288,812	1,408,024	66,880	1,061,417	6,825,133
Accumulated depreciation	(3,970,767)	(954,805)	(66,880)	(877,061)	(5,869,513)
Net carrying amount	318,045	463,219	-	174,356	955,620

Year ended 30 June 2023	Plant & equipment	Motor vehicles	Office furniture & equipment	Buildings	Total
At 1 July 2022, net of accumulated depreciation	540,133	134,150	1,672	249,160	925,115
Additions	-	-	-	-	-
Depreciation charge for the year	(111,059)	(47,712)	(1,618)	(32,402)	(192,791)
At 30 June 2023, net of accumulated depreciation	429,074	86,438	54	216,758	732,324
At 30 June 2023					
Cost	4,288,812	1,150,846	66,880	1,061,417	6,567,955
Accumulated depreciation	(3,859,738)	(1,064,408)	(66,826)	(844,659)	(5,835,631)
Net carrying amount	429,074	86,438	54	216,758	732,324

Restrictions on property plant and equipment

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 $499,708 at 30 June 2024 (2023: $nil).

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.

13. RIGHT OF USE ASSETS

	2024 $	2023 $
Land and buildings - right of use	77,360	73,382
Accumulated depreciation	(41,666)	(24,458)
	35,694	48,924

The Company recognised the lease of office premises at 19/456 St Kilda Road, Melbourne as a right of use asset. The lease has a term to 30 June 2025 with an option for a further year until 30 June 2026. The value of the right of use asset assumes the option is exercised.

14. BEARER PLANTS	**2024 $**	**2023 $**
Olive trees	13,711,106	13,017,952
Movement consists of:		
Bearer plants opening balance	13,017,952	12,351,787
Depreciation	(456,638)	(434,842)
Change in fair value of bearer plants	1,149,792	1,101,007
	13,711,106	13,017,952

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 15) 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 2024 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 3.5 percent in 2025 and decreasing to a long term average of 3 percent from 2026. 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 per hectare.
- Pre tax discount rate of 11.0 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 8.3 tonnes of fruit per hectare per increasing to a long term average of 9.375 tonnes per hectare per annum from 2029 which is when the orchard is expected to produce consistent maturity yields following the recent replanting programme.
- The average price of water available to the orchard increases from $125 per ML in the current year to a long term average of $170 per ML from 2027.

The sensitivity of these long term assumptions are as follows:

Assumption	Assumed Value	Sensitivity	Change in Valuation
CPI	3.0%	if increased to 3.5%	1,074,836
	from 2026	if reduced to 2.5 %	(952,109)
2025 market rental	$4,000 per ha	If increased to $4,250	758,151
		If reduced to $3,750	(758,151)
Discount rate	11.0%	if increased to 11.5%	(1,023,156)
		if reduced to 10.5 %	1,160,990
Harvest yield	9.375 t per ha	if increased to 9.875 tonne per ha	183,409
	from 2029	if reduced to 8.875 tonne per ha	(183,409)
Price of water	$170 per ML	if increased to $190 per ML	(256,271)
	from 2027	if decreased to $150 per ML	256,271

The Company's orchard assets that comprise bearer plants, land and buildings were last valued by an external valuer in April 2022. The Directors have considered the information in this external valuation in determining the reasonableness of the assumptions in the discounted cash flow model used to determine the valuation of the bearer plants.

15. INVESTMENT PROPERTY

	2024 $	2023 $
Land	2,313,860	2,313,860
Movement consists of:		
Investment property opening balance	2,313,860	2,012,150
Net fair value gain investment property	-	301,710
	2,313,860	2,313,860

The land is a level 3 asset for the purposes of determining fair value. The land is located at 1453 Wychitella Quambatook Road, Terrappee in Victoria totalling 517.85 hectares. The land has been planted with the olive trees (bearer plants) included in Note 14: 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 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.

The value of the land was determined by the Directors at 30 June 2024 with reference to a valuation dated 4 April 2022 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 $4,600 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	$4,600	if increased 5% to $4,830 per hectare	125,712
		if reduced 5% to $4,370 per hectare	(125,712)
Fair value per hectare of land with remnant vegetation	50	if increased 10% to $55 per hectare	75
		if reduced 10% to $45 per hectare	(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.

The Company's orchard assets that comprise bearer plants, land and buildings were last valued by an external valuer in April 2022. The Directors have considered the information in this external valuation in determining the reasonableness of the assumptions used in determining the value of the land.

