

28 November 2018

Company Announcements Office
Australian Securities Exchange
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20 Bond Street
SYDNEY NSW 2000

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Dear Sir or Madam

Appendix 4E Preliminary Final Report and Accounts for the year ended 30 September 2018

The Directors of Alterra Limited (the Company) are pleased to present to the market the ASX Appendix 4E Preliminary Final Report for the financial year ended 30 September 2018.

A copy of the report can also be found on the Company's website alterra.com.au.

Yours faithfully



Andrew McBain
Managing Director



ALTERRA LIMITED

ABN 20 129 035 221

ASX Preliminary Final Report
Appendix 4E

30 September 2018

Lodged with the ASX under Listing Rule 4.3A

Results for Announcement to the Market

		Consolidated	
		2018	2017
		\$'000	\$'000
Revenue from ordinary activities	Up 9%	2,973	2,724
Profit / (loss) before income tax from continuing operations	Up 1,469%	194	(2,657)
Profit / (loss) after tax attributable to members	Up 696%	342	(2,038)

Highlights

- EBITDA for YES 2018 was \$970,000 - up 29% from \$750,000 for YES 2017
- Cash on hand at 30 September 2018 was \$2,400,000 – up 184% from \$840,000 at 30 September 2017

Review of Operations

Carbon Business

Alterra's Carbon Business manages approximately 18,000 hectares of agro-forestry projects in Western Australia to generate Australian Carbon Credit Units (ACCUs) and Voluntary Carbon Offsets.

Having been a first mover and market leader in reforestation-based carbon emission offsets (since 2008), the Company continued its management of carbon offset generating projects registered under the Carbon Farming Initiative Act (CFI Act).

The 2018 field work included tree measurements and plantation monitoring and FullCAM modelling, informing the Company's ongoing development of growth models and supported Offset Reports to the Clean Energy Regulator. Contracts relating to the CFI Act and Voluntary Carbon Offset projects remaining in good standing and the annual science program conducted across 30 properties has added further depth to our understanding of the performance of offset projects based on reforestation in the WA wheatbelt.

The Company continues to maintain its 100% compliance record with the Clean Energy Regulator and in 2018 became a Foundation Signatory of the Carbon Farming Industry Code of Conduct, which is administered by the industry peak commercial body the Carbon Market Institute.

The Carbon Business remains underpinned by management contracts with counterparties out to September 2027, while marginal revenue lines include Voluntary Carbon Offset contracts and ACCUs generated from carbon plantations on the Company account.

Dairy

In March 2017, Alterra purchased a property “Dambadgee Springs” near Dandaragan in Western Australia as a prospective dairy site. The property was assessed as highly suitable for the development of an intensive dairy operation and is currently leased for cropping purposes, generating positive cash-flow, while feasibility studies are conducted.

The Company has conducted regional hydrology and exploration drilling for water on Dambadgee Springs; preliminary environmental assessments; silage crop productivity trials and extensive site assessments in conjunction with developing engineering designs and refinement of the operating model.

Alterra is currently focussed on securing water access, refining environment management plans and applications and securing a milk off-take contract. In addition, the Company has been exploring alternative enterprises and value-uplift activities on the property, particularly in relation to utilising any potential water resources.

The Company has been reviewing dairy opportunities in Queensland and is in ongoing discussions regarding the potential to establish a large-scale dairy operation to supply milk to the Queensland domestic market.

Business Development

The Company continues to evaluate agribusiness related opportunities with a focus on high value tree crops and water.

Restructure of Carbon Business & Proposed Demerger

On 14 November 2018, the Company announced its intention to restructure and demerge its Carbon Business, subject to shareholder approval. Subsequently on 19 November 2018, the Company released a Notice of Meeting to shareholders which confirmed that an Extraordinary General Meeting will be held on 20 December 2018, for the purpose of seeking shareholder approval for the demerger of the Carbon Business. We refer to the Notice of Meeting dated 19 November 2018 for further details.

