



Abundant Produce Limited
2018 Appendix 4E Commentary

The Board of Abundant Produce Limited (ASX: ABT) is pleased to present its 2018 Appendix 4E Commentary and Report for the year ended 30 June 2018.

ABT listed on the Australian Securities Exchange in April 2016 as a pure seed vegetable plant intellectual property (IP) company with commercial varieties of cucumber IP and pre-commercial varieties of tomato IP.

ABT launched Abundant Natural Health Pty Ltd (ANH) in late 2016, exploiting ABT's plant breeding intellectual property to generate a second, entirely separate revenue stream through development of a range of nutraceutical skin care products based on scientifically validated active botanical extracts such as lycopene found in its tomatoes.

Both industries are science based, plant derived, global, and offer high expected growth rates driven by population growth and Asia's quickly expanding middle class. Consumer concerns about the toxicity of chemicals used in both food and cosmetics production will also drive demand for ABT products globally. ABT and ANH draw on plant breeding expertise from Sydney University, and cutting edge extraction technologies from University of NSW.

ABT's Abundant Seeds supplies ANH with its source product, and both areas of the business are working hard to develop new IP for vegetable seeds and nutraceuticals in a synergistic approach.

ABUNDANT NATURAL HEALTH

ABT launched Abundant Natural Health Pty Ltd in November 2016 after two years of development during which time ABT conducted research to identify optimum technologies for extracting active botanical ingredients. After a nine-month search, ANH partnered with the University of NSW School of Chemical Engineering to extract lycopene from tomatoes with its delicate botanic structures intact and unoxidized. This extraction process is applied to purpose-bred tomatoes developed over five years with high concentrations of lycopene and other active ingredients. ANH concurrently developed expertise and experience in packaging, design, distribution, logistics and sales, with Shanan Birkin appointed as ANH's Chief Executive Officer in November 2017.

In July 2017, the company launched the first of its skincare products – Tomato Infusion Daily Face Cream designed primarily for the Chinese market. This was well received, achieving pre-sales of \$60,000 and further sales of more than \$40,000 in the September quarter. This product line generated over \$350,000 during the course of the year, including more than \$11,000 in online sales.

In July 2017, ANH successfully registered the trademark for Abundant, 雅达 in China, reflecting the primary target market for the company's products: China's aspirational middle class. 雅达, pronounced 'Ya da', translates to English as 'elegant and demure'. The trademark is a key facet of ANH's strategy for establishing the brand's presence in China, and growing sales offline, through traditional distribution channels, and online.

Coinciding with a strong campaign for Singles Day, a major Chinese retail event held each November, ANH launched a purpose-built e-commerce site, vastly improving the online shopping experience.

A second product, Tomato Infusion Lips Alive lip balm launched in December 2017, and this was followed by four more in January 2018:

- Tomato Infusion Eyes Alive
- Mag Ache Relief Gel
- Mag Sports Spray
- Salt Soothing Gel

The addition of the new magnesium salts range, soon to be named ActiveLycos™, took ANH's offering to a total of six products. ANH achieved sales of \$123,000 in the March quarter, with the face cream and magnesium sports spray being the standout performers. With these signature products, the Company is developing the momentum to leverage and build upon for future releases.

ANH conducts ongoing market testing and gathers customer feedback to improve quality, and to build and enhance customer loyalty. Overall the feedback is very positive.

In February 2018, ANH announced that ANH had signed a Sales, Marketing and Distribution Agreement with Australia's fastest growing healthcare commercial partner, HealthOne, for an initial period of nine months with options to extend. This Agreement sees HealthOne taking ANH's products into Australian independent pharmacies and gift outlets.

Further expanding its distribution channels, ANH entered into an International Supply Agreement with China-Australia cross border specialist, Jatenergy Limited ("JAT"), for a period of 24 months from commencement with options to renew. JAT will promote ANH's products to its vast consumer network in the Chinese market.

Subsequent to this Agreement, JAT announced that it had entered into a "Cooperation Letter of Intent" with Shanghai Dragon Corporation (SDC) under which both parties agreed to work together to bring Australian products to Chinese consumers. JAT will supply ANH's products and SDC will arrange the importation, provide a sales platform, and sell the goods.