16. TRADE AND OTHER PAYABLES

	2024 $	2023 $
Current		
Trade payables	2,519,514	2,535,601
Other payables and accruals	49,629	580,602
	2,569,143	3,116,203

17. LEASE LIABILITIES

	2024 $	2023 $
Current		
Lease liability	17,387	14,568
Non-current		
Lease liability	18,951	33,188

Refer Note 22 for further information on financial instruments.

18. EMPLOYEE ENTITLEMENTS

	2024 $	2023 $
Liability for employee benefits	347,056	333,962
	347,056	333,962

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 $347,056 (2023: $333,962) 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 $39,527 (2023: $36,077).

19. 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 22.

	2024 $	2023 $
Current		
Equipment finance liabilities	56,209	-
Secured bank loan	375,000	1,000,000
Unsecured loan facilities	-	339,000
Unsecured loan facilities with related parties (Note 26(e))	127,000	150,000
	558,209	1,489,000
Non-current		
Equipment finance liabilities	393,499	-
Secured bank loan	4,817,500	4,192,500
Unsecured loan facilities with related parties (Note 26(e))	1,000,000	1,127,000
	6,210,999	5,319,500

19. LOANS AND BORROWINGS (CONTINUED)

Terms of loans and borrowings

Equipment finance facilities

The equipment finance facility amounts to $500,000 of which $449,708 was drawn at 20 June 2024. Each amount advanced is secured by the financed asset, as such in the event of default, the assets revert to the financier. These assets are included in the category Motor Vehicles.

Equipment finance liabilities of the consolidated entity are payable as follows:

	2024 Minimum payments	2024 Interest	2024 Principal	2023 Minimum payments	2023 Interest	2023 Principal
Less than one year	85,992	29,783	56,209	-	-	-
Between one and five years	467,247	73,748	393,499	-	-	-
Later than 5 years	-	-	-	-	-	-
	553,239	103,531	449,708	-	-	-

Secured bank loan

The secured bank facility was drawn in May 2022. This loan is summarised as follows:

- Loan amount of $5,192,500;
- Variable interest rate being BBSY plus 2.35% (plus facility fee of 0.95%) per annum, payable in arrears;
- Term to 30 April 2028;
- No principal reductions required prior to November 2024 when principal reduction of $125,000 per quarter is required; and
- No financial covenants other than quarterly compliance and management reporting.

Unsecured loan facilities

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

- Amount: Limit of $1,127,000 reducing to $1,000,000 in October 2024.
- Term: October 2025
- Drawn: $1,127,000 as at 30 June 2024
- Interest rate the greater of 7.5% or the 30 day RBA cash rate plus 5% for the first $1,000,000 drawn, then the greater of 8.0% or the RBA cash rate plus 5%.

The unsecured loan facility is from a party associated with shareholders.

Assets pledged as security

The secured bank loan is secured by:

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

	2024 $	2023 $
20. ISSUED CAPITAL		
Issued capital		
368,603,712 (2023: 305,099,476) fully paid ordinary shares	25,285,850	24,338,804

Movements in ordinary share capital

	Date	No of shares	Issue price	$
Balance	30 June 2022	305,099,476		24,388,804
Issue of new shares		-		-
Balance	30 June 2023	305,099,476		24,338,804
Issue of shares on exercise of options	28 December 2023	63,504,236		952,564
Share issue transaction costs	28 December 2023	-		(5,518)
Balance	30 June 2024	368,603,712		25,285,850

Options

As at 30 June 2023 the Company has 75,796,477 options on issue. These options had the following terms:

- Exercise price 1.5 cents
- Expiry date 22 December 2023

These options are not quoted on the ASX.

During the year ended 30 June 2024, 63,504,236 of these options were exercised. The remaining 12,292,241 of these options expired on 22 December 2023.

The Company has no options on issue as at 30 June 2024.

21. RESERVES	2024 $	2023 $
Foreign currency translation reserve	259,784	259,784
Revaluation surplus reserve	4,778,651	3,916,307
	5,038,435	4,176,091

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 (2023: nil).

Revaluation reserve

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

21. 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 2022		259,784	3,090,552	3,350,336
Revaluation of bearer plants, net of tax	14	-	825,755	825,755
Balance as at 30 June 2023		259,784	3,916,307	4,176,091
Revaluation of bearer plants, net of tax	14	-	862,344	862,344
Balance as at 30 June 2024		259,784	4,778,651	5,038,435

22. FINANCIAL INSTRUMENTS DISCLOSURE

Market risk

Exposure to foreign currency risk
The consolidated entity has no material exposure to foreign currency risk (2023: nil).