**Preliminary Statement of Comprehensive Income
For the year ended 30 September 2018**

	Note	2018 \$	2017 \$
Revenue	3	2,973,719	2,723,654
Other Income	3	-	435,700
Operating expenses		(491,691)	(780,100)
Administrative expenses		(277,244)	(236,576)
Marketing expenses		(27,232)	(47,525)
Business development expenses		(82,779)	-
Corporate expenses		(94,829)	-
Employee benefits expense		(809,311)	(783,243)
Occupancy expense		(60,374)	(65,235)
Finance expenses		(88,378)	(60,617)
Depreciation and amortisation expense		(719,107)	(3,703,674)
Share based payments		(129,015)	(140,382)
Profit / (loss) before income tax		193,759	(2,657,998)
Income tax (expense) / benefit	5	(123,662)	513,392
Profit / (loss) attributable to members of the parent entity		70,097	(2,144,606)
Profit after tax from discontinued operations		272,015	105,905
Profit/(Loss) attributable to members of the parent entity		342,112	(2,038,701)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
(Loss) / gain on revaluation of listed investments		(30,567)	79,442
Exchange difference on translating foreign controlled entities		(272,746)	1,325
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period		(303,313)	80,767
Total comprehensive income attributable to members of the parent entity		38,799	(1,957,934)

**Preliminary Statement of Comprehensive Income
For the year ended 30 September 2018**

Basic and diluted earnings per share (cents per share)	6	0.24	(1.44)
Basic and diluted earnings per share from continued operations (cents per share)	6	0.05	(1.51)
Basic and diluted earnings per share from discontinued operations (cents per share)	6	0.19	0.07

The accompanying notes form part of these financial statements.

Preliminary Consolidated Statement of Financial Position
As at 30 September 2018

	Note	2018 \$	2017 \$
Current Assets			
Cash and cash equivalents	9	2,396,170	843,355
Trade and other receivables		717,260	778,069
Income tax refundable		-	108,750
Investments		103,257	183,266
Other assets		178,886	264,616
Total Current Assets		3,395,573	2,178,056
Non-Current Assets			
Intangible assets		4,752,205	5,437,078
Property, plant and equipment		67,608	147,580
Investment Property		4,441,406	4,428,518
Inventories		203,431	291,885
Other assets		158,556	257,078
Deferred tax asset		256,270	301,167
Total Non-Current Assets		9,879,476	10,863,306
TOTAL ASSETS		13,275,049	13,041,362
Current Liabilities			
Trade and other payables		191,816	204,609
Interest-bearing liabilities		-	40,530
Provision for income tax		124,596	-
Total Current Liabilities		316,412	245,139
Non-Current Liabilities			
Interest-bearing liabilities		1,750,000	1,790,552
Provisions		35,151	-
Total Non-Current Liabilities		1,785,151	1,790,552
TOTAL LIABILITIES		2,101,563	2,035,691
NET ASSETS		11,173,486	11,005,671
Equity			
Issued capital	6	14,254,212	14,254,212
Reserves		1,368,285	1,542,582
Retained earnings / (accumulated losses)		(4,449,011)	(4,791,123)
TOTAL EQUITY		11,173,486	11,005,671

The accompanying notes form part of these financial statements.

Preliminary Consolidated Statement of Changes in Equity
For the year ended 30 September 2018

	Issued Capital	Accumulated Losses	Revaluation Reserve	Share- based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$		\$	\$	\$
Balance at 1 October 2016	13,984,212	(2,752,422)	-	1,050,012	271,421	12,553,223
Profit attributable to members	-	(2,038,701)	-	-	-	(2,038,701)
Revaluation	-	-	79,442	-	-	79,442
Foreign currency translation differences	-	-	-	-	1,325	1,325
Total comprehensive income for the year	-	(2,038,701)	79,442	-	1,325	(1,957,934)
Share based payments	-	-	-	140,382	-	140,382
Shares issued during the year	270,000	-	-	-	-	270,000
Transaction costs on shares issued during the year	-	-	-	-	-	-
Balance at 30 September 2017	14,254,212	(4,791,123)	79,442	1,190,394	272,746	11,005,671

Preliminary Consolidated Statement of Changes in Equity
For the year ended 30 September 2018

	Issued Capital	Accumulated Losses	Revaluation Reserve	Share- based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$		\$	\$	\$
Balance at 1 October 2017	14,254,212	(4,791,123)	79,442	1,190,394	272,746	11,005,671
Profit attributable to members	-	342,112	-	-	-	342,112
Revaluation	-	-	(30,567)	-	-	(30,567)
Foreign currency translation differences	-	-	-	-	(272,746)	(272,746)
Total comprehensive loss for the year	-	342,112	(30,567)	-	(272,746)	38,799
Share based payments	-	-	-	129,016	-	129,016
Balance at 30 September 2018	14,254,212	(4,449,011)	48,875	1,319,410	-	11,173,486

The accompanying notes form part of these financial statements.