The agreement with JAT also led to JD Global approving the sale of ANH's range of ActiveLycos™ infused face products, and magnesium and salt enriched nutraceuticals, to Chinese consumers on JD Global's cross-border platform, JD.hk., as announced in April 2018. JD Global is China's largest online retailer and its biggest overall retailer as well as the country's largest internet company by revenue.

In May, ANH signed its first ambassadors, elite Australian international footballers Lisa DeVanna, Chloe Logarzo and Caitlin Foord, to promote the Company's Cucumber Infusion Magnesium Sport Spray and Magnesium Ache Relief Gel for an initial period of 12 months. The Magnesium Sports Spray and Magnesium Ache Relief Gel are infused with cucumber juice, which makes them high in acids that accelerate dermal penetration. This enables the 99.9% pure, highly concentrated magnesium to quickly penetrate the skin, delivering fast relief.

Also during May 2018, ANH signed a contract with South Korea's Busan University to further improve its probiotic culture to produce organic acid. Busan University represents the fourth university collaborating with ANH to develop active ingredients for cosmetics, joining the University of Sydney, The University of New South Wales (UNSW) and Chonnam National University (CNU) in South Korea.

Busan University will use juice derived from pregnant Abundant cucumbers to make organic lactic and citric acid which will deliver natural magnesium actives in their purest form. This ensures all products are naturally derived, entirely traceable and highly effective. ABT develops and owns the scientific IP in relation to these processes.

During the year, ANH added salespeople in Australia and China in a push to grow market share. It also opened an office in Korea to gain greater access to the broader Asian market, and to facilitate better access to the world's best packaging and research.

The company plans to extend to Europe in the 2019 financial year, in particular Germany, where strong consumer trends toward natural ingredients and exercise are evident.

ABUNDANT SEEDS

During 2018, Abundant Seeds ("AS") appointed Sarah Pearson as Sales and Operations Manager. This allowed the company to drive sales growth in the lucrative domestic market, while refining plant IP to meet specifications required by international distributors.

While there were delays in distributing into overseas markets, domestic sales grew with Abundant penetrating major cucumber growing areas including Coffs Harbour and Adelaide, with AS to expand into Queensland and Victorian markets in 2019.

Testing for disease and tolerance was completed, with results showing the strength and tolerance of ABT plants and the value of the company's IP.

Sales

Abundant Seeds achieved strong sales throughout the first half of the year, totalling nearly \$50,000.

Domestic cucumber seed sales increased in NSW and Adelaide during the March quarter reflecting farmers' concerns about disease from imported varieties and their ability to fully adapt to local conditions. An Australian Federal Government review of the biosecurity risk of imported seeds also bodes well for AS sales against imported products.

ABT's seeds are Australian owned and developed, and grow higher-yielding plants that produce superior quality fruit, adding to grower profits and providing better produce and value to Australian consumers. They are also developed to withstand the Australian conditions, whereas multi-national seed giants do not produce seed suited to Australia's harsh climate or pathogens.

Abundant Seeds achieved an increase of more than 15% in sales of mini cucumbers into the home-grower market in the June quarter over the same period last year. Commercial domestic sales increased in targeted production areas of Sydney, Coffs Harbour and Adelaide, with some growers into their third or fourth season of production using seeds from Abundant.

Abundant Seeds commenced sales of tomato seeds to the domestic market, which produce beautiful yields of tasty cherry type tomatoes, and also dispatched new cucumber varieties for testing in the Middle East.

Production

Seed production during the December quarter focused on mini cucumbers and Lebanese variety ACL 516.

Abundant Seeds successfully implemented new Phenome One Breeding software for cucumbers and tomatoes, facilitating acceleration of its breeding process to develop varieties with greater efficiency and speed. This will be used for existing vegetable lines as well as capsicum and eggplant ranges currently in development.

The initial assessment of Abundant Seeds' international co-hybrid program was completed in Europe in early June 2018, returning promising results for the tomato program, with a commercial launch anticipated toward the end of 2020 with the global partner.

Other activities

ABT attended the ISF World Seed Federation Congress held over three days in Brisbane during June, meeting seed distributors, producers and industry-based services. This helped to increase awareness of Abundant Seeds' breeding program and increase opportunities to trial cucumber and tomato varieties in the USA, Middle East and Europe.