Price risk
The consolidated entity is not exposed to any significant price risk (2023: nil).

Interest rate risk

(a) Profile

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

	Carrying Amount			
	2024		2023	
	Interest rate p.a.	$	Interest rate p.a.	$
Fixed rate instruments				
Equipment finance liabilities	7.02%$	449,708		-
		449,708		-
Variable rate instruments				
Secured bank loans	7.70%	5,192,500	6.90%	5,192,500
Unsecured loans	(i) 9.35%	1,127,000	(i) 9.10%	1,616,000
		6,319,500		6,808,500
Interest free instruments				
Trade and other payables		2,569,143		3,116,203
		9,338,351		9,924,703

(i) Weighted Average

22. 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 $6,319,500 (2023: $6,808,500) are interest only loans. Monthly cash outlays of approximately $42,100 (2023: $42,112) are required to service the interest payments on these variable rate borrowings. An increase / decrease in interest rates of 100 (2023: 100) basis points would have an adverse / favourable effect on profit after tax of $63,195 (2023: $68,085) per annum and an adverse / favourable impact on total equity of $63,195, (2023: $68,085). The percentage change is based on the expected 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	
	2024	**2023**
	$	**$**
The financial assets are:		
Cash and cash equivalents	458,115	229,340
Trade receivables	4,283,255	3,110,205
	4,741,370	3,339,545

The consolidated entity has a credit risk exposure to the investors in the projects it manages who collectively, as at 30 June 2024, owed the consolidated entity $3,626,128 (84.7% of trade receivables) (2023: $3,108,005 (99.9% of trade receivables)). These receivables arise from the management of the investor's projects and lease fees for the orchard assets and primarily relate to the year ended 30 June 2024. The consolidated entity expects to collect $3,591,455 (2023: $3,072,392) 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 $34,673 (2023: $35,613) will be collected by way of deduction from future harvest proceeds or by way of equity in the projects should they are 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.

Management estimates the credit loss at 30 June 2024 to be nil (2023: nil).

22. 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 at the reporting date:

	2024		2023	
	Facility amount	**Unused portion**	**Facility amount**	**Unused portion**
Secured bank loans	5,192,500	-	5,192,500	-
Unsecured loans	1,127,000	-	1,839,000	223,000
Equipment finance	500,000	50,292	500,000	500,000
	6,819,500	50,292	7,531,500	723,000

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 2024	**1 year or less**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total contractual maturities**
Non-interest bearing				
Trade and other payables	2,569,143	-	-	2,569,143
Interest bearing – fixed rate				
Equipment finance liabilities	85,992	85,992	381,254	553,238
Lease liability	19,704	19,704	-	39,408
Interest bearing – variable rate				
Secured loans	765,198	853,302	4,865,227	6,483,727
Unsecured loans	224,458	1,031,167	-	1,255,625
	3,664,495	1,990,165	5,246,481	10,901,141

30 June 2023				
Non-interest bearing				
Trade and other payables	3,116,203	-	-	3,116,203
Interest bearing – fixed rate				
Equipment finance liabilities	-	-	-	-
Lease liability	18,000	18,000	18,000	54,000
Interest bearing – variable rate				
Secured loans	1,341,032	4,424,942	-	5,765,974
Unsecured loans	606,390	221,852	1,030,333	1,858,575
	5,081,625	4,664,794	1,048,333	10,794,752

22. 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.

23. FAIR VALUE MEASUREMENT

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed 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
Level 3: Unobservable inputs for the asset or liability

2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Bearer plants	-	-	13,711,106	13,711,106
Investment property	-	-	2,313,860	2,313,860
	-	-	16,024,966	16,024,966

2023				
Bearer plants	-	-	13,017,952	13,017,952
Investment property	-	-	2,313,860	2,313,860
	-	-	15,331,812	15,331,812

Details regarding fair value measurement of bearer plants are disclosed in Note 14 and for investment property are disclosed in Note 15.

