



Australian Agricultural Projects Limited

ABN: 19 104 555 455

Interim Financial Report
for the half-year ended 31 December 2023



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DIRECTORS' REPORT

The Board of Directors present their report on the consolidated entity consisting of Australian Agricultural Projects Limited ("ASX:AAP") (Company) and its controlled entities (Group) for the six months ended 31 December 2023 and the independent auditor's review report thereon:

1. Directors

The Directors of the Company at any time during or since the end of the half-year and up to the date of this report are:

Name	Period of directorship
Mr Paul Challis <i>Managing Director</i>	Director since 12 September 2007
Mr Daniel Stefanetti <i>Non-Executive Director</i>	Director since 26 September 2019
Mr Anthony Ho <i>Non-Executive Director</i>	Director since 30 April 2003

2. Results and review of operations

The Company presents its financial report for the six month period to 31 December 2023. The financial result for this period was a net loss after tax of \$172,040 (2022: profit of \$213,393). The principal drivers in the change to this result are:

- The estimated 2024 harvest being less than the prior year harvest largely as a consequence of this being an "off" year in the biennial cycle of the orchard. This has the impact of decreasing the level of management fees that are expected to be received;
- Increased operating costs due largely to:
 - An expanded maintenance programme on the orchard harvesting equipment; and
 - Unusually low costs in the same period last year as a consequence of the heavy rains and flood conditions that limited trafficability at the orchard at that time; and
- Increased borrowing costs due to the increase in interest rates over the past twelve months.

Orchard operations

The orchard is in good health with strong growth being recorded on both the mature trees and the younger trees (that formed the replanting programme) as a consequence of the excellent growing conditions. Those areas of the orchard that were adversely impacted by the 2022 flooding continue to be monitored and it is expected that the majority of the effected trees will recover over the next two to three years.

The key factors impacting orchard operations have been:

- The unusually high rain fall in late December 2023 and early January 2024. We recorded approximately two thirds of our annual rainfall in this short period and while the orchard avoided major flooding, this event has had the effect of deferring some operations as the orchard was largely untrafficable during this period.
- The maintenance programme for this year focused on the two harvesters including a refit of all hydraulic systems. The expectation is that these machines which were purpose built for the orchard will remain effective for the foreseeable future.
- The greater than expected rainfall combined with high dam storage levels at the start of the season has resulted in reduced water costs. The management team do not consider access to or the price of water to be a significant risk for the balance of this season or the next; and
- Access to casual labour continues to improve, especially when compared to the period shortly after COVID.



DIRECTORS' REPORT

2. Results and review of operations (continued)

Expected yield

Flowering at the orchard occurred in early November in very good climatic conditions. Orchard inspections indicate that fruit set is on the good side of expectations which supports management's expectations of final oil production in excess of 600,000 litres. 2024 is an "off" year in the biennial cycle of the orchard, however, the expected production is above the 2022 harvest which was the last "off" season. As always, the final volumes of oil produced is dependent upon many factors including climatic conditions between now and the harvest in May 2024.

The Company remains confident that the two-year rolling average production will continue to grow over the medium term as the recently replanted portion of the orchard continues to mature. This portion represents approximately 40% of the total area of the orchard with the small (28 hectare) initial plantings in 2018 now nearing full production. It is expected the last plantings completed in 2022 will enter production in 2025 and near maturity in 2028 or 2029.



Oil sales

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

World prices for bulk extra virgin olive oil remain very strong largely as a consequence of poor production levels in the European region. These increased prices have now flowed through to the Australian retail price of imported olive oil brands. These prices have all increased substantially over recent months. This has created an environment where Cobram Estate has reported a significant increase in sales and an improved sales mix.

Our expectation is that this environment will continue to improve the value of the oil produced at the orchard.

As we reported earlier, the 2023 harvest resulted in a portion of virgin olive oil (the second highest grade of olive oil) being produced principally due to unfavourable climatic conditions at the end of the 2023 harvest. This virgin olive oil was marketed directly by the Company and the proceeds of the sale have been received in the six month period to 31 December 2023.

Exercise of options

In December 2023, \$952,564 was received as a consequence of the exercise of options that were issued as part of the rights issue in 2021.

This has resulted in 63,504,236 new shares being issued bringing the total number of shares on issue to 368,603,712.

The principal benefit of this cash inflow is the strengthening of the Company's balance sheet enabling a restructuring of the Company's banking facilities before regular principal reductions in the debt facility commence.



DIRECTORS' REPORT

2. Results and review of operations (continued)

Asset revaluation

During the reporting period, the value of the principal assets owned by the Company was considered by the directors resulting in an upward revaluation in the bearer plants and no change in the value of the underlying land. Specifically:

Asset	Six months to 31 December 2023 Revaluation	31 December 2023 Valuation
Investment property (land)	-	2,313,860
Bearer plants (trees)	704,834	13,498,605
Total	<u>704,834</u>	<u>15,812,465</u>

Recognition

It is important to acknowledge the tremendous effort put in by the entire orchard team over recent years which was responsible for the replanting of a significant portion of the orchard despite some difficult operating conditions caused by greater than normal rainfall.

3. Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 6.

Dated at Melbourne, Victoria, this 28th day of February 2024.

Signed in accordance with a resolution of the Directors:

Paul Challis
Managing Director

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

As lead auditor for the review of Australian Agricultural Projects Limited for the half-year ended 31 December 2023, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 28 February 2024



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
for the half-year ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Revenue	3	986,207	1,102,154
Cost of sales		(519,340)	(402,333)
		<u>466,867</u>	<u>699,821</u>
Other income		3,188	1,776
Corporate and administrative expenses		(232,522)	(182,411)
Depreciation and amortisation		(326,263)	(315,600)
Borrowing costs		(259,518)	(210,375)
Revaluation of investment property	5	-	30,171
Net (loss) / profit before income tax		<u>(348,248)</u>	<u>23,382</u>
Income tax benefit	9	176,208	190,011
Net (loss) / profit for the period		<u>(172,040)</u>	<u>213,393</u>
Other comprehensive Income, net of tax			
Revaluation of bearer plants	4	528,626	570,033
Total comprehensive income for the period		<u><u>356,586</u></u>	<u><u>783,426</u></u>
(Loss) / Earnings per share			
Basic (loss) / earnings per share (cents)		(0.06)	0.07
Diluted (loss) / earnings per share (cents)		(0.06)	0.06

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 31 December 2023

	Note	31 December 2023 \$	30 June 2023 \$
CURRENT ASSETS			
Cash and cash equivalents		1,560,779	229,340
Trade and other receivables		2,051,176	3,110,205
Inventories		-	421,527
Other		444,076	29,250
Total Current Assets		<u>4,056,031</u>	<u>3,790,322</u>
NON CURRENT ASSETS			
Property, plant and equipment		638,844	732,324
Right of use asset		43,003	48,924
Bearer plants	4	13,498,605	13,017,952
Investment property	5	2,313,860	2,313,860
Total Non Current Assets		<u>16,494,312</u>	<u>16,113,060</u>
TOTAL ASSETS		<u>20,550,343</u>	<u>19,903,382</u>
CURRENT LIABILITIES			
Trade and other payables		2,593,525	3,116,203
Lease liability	6	16,063	14,568
Provisions		354,814	333,962
Loans and borrowings	7	1,716,000	1,489,000
Total Current Liabilities		<u>4,680,402</u>	<u>4,953,733</u>
NON CURRENT LIABILITIES			
Lease liability	6	26,847	33,188
Loans and borrowings	7	4,942,500	5,319,500
Total Non Current Liabilities		<u>4,969,347</u>	<u>5,352,688</u>
TOTAL LIABILITIES		<u>9,649,749</u>	<u>10,306,421</u>
NET ASSETS		<u>10,900,594</u>	<u>9,596,961</u>
EQUITY			
Issued Capital / Contributed equity	10	25,285,851	24,338,804
Reserves		4,704,717	4,176,091
Accumulated losses		(19,089,974)	(18,917,934)
TOTAL EQUITY		<u>10,900,594</u>	<u>9,596,961</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the half-year ended 31 December 2023

	31 December 2023 \$	31 December 2022 \$
Cash flows from operating activities		
Cash receipts in the course of operations	3,088,200	1,946,930
Cash payments in the course of operations	(2,268,939)	(1,503,593)
Interest received	3,062	1,776
Interest paid	(285,920)	(153,418)
Net cash provided by operating activities	536,403	291,695
Cash flows from financing activities		
Issue of capital (net of costs)	952,564	-
Proceeds of borrowings	-	175,000
Repayment of borrowings	(150,000)	(10,649)
Repayment of lease liability	(7,528)	(6,538)
Net cash provided by financing activities	795,036	157,813
Net increase in cash and cash equivalents held	1,331,439	449,508
Cash and cash equivalents at the beginning of the period	229,340	68,040
Cash and cash equivalents at the end of the period	1,560,779	517,548

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 31 December 2023

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2022	<u>24,338,804</u>	<u>3,350,336</u>	<u>(19,452,587)</u>	<u>8,236,553</u>
Profit net of tax for the half year	-	-	213,393	213,393
Other comprehensive income, net of tax	-	<u>570,033</u>	-	<u>570,033</u>
Total comprehensive income for the period	-	570,033	213,393	783,426
Balance as at 31 December 2022	<u>24,338,804</u>	<u>3,920,369</u>	<u>(19,239,194)</u>	<u>9,019,979</u>
	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2023	<u>24,338,804</u>	<u>4,176,091</u>	<u>(18,917,934)</u>	<u>9,596,961</u>
Loss net of tax for the half year	-	-	(172,040)	(172,040)
Other comprehensive income, net of tax	-	<u>528,626</u>	-	<u>528,626</u>
Total comprehensive income for the period	-	528,626	(172,040)	356,586
Contributions to equity (net of costs)	947,047	--	-	947,047
Balance as at 31 December 2023	<u>25,285,851</u>	<u>4,704,717</u>	<u>(19,089,974)</u>	<u>10,900,594</u>