Preliminary Consolidated Statement of Cash Flows
For the year ended 30 September 2018

	Note	2018 \$	2017 \$
Cash Flows from Operating Activities			
Receipts from customers		3,013,891	2,751,539
Payments to suppliers and employees		(1,739,458)	(1,936,974)
Income tax refunded		154,581	33,646
Interest received		27,136	22,706
Interest paid		(80,813)	(54,121)
Net cash provided by operating activities	9	1,375,337	816,796
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(35,477)	(4,430,898)
Proceeds from sale of intangible assets		-	-
Proceeds from the sale of plant and equipment		68,328	827,223
Sale of land		166,100	-
Purchase of available-for-sale investments		-	(75,000)
Proceeds from sale of available-for-sale investments		37,520	-
Net cash provided / (used in) by investing activities		236,471	(3,678,675)
Cash Flows from Financing Activities			
Proceeds from the issue of shares		-	270,000
Issue of employee loans		-	(202,500)
Receipt of payments from employee loans		22,089	36,309
Repayment of funds from bank loan		-	2,100,000
Repayment of bank loan		-	(350,000)
Repayment of finance leases		(81,082)	(35,094)
Net cash provided by / (used in) financing activities		(58,993)	1,818,715
Net increase / (decrease) in cash and cash equivalents		1,552,815	(1,043,164)
Cash and cash equivalents at beginning of year		843,355	1,886,519
Cash and cash equivalents at end of year	9	2,396,170	843,355

The accompanying notes form part of these financial statements.

Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2018

1. BASIS OF THE PREPARATION OF THE PRELIMINARY FINAL REPORT

The preliminary final report has been prepared in accordance with the ASX Listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The accounting policies have been consistently applied, unless otherwise stated.

2. DIVIDENDS

The directors recommend that no dividend be paid for the year ended 30 September 2018, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

3. REVENUE

	2018	2017
	\$	\$
Carbon: ACCU & voluntary sales	178,079	10,563
Carbon: Land license / management fees	2,451,172	2,409,968
Dairy	317,332	227,221
Interest received	27,136	22,706
Other income	-	53,196
Total revenue	2,973,719	2,723,654

Revenue relating to New Zealand operations in the prior period is included under discontinued operations.

4. OTHER REVENUE

	2018	2017
	\$	\$
Reversal of impairment of land	-	(435,700)
	-	(435,700)

**Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2018**

5. INCOME TAX

The Company has recognised an income tax expense in 2018 of \$123,662 (2017: Tax benefit of \$513,392).

6. EARNINGS PER SHARE (EPS)

	2018	2017
	¢	¢
Basic and dilutive earnings per share (cents per share)	0.24	(1.44)
Basic earnings per share (Continued Operations)	0.05	(1.51)
Basic and dilutive earnings per share from discontinued operations (cents per share)	0.19	0.07
	\$	\$
Profit / (loss) for the year	342,112	(2,038,701)
Profit / (loss) for the year (Continued Operations)	70,097	(2,144,606)
Profit for the year after income tax from discontinued operations	272,015	105,905
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	143,599,988	141,578,070
Shares deemed to be issued for no consideration in respect of:		
Options	10,000,000	12,000,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	153,599,988	153,578,070

Diluted Earnings Per Share

The Company has options outstanding that are potential Ordinary Shares. They are not considered to be dilutive in nature as options only have a dilutive effect when the average market price of Ordinary Shares during the period exceeds the exercise price of the options.

**Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2018**

7. SEGMENT REPORTING

The Group is managed primarily on the basis of two reportable segments being the carbon business and dairy.

