



ABUNDANT
PRODUCE

Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

Annual Report

For the Year Ended 30 June 2019

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Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

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For the Year Ended 30 June 2019

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Corporate Governance Statement

The company's compliance and departures from the Recommendations as at the date of this announcement are set out below:

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 1: - Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have disclosed a charter which sets out the respective roles and responsibilities of the Board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management.	Yes	The Company has adopted a Board Charter. The Board Charter is available on request from the Company.
Recommendation 1.2 A listed entity should: <ul style="list-style-type: none"> (a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) Provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director. 	Yes	(a) The Company has guidelines for the appointment and selection of the Board. (b) All material information relevant to a decision on whether or not to elect or re-elect a director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a director will be voted on.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Each director and senior executive is a party to a written agreement with the Company setting the terms of their appointment.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Board Charter provides that the Company Secretary is accountable directly to the Board through the chair.
Recommendation 1.5 A listed entity should: <ul style="list-style-type: none"> (a) Have a diversity policy which includes requirements for the board: (b) To set measurable objectives for achieving gender diversity; and (c) To assess annually both the objectives and the entity's progress in achieving them; (d) Disclose that policy or a summary of it; and (e) Disclose as at the end of each reporting period: (f) The measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (g) Either: (h) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or The entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	Yes	The Company has adopted a Diversity Policy. The Diversity Policy provides a framework for the Company to set and achieve measurable objective that encompass gender equality. The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The Company is responsible for implementing, monitoring and reporting on measurable objectives. The Diversity Policy is available from the Company and will be available on the company's website.

<p>Recommendation 1.6 A listed entity should:</p> <p>(a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	No	<p>(a) The Company does not have a Nomination Committee. The functions of the Nomination Committee are performed by the whole Board. At this stage of the Company's development, it is not considered appropriate for a Nomination Committee to be created.</p> <p>(b) The Board is responsible for evaluating the performance of the board and individual directors. Evaluations are to be conducted bi-annually. An evaluation has not being conducted in the reporting period.</p>
<p>Recommendation 1.7 A listed entity should:</p> <p>(a) Have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	No	<p>The Board is responsible for evaluating the performance of senior executives. The Board is to arrange a performance evaluation of the senior executives.</p> <p>Due to changes within the Board, the performance evaluation of senior executives will be undertaken in the next period.</p>
<p>Principle 2: Structure the board to add value</p>		
<p>Recommendation 2.1 The board of a listed entity should:</p> <p>(a) Have a nomination committee which:</p> <p>(b) Has at least 3 members, a majority of whom are independent directors; and</p> <p>(c) Is chaired by an independent director,</p> <p>(d) And disclose</p> <p>(e) The charter of the committee;</p> <p>(f) The members of the committee; and</p> <p>(g) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(h) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	No	<p>Given the size and nature of the existing Board and the magnitude of the company's operations, the Company's Nomination Committee is undertaken by the full Board.</p> <p>Pursuant to the Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee. The Board's nomination responsibilities are set out in the Board Charter.</p> <p>The Board will devote time each year to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and the ASX Listing Rules.</p> <p>The Board is in the process of updating the Company's Board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.</p>
<p>Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Yes	<p>The Board Charter contains the current Board skill matrix which is in the process of being updated.</p>

<p>Recommendation 2.3 A listed entity should disclose:</p> <p>(a) The names of the directors considered by the board to be independent directors;</p> <p>(b) If a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) The length of service of each director.</p>	Yes	<p>As at the date of this statement, the Board comprises 3 directors of which, Seona Wallace is considered independent.</p> <p>The length of service of each Director is provided in the 2019 Annual Report.</p>
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent directors.</p>	No	<p>The Board will consider the number of independent directors when considering appointing additional or replacement directors.</p>
<p>Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	No	<p>Mr Brown is the Chairman and is not considered independent as he is an executive. Given the small number of board members and the current development of the company, it is not considered appropriate to engage an independent chairman.</p>
<p>Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	Yes	<p>The Company has in place an induction program for new directors.</p>
<p>Principle 3: Act ethically and responsibly</p>		
<p>Recommendation 3.1 A listed entity should:</p> <p>(a) Have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) Disclose that code or a summary of it.</p>	Yes	<p>The Board has a Code of Conduct for directors and senior executives. The Code of Conduct has been extended to cover other employees and consultants/contractors.</p> <p>The Code is available upon request from the Company's registered office and will be available on the Company's website when it has been upgraded.</p>

Principle 4: Safeguard integrity in financial reporting		
<p>Recommendation 4.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) Have an audit committee which: (b) Has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors: and (c) Is chaired by an independent director, who is not the chair of the board, (d) And disclose: (e) The charter of the committee; (f) The relevant qualifications and experience of the members of the committee; and (g) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (h) If does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. 	No	<p>Given the size and nature of the existing Board and the magnitude of the company's operations, the Company's Audit Committee is undertaken by the full Board.</p> <p>The functions of the Audit Committee, currently performed by the Board are included in an Audit Committee Charter which is available upon request from the Company's registered office and will be available from the company's website when its upgrade is completed.</p>
<p>Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from the CEO and the CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes	<p>The CEO and CFO have provided declarations that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group.</p>
<p>Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Yes	<p>The Company's external auditor was invited to attend the AGM.</p>

Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) Disclose that policy or a summary of it.	Yes	The Company has a written policy for complying with its continuous disclosure obligations under the Listing Rules. The Continuous Disclosure Policy is available upon request from the Company's registered office and from the Company's website when its website has been upgraded.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	No	The Company is currently upgrading its website and will include its governance information on the website when completed.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company has adopted a Shareholder Communications Policy which aims to promote and facilitate two-way communication with investors.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate an encourage participation at meetings of security holders	Yes	The Shareholder Communication Policy contains relevant policies and processes and is available upon request from its registered office and will be available from the company's website when its upgrade is completed.
Recommendation 6.4 A listed entity should give security holders the option to receive communication from and send communications to, the entity and its security register electronically.	Yes	This facility is available to all security holders.

Principle 7: Recognise and manage risk		
<p>Recommendation 7.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) Have a committee or committees to oversee risk, each of which: (b) Has at least three members, a majority of whom are independent directors; and (c) Is chaired by an independent director, (d) And disclose: (e) The charter of the committee; (f) The members of the committee; and (g) At the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (h) If it does not have a risk committee or committees that satisfy (a) above disclose that fact and the process it employs for overseeing the entity's risk management framework. 	No	Given the size and nature of the existing Board and the magnitude of the Company's operations, the Company's Risk functions are undertaken by the full Board.
<p>Recommendation 7.2 The board or a committee should:</p> <ul style="list-style-type: none"> (a) Review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) Disclose in relation to each reporting period, whether such a review has taken place. 	Yes	The review of the risk management framework was undertaken during the reporting period.
<p>Recommendation 7.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) If it has an internal audit function, how the function is structured and what role it performs; or (b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	No	Given the size of the Company the Board does not consider it necessary to have an internal audit function. This function is undertaken by the Board in its role as the Audit Committee.
<p>Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social responsibility risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	If the company has any material exposure to economic, environmental and social sustainability risk, it will disclose any such exposure and how it manages or intends to manage those risks, in future Corporate Governance Statements. To date the company has no material exposures to economic, environmental and social sustainability risks.