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2023

1. CORPORATE INFORMATION

Australian Agricultural Projects Limited (“Company”) is a public company limited by shares, incorporated in Australia whose shares are quoted on the Australian Securities Exchange.

The consolidated interim financial report as at and for the six months ended 31 December 2023 comprises the Company and its subsidiaries (together referred to as the “consolidated entity” or “Group”).

The annual financial report of the consolidated entity as at and for the year ended 30 June 2023 is available upon request from the Company’s registered office or may be viewed on the Company’s website, www.voopl.com.au.

This consolidated interim financial report was approved by the Board of Directors on 28th of February 2024.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated interim financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reports* and the *Corporations Act 2001*. The interim financial report has been prepared on the historical cost basis with the exception of financial assets and liabilities and the investment property and bearer plants which are recorded at fair value.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2023. It is also recommended that the interim financial report be considered together with any public announcements made by the consolidated entity during the six months ended 31 December 2023 in accordance with continuous disclosure obligations under the *ASX Listing Rules*.

(b) Accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated annual financial report as at and for the year ended 30 June 2023.

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30 June 2023.

3. REVENUE

	31 December 2023	31 December 2022
Management fees	579,508	716,296
Lease fees from the investment property	406,699	385,858
	<u>986,207</u>	<u>1,102,154</u>

4. BEARER PLANTS

	31 December 2023	30 June 2023
Bearer plants	<u>13,498,605</u>	<u>13,017,952</u>
Movement consists of:		
Bearer plants opening balance	13,017,952	12,351,787
Depreciation of bearer plants	(224,181)	(434,842)
Net fair value gain on bearer plants	704,834	1,101,007
	<u>13,498,605</u>	<u>13,017,952</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2023

4. BEARER PLANTS (continued)

Note: The comparative numbers headed 30 June 2023 are as at 30 June 2023. The detail for the comparative six month period ended 31 December 2022 are opening balance \$12,351,787, depreciation of bearer plants (\$212,709) and net fair value gain on bearer plants \$760,044 resulting in a total value of bearer plants at 31 December 2022 of \$12,899,122.

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 to two managed investment schemes for an initial period to 2025 plus an option of another 25 years.

The value of the bearer plants was determined by the directors at 31 December 2023 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 investment property increased annually by CPI indexation commencing at a rate of 3.5% decreasing to a long-term average of 3% from 2025. Where the rental forms a percentage of the proceeds from the sale of the produce from the property, the long-term average value of the production was assumed to increase by 3% 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% 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 8.0 tonnes of fruit per hectare per annum increasing to a long term average of 9.75 tonnes per hectare per annum from 2027 which is when the orchard is expected to achieve maturity yields following the recent replanting programme.
- The average annual price of water available to the orchard increases from \$80 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%	1,128,149
		if reduced to 2.5 %	(999,014)
2025 market rental	\$4,000 per ha	If increased to \$4,250	719,841
		If reduced to \$3,750	(719,841)
Discount rate	11.0%	if increased to 11.5%	(902,116)
		if reduced to 10.5 %	987,937
Harvest yield	9.75 t per ha	if increased to 10.25 tonne per ha	191,576
		if reduced to 9.25 tonne per ha	(191,573)
Average price of water	\$170 per ML	if increased to \$190 per ML	(242,709)
		if reduced to \$150 per ML	242,709

The investment property including the bearer plant assets have been pledged as security in support of the consolidated entity's finance facilities provided by the National Australia Bank.

The lease agreements require 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2023

	31 December 2023 \$	30 June 2023 \$
5. INVESTMENT PROPERTY		
Investment property	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

Note: The comparative numbers headed 30 June 2023 are as at 30 June 2023. The detail for the comparative six month period ended 31 December 2022 are opening balance of \$2,012,150, net fair gain investment property \$30,171 resulting in a total value of investment property at 31 December 2022 of \$2,042,321.

The investment property is a level 3 asset for the purposes of determining fair value. The investment property comprises land located at 1453 Wychitella Quambatook Road, Terrapee in Victoria totalling 517.85 hectares. The land has been planted with the olive trees (bearer plants) included in Note 4 Bearer Plants. The investment property, 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 investment property and the bearer plants as a combined asset, and as such a reasonable split of the expenses between the investment property and the bearer plants cannot be made.