CORPORATE

ABT completed a placement in October 2017 to raise \$3.3 million, issuing 6,975,000 shares at \$0.40 per share, and receiving shareholder approval to issue a further 1,275,000 shares to raise another \$510,000. These funds were used to support sales and marketing efforts for ANH.

Board and Management Changes

Shanan Birkin was appointed CEO of ANH in October 2017, bringing many years of experience in marketing and company management. She is responsible for coordinating new product development, packaging, marketing and distribution, spanning online and offline sales channels in both domestic and international sales and exports.

During May, the Company announced the appointment of Seona Wallace to its Board. Ms Wallace has established a dynamic presence and highly regarded profile over the past 20 years in the global skincare and pharmaceutical industry, and as a Board Member of the Australian Self Medication Industry (ASMI). She has been Managing Director of leading healthcare group HealthOne since April 2015.

Grants and Rebates

During the year, ABT received the following grants and incentives:

- A \$648,000 research and development (R&D) Tax Incentive from the Australian Government
- TechVouchers NSW from the NSW Government to fund a \$20,000 project in collaboration with the University of NSW (UNSW).*
- Export Markets Development Grant (EMDG) return of more than \$50,000 from the Federal Government's Austrade.
- A \$110,000 grant from the Australian Government's Innovations Connections to fund a new graduate and R&D for future products.*

* Projects funded 50/50 by the NSW or Australian Government and ABT.

Headquarter move

During the June quarter, ABT moved its headquarters from Pyrmont to a larger 1,300sqm production and office facility in Chatswood. The larger space has yielded greater efficiencies and reflects the continuous growth of the company.

The year ahead

ABT will maintain and deepen its research and innovation programs in conjunction with its globally recognised university collaborators to grow the company's portfolio of plant IP and nutraceutical skin care products.

Equally, the company will strengthen its sales focus in the 2019 fiscal year, to drive market share growth in Australia and overseas for Abundant Seeds and Abundant Natural Health skin care products.

ABUNDANT PRODUCE LIMITED
ABN 46 606255887

**ASX APPENDIX 4E
RESULTS FOR ANNOUNCEMENT TO
THE MARKET PRELIMINARY FINAL
REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

1. Reporting Period

Current Reporting Period 30 June 2018
Prior Reporting Period 30 June 2017

2. Results for announcement to the market

Revenue from ordinary activities for the period	\$512,678	up	19%
Loss from ordinary activities after tax for the period attributable to members	\$2,023,081	up	62%
Net loss after tax for the period attributable to members	\$2,023,081	up	62%

EPS	As at 30/06/2018	As at 30/06/2017
Basic Loss per share	0.4 cents	0.2 cents
Diluted Loss per Share	0.4 cents	0.2 cents

3. Financial Result

The consolidated loss of the Group for the year after providing for income tax amounted to \$2,023,081 (2017: \$1,248,721).

The 2018 profit is attributable to the following:

	2018	2017
Gain on Initial recognition of seeds	\$147,779	\$114,686
Seed sales	\$46,166	\$45,049
Cost of Sales	\$277,700	\$415,394
Consultancy expenses	\$687,387	\$267,073
Depreciation	\$280,665	\$232,496

Net tangible assets per security were \$0.07 at 30 June 2018 (2017: \$0.09).

4. Commentary on Results

Please refer to preface to this Appendix

5. Dividends

The Company has not paid dividends and is not proposing to pay dividends.

6. Statement of profit or loss and other comprehensive income

Refer to attached Statement of profit or loss and other comprehensive income

7. Statement of financial position

Refer to attached statement of financial position

8. Statement of changes in equity

Refer to attached statement of changes in equity

9. Statement of cash flows

Refer to attached statement of cash flows

10. Details of entities over which control has been gained or lost

The Company did not commence or cease to control any entities during the financial year.

11. Details of associates and joint venture entities

The Company has no associates or joint ventures.