Principle 8: Remunerate fairly and responsibly		
<p>Recommendation 8.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) Have a remuneration committee which: (b) Has at least 3 members, a majority of whom are independent directors; and (c) Is chaired by an independent director, (d) And disclose: (e) The charter of the committee; (f) The members of the committee; and (g) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (h) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. 	No	Given the size and nature of the existing Board and the magnitude of the Company's operations, the Company's Remuneration Committee functions are undertaken by the full Board.
<p>Recommendation 8.2 A listed entity should separately disclose its policies regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	Yes	The Company's policies and practices have been disclosed in the June 2019 Annual Report.
<p>Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) Disclose that policy or a summary of it. 	Yes	<p>The Company has a Share Trading policy which includes a policy of prohibiting participants of an equity-based remuneration scheme from entering into transactions (whether through use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p> <p>A copy of the company's Share Trading policy is available upon request from the company's registered office and will be available from the Company's website when its upgrade has been completed.</p>

Abundant Produce Limited and Controlled Entities

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Chairman's and Chief Executive Officer's Report

30 June 2019

The 2019 year saw explosive growth in domestic sales of cucumbers and broad expansion of grower trials for Abundant Seeds cucumbers and tomatoes both locally and internationally.

Abundant Natural Health ended the year with a substantial Australian pharmacy presence and exciting new products being readied to roll out into over-the-counter pain relief niche markets across Australia, Asia and the USA.

ABUNDANT NATURAL HEALTH (ANH)

The year to 30 June 2019 was transformative for Abundant Natural Health (ANH). Refining its focus to a clearly defined, multi-billion dollar market, established a significant shelf presence in Australian pharmacies and an online presence in China. This initiated sales and further distribution into the United States whilst developing a pipeline of new products.

The ANH brand stands for effective, topically applied, therapeutic relief from pain and inflammation, using 100% natural biologics and minerals. Produced ethically and sustainably in Australia, this positions the company to benefit from ageing demographics and worldwide consumer trends favouring natural therapies. Biologics are predicted to comprise more than a quarter of the pharmaceutical market by 2020 (*Opportunities in global markets, Deloitte: 2017*).

THE PRODUCT PIPELINE

Now employing a Formulation Chemist and a Chemical Engineer in-house, ANH has substantially boosted its product development capabilities. The product pipeline now spans three market niches.

Musculoskeletal Pain Management

During the March 2019 quarter, ANH's foundational topically applied pain management products received Therapeutic Goods Administration approval. These include a pump action Magnesium Spray and an airless Gel, which utilise cucumber extracts to promote dermal penetration. Both are treated as complementary medicines used to relieve aches and pains, reduce muscle inflammation and soreness. In the same quarter ANH added a cleanser (an Exfoliating Body Bar rich in magnesium, olive oil, goat's milk and Jojoba beads) to this range. Two more products are planned for release this financial year.

Pain Management is estimated to be a USD32Bn market (*P&S Intelligence: Chronic Pain Treatment Market to Reach USD 105.9 Billion by 2024: 7 January 2019*).

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30 June 2019

Dermatological Health

Commencing in early 2019, ANH created a mineral-enriched salt formulation, subsequently producing samples of a new range called Ocean Soothe. The Ocean Soothe Gel combines the salt pond brine with extracts of Cucumber and Aloe Vera while the Ocean Soothe Lotion pairs the brine with Olive Oil.

Both products are proven to provide immediate and lasting relief for psoriasis sufferers. To confirm the efficacy of these products ANH commenced an international consumer trial. The overall feedback from the trialists has been incredibly positive with patients who participated in the trial reporting improvements across five key symptom groups: itching, size of affected area, redness, soreness and dryness.

Following the success of these trials, ANH applied for endorsement from the U.S. National Psoriasis Foundation (NPF), the world's largest psoriasis and psoriatic arthritis non-profit, with an annual global reach of 2.5 million patients. The NPF Panel Review involved five US based Dermatologists and five Psoriasis sufferers, following which both Ocean Soothe products were awarded the NPF Seal of Recognition. Initial inventories of Ocean Soothe Lotion and Gel are currently being manufactured in preparation for the launch of campaigns across Australia, the U.S. and China.

ANH expects to release additional core dermatological healthcare products following success of the Ocean Soothe range, together with complementary cleansing products.

Psoriasis treatment is estimated to be a USD9Bn market (*HPS: Psoriasis Treatment Market Worth USD 12.1 Billion by 2024: TNF Inhibitors to Emerge Most Valued Product, Predicts TMR: 6 January 2017*).

Headache and Migraine Relief

ANH has developed and is currently conducting public trials of an innovative and 100% natural opioid-free nasal spray for the treatment of headaches and migraines, in conjunction with one of Australia's leading health and biomedical research leaders (heading a 1,000-strong research team.)

Four additional products are under development and concepts are being developed for complementary products.

The migraine market is estimated at USD 4Bn (*Global Data: Global migraine market set to be worth USD 8.7 Billion by 2026: 22 September 2017*).

PROMOTION AND DISTRIBUTION

During the year to 30 June 2019, ANH implemented promotion and distribution strategies for key markets in Australia, China and the U.S. Over the coming year, management plans to develop and implement a European distribution strategy.

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30 June 2019

Australia

During the 2019 March quarter ANH signed distribution agreements with two major Australian pharmacy distributors and a niche distributor specialising in Daigou-facing pharmacies and gift shops. ANH products are now ranging in 600 plus stores, with management targeting 2,000 stores over a 12 month period. The potential reach within these existing distribution channels alone is 5,000 plus stores across Australia over coming years.

With this shelf presence and distribution capacity in place, ANH invested in a marketing strategy driven by key social media influencers, brand ambassadors and content driven public relations, complemented by an exhibition at the Sydney Royal Easter show. This social strategy received a boost when brand ambassadors Chloe Logarzo and Lisa De Vanna played in the Women's World Cup, posting regularly about the pain relief and recovery benefits of ANH's Magnesium Spray and Gel.

ASIA

ANH's dramatically popular presence at the inaugural China International Import Expo (CIIE) in November 2018, demonstrated the potential for ANH products in the Chinese marketplace to ANH management, as well as to Chinese distributors and Daigou groups who visited ANH's exhibition stand. China is the world's second largest import market, expecting to import over 10 trillion U.S. dollars of products and services over the next five years to supply a fast-growing middle class, already estimated to include over 145 million people.

Accordingly in the December 2018 quarter, the ANH board decided to manage this critical market in-house rather than rely on an external distributor. Early in 2019, ANH implemented a staged strategy involving increased Asian social media, a Chinese language website, new product rollouts with China-specific packaging, mainland China based bonded warehouses and direct placement on cross-border ecommerce platforms.

Direct distribution opportunities are being explored covering China, the Philippines, Taiwan and Vietnam. ANH will exhibit at CIIE again in November 2019.

The United States

During the financial year ANH secured Amazon agreement regarding the U.S. warehousing and distribution of ANH's product range (facilitating within the U.S. and to 100 countries globally). Pain Relief was Amazon's largest and the fastest-growing category in H1 2018 and Amazon reports investments in warehousing, logistics and regional same-day delivery making it realistic to buy over-the-counter medication online.

Once Ocean Soothe inventory is on-site in U.S. warehouses, ANH will commence a nationwide campaign, leveraging its National Psoriasis Foundation endorsement across consumer and health-professional media.

Abundant Produce Limited and Controlled Entities

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Chairman's and Chief Executive Officer's Report

30 June 2019

ABUNDANT SEEDS (AS)

Domestic Sales Driving Growth

Seeds sales in the year to 30 June 2019 more than doubled the result in the 2018 year. This success reflected the growing popularity of Abundant cucumber seeds in New South Wales, together with geographical expansion into South Australia, Victoria and Queensland. This was reinforced with a content-driven brand awareness campaign targeting horticultural industry publications and websites.

Export Markets

Trials of cucumber seeds by export partners continue to expand. In Vietnam, Abundant cucumber trials are showing positive early results. In Mexico, cucumber seeds have arrived in the country and trial crops are expected to be planted in the current Quarter. In the Middle East, cucumber trials are ongoing and management expects to receive feedback during the current quarter. In the United States, Abundant cucumbers are now being grown by a second distributor with results expected in the second Quarter.