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

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Bearer plants	**Investment property**	**Total**
Balance at 1 July 2022	12,351,787	2,012,150	14,363,937
Gains recognised in profit or loss	-	301,710	301,710
Gains recognised in other comprehensive income	1,101,007	-	1,101,007
Depreciation	(434,842)	-	(434,842)
Balance at 30 June 2023	13,017,952	2,313,860	15,331,812
Gains recognised in profit or loss	-	-	-
Gains recognised in other comprehensive income	1,149,792	-	1,149,792
Depreciation	(456,638)	-	(456,638)
Balance at 30 June 2024	13,711,106	2,313,860	16,024,966

24 COMMITMENTS

The consolidated entity leases out the bearer trees set out in Note 14 and the investment property set out in Note 15. 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 14.

25. EARNINGS PER SHARE

	2024	2023
Earnings/(loss) per share	0.37 cents	0.18 cents
Diluted earnings / (loss) per share	0.37 cents	0.17 cents

Basic earnings per share

The calculation of basic earnings per share at 30 June 2024 was based on the net profit after income tax of $1,254,830 (2023: $534,653) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2024 of 338,156,476 (2023: 305,099,476).

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2024 was based on the profit to shareholders of $1,254,830 and the weighted average number of fully diluted ordinary shares of 338,156,476.

The calculation of diluted earnings per share at 30 June 203 was determined using:

- net profit after income tax of $534,653;
- weighted average ordinary shares outstanding of 305,099,476 for the year ended 30 June 2023;
- weighted average number of shares under option of 75,796,477 for the year ended 30 June 2023;
- exercise price of the options of 1.5 cents per share;
- average market price of ordinary shares of 1.85 cents per share during the year ended 30 June 2023; and
- the resulting number of shares for the dilution calculation being 319,439,350.

26. 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 2024	Equity interest 2023
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.

26. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Key management personnel

The Company has entered into loan agreements with entities related to Mr P Challis. Details of these loans are set out in Notes 26(d) and 26(e). Detailed remuneration disclosures are provided in the Remuneration Report on pages 12 to 19.

(d) Key transactions with related parties

	Transaction	Note	Transactions value year ended 30 June 2024 $	Transactions value year ended 30 June 2023 $	Balance outstanding as at 30 June 2024 $	Balance outstanding as at 30 June 2023 $
Schemes		(a)				
Victorian Olive Oil Project	Lease fees	(i)	813,699	771,716	813,399	771,716
	Management fees	(ii)	2,699,643	1,491,792	1,806,179	1,207,682
Victorian Olive Oil Project II	Lease fees as part of production sharing	(i)	277,076	234,607	237,937	238,663
	Management fees as part of production sharing	(ii)	387,907	328,007	400,051	425,266
	Oil sold	(iii)	-	-	1,073,029	985,291

(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 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.

(e) Loans from director related parties

The Company has obtained a financing facility from an entity associated with Mr P Challis. The total facility amount is $1,127,000 which was fully drawn at 30 June 2023 (2022: 1,277,000). The facility limit reduces to $1,000,000 in October 2024, and must be fully repaid by October 2025. The annual interest rate payable on the facility is the greater of 7.5% or the 30 day RBA cash rate plus 5% on the first $1,000,000 drawn and the greater of 8.0% or the 30 day RBA cash rate plus 5% on any drawn balance in excess of $1,000,000. The finance facility is unsecured.

The maturity profile of drawn loans at 30 June 2024 is as summarised as follows:

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

27. 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 Adrian Teo (Company Secretary)

Key management personnel compensation

	Consolidated	
	2024	2023
	$	$
Short-term employee benefits	205,538	182,000
Post-employment benefits	25,400	14,525
Long term benefits	(12,850)	3,573
	218,088	200,098

The Company has entered into loan agreements with entities related to Mr P Challis. Details of these loans are set out in Notes 26(d) and 26(e).

Detailed remuneration disclosures are provided in the Remuneration Report on pages 11 to 18.

28. 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

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 through an Olive Oil Supply Agreement which has a term until 30 June 2025.

29. RECONCILIATION OF CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

	2024	2023
	$	$
Cash flows from operating activities		
Profit / (Loss) for the year	1,254,830	534,653
Adjustments for:		
Depreciation	667,550	639,861
Gain on sale of assets	(66,000)	-
Revaluation of investment property	-	(301,710)
Income tax benefit	(287,448)	(275,252)
Change in trade and other receivables	(1,173,050)	(729,550)
Change in inventories	(137,719)	(47,074)
Change in other assets	(36,780)	8,793
Change in employee entitlements	13,094	22,192
Change in trade and other payables	(547,060)	190,610
Net cash (used in)/provided by operating activities	(312,583)	42,523

30. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Australian Agricultural Projects Limited as at 30 June 2024. The information presented has been prepared using accounting policies as disclosed in Note 1 with the additional policy that investments in subsidiaries are recorded at the lower of cost or net realisable value.

