

Appendix 4E Preliminary Final Report and Accounts for the Year Ended 30 September 2019

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 2019.

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

Oliver Barnes
Managing Director

About Alterra

Alterra is a developer & manager of investment-grade agricultural assets focused on unlocking transformational investments that drive sustainable growth and leave a positive social, environmental and economic legacy. The Company is focused on 'land use change' opportunities in Australia, developing under utilised land and water into the next generation of agricultural assets capable of supplying premium whole foods.

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ALTERRA LIMITED

ABN 20 129 035 221

**ASX Preliminary Final Report
Appendix 4E**

30 September 2019

Lodged with the ASX under Listing Rule 4.3A

Results for Announcement to the Market

Consolidated

		2019 \$'000	2018 \$'000
Revenue from ordinary activities	Down 90%	1,563	2,973
Profit / (loss) before income tax from continuing operations	Down 118%	(1,094)	194
Profit / (loss) after tax attributable to members	Up 64%	931	342

Review of Operations

The financial year ending 30 September 2019 saw the bringing to completion of a number of strategic initiatives including the successful demerger of Alterra's carbon business on 31 December 2018, the appointment of Oliver Barnes as Managing Director and the implementation of the Company's new growth strategy in regards to the development of underutilised water and land assets to create high value permanent crops such as avocados, citrus and nut crops.

Highlights

- Successful completion of the value accretive demerger of the carbon business into Carbon Conscious Investments Ltd;
- Appointment of Oliver Barnes as Managing Director;
- Launching the Company's new growth strategy to develop water and land assets for high value permanent crops such as avocados, citrus and nut crops;
- Formation of Alterra Advisory Board with appointment of Chair, Mr John Poynton AO, who is a leading businessman and Member of the Board of Guardians of the Future Fund (Australia's sovereign wealth fund);
- Commencement of the Board renewal process to support growth plans via the appointment of Mr John Palermo CA;
- Receipt of first distribution from Carbon Conscious Investments Ltd post demerger;
- Appointment of key executives with strong technical and industry expertise to support execution of growth strategy;
- Appointment of Execution Partners including local partners for avocados and technical partners for high value tree crops;
- Securing key genetics and proprietary data for avocado production in Pemberton region of Western Australia.

In addition to the above, the Company has developed and implemented new systems, processes and a proprietary framework to support and accelerate the identification, feasibility and execution of development opportunities in order to create a new class of investment-grade ready assets.

**Preliminary Consolidated Statement of Comprehensive Income
For the year ended 30 September 2019**

	Note	2019 \$	2018 \$
Revenue	3	1,563,377	2,973,718
Operating expenses		(267,794)	(491,691)
Administrative expenses		(410,320)	(277,244)
Asset development costs		(105,000)	-
Marketing expenses		(28,978)	(27,232)
Business development expenses		(154,379)	(82,779)
Corporate expenses		(184,728)	(94,828)
Employee benefits expense		(917,175)	(809,311)
Occupancy expense		(68,891)	(60,374)
Finance expenses		(79,580)	(88,378)
Depreciation and amortisation expense		(279,522)	(719,107)
Share-based payments		(42,612)	(129,015)
Impairment expense		(118,884)	-
(Loss) / Profit before income tax expense		(1,094,486)	193,759
Income tax expense	4	(185,738)	(123,662)
(Loss)/Profit from continuing operations		(1,280,224)	70,097
Profit after tax from discontinued operations		2,211,648	272,015
Profit attributable to members of the parent entity		931,424	342,112
Other comprehensive income		-	-
Items that may be reclassified subsequently to profit or loss:			
(Loss) / gain on revaluation of listed investments		-	(30,567)
Exchange difference on translating foreign controlled entities		-	(272,746)
Other comprehensive income for the period		-	(303,313)
Total comprehensive income attributable to members of the parent entity		931,424	38,799

The accompanying notes form part of these financial statements.

**Preliminary Consolidated Statement of Comprehensive Income
For the year ended 30 September 2019**

	Note	2019	2018
		\$	\$
Basic and diluted earnings per share (cents per share)	5	0.63	0.24
Basic and diluted (loss) / earnings per share from continued operations (cents per share)	5	(0.87)	0.05
Basic and diluted earnings per share from discontinued operations (cents per share)	5	1.50	0.19

The accompanying notes form part of these financial statements.