Breeding

During the super cell storms that struck Sydney in March 2019, large hail stones punctured the plastic sheeting covering ABT greenhouses located at Sydney University's Plant Breeding Institute. The hail damaged plants and subsequent rainfall inundated the greenhouses. By the end of the financial year the damaged plastic roof sheeting had been replaced and Abundant's research and development program had recommenced. Crops of parental seed lines have been re-planted and the company continues to build up inventory for supply to contract growers.

Abundant continues to invest in the development of its foundational product line: cucumbers. New varieties are approaching the commercialisation phase; a long cucumber measuring (22-24 cm); an even longer Continental Style "Lebanese" cucumber (32-35 cm); a sweeter tasting, lime coloured cucumber; and mini cucumbers in a range of shades of green designed to appeal to consumers at point of sale.

Management is moving 10 tomato varieties toward commercial production with contract growers in place, ready to take delivery of parental line tomato seeds, facilitating the production of commercial inventories of hybrid tomato seeds for sale to growers in Australia and overseas.

A second phase of tomato R&D is underway, focusing on incorporating disease resistant traits from non-commercial tomato varieties into plants which produce 'A grade' commercial fruits (without losing commercially attractive traits in terms of yield, taste, size, shape, colour and shelf life)

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Directors' Report

30 June 2019

The Directors present their report on the consolidated entity ("the group") consisting of Abundant Produce Limited and its controlled entities for the financial year ended 30 June 2019.

General information

Directors

The names of the directors in office at any time during, or since the end of, the year up to the date of this report are:

Names	Position	Appointed/Resigned
Mr Graham Brown	Executive Chairman	
Mr Anthony Crimmins	Executive Director	
Ms Seona Wallace	Non-executive Director	
Mr Adam Hajek	Executive Director	Resigned 13 November 2018
Mr Stuart Richardson	Non-executive Director	Resigned 24 April 2019

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Mr Graham Brown	Executive Chairman and Research Manager
Experience	Mr. Brown was appointed Executive Chairman of the Company on 6 December 2016. Prior to that, he had been appointed an executive director on 26 April 2016, which is the date the Company listed. Mr. Brown is part owner of Nuflora International Pty Limited and the Horticultural Development Manager for the University of Sydney's Plant Breeding Institute (PBI). Mr Brown has 20 years' experience in plant product development for Australian and international market through his role with. Prior to this, Mr Brown was a wheat breeder with the University of Sydney for 20 years, specialising in developing high quality, disease-resistant wheat varieties.
Interest in shares and options	3,294,968 fully paid ordinary shares
Mr Anthony Crimmins	Executive Director (Acting Chief Executive Officer)
Experience	Mr Crimmins has been actively involved in the business development of numerous start-up companies currently listed on the ASX, including BluGlass Limited and Jatenergy Limited. He was fundamental in identifying projects and businesses that could be successfully listed, particularly in 'breakthrough' business. Mr Crimmins worked for 5 years as an environmental engineer and business development manager in Asia, and has a high level of fluency in Mandarin and an understanding of Asian business practices. He has previously worked as a general and project manager, and in commercialisation of technology-based products and services.
Interest in shares and options	7,380,940 fully paid ordinary shares
Other current directorships in listed entities	Former Executive Chairman of Jatenergy Limited resigned January 2019 (ASX code: JAT, since 2011)

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Directors' Report

30 June 2019

General information

Information on directors

Ms Seona Wallace	Non-Executive Director
Experience	Ms Wallace has established a dynamic presence and highly regarded profile over the past 20 years within the global skincare and pharmaceutical industry and as a Board Member of the Australian Self Medication Industry (ASMI). Ms Wallace built her career and industry experience working in senior commercial roles with multinational pharmaceutical companies including Sanofi and Boehringer Ingelheim. She has been Managing Director of leading healthcare group HealthOne since April 2015 and is considered a skincare industry leader in the fields of strategy, new product launches and go-to-market planning.
Interest in shares and options	116,666 fully paid ordinary shares
Mr Adam Hajek	Executive Director and Chief Operating Officer (resigned 13 November 2018)
Experience	Mr Hajek has over 20 years' experience in the electronics and essential services industries and is the Managing Director of Austratronics Pty Limited. Mr Hajek is also a director of the Hajek Investment group of companies and has an Associate Diploma in Electronic Engineering.
Interest in shares and options	6,095,805 fully paid ordinary shares
Mr Stuart Richardson	Non-Executive Director (resigned 24 April 2019)
Experience	Mr Richardson is a founding director of Blackwood Capital Limited. He holds a Bachelor of Business form Swinburne University of Technology and is a CPA.
Interest in shares and options	1,974,672 fully paid ordinary shares
Other current directorships in listed entities	Mr Richardson is a Non-Executive Director of XTD Limited.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

The following people held the position of Abundant Produce Limited secretary at the end of the financial year:

Nick Falzon resigned on 20 July 2018. He has over 15 years experience as a Chartered Accountant including many roles as a Company Secretary and Chief Financial Officer of Listed and Unlisted Companies.

Brett Crowley was appointed as company secretary on 20 July 2018. Mr Crowley is a practicing solicitor and a former Partner of Ernst & Young in Hong Kong and Australia, and of KPMG in Hong Kong. Mr Crowley has worked in China, establishing and managing a JV company there. Mr Crowley is an experienced chairman, finance director and company secretary of ASX-listed companies, and is a former Senior Legal Member of the NSW Civil and Administrative Tribunal.

Principal activities and significant changes in nature of activities

The principal activities of the Group during the financial year were:

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Directors' Report

30 June 2019

General information

Principal activities and significant changes in nature of activities (continued)

- the development and commercialisation of new varieties of high-value food crops that can be grown under non-ideal conditions, particularly greenhouse vegetables such as cucumbers and tomatoes; and
- development of a range of nutraceutical skin care products based on scientifically validated active botanical extracts.

There were no significant changes in the nature of the Group's principal activities during the financial year.

Corporate Governance

The Board of Director of Abundant Produce Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Abundant Produce Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Abundant Produce Limited's corporate governance practices were in place upon listing on the ASX on 26 April 2016 and were compliant with the ASX Governing council's best practice recommendations, unless otherwise stated.

The corporate governance statement is included with this Annual Report and information on corporate governance is available upon request from the Company's corporate office – Unit 23, 376-380 Eastern Valley Way, Chatswood NSW 2067.

Review of operations

The review of operating and financial review is included in the Chief Executive's Report. The information in the operating and financial review forms part of this director's report for the financial year end 30 June 2019 and is to be read in conjunction with the following information.

Financial Result

The cash and cash equivalents as at 30 June 2019 totaled \$1,952,678 (2018: \$2,553,307). The net asset position at 30 June 2019 was \$2,261,103 (2018: \$4,171,774). The net loss after tax for the year reportable to members of the group was \$3,037,272 (2018: \$1,861,341)

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Group during the financial year.

Events after the reporting date

On 13 August 2019 the company issued 5,750,000 shares raising \$345,000. The shares were issued in accordance with the Share Purchase Plan announced on 11 July 2019. On 21 August 2019 at an extraordinary general meeting of the company shareholders approved the issue of 17,499,999 to the Directors to raise \$1,050,000. At the extraordinary general meeting of the company on 21 August 2019 shareholders also approved the issue of options to subscribe for 5,000,000 shares at 6 cents per share. No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

Directors' Report

30 June 2019

General information

Principal activities and significant changes in nature of activities (continued)

Future developments

The Directors expect that Abundant Seeds will continue to expand sales to domestic Australian growers of cucumbers and tomatoes. Internationally Abundant Seeds will continue to work with major International Seed Distributors with regard to ongoing seed trials.