Statement of financial position	Company	
	2024	2023
	$	$
Current assets	1,408,078	1,186,008
Non current assets	10,716,363	10,716,363
TOTAL ASSETS	12,124,441	11,902,371
Current liabilities	2,853,861	3,501,627
Non current liabilities	1,000,000	1,127,000
TOTAL LIABILITIES	3,853,861	4,628,627
NET ASSETS	**8,270,580**	**7,273,744**
EQUITY		
Contributed equity	25,285,850	24,338,804
Accumulated losses	(17,015,270)	(17,065,060)
TOTAL EQUITY	**8,270,580**	**7,273,744**
Comprehensive income / (loss) of parent entity	49,790	(38,464)

31. COMMITMENTS AND CONTINGENT LIABILITIES

The Company does not have any capital commitments or contingent liabilities at balance and reporting dates.

32. EVENTS SUBSEQUENT TO REPORTING DATE

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.

CONSOLIDATE ENTITY DISCLOSURE STATEMENT
for the year ended 30 June 2024

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Name of entity	Type of entity,	Trustee, partner or participant in joint venture	% of share capital held	Country of Incorporation	Australian resident or foreign resident	Foreign jurisdiction of foreign residents
Australian Agricultural Projects Limited	Body Corporate	-	N/A	Australia	Australian	N/A
AOX Pty Ltd	Body Corporate	-	100	Australia	Australian	N/A
Australian Agricultural Investments Pty Ltd	Body Corporate	-	100	Australia	Australian	N/A
Victorian Olive Oil Project Limited	Body Corporate	-	100	Australia	Australian	N/A
Popeye Holdings Pty Ltd	Body Corporate	-	100	Australia	Australian	N/A
Lanyons Paddock Pty Ltd	Body Corporate	-	100	Australia	Australian	N/A
Terrapee Contractors Pty Ltd	Body Corporate	-	100	Australia	Australian	N/A
Victorian Olive Processors Pty Ltd	Body Corporate	-	100	Australia	Australian	N/A
EVOO Marketing Pty Ltd	Body Corporate	-	100	Australia	Australian	N/A
Finest Food Import Corporation	Body Corporate	-	100	USA	Foreign	USA
AAP Export Pty Ltd	Body Corporate	-	100	Australia	Australian	N/A
Oilpack Australia Pty Ltd	Body Corporate	-	100	Australia	Australian	USA
Red Island Australian Food Corporation	Body Corporate	-	100	USA	Foreign	N/A

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, each of the Australian Agricultural Projects Limited consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency
Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- the attached financial statements and notes as set out on pages 19 to 49 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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- the remuneration disclosures for the year ended 30 June 2024 included on pages 11 to 18 comply with section 300A of the Corporations Act 2001; and
- the information disclosed in the attached consolidated entity disclosure statement on page 50 is true and correct.

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)(a) of the Corporations Act 2001.

On behalf of the directors

Dated at Melbourne, Victoria this 25th day of September 2024.

____
Paul Challis
Managing Director

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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 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement 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 2024 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 and Investment Property

Key audit matter	*How the matter was addressed in our audit*
The Group's assets include bearer plants and an investment property at fair value with carrying values of \$13.7m and \$2.3m respectively. These assets consist of olive trees on a farm currently leased to investors via managed investment schemes. This is a key audit matter as judgements and estimates, which are complex and subjective, are incorporated into the valuation of the bearer plants and investment property to determine the fair value. The accounting policy is disclosed in Note 1, and details of the key accounting estimates and assumptions are disclosed in Note 14 and Note 15 of the accompanying financial report.	Our procedures, amongst others, included: • Reviewing that management had correctly classified the bearer plants to be in line with the requirements of AASB 116 *Property, Plant and Equipment*. • Reviewing that management has correctly classified the investment property in line with the requirements of AASB 140 *Investment Property*. • Challenging management's key assumptions and estimates used in the value-in-use model to determine the fair value of the bearer plants and investment property, including those relating to forecast revenue, costs, and discount rate, and corroborating the key market related assumptions to relevant and appropriate external data. • Checking the mathematical accuracy of the value-in-use model and agreeing relevant data to the latest budgets. • Assessing the ongoing appropriateness of the fair value and key estimates used by reference to an independent valuation report which was commissioned by management in 2022. • Evaluating the competency and capability of management's expert engaged to prepare the valuation report. • Assessing the historical accuracy and reliability of management's forecasts. • Performing a sensitivity analysis on the key financial assumptions being CPI, market rental, discount rate, harvest yield and the price of water. • Assessing the adequacy of the disclosures in the financial statements in respect of the key assumptions adopted in the value-in-use model.