The value of the investment property was determined by the Directors at 31 December 2023 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 and percentage movements in property valuations based upon local shire site valuations. The key assumptions in management's 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 these assumptions are 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 if reduced 5% to \$4,370 per hectare	125,712 (125,712)
Fair value per hectare of land with remnant vegetation	\$50	if increased 10% to \$55 per hectare if reduced 10% to \$45 per hectare	75 (75)

The investment property including the bearer plant assets have been pledged as security in support of the consolidated entity's finance facilities provided by the National Australia Bank.

	31 December 2023 \$	30 June 2023 \$
6. LEASE LIABILITY		
Current lease liability	16,063	14,568
Non-current lease liability	26,847	33,188
Total lease liability	42,910	47,756

The lease liability relates to a lease of office premises with a term to 30 June 2024. There are two options to extend the term of the lease, each for a further 12 month period, which have not been taken up as at the date of this report.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2023

	31 December 2023 \$	30 June 2023 \$
7. LOANS AND BORROWINGS		
<i>Current loans and borrowings</i>		
Secured loan	1,250,000	1,000,000
Unsecured loan facility	339,000	339,000
Shareholder loans	127,000	150,000
	1,716,000	1,489,000
<i>Non current loans and borrowings</i>		
Secured loan	3,942,500	4,192,500
Shareholder loans	1,000,000	1,127,000
	4,942,500	5,319,500
Total loans and borrowings	6,658,500	6,808,500

8 RELATED PARTY DISCLOSURES

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.

Scheme	Transaction	Note	Transactions value six months ended		Balance outstanding as at	
			31 December 2023 \$	2022 \$	31 Dec 2023 \$	30 June 2023 \$
Victorian Olive Oil Project	Lease fees	(i)	406,699	385,858	715,385	771,716
	Management fees	(ii)	538,502	710,296	869,359	1,207,682
Victorian Olive Oil Project II	Costs of operating the project that have been capitalised until harvest	(iii)	365,817	304,581	-	-
	Lease and management fees receivable	(ii)	-	-	260,324	663,929
	Oil purchased	(iv)	-	-	(1,114,559)	(985,291)

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) Where the management fees set out in (ii) above are subject to a production sharing arrangement, the direct costs incurred in farming this portion of the orchard are capitalised until harvest.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2023

	31 December 2023	31 December 2022
9 INCOME TAX		
Income tax benefit	176,208	190,011

The Directors have not recognised a deferred tax asset to the extent of losses available to the Company. In preparing this interim financial report, the Directors have considered the current circumstances of the Company and are satisfied that, given there is still insufficient certainty about the period over which the tax losses will be recovered, it is appropriate to continue to not recognise the deferred tax asset.

An income tax benefit is recognised to the extent that the increase in the valuation of bearer plants will recoup a portion of the deferred tax losses not previously recognised.

	31 December 2023	30 June 2023
10 ISSUED CAPITAL		
Issued capital		
368,603,712 (December 2023: 305,099,476) fully paid ordinary shares	25,285,851	24,338,804

Movements in ordinary share capital

	Date	No of shares	Issue price	\$
Balance	30 June 2023	305,041,626		24,338,804
Issue of shares on exercise of options	28 December 2023	63,504,236	0.015	952,564
Share issue transaction costs	28 December 2023	-	0.00	(5,517)
Balance	31 December 2023	<u>368,603,712</u>		<u>25,285,851</u>

There was no movement in issued capital for the comparative six month period ending 31 December 2022.

Options

The Company has no options on issue as at 31 December 2023.

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 six month period ended 31 December 2023, 63,504,236 of these options were exercised. The remaining 12,292,241 of these options expired on 22 December 2023.

11 SEGMENT INFORMATION

Business segments

The Company operates in just one segment, that being the management and lease of olive orchard assets. This includes the cultivation of olive trees, the harvesting and processing of fruit to oil, the marketing of oil produced as well as related services.

Seasonality

A portion of the orchard fees the Company earns is subject to seasonal influences and those fees are not recognised until the orchard is harvested and the resulting oil produced during April to June 2024. The recognition of the orchard expenses related to this portion of fee income are also deferred until the time of harvest.



12 COMMITMENTS AND CONTINGENT LIABILITIES

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

13 EVENTS SUBSEQUENT TO REPORTING DATE

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



DIRECTORS' DECLARATION

The Board of Directors of Australian Agricultural Projects Limited ("Company") declare that:

1. the financial statements and notes, as set out on pages 7 to 16, of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2023 and of its performance for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne, Victoria, this 28th day of February 2024.

Signed in accordance with a resolution of the Directors:

Paul Challis
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australian Agricultural Projects Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Australian Agricultural Projects Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'James Dixon', written in a cursive style.

James Dixon

Director

Melbourne, 28 February 2024