Preliminary Consolidated Statement of Financial Position
As at 30 September 2019

	Note	2019 \$	2018 \$
Current Assets			
Cash and cash equivalents	8	1,677,280	2,396,170
Trade and other receivables		146,032	717,260
Investments		-	103,257
Other assets		144,691	178,886
Total Current Assets		1,968,003	3,395,573
Non-Current Assets			
Intangible assets		-	4,752,205
Property, plant and equipment		72,894	67,608
Investment property		4,441,406	4,441,406
Investment in associate		1,077,172	-
Inventories		-	203,431
Other assets		996,045	158,556
Deferred tax asset		-	256,270
Total Non-Current Assets		6,587,517	9,879,476
TOTAL ASSETS		8,555,520	13,275,049
Current Liabilities			
Trade and other payables		288,913	191,816
Provision for income tax		-	124,596
Total Current Liabilities		288,913	316,412
Non-Current Liabilities			
Interest-bearing liabilities		1,750,000	1,750,000
Provisions		45,737	35,151
Total Non-Current Liabilities		1,795,737	1,785,151
TOTAL LIABILITIES		2,084,650	2,101,563
NET ASSETS		6,470,870	11,173,486
Equity			
Issued capital	9	8,626,435	14,254,212
Reserves		1,362,022	1,368,285
Retained earnings / (accumulated losses)		(3,517,587)	(4,449,011)
TOTAL EQUITY		6,470,870	11,173,486

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	Share- based Payment Reserve	Revaluation Reserve	Foreign Currency Translation Reserve	Retained Earnings / (Accumulated Losses)	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 October 2017	14,254,212	1,190,394	79,442	272,746	(4,791,123)	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	-	-	(30,567)	(272,746)	342,112	38,799
Share based payments	-	129,016	-	-	-	129,016
Balance at 30 September 2018	14,254,212	1,319,410	48,875	-	(4,449,011)	11,173,486

The accompanying notes form part of these financial statements.

**Preliminary Consolidated Statement of Changes in Equity
For the year ended 30 September 2019**

	Issued Capital	Share- based Payment Reserve	Revaluation Reserve	Foreign Currency Translation Reserve	Retained Earnings / (Accumulated Losses)	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 October 2018	14,254,212	1,319,410	48,875	-	(4,449,011)	11,173,486
Profit attributable to members	-	-	-	-	931,424	931,424
Revaluation	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	931,424	931,424
Share based payments	-	42,612	-	-	-	42,612
Shares issued during the year	187,108	-	-	-	-	187,108
Demerger of subsidiary	(5,814,885)	-	(48,875)	-	-	(5,863,760)
Balance at 30 September 2019	8,626,435	1,362,022	-	-	(3,517,587)	6,470,870

The accompanying notes form part of these financial statements.

Preliminary Consolidated Statement of Cash Flows
For the year ended 30 September 2019

	Note	2019	2018
		\$	\$
Cash Flows from Operating Activities			
Receipts from customers		1,937,049	3,013,891
Payments to suppliers and employees		(2,034,962)	(1,739,458)
Income tax (paid)/refunded		(54,064)	154,581
Interest received		93,650	27,136
Interest paid		(75,598)	(80,813)
Net cash (used in)/provided by operating activities	8	(133,925)	1,375,337
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(24,425)	(35,477)
Proceeds from the sale of plant and equipment		-	68,328
Proceeds from sale of land		59,600	166,100
Proceeds from sale of available-for-sale investments		-	37,520
Return of capital on investments		40,485	-
Payment of bond on lease		(7,138)	-
Dividends received		37,772	-
Net cash provided by investing activities		106,294	236,471
Cash Flows from Financing Activities			
Receipt of loans from related parties		308,741	22,089
Repayment of finance leases		-	(81,082)
Payment of loans to associates		(1,000,000)	-
Net cash provided by / (used in) financing activities		(691,259)	(58,993)
Net (decrease)/increase in cash and cash equivalents		(718,890)	1,552,815
Cash and cash equivalents at beginning of year		2,396,170	843,355
Cash and cash equivalents at end of year	8	1,677,280	2,396,170

The accompanying notes form part of these financial statements.

Notes to the Preliminary Consolidated Financial Statements For the year ended 30 September 2019

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 2019, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

3. REVENUE

	2019 \$	2018 \$
Carbon sales	93,493	178,079
Management and land license fees	621,819	2,451,172
Wheat sales	-	107,331
Asset management fees	397,028	-
Interest received	93,650	27,136
Lease income	210,000	210,000
Other income	147,387	-
Total revenue	1,563,377	2,973,718

**Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2019**

4. INCOME TAX

The Company has recognised an income tax expense in 2019 of \$185,738 (2018: tax expense of \$123,662).

5. EARNINGS PER SHARE (EPS)

	2019	2018
	¢	¢
Basic and dilutive earnings per share (cents per share)	0.63	0.24
Basic (loss) / earnings per share (Continued Operations)	(0.87)	0.05
Basic and dilutive earnings per share from discontinued operations (cents per share)	1.50	0.19
	\$	\$
Profit / (loss) for the year	931,424	342,112
Profit / (loss) for the year (Continued Operations)	(1,280,224)	70,097
Profit for the year after income tax from discontinued operations	2,211,648	272,015
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	147,364,963	143,599,988
Shares deemed to be issued for no consideration in respect of:		
Options	-	370,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	147,364,963	143,969,988

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 2019**

6. SEGMENT REPORTING

During the year ended 30 September 2019 Alterra demerged its Carbon Business via an in-specie distribution of shares to Alterra shareholders in a new entity (Carbon Conscious Investments Ltd). Alterra's core business of developing land use change opportunities in agriculture continued, however the focus turned to high value permanent tree crops versus intensive dairy. As such the segment reporting has been updated to better reflect the current operations as follows:

- Carbon Business – relates to the pre-demerger carbon operations for clients;
- Asset Management – relates to the management of operating assets including the contract to manage the demerged Carbon Business;
- Asset Development – relates to assets owned by the Company or being developed by the Company and replaces the Dairy segment from 2018;
- Corporate – remains the same.