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 2024, 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:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of 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

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 2024.

In our opinion, the Remuneration Report of Australian Agricultural Projects Limited, for the year ended 30 June 2024, 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

James Dixon
Director

Melbourne, 25 September 2024

SHAREHOLDER INFORMATION

Details of shares as at 18 September 2024:

Top holders

The 20 largest holders of each class of quoted security as at 18 September 2024 were:

Fully paid ordinary shares

	Name	No. of Shares	%
1	PATRAC HOLDINGS PTY LTD <THE CHALLIS FAMILY A/C>	56,925,114	15.44
2	BLISS ON BANKSIA HAIRDRESSING PTY LTD <THE STEFANEST EGG SFUND A/C>	46,866,075	12.71
3	PETTO HOLDINGS PTY LTD <THE P PETTO PREZZA FAM A/C>	40,603,702	11.02
4	GRIMFAM INVESTMENTS PTY LTD <THE GRIMSEY SUPER FUND A/C>	32,956,684	8.94
5	BOND STREET CUSTODIANS LIMITED <GFSOFF - D42134 A/C>	31,245,423	8.48
6	CAROLINE HOUSE SUPERANNUATION FUND PTY LTD <THE CAROLINE HOUSE S/F A/C>	31,107,915	8.44
7	WAI HENG HO	13,480,545	3.66
8	STEFANETTI WEALTH PTY LTD <D & P SUPER FUND>	12,190,162	3.31
9	MRS SERNG YEE LIEW	12,102,500	3.28
10	MR ROBERT BRYDON RUDD	11,281,287	3.06
11	CFS INTERIORS PTY LTD <THE STEFANETTI FAMILY A/C>	7,506,408	2.04
12	CITICORP NOMINEES PTY LIMITED	6,264,414	1.70
13	MR PAUL PETTOFREZZA + MRS CARMELA PETTOFREZZA <PETTOFREZZA RET FUND A/C>	6,082,354	1.65
14	MR DANIEL MICHAEL STEFANETTI <THE STEFANETTI FAMILY A/C>	6,043,864	1.64
15	MR ANTHONY HO	5,000,002	1.36
16	WINPAR HOLDINGS LIMITED	4,500,000	1.22
17	MR CHRISTOPHER MANNING BEATTIE	2,719,736	0.74
18	MR ALEX ANDRIANOPOULOS + MS VIRGINIA ORFANOS	2,500,000	0.68
19	BURRABAROO PTY LTD <MR&AM ELLIS RETIREMENT A/C>	2,300,000	0.62
20	NIGEL MANN MFT PTY LTD <MANN FAMILY A/C>	1,871,131	0.51
		333,547,316	**90.50**

Distribution schedule

A distribution schedule of each class of equity security as at 18 September 2024:

Fully paid ordinary shares

Range			Holders	Units	%
1	-	1,000	24	6,784	0.00
1,001	-	5,000	8	27,062	0.01
5,001	-	10,000	3	24,532	0.01
10,001	-	100,000	149	6,438,256	1.75
100,001	-	Over	103	362,107,078	98.23
Total			287	368,603,712	100.00

Number of unquoted securities

Nil

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
Patrac Holdings Pty Ltd <The Challis Family A/C>, <The Challis Super Fund A/C>	57,951,113
Bliss on Banksia Hairdressing Pty Ltd, Stefanetti Wealth Pty Ltd <D&P Super Fund A/C>, CFS Interiors Pty Ltd <The Stefanetti Family A/C>, Daniel Michael Stefanetti <The Stefanetti Family A/C>	72,606,576
Petto Holding Pty Ltd <The P Petto Prezza Fam A/C>, Mr Paul Pettofrezza & Mrs Carmela Pettofrezza <Pettofrezza Ret Fund A/C>	46,686,056
Grimfam Investments Pty Ltd <The Grimsey Super Fund A/C>	32,956,684
Caroline House Superannuation Fund Pty Ltd <The Caroline House S/F A/C>	31,107,915

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 13,889 units as at 18 September 2024):

Holders	Units
41	133,587

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.