The Directors expect Abundant Natural Health sales to continue both internationally focusing on China (via direct, Daigou and cross-border), America (via direct sales and Amazon.com), and domestically primarily to Australian Pharmacies and Aged Care.

Environmental matters

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory. The Board is not aware of any breach of Environmental regulations as they apply to the group.

Meetings of directors

During the financial year, 4 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Graham Brown	4	4
Mr Anthony Crimmins	4	4
Ms Seona Wallace	4	4
Mr Adam Hajek	2	2
Mr Stuart Richardson	3	3

Dividends Paid or Recommended

No dividend has been paid during the year and no dividend is recommended for the year.

Options

There have been no options granted over unissued shares or interest of any controlled entity within the Group during or since the end of the reporting period.

Abundant Produce Limited and Controlled Entities

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Directors' Report

30 June 2019

Remuneration report (audited)

Remuneration policy

The remuneration report is set out under the following main headings:

- (a) Remuneration Governance
- (b) Remuneration Structure
- (c) Details of Remuneration
- (d) Share-based compensation
- (e) Equity instruments issued on exercise of remuneration options
- (f) Value of options to Directors
- (g) Equity instruments disclosures relating to key management personnel
- (h) Other transactions with key management personnel
- (i) Additional statutory information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. The remuneration arrangements detailed in this report are for the key management personnel of the Group as follows:

Graham Brown	Executive Chairman
Anthony Crimmins	Executive Director
Seona Wallace	Non-executive Director
Adam Hajek	Executive Director (resigned 13 November 2018)
Stuart Richardson	Non-executive Director (resigned 24 April 2019)

Use of remuneration consultants

The Company did not employ the services of consultants to review its existing remuneration policies.

The Company will hold its Annual General Meeting in November 2019 at which shareholders will be able to vote on the remuneration report for the 2019 financial year.

a) Remuneration Governance

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Group and Executives of the Group. The performance of the Group depends upon the quality of its key management personnel. To prosper the Group must attract, motivate and retain appropriately skilled directors and executives.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Group does not engage the services of any remuneration consultants.

b) Remuneration Structure

The remuneration of Non-Executive Directors (NED) consists of Directors' fees payable in arrears. They serve on a month to month basis and there are no termination benefits payable. They do not receive retirement benefits but are able to participate in share option-based incentive programs in accordance with Group policy.

Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

Directors' Report

30 June 2019

Remuneration report (audited) (cont.)

Remuneration of Non-Executive Directors are based on fees approved by the Board of Directors and are set at levels to reflect market conditions and encourage the continued services of the Directors. Should NEDs provide services as requested by the Board of Directors that are outside the services of a NED then they will be paid consulting fees on time spent on Group business, including reasonable expenses incurred by them on business of the Group. During the year there were no fees paid to NEDs for consulting services.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically recommended for approval by shareholders. There is no current maximum set at a general meeting of shareholders because there has not been a general meeting of shareholders. At the first general meeting of shareholders that was held in November 2016, an ordinary resolution to establish a maximum was put to shareholders for approval and was passed. It may be varied by ordinary resolution of the shareholders at subsequent general meetings.

The remuneration of Executives is governed by service agreements between the Company, its controlled entity and each executive director. These agreements include the monthly fee to be paid by the Company for fees as a director and for the specific specialist executive services provided by that director. These are annual agreements and there are no termination benefits payable. They do not receive retirement benefits but are able to participate in share option-based incentive programs in accordance with Group policy.

c) Details of Remuneration

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

Table of benefits and payments

	short term		
	Directors fee	Consultant's Fee	
2019	\$	\$	\$
Directors			
Mr Graham Brown	36,000	-	36,000
Mr Anthony Crimmins	36,000	60,000	96,000
Ms Seona Wallace	39,000	-	39,000
Mr Adam Hajek	12,000	-	12,000
Mr Stuart Richardson	18,000	-	18,000
	141,000	60,000	201,000
2018	\$	\$	\$
Directors			
Mr Graham Brown	24,000	15,000	39,000
Mr Anthony Crimmins	36,000	60,000	96,000
Mr Adam Hajek	36,000	18,000	54,000
Mr Stuart Richardson	36,000	-	36,000
	132,000	93,000	225,000

Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

Directors' Report

30 June 2019

Remuneration report (audited) (cont.)

d) Share-based compensation

With the exception of Adam Hajak, the group compensated Directors with share capital in lieu of Directors fees to the value of \$126,600 (2018: Nil).

e) Equity instruments issued on exercise of remuneration options

No equity instruments were issued during the year to Directors or key management as a result of exercising remuneration options. (2018: Nil).

f) Value of options to Directors

No options were granted, exercised or lapsed during the year to Directors or key management personnel as part of their remuneration (2018: Nil).

g) Equity instruments disclosures relating to key management personnel

Shareholdings

No director received remuneration through the exercise of options.

	Opening Balance	Received as remuneration	Net other change/ purchases on market	On appointment or resignation	Closing Balance
Graham Brown	3,093,302	201,666	-	-	3,294,968
Anthony Crimmins	7,162,607	128,333	90,000	-	7,380,940
Seona Wallace	-	116,666	-	-	116,666
Adam Hajek	6,095,805	-	-	-	6,095,805
Stuart Richardson	1,718,006	256,666	-	-	1,974,672

h) Other significant transactions with key management personnel

During the year, the Group:

- Made payments to NuFlora International Pty Ltd (a company associated with Graham Brown) totaling \$237,705.
- Made payments to Health One Pty Ltd (a company associated with Seona Wallace totaling \$228,637).
- Undertook a number of transactions with Jatenergy Limited and EcoMag Limited (companies associated with Anthony Crimmins).

Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

Directors' Report

30 June 2019

Indemnification and insurance of officers and auditors

The Company has paid premiums to insure the directors and officers of the company and its Australian based controlled entity against liabilities incurred as a director or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year or as at the date of this report.

Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2019 has been received and can be found on page 20 of the financial report.

This report is made in accordance with a resolution of the Board of Directors.



.....
Anthony Crimmins
Director

Dated the 30th day of August 2019

Abundant Produce Limited
ABN: 46 606 255 887

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Abundant Produce Limited

As lead auditor for the audit of Abundant Produce Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys NSW Audit Pty Ltd

BENTLEYS NSW AUDIT PTY LTD

Robert Evett

ROBERT EVETT
Director
Sydney

30 August 2019

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Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	5	1,371,167	1,134,607
Cost of sales		(426,783)	(277,700)
Gross profit		944,384	856,907
Marketing expenses		(258,101)	-
Occupancy costs		(85,843)	(64,815)
Administrative expenses		(866,627)	(481,424)
Consultancy expenses		(218,877)	(687,387)
Director's fees		(141,000)	(132,000)
Travel expenses		(86,512)	(51,530)
Insurance expense		(78,629)	(10,623)
Employee benefits expense		(1,206,821)	(590,403)
Depreciation, amortisation and impairment expense		(772,526)	(280,665)
Cucumber seeds written-off		-	(135,560)
Research expenditure		(236,922)	(283,841)
Loss from sale of fermentation plant		(29,798)	-
Loss before income tax		(3,037,272)	(1,861,341)
Income tax expense	7	-	-
Loss for the year		(3,037,272)	(1,861,341)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the year		(3,037,272)	(1,861,341)
Loss per share attributable to ordinary shareholders of the company			
From continuing operations:			
		Cents	Cents
Basic earnings (loss) per share	10	(0.05)	(0.04)
Diluted earnings (loss) per share	10	(0.05)	(0.04)

The accompanying notes form part of these financial statements.

Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

Consolidated Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	11	1,952,678	2,553,307
Trade and other receivables	12	81,453	258,519
Inventories	13	448,371	728,378
TOTAL CURRENT ASSETS		2,482,502	3,540,204
NON-CURRENT ASSETS			
Property, plant and equipment	14	47,958	357,268
Intangible assets	15	-	620,012
TOTAL NON-CURRENT ASSETS		47,958	977,280
TOTAL ASSETS		2,530,460	4,517,484
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	233,542	310,157
Provision	17	35,815	35,553
TOTAL CURRENT LIABILITIES		269,357	345,710
NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		269,357	345,710
NET ASSETS		2,261,103	4,171,774
EQUITY			
Issued capital	18	9,456,227	8,329,626
Retained earnings		(7,195,124)	(4,157,852)
TOTAL EQUITY		2,261,103	4,171,774

The accompanying notes form part of these financial statements.

Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 July 2018	8,329,626	(4,157,852)	4,171,774
Loss for the year	-	(3,037,272)	(3,037,272)
Total comprehensive loss for the year	-	(3,037,272)	(3,037,272)
Transactions with owners in their capacity as owners			
Issue of Capital – net of costs	1,126,601	-	1,126,601
Balance at 30 June 2019	9,456,227	(7,195,124)	2,261,103

2018

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 July 2017	5,011,223	(2,296,511)	2,714,712
Loss for the year	-	(1,861,341)	(1,861,341)
Total comprehensive loss for the year	-	(1,861,341)	(1,861,341)
Transactions with owners in their capacity as owners			
Issue of Capital – net of costs	3,318,403	-	3,318,403
Balance at 30 June 2018	8,329,626	(4,157,852)	4,171,774

The accompanying notes form part of these financial statements.

Abundant Produce Limited and Controlled Entities

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Consolidated Statement of Cash Flows

For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	908,389	303,576
Payments to suppliers and employees	(3,275,850)	(2,980,966)
R&D tax incentive rebate	639,844	631,951
Interest received	-	5,710
Interest paid	(10)	(2,072)
Other receipts	-	315,169
Net cash (used in) operating activities	<u>(1,727,627)</u>	<u>(1,726,634)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for fermentation plant	-	(161,740)
Proceeds from sale of fermentation plant	126,998	-
Net cash provided by (used in) investing activities	<u>126,998</u>	<u>(161,740)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	1,000,000	3,318,403
Net cash provided by financing activities	<u>1,000,000</u>	<u>3,318,403</u>
Net increase/(decrease) in cash and cash equivalents held	(600,629)	1,430,031
Cash and cash equivalents at beginning of year	<u>2,553,307</u>	<u>1,123,276</u>
Cash and cash equivalents at end of financial year	11 <u>1,952,678</u>	<u>2,553,307</u>

The accompanying notes form part of these financial statements.

Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

Notes to the Financial Statements

For the Year Ended 30 June 2019

The financial statements of Abundant Produce Limited are those of the Group consisting of Abundant Produce Limited as the parent entity and the entities it controlled during the year.

Abundant Produce Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report was authorised for issue by the Directors on 30 August 2019.

Comparatives are consistent with prior years, unless otherwise stated. The functional and presentation currency of the Group is Australian dollars.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). Abundant Produce Ltd is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Except for the statement of cashflows, the financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable by the measurement of fair value of selected non current assets, financial assets and financial liabilities.

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. New impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Revenue from Contracts with Customers - Adoption of AASB 15

The Group has adopted AASB15 from 1 July 2018. The Standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contract with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfill a contract can, subject to certain criteria, be capitalized as an asset and amortised over the contact period.

Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Change in Accounting Policy

Impact of adoption

The Group has adopted AASB 9 and AASB 15 for the financial year ended 30 June 2019. The Accounting Standards were adopted using the transitional rules that allow for comparatives not to be restated. The adoption of AASB 9 and AASB 15 did not result in any change to the opening net assets or the opening retained earnings as at 1 July 2018.

3 Summary of Significant Accounting Policies

(a) Going concern

The financial report has been prepared on a going concern basis. The Group has incurred an operating loss of \$3,037,272 (2018: loss of \$1,861,341) and has negative operating cash flows of \$1,727,627 (2018: outflow of \$1,726,634). At 30 June 2019 the Group has cash of \$1,952,678 which the Directors consider is sufficient to meet the outgoings of the Group and enable it to meet its debts as and when they fall due over the next 12 months from the date of this report. On 13 August 2019 the company issued 5,750,000 shares raising \$345,000. The shares were issued in accordance with the Share Purchase Plan announced on 11 July 2019. On 21 August 2019 at an extraordinary general meeting of the company shareholders approved the issue of 17,499,999 to the Directors to raise \$1,050,000. At the extraordinary general meeting of the company on 21 August 2019 shareholders also approved the issue of options to subscribe for 5,000,000 shares at 6 cents per share.

(b) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Abundant Produce Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 24. Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(c) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(c) Business combinations (continued)

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(d) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(d) Income tax (continued)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(e) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(f) Revenue and other income

Revenue from contracts with customers

For current year

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. The group recognizes revenue by:

1. Identifying the contract with the customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue as and when control of the performance obligations is transferred

Revenue from sale of seeds is recognised when performance obligations are transferred.

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(f) Revenue and other income (continued)

For comparative year

Revenue from the sale of seeds is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the seeds.

When the seeds are harvested there is an initial recognition of seeds as revenue based upon the fair value of the seeds at that time.

Interest revenue is recognized using the effective interest method.

Other Income

Other income is recognised on an accruals basis when the Group is entitled to it.

(g) Goods and services tax (GST)

Revenue, 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 Taxation Office (ATO). Receivables and payable are stated inclusive of GST. The Net amount of GST recoverable from or payable to the ATO is included in other receivables or payables in the statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Inventories comprising of seeds are valued at fair value less costs to sell at the time the seeds are picked and subsequently at net realisable value under AASB102 "Inventories". The group provides for 10% wastage of the value of seeds.

Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(i) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 4 for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings and building improvements	33%
Office and Computer Equipment	33%
Fermentation Plant	3.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

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For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(j) Financial instruments

For current year

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(j) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group
- to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and finance lease liabilities.

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(j) Financial instruments (continued)

For comparative year

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the consolidated statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Group's financial liabilities include trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(j) Financial instruments (Continued)

Impairment of Financial Assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

(k) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(l) Intangible assets

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project which is 5 years.

The Group has changed this policy and have written off the Research and Development Costs to profit and loss in the current year and intends to continue this in coming years.

(m) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(n) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(o) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(p) Fair Value of Assets and Liabilities (continued)

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(q) Equity-settled compensation

Share-based payments to directors are measured at the fair value of services received.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

(r) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 16 Leases	1 July 2019	AASB 16 will cause the majority of leases held by an entity to be brought onto the statement of financial position. There are limited exceptions relating to short term leases and low value assets which may remain off balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	The directors have assessed that the adoption of AASB 16 will not have any significant impact on the Group's financial statements as the group has no operating leases greater than 12 months.

4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key judgments - Research and Development Costs

The directors have considered the capitalised research and development costs, specifically in relation to the tomato seeds and cucumber seeds, as at 30 June 2019. The Board and Management at Abundant Produce Limited have determined that the development costs capitalised during the prior year should be written off.