12. Status of audit and description of likely disputes or qualifications

This preliminary final report is in the process of being audited. No matters have arisen which would result in a dispute or qualification.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

		Consolidated Entity	
		2018	2017
	Note		
Revenue	3	1,134,607	429,518
Cost of goods Sold		(277,700)	(233,477)
Gross profit		856,907	196,041
Consultancy expenses		(687,387)	(267,073)
Insurance expense		(10,623)	(32,362)
Inventory write-off		-	(358,846)
Depreciation and amortisation expense		(280,665)	(242,986)
Directors' fees		(132,000)	(296,774)
Travel expenses		(51,530)	(30,558)
Occupancy expenses		(64,815)	(67,169)
Cucumber Seeds Written-off		(135,560)	(171,446)
Research costs written-off		(445,581)	-
Employee benefits expenses		(590,403)	(107,090)
Other expenses		(481,419)	(143,552)
(Loss) before income tax	4	(2,023,081)	(1,521,814)
Income tax expense		-	273,513
(Loss) for the year		(2,023,081)	(1,248,721)
Other Comprehensive Income		-	-
Total comprehensive (loss) for the year		(2,023,081)	(1,248,721)
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic (loss) per share	5	(0.04)	(0.02)
Diluted (loss) per share	5	(0.04)	(0.02)

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

Consolidated Statement of Financial Position
 As at 30 June 2018

		Consolidated Entity	
		2018	2017
	Note	\$	\$
Assets			
Current assets			
Cash and cash equivalents	6	2,553,307	1,123,276
Trade and other receivables	7	258,518	380,316
Inventories	8	728,378	527,362
Total current assets		3,540,204	2,030,954
Non-current assets			
Property, plant and equipment	9	195,528	349,133
Intangibles	10	620,012	747,073
Total non-current assets		815,540	1,096,206
Total assets		4,355,744	3,127,160
Liabilities			
Current liabilities			
Trade and other payables	11	345,710	412,449
Total current liabilities		345,710	412,449
Non-current liabilities			
Deferred tax liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		345,710	412,449
Net assets		4,010,035	2,714,712
Equity			
Contributed equity	12	8,329,626	5,011,223
Retained earnings		(4,319,591)	(2,296,511)
Total equity		4,010,035	2,714,712

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Contributed Equity	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2016	5,011,223	(1,047,790)	3,963,433
Loss for the year	-	(1,248,721)	(1,248,721)
Total comprehensive income	-	(2,296,511)	(2,296,511)
Issue of Capital	-		-
Share issue costs net of tax	-		-
Balance at 30 June 2017	5,011,223	(2,296,511)	2,714,712
Balance at 1 July 2017	5,011,223	(2,296,511)	2,714,712
Loss for the year	-	(2,023,081)	(2,023,081)
Total comprehensive income	-	(4,319,592)	(4,319,592)
Issue of Capital	3,318,403	3,318,403	3,318,403
Share issue costs net of tax	-	-	-
Balance at 30 June 2018	8,329,626	(4,319,592)	4,010,035

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the year ended 30 June 2017

		Consolidated Entity	
		2018	2017
	Note	\$	\$
Cash flows from operating activities			
Receipts from customers		551,350	191,318
Payments to suppliers and employees		(2,193,211)	(933,768)
Interest received		783	19,244
Other Income		-	-
Interest paid		-	-
Net cash (outflow)/Inflow from operating activities	14	(1,641,075)	(723,206)
Cash flows from investing activities			
Payments for property, plant & equipment		-	(342,070)
Payments for research & development		(247,295)	(323,165)
Net cash inflow/(outflow) from investing activities		(247,295)	(665,235)
Cash flows from financing activities			
Proceeds from issues of shares		3,318,403	-
Transactions costs		-	-
Net cash inflow from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		1,430,031	(1,382,441)
Cash and cash equivalents at the beginning of the financial year		1,123,275	2,511,717
Cash and cash equivalents at end of year	6	2,553,307	1,123,276

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to Financial Statements

For the year ended to 30 June 2018

Abundant Produce Limited ("the Company") is a Company incorporated on 4 June 2015 and is a company limited by shares incorporated in Australia whose shares have been publicly traded on the Australian Securities Exchange Limited ("ASX") since 26 April 2016. The address of its registered office and principal place of business is Unit 23, 376 – 380 Eastern Valley Way, Chatswood NSW 2067.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. Abundant Produce Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, these financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

b) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Abundant Produce Limited and its subsidiaries. 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.

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 business.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or a business 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 exemptions).

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.