Revenue by reportable segment	2018	2017
Carbon Business	2,629,251	2,473,727
Dairy	323,142	232,311
Corporate	21,326	17,616
	2,973,719	2,723,654
Assets by reportable segment		
Carbon Business	4,956,586	6,753,994
Dairy	4,657,839	4,758,259
Corporate	3,660,624	1,529,109
	13,275,049	13,041,362
Net Assets by reportable segment		
Carbon Business	4,956,586	6,736,542
Dairy	2,907,839	2,991,034
Corporate	3,309,061	1,278,095
	11,173,486	11,005,671

8. NTA BACKING

	2018	2017
	¢	¢
Net tangible asset backing per ordinary share	4.29	3.67

Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2018

9. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash flow from operations with profit after income tax:	2018	2017
	\$	\$
Net profit / (loss) after income tax	342,112	(2,038,701)
Non-cash-flows in loss		
(Profit)/loss on sale of fixed assets	(13,391)	(1,146)
Employee leave benefits	19,337	17,376
Share based payments	129,015	140,383
Depreciation and amortisation expense	719,107	3,703,674
Impairment of assets	-	(435,700)
Finance costs	3,466	6,722
Taxation expense /(benefit)	123,662	(516,744)
(Increase) in inventories	-	110,737
(Increase) in receivables	56,871	(78,001)
Increase/(decrease) in trade and other payables	(4,842)	12,451
Decrease/(increase) in other assets	-	(104,605)
Net cash generated in operating activities	1,375,337	816,796
Reconciliation of Cash		
Cash at bank and on hand	2,396,170	843,355
	2,396,170	843,355

10. ISSUED & PAID UP CAPITAL

	2018	2018	2017	2017
	No.	\$	No.	\$
Ordinary shares fully paid				
At beginning of the financial period	143,599,988	14,254,212	137,599,988	13,984,212
Shares issued during the year	-	-	6,000,000	270,000
At 30 September 2018	143,599,988	14,254,212	143,599,988	14,254,212

Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2018

11. EVENTS SUBSEQUENT TO REPORTING DATE

On 14 November 2018, the Company announced its intention to restructure and demerge its Carbon Business, subject to shareholder approval. Subsequently on 19 November 2018, the Company released a Notice of Meeting to shareholders confirming that an Extraordinary General Meeting will be held on 20 December 2018, for the purpose of seeking shareholder approval for the demerger of the Carbon Business. We refer to the Notice of Meeting dated 19 November 2018 for further details.

On 14 November 2018, the Company issued 4 million fully paid ordinary shares as a result of directors Andrew McBain, Trevor Stoney and Neil McBain exercising 4 million unquoted options at \$0.035 per share to raise \$140,000.

12. CONTROLLED ENTITIES

	Country of Origin	Class of Share	Percentage Owned %	
			2018	2017
ACCU Asset Management Pty Ltd	Australia	Ord	100	-
Broadacre Land Holdings Pty Ltd	Australia	Ord	100	100
Capel River Dairy Pty Ltd	Australia	Ord	-	100
Carbon Conscious Pty Ltd	Australia	Ord	100	100
Carbon Fund Australia Pty Ltd	Australia	Ord	100	100
Carbon Management WA Pty Ltd (formerly WA2 Milk Pty Ltd)	Australia	Ord	100	100
Food Fibre Carbon Pty Ltd	Australia	Ord	100	-
WA2 Milk Pty Ltd	Australia	Ord	100	-
Yathroo Dairy Assets Pty Ltd	Australia	Ord	100	100

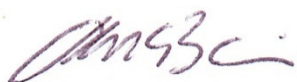
Capel River Dairy Pty was de-registered by ASIC on 6 August 2018.

**Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2018**

13. COMPLIANCE STATEMENT

This report is based on financial statements to which the following applies:

- | | | | |
|-------------------------------------|--|--------------------------|---|
| <input type="checkbox"/> | The financial statements have been audited. | <input type="checkbox"/> | The financial statements have been supplied to review. |
| <input checked="" type="checkbox"/> | The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> | The financial statements have not yet been audited or reviewed. |



Andrew McBain
Managing Director

Date: 28 November 2018