Key estimates - Impairment – General

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2019

5 Revenue

	2019	2018
	\$	\$
Revenue		
R&D tax incentive rebate	639,844	631,951
Skincare product sales	135,421	233,108
Gain on initial recognition of seed	-	147,779
Seed sales	82,186	46,166
Interest	-	5,710
Grant income	94,648	
Other income	419,068	69,893
Total other revenue	1,371,167	1,134,607

6 Result for the Year

The result for the year includes the following specific expenses:

	2019	2018
	\$	\$
Depreciation, amortisation and impairment expense	772,526	280,665
Rental expense relating to operating lease	29,623	40,588

7 Income Tax Expense

(a) Numerical reconciliation of income tax expense to prima facie tax payable

	2019	2018
	\$	\$
Net result before income tax:		
From continuing operations	(3,037,272)	(1,861,341)
Tax at the Australian tax rate of 27.5% (2018: 27.5%)	(835,250)	(511,869)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
R&D expenditure claimed as notional deduction	65,154	338,882
Current year timing difference and tax loss not recognized	770,096	311,416
R&D tax incentive rebate not assessable	-	(138,429)
Total Income tax expense:	-	-

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Notes to the Financial Statements

For the Year Ended 30 June 2019

7 Income Tax Expense (continued)

(b) Current income tax expense / (benefit)

	2019	2018
	\$	\$
Current income tax expense / (benefit)	-	-

The Group has tax losses as at 30 June 2019 of \$4,662,168 (2018: \$1,449,404). The benefit relating to these and the current year losses has not been recognised in the financial report as at 30 June 2019 as it is not probable that future taxable profit will be available against which the Group would be able to utilise losses.

Current and prior year tax losses will only be available to offset against future profits if:

- (i) the Group and the Company derives future assessable income of a nature and if an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the Group and the Company continue to comply with the conditions for the deductibility imposed by the tax legislation; and
- (iii) no changes in tax legislation adversely affect the Group and the Company in realising the benefit from the tax losses.

8 Key Management Personnel Remuneration

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2019.

	2019	2018
	\$	\$
Short-term employee benefits	141,000	132,000
	141,000	132,000

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

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For the Year Ended 30 June 2019

8 Key Management Personnel Remuneration (continued)

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

9 Remuneration of Auditors

During the year, the following fees were paid for services provided by the auditor of the parent entity:

	2019	2018
	\$	\$
Audit or reviewing the Financial Statements		
Hall Chadwick NSW	-	40,933
Bentleys NSW audit Pty Ltd	42,000	-
	<u>42,000</u>	<u>40,933</u>

10 Earnings per Share

(a) Reconciliation of earnings to profit or loss from continuing operations

	2019	2018
	\$	\$
Loss for the year	<u>(3,037,272)</u>	<u>(1,861,341)</u>
Earnings used in the calculation of basic and dilutive EPS from continuing operations	<u>(3,037,272)</u>	<u>(1,861,341)</u>

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2019	2018
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	<u>58,360,750</u>	<u>52,160,264</u>

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2019

11 Cash and cash equivalents

	2019	2018
	\$	\$
Cash at bank and on hand	1,952,678	2,553,307
Total cash and cash equivalents	1,952,678	2,553,307

The effective interest rate on cash balances was 0% (2018: Nil%).

12 Trade and other receivables

	2019	2018
	\$	\$
CURRENT		
Trade receivables	72,456	209,103
Prepayments	5,366	38,327
Other receivable	3,631	11,089
Total current trade and other receivables	81,453	258,519

Credit risk refer to Note 22 Financial Risk Management

13 Inventories

	2019	2018
	\$	\$
At cost:		
Finished goods, at cost	146,249	243,516
Seeds at deemed cost	356,122	484,862
Less: Provision for inventory obsolescence	(54,000)	-
	448,371	728,378

Abundant Produce Limited and Controlled Entities

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For the Year Ended 30 June 2019

14 Property, plant and equipment

	2019	2018
	\$	\$
Buildings		
At cost	546,721	546,721
Accumulated depreciation	(507,011)	(368,823)
Total buildings	39,710	177,898
PLANT AND EQUIPMENT		
Office equipment		
At cost	22,586	22,586
Accumulated depreciation	(22,586)	(22,586)
Total office equipment	-	-
Fermentation Plant		
At cost	-	161,740
Accumulated depreciation	-	-
Total fermentation plant	-	161,740
Leasehold Improvements		
At cost	28,430	28,430
Accumulated amortisation	(20,182)	(10,800)
Total leasehold improvements	8,248	17,630
Total plant and equipment	8,248	179,370
Total property, plant and equipment	47,958	357,268

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings	Office and Computer Equipment	Fermentation Plant	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2019					
Balance at the beginning of year	177,898	-	161,740	17,630	357,268
Depreciation expense	(138,188)	-	(4,942)	(9,382)	(152,512)
Disposal	-	-	(156,798)	-	(156,798)
Balance at the end of the year	39,710	-	-	8,248	47,958

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Notes to the Financial Statements

For the Year Ended 30 June 2019

14 Property, plant and equipment (continued)

(a) Movements in carrying amounts of property, plant and equipment (continued)

	Buildings	Office and Computer Equipment	Fermentation Plant	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2018					
Balance at the beginning of year	322,121	-	-	27,012	349,133
Addition	-	-	161,740	-	161,740
Depreciation expense	(144,223)	-	-	(9,382)	(153,605)
Balance at the end of the year	177,898	-	161,740	17,630	357,268

15 Intangible Assets

	2019	2018
	\$	\$
Cucumber Seeds		
Cost	635,304	635,304
Accumulated amortisation and impairment	(635,304)	(342,695)
Net carrying value	-	292,609
Tomato Seed		
Cost	326,403	326,403
Accumulated amortisation and impairment	(326,403)	-
Net carrying value	-	326,403
Face Cream		
Cost	1,000	1,000
Accumulated amortisation and impairment	(1,000)	-
Net carrying value	-	1,000
Total Intangibles	-	620,012

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Notes to the Financial Statements

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15 Intangible Assets (continued)

(a) Movements in carrying amounts of intangible assets

	Tomato Seed	Face Cream	Cucumber Seeds	Total
	\$	\$	\$	\$
Year ended 30 June 2019				
Balance at the beginning of the year	326,403	1,000	292,609	620,012
Amortisation	-	(1,000)	(63,530)	(64,530)
Impairment	(326,403)	-	(229,079)	(555,482)
Closing value at 30 June 2019	-	-	-	-
Year ended 30 June 2018				
Balance at the beginning of the year	326,403	1,000	419,670	747,073
Amortisation	-	-	(127,061)	(127,061)
Closing value at 30 June 2018	326,403	1,000	292,609	620,012

Intangible assets have finite useful lives. The current amortization for intangibles are included under depreciation and amortization expense in the Statement of Profit or Loss and other comprehensive income.

16 Trade and other payables

	2019	2018
	\$	\$
Current		
Trade payables	152,800	143,596
Sundry payables and accrued expenses	80,742	166,561
	233,542	310,157

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

17 Provisions

	2019	2018
	\$	\$
Provision for employee benefits	35,815	35,553
	35,815	35,553

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Notes to the Financial Statements

For the Year Ended 30 June 2019

18 Issued Capital

	2019	2018
	\$	\$
60,610,831 (2018: 54,907,500) Ordinary shares	9,456,227	8,329,626
	<u>9,456,227</u>	<u>8,329,626</u>

(a) Movements in Ordinary Share Capital

	2019		2018	
	\$	No. of shares	\$	No. of shares
At the beginning of the reporting period	8,329,626	54,907,500	5,011,223	46,500,000
Shares issued during the year				
16 October 2017 placement	-	-	2,589,703	6,585,750
7 December 2017 placement	-	-	728,700	1,821,750
12 November 2018 placement	1,000,000	5,000,000	-	-
21 November 2018 placement	126,601	703,331	-	-
At the end of the reporting period	<u>9,456,227</u>	<u>60,610,831</u>	<u>8,329,626</u>	<u>54,907,500</u>

(b) Ordinary Shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the company limited by shares. On a show of hands at meetings of the company limited by shares, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. The company does not have a limited amount of authorised capital.

(c) Capital Management

Management controls the capital of the Group in order to generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern. The Group currently has no borrowings. The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of share issues.

There has been no change in the strategy adopted by management to control capital of the group since the prior year.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

19 Operating Segments

Identification of reportable segments

The Directors consider the Group to have two core businesses being Natural Beauty products and Seeds. The Group operates in one geographical area, being Australia.

Currently the Directors have no defined operating segments in relation to other income and corporate charges. The Group view other income and charges on a consolidated basis. The Group's segment operating profit reconciles to the Group's loss before tax as presented in its financial statements as follows:

(a) Segment performance

	Natural Beauty products		Seeds		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Revenue	135,421	233,108	722,030	825,896	857,451	1,059,004
Other revenue	373,383	-	45,685	-	419,068	-
Total segment revenue	508,804	233,108	767,715	825,896	1,276,519	1,059,004
Expenses	(1,668,170)	(953,790)	(1,977,999)	(1,816,859)	(3,646,169)	(2,770,649)
Other corporate income	-	-	-	-	94,648	75,603
Corporate charges	-	-	-	-	(762,270)	(225,299)
Net (loss) before tax					(3,037,272)	(1,861,341)

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20 Reconciliation of net result after income tax to net cash provided by / (used in) operating activities

	2019	2018
	\$	\$
Net result for the period	(3,037,272)	(1,861,341)
Depreciation, amortization and impairment	772,526	280,670
Provision for inventory obsolescence	54,000	-
Inventory write off	-	135,560
Shares issued to the Directors in lieu of directors fees	126,601	-
Loss from sale of fermentation plant	29,798	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
(Increase) / decrease in trade and other receivables	177,066	121,795
(Increase) / decrease in inventories	226,007	(336,579)
Increase / (decrease) in trade and other payables	(76,615)	(102,292)
Increase / (decrease) in provisions	262	35,553
Net cash provided (used in) operating activities	(1,727,627)	(1,726,634)

21 Parent entity

The following information has been extracted from the books and records of the parent, Abundant Produce Limited and has been prepared in accordance with Accounting Standards.

	2019	2018
	\$	\$
Statement of Financial Position		
Assets		
Current assets	7,024,151	2,459,317
Non-current assets	1,655,178	5,171,838
Total Assets	8,679,329	7,631,155
Liabilities		
Current liabilities	102,156	153,805
Total Liabilities	102,156	153,805
Net Assets	8,577,173	7,477,350
Equity		
Issued capital	9,456,227	8,329,626
Retained earnings	(879,054)	(852,276)
Total Equity	8,577,173	7,477,350
Statement of Profit or Loss and Other Comprehensive Income		
Total Profit (loss) for the year	(26,778)	(149,695)
Total comprehensive income	(26,778)	(149,695)

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2019

22 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables

	2019	2018
	\$	\$
Financial assets		
Held at amortised cost		
Cash and cash equivalents	1,952,678	2,553,307
Trade and other receivables	81,453	258,519
Total financial assets	<u>2,034,131</u>	<u>2,811,826</u>
Financial liabilities		
Financial liabilities measured at amortised cost	233,542	310,157
Total financial liabilities	<u>233,542</u>	<u>310,157</u>
Total	<u>1,800,589</u>	<u>2,501,669</u>

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2019

22 Financial Risk Management (continued)

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Board has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receive monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the consolidated statement of financial position due to the effect of discounting.

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2019

22 Financial Risk Management (continued)

Liquidity risk (continued)

The table below reflects the undiscounted contractual maturity analysis for financial liabilities.

Financial liability maturity analysis - Non-derivative

	Within 1 Year		Total	
	2019	2018	2019	2018
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables	233,542	310,157	233,542	310,157
Total contractual outflows	233,542	310,157	233,542	310,157

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2019

22 Financial Risk Management (continued)

Credit risk (continued)

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

On a geographical basis, the Group has significant credit risk exposures in Australia given the location of its operations in that region.

The following table details the Group's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
	\$	\$	\$	\$	\$	\$	\$
2019							
Trade receivables	72,456	-	10,452	42	620	4,418	56,924
Other receivables	8,997	-	-	-	-	-	8,997
Total	81,453	-	10,452	42	620	4,418	65,921
2018							
Trade receivables	209,103	-	209,052	-	-	51	-
Other receivables	49,416	-	-	-	-	-	49,416
Total	258,519	-	209,052	-	-	51	49,416

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

(i) Interest rate risk

At the reporting date the Group is not exposed to any interest rate risks.

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2019

23 Contingencies

In the opinion of the Directors, the company limited by shares did not have any contingencies at 30 June 2019 (30 June 2018:None).

24 Related Parties

(a) The Group's main related parties are as follows:

The ultimate parent entity, which exercises control over the Group, is Abundant Produce Limited which is incorporated in Australia and owns 100% of its Controlled Entities. Below are the subsidiaries of the Group:

	Principal place of business	Percentage owned (%) 2019	Percentage owned (%) 2018
Abundant Produce Australia Pty Ltd	Australia	100	100
Abundant Natural Health Pty Ltd	Australia	100	100

Key management personnel - refer to Note 8. Key Management personnel are those that are any person that has authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director(whether executive or otherwise) of that entity, are considered key management personnel.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2019

24 Related Parties (continued)

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
EcoMag Limited, a company in which Tony Crimmins is a director, made payments for manufacturing and other expenses incurred during the period	-	225,489
EcoMag Limited, a company controlled by Tony Crimmins is a director, received payments for reimbursement and rental expenses incurred during the period	-	80,211
Floraquest Pty Ltd, a company of which Graham Brown is a director, received payments for director fees during the year	-	39,000
Jatenergy Ltd, a company of which Tony Crimmins is a director, received payments for rent expenses incurred during the period	-	9,681
Abundant Produce Limited received payments from Jatenergy Ltd, a company of which Tony Crimmins is a director, for sales and expense reimbursements during the period	-	245,625
NuFlora International Pty Ltd, a company of which Graham Brown is a director received payments from Abundant Produce Ltd, for research project costs during the period	-	241,411
Austratronics Pty Ltd, a company of which Adam Hajek is a director received payments from Abundant Produce Ltd, for director fees during the period	-	54,000
Topcap, a company of which Tony Crimmins is a director received payments from Abundant Produce Ltd, for consultancy and director fees including reimbursements during the period	-	99,312
EcoMag Limited, a company in which Tony Crimmins was a director (until 20 September 2018), received payments for various costs and commissions during the period	34,629	-
Jatenergy Ltd, a company of which Tony Crimmins is a director (until January 2019), made payments for admin staff costs incurred during the period	18,617	-

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2019

24 Related Parties (continued)

(b) Transactions with related parties (continued)	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
Jatenergy Ltd, a company of which Tony Crimmins is a director (until January 2019), received payments for expo costs incurred during the period	5,000	-
NuFlora International Pty Ltd, a company of which Graham Brown is a director received payments from Abundant Produce Ltd, for royalty and research project costs during the period	237,705	-
Health One Pty Ltd, a company of which Seona Wallace is a director, received payments for fixed fee services and commission and additional marketing services	228,637	-
	524,588	994,729

(c) Receivables from / payables to related parties

	2019 \$	2018 \$
Amounts Payable to Related Parties		
Austratronics Pty Ltd	-	9,900
Jatenergy Limited	-	1,065
Top Cat Consulting Services Pty Ltd	-	6,600
Floraquest Pty Ltd	-	30,800
EcoMag Ltd	-	30,814
	-	79,179
Amounts Receivable from related parties		
EcoMag Limited	-	161,345
Jatenergy Limited	-	42,062
	-	203,407

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2019

25 Events occurring after the reporting date

On 13 August 2019 the company issued 5,750,000 shares raising \$345,000. The shares were issued in accordance with the Share Purchase Plan announced on 11 July 2019. On 21 August 2019 at an extraordinary general meeting of the company shareholders approved the issue of 17,499,999 to the Directors to raise \$1,050,000. At the extraordinary general meeting of the company on 21 August 2019 shareholders also approved the issue of options to subscribe for 5,000,000 shares at 6 cents per share. No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

26 Correction of Prior Period Errors

During 2019, the Group discovered that payment made in the previous year for the fermentation plant was not capitalized and was incorrectly recorded as research and development expenditure. As a result, research and development expenditure was overstated, while property, plant and equipment has been understated. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the Group's consolidated financial statements.