On 26 April 2016, the company, formerly known as Soon Resources Limited, completed the 100% acquisition of Abundant Produce Australia Pty Ltd. As part of this process Soon Resources Limited changed its name to Abundant Produce Limited. The acquisition of Abundant Produce Australia Pty Ltd resulted in their shareholders obtaining control of the consolidated entity. In addition, the Board of Directors of the consolidated entity was restructured such the former directors of Abundant Produce Limited resigned and four nominees of Abundant Produce Australia Pty Limited became the directors of Abundant Produce Limited and have assumed responsibility for the management of the consolidated entity. The current directors of the Group have formed the view that Abundant Produce Limited was not a business from incorporation until the date of acquisition and as such the acquisition has been accounted for as a share based payment transaction using the principles set out in AASB 2 "Share-based Payment) whereby Abundant Produce Australia Limited is deemed to have issued shares in exchange for the net assets and listing status of Abundant Produce Limited. In accordance with AASB 2, the difference between the fair value of the deemed consideration paid by Abundant Produce Limited and the fair value of the identifiable net assets, is required to be recognised as an expense. Consequently, an expense of \$800,000 has been recognised as set out in Note 5 to the financial statements.

Given Abundant Produce Australia Pty Ltd is considered to be the parent of the Group for accounting purposes, the consolidated financial statements represent a continuation of the financial statements of Abundant Produce Australia Pty Ltd. The results for the period ending 30 June 2016 comprise the results of Abundant Produce Australia Pty Ltd for the full year and the results of Abundant Produce Limited subsequent to the completion of the acquisition, i.e. 26 April 2016.

The comparative information provide is that of Abundant Produce Australia Pty Ltd.

d) Going Concern basis of accounting

The financial statements have been prepared on a going concern basis. The Group has incurred an operating loss for the year of \$2,023,081 (2017: loss \$1,248,721) and has negative cash flows from operating activities of \$1,641,075 (2017: negative cash flows \$723,206). The Group has \$2,553,307 in cash at the end of 30 June 2018 which is sufficient in the view of the Directors to meet the outgoings of the Group and to enable it to pay its debts as & when they fall due over the next 12 months from the date of this report. Therefore, the Directors consider that the going concern basis is appropriate.

e) 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. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income 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.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or 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.

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.

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.

f) 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 (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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 (i.e. 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 (i.e. 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.

g) Inventories

Inventories comprise seeds which 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".

h) Property, Plant and Equipment

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

Property

Freehold land and buildings are carried at cost or fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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 either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) 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, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	33%
Office & computer equipment	33%

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. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

i) Impairment of 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 (e.g. 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 intangible assets with indefinite lives and intangible assets not yet available for use.

j) Intangibles 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 is expected to deliver future economic benefits and these benefits can be measured reliably. Capitalised development costs are stated at cost less accumulated amortisation.

Capitalised development costs have a finite useful life and are amortised as a straight line being when the intangible asset is available for use over 5 years.

k) Leases

Lease payments for operating leases where substantially all the risks and benefits remain with the lessee are recognised as expenses in the period in which they are incurred. .

l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 6 months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

m) Revenue and Other Income

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 recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

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) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

r) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) *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.

No impairment has been recognised in respect of goodwill at the end of the reporting period.

Key judgements**(ii) Research and Development Costs**

The Directors have determined that research of cucumber seeds had altered from research to development in the 2013-14 year. At this point various cucumber seeds were identified for further development and ultimately commercial trials. Therefore, all costs incurred in cucumber seed programs are capitalised as development expenditure. The same determination was made for tomato seeds in the 2014-15 year.

(iii) Recoverability of deferred tax assets

Deferred tax assets are recognised for deductible temporary difference and unused tax losses as management considers that it is probable that future taxable profits will be available to utilize those temporary differences and unused tax losses. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

3) Revenue

	Consolidated Entity	
	2018	2017
	\$	\$
Revenue		
Interest	5,710	19,244
Seed Sales	46,166	45,049
R&D tax incentive rebate	631,951	249,783
Gain on initial recognition of seed	147,779	114,686
Skincare produce sales	233,108	-
Other income	69,893	756
Total	1,134,607	429,518

4) Expenses

(Loss) before income tax includes the following specific expenses:

Depreciation and amortization expense	280,665	222,496
Rental expense relating to operating lease:	40,587	69,169