Revenue by reportable segment	2019	2018
Carbon Business	715,313	2,629,251
Asset Management	370,141	-
Asset Development	210,000	-
Dairy	-	323,142
Corporate	267,923	21,326
	1,563,377	2,973,719
Assets by reportable segment		
Carbon Business	57,500	4,956,586
Asset Management	100,000	-
Asset Development	4,462,475	-
Dairy	-	4,657,839
Corporate	3,935,545	3,660,624
	8,555,520	13,275,049
Net Assets by reportable segment		
Carbon Business	57,500	4,956,586
Asset Management	100,000	-
Asset Development	2,712,475	-
Dairy	-	2,907,839
Corporate	3,600,895	3,309,061
	6,470,870	11,173,486

Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2019

7. NTA BACKING

	2019	2018
	¢	¢
Net tangible asset backing per ordinary share	4.35	4.29

8. NOTES TO THE STATEMENT OF CASH FLOWS

	2019	2018
	\$	\$
Reconciliation of cash flow from operations with profit after income tax:		
Net profit / (loss) after income tax	931,424	342,112
Non-cash-flows in loss		
Profit on demerger	(2,211,648)	-
Share in profit of associates	(129,273)	-
(Profit) / loss on sale of fixed assets	-	(13,391)
Employee leave benefits	-	19,337
Depreciation and amortisation expense	279,522	719,107
Share-based payments	42,612	129,015
Impairment of assets	118,884	-
Finance costs	-	3,466
Taxation expense /(benefit)	185,738	123,662
Decrease in investments	1,359	-
Decrease in receivables	502,044	56,871
(Increase)in prepayments	(24,496)	-
(Increase) in other assets	(6,956)	-
Increase / (decrease) in trade and other payables	166,279	(4,842)
Increase in provisions	10,586	-
Net cash generated in operating activities	(133,925)	1,375,337
Reconciliation of Cash		
Cash at bank and on hand	1,677,280	2,396,170
	1,677,280	2,396,170

Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2019

9. ISSUED & PAID UP CAPITAL

	2019	2019	2018	2018
	No.	\$	No.	\$
Ordinary shares fully paid				
At beginning of the financial period	143,599,988	14,254,212	143,599,988	14,254,212
Shares issued during the year	5,177,700	187,108	-	-
Demerger of subsidiary		(5,814,885)	-	-
At 30 September	148,777,688	8,626,435	143,599,988	14,254,212

10. EVENTS SUBSEQUENT TO REPORTING DATE

- (a) **6 November 2019** – as per ASX announcement 382, the Company announced that it has entered into an exclusive “Genetics License Agreement” and “Data Access Agreement” with French’s Group 89 Pty Ltd (French’s). The Genetics License Agreement and Data Access Agreement (Agreements) build on Alterra’s existing relationship with French’s and their provision of local partner services to Alterra (see ASX Announcement 381) as the Company advances near-term opportunities within the avocado sector.
- (b) **6 November 2019** – as per ASX announcement 383, the Company announced that it has issued securities to the following parties:
- 1,000,000 fully paid ordinary shares to French’s Group 89 Pty Ltd <The Trustee for The Largs Bay Trust>
 - 2,000,000 performance rights to French’s Group 89 Pty Ltd < The Trustee for The Largs Bay Trust>
 - 2,000,000 performance rights to GGTB Pty Ltd <The Trustee for the GTG Trust>

The Company has complied with the relevant provisions of the Corporations Act in relation to the above securities issue.

- (c) **11 November 2019** – as per ASX announcement 384, the Company announced that it will be holding a General Meeting for shareholders on 12 December 2019 to ratify various securities issued by the Company and to seek shareholder approval for the issue of 11,000,000 performance rights on various terms to Managing Director Oliver Barnes.

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

11. CONTROLLED ENTITIES

	Country of Origin	Class of Share	Percentage Owned %	
			2019	2018
⁽¹⁾ ACCU Asset Management Pty Ltd	Australia	Ord	-	100
Broadacre Land Holdings Pty Ltd	Australia	Ord	100	100
⁽¹⁾ Carbon Conscious Pty Ltd	Australia	Ord	-	100
Carbon Fund Australia Pty Ltd	Australia	Ord	100	100
⁽¹⁾ Carbon Management WA Pty Ltd	Australia	Ord	-	100
Food Fibre Carbon Pty Ltd	Australia	Ord	100	100
WA2 Milk Pty Ltd	Australia	Ord	100	100
Yathroo Dairy Assets Pty Ltd	Australia