(a) Consolidated Statement of Financial Position (extract)

	2018, as previously reported	Increase/ (Decrease)	2018, as restated
	\$	\$	\$
Property, plant and equipment	195,528	161,740	357,268
Total Assets	4,355,744	161,740	4,517,484
Retained earnings	(4,319,592)	161,740	(4,157,852)
Total equity	4,010,034	161,740	4,171,774

(b) Consolidated Statement of Profit or Loss and Other Comprehensive Income (extract)

	2018, as previously reported	Increase/ (Decrease)	2018, as restated
	\$	\$	\$
Research expenditure	445,581	(161,740)	283,841
(Loss) for the year	(2,023,081)	161,740	(1,861,341)
Total comprehensive loss for the year	(2,023,081)	161,740	(1,861,341)

There is no material impact on the Group's basic or diluted earnings per share and no impact on the total operating, investing or financing cash flows for the year 30 June 2018.

27 Statutory Information

The registered office and principal place of business of the company is:

Abundant Produce Limited and Controlled Entities
Unit 23,376-380 Eastern Valley Way
Chatswood NSW 2067

Abundant Produce Limited and Controlled Entities

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Directors' Declaration

The directors of the company limited by shares declare that:

1. the financial statements and notes for the year ended 30 June 2019 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the consolidated group;
2. the Chief Executive Officer has given the declaration required by Section 295A that:
 - a. the financial records of the company limited by shares for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion, there are reasonable grounds to believe that the company limited by shares will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director
Anthony Crimmins

Dated 30th August 2019

Abundant Produce Limited

ABN: 46 606 255 887

Independent Auditor's Report to the Members of Abundant Produce Limited and Controlled Entities

Report on the Audit of the Financial Report

We have audited the financial report of Abundant Produce Limited ("the Company") and its Controlled Entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, and 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, notes to the financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

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

- i. giving a true and fair view of the Group's financial position as at 30 June 2019 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 of 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 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* (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.

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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 year. 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.

Key audit matter	How our audit addressed the key audit matter
<p>Going Concern</p> <p>The Group has incurred a loss of \$3.03m for the year ended 30 June 2019 and is expected to continue to be loss making for the year ended 30 June 2020. The entity also had net operating cash outflows of \$1.72m at 30 June 2019.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We have obtained the current cash flow forecasts and budgets and discussed the assumptions with management. • We have reviewed the documents and the underwriting agreement related to the Share Purchase Plan (SPP) to the existing shareholders. • The SPP was underwritten up to \$1m by Top Cat Consulting Services Pty Ltd - a company controlled by CEO Anthony Crimmins. We reviewed the ability of Top Cat Consulting Services Pty Limited to support the underwriting agreement signed between the Company and Top Cat Consulting Services Pty Ltd.
<p>Impairment of Intangible Assets</p> <p>The intangible assets consisted of the company's development expenditure. The carrying value of intangible assets requires significant level of judgement in determining whether the capitalised expenditure meets the requirements of AASB 138 – <i>Intangible Assets</i>.</p> <p>In the current year, the Board has decided to write off the balance in intangible assets.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We have reviewed the intangible assets schedule. • We have reviewed the assessment by the board to write off the intangible assets in the current year.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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.

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Directors' Responsibility for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 18 of the Directors' Report for the year ended 30 June 2019.

In our opinion the Remuneration Report of Abundant Produce Limited for the year ended 30 June 2019 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.



BENTLEYS NSW AUDIT PTY LTD



ROBERT EVETT
Director

Sydney

30 August 2019

Shareholder Information

Additional information required by the ASX Limited listing rule and not disclosed elsewhere in this report are set out below.

Shareholding Information

There is a total of ordinary fully paid shares on issue.

The shareholder information set out below was applicable as at 30 June 2019.

(a) Distribution schedule of the number of holders in each class of equity security as at 30 June 2019.

Number held as at 30 June 2019	Class of Equity Securities
	Fully Paid Ordinary Shares
1 - 1,000	67
1,001 - 5,000	178
5,001 - 10,000	129
10,001 - 100,000	190
100,001 and over	69
	633

(b) Substantial holders

The names of the substantial shareholders listed on the company's register as at 30 June 2019:

Shareholder	Number of Ordinary Fully Paid Shares Held	Percentage Held of Issued Ordinary Capital
MR ANTHONY STEPHEN CRIMMINS <THE CRIMMINS A/C>	5,851,814	9.65%
AUSTRATRONICS PTY LTD <THE HAJEK FAMILY A/C>	5,249,165	8.66%
ECOMAG LIMITED	5,000,000	8.25%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,972,635	6.55%
Graham Brown	3,718,288	6.13%

(c) Voting rights

There are 633 holders of ordinary shares. Each shareholder is entitled to one vote per share held. There are no holders of options – listed or unlisted.

On a show of hands every shareholder of ordinary shares present at the meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) **Equity security holdings**

The names of the 20 largest quoted equity security holders of quoted entity securities are listed below:

	Name	Number of Ordinary Fully Paid Shares Held	Percentage Held of Issued Ordinary Capital
1	MR ANTHONY STEPHEN CRIMMINS <THE CRIMMINS A/C>	5,851,814	9.65%
2	Adam Hajek	5,249,165	8.66%
3	ECOMAG LIMITED	5,000,000	8.25%
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,972,635	6.55%
5	Graham Brown	3,718,288	6.13%
6	MRS DEBBIE CROWLEY	2,100,000	3.46%
7	PINNACLE SUPERANNUATION PTY LIMITED <PJF S/F A/C>	1,500,000	2.47%
8	ASHABIA PTY LTD <ASHABIA SUPER FUND A/C>	1,244,000	2.05%
9	Stuart Richardson	1,173,756	1.94%
10	TESK HOLDINGS PTY LTD	1,169,328	1.93%
11	MR BERNARD OWEN STEPHENS & MRS ERIN JOSEPHINE STEPHENS <STEPHENS GROUP S/F A/C>	1,150,000	1.90%
12	MRS HELEN SUSAN CRIMMINS & MR ANTHONY STEPHEN CRIMMINS <TOP CAT RETIREMENT A/C>	970,932	1.60%
13	LTL CAPITAL PTY LTD	939,100	1.55%
14	CRAWFORD FALLS PTY LTD	856,640	1.41%
15	MELDEJ PTY LTD <MICHAEL J EGAN RET PLAN A/C>	854,000	1.41%
16	ALGA INVESTMENTS PTY LTD	846,640	1.40%
17	OAK CAPITAL NOMINEES PTY LTD	750,000	1.24%
18	BOSTON FIRST CAPITAL PTY LTD	720,916	1.19%
19	DR NABIL MOH'D DEEB AHMAD	698,049	1.15%
20	BOND STREET CUSTODIANS LIMITED <SVJL - I98363 A/C>	629,959	1.04%
	Total	39,395,222	65.00%

(e) **Marketable parcel**

There are 289 holders of less than a marketable parcel of (\$500) holding 870,181 fully paid ordinary shares.

There are 485 holders of an uneconomical parcel (<\$2,00) holding 3,984,474 fully paid ordinary shares.