5) Earnings Per Share

	Consolidated Entity	
	2018	2017
Earnings used to calculate basic & diluted EPS	(2,023,081)	(776,693)
Weighted average number of ordinary shares outstanding during the year used in calculating basic & diluted EPS	52,160,264	46,500,000
Basic & diluted Earnings Per Share	(0.04)	(0.02)

6) Cash and cash equivalents

	Consolidated Entity	
	2018	2017
Cash at bank and on hand	2,553,307	1,129,276
Term deposit	-	-
Total	2,553,307	1,129,276

The effective interest rate on short-term bank deposits was 0% to 1.5% (2017: Nil%); these deposits have an average maturity of 90 days

7) Trade and other receivables

	Consolidated Entity	
	2018	2017
	\$	\$
Trade Debtors	209,102	
Other receivables	49,416	380,487
Prepayments	-	-
Total	258,518	380,487

8) Inventories

	Consolidated Entity	
	2018	2017
	\$	\$
Seeds at deemed cost	484,862	638,764
Face cream at cost	243,516	65,526
Total	728,378	704,290

9) Property, plant & equipment

	Consolidated Entity	
	2018	2017
	\$	\$
Improvements		
Cost	28,430	28,430
Accumulated amortization	(10,799)	(1,418)
	<u>17,630</u>	<u>27,012</u>
Buildings		
Cost	546,721	546,721
Accumulated Depreciation	(368,822)	(224,600)
	<u>177,898</u>	<u>322,121</u>
Office equipment		
Cost	22,586	22,586
Accumulated Depreciation	(22,586)	(22,586)
	<u>-</u>	<u>-</u>
Total property, plant & equipment	195,528	349,133

10) Intangibles – Development Costs

	Consolidated Entity	
	2018	2017
	\$	\$
Cucumber Seed	635,304	635,304
Accumulated amortisation	(342,695)	(215,634)
	292,609	419,670
Tomato Seed	326,403	326,403
Face Cream	1,000	1,000
Total	620,012	747,073

11) Trade and other payables

	Consolidated Entity	
	2018	2017
	\$	\$
Trade & other payables	345,710	414,318
Total	345,710	414,318

12) Contributed equity

		Consolidated Entity	
		2018	2017
	Notes	\$	\$
(a) Share capital			
Ordinary Shares			
54,907,500 (2017: 46,500,000) Fully paid shares	(c)	8,329,626	5,011,223
Total Share Capital		8,329,626	5,011,223

(b) Movements in ordinary share capital

	2018	2017	2018	2017
	\$	\$	Number	Number
At the beginning of the reporting period	5,011,223	5,011,223	46,500,000	46,500,000
Share issues during the year:				
16 October 2017 (Placement)	3,265,403		6,585,750	
7 December 2017 (Placement)	53,400		1,821,750	
Closing balance	8,329,626	5,011,223	54,907,500	46,500,000

(c) Ordinary shares

The Company does not have a limited amount of authorised capital.

13) 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 location, being Australia.

The Group's segment operating profit reconciles to the Group's loss before tax as presented in its financial statements as follows:

	Natural Beauty Products	Seeds	Total
	(\$)	(\$)	(\$)
Revenue	308,711	825,896	1,134,607
Segment Net (loss) before Tax	(720,683)	(1,152,703)	(1,873,386)
Corporate Charges			(149,696)
Net (loss) before tax			(2,023,082)

14) Cash Flow Information

	Consolidated Entity	
	2018	2017
Reconciliation of Cash flows from Operating activities to Net Profit after Tax.	\$	\$
(Loss)/Profit after tax	(2,023,081)	(1,248,721)
Non-cash flows in (loss)/profit:		
Depreciation and amortisation	280,665	242,986
Changes in assets and liabilities, net of the effect of purchase and disposal of subsidiaries		
(Increase)/Decrease in trade & other receivables	121,798	(94,872)
(Increase)/decrease in inventories	(201,016)	(242,053)
(Increase)/decrease in deferred tax assets	-	292,321
Increase/(decrease) in trade & other payables	180,559	(28,933)
Increase/(decrease) in deferred tax liability	-	(563,714)
Cash Flows from operating activities	(1,641,075)	(1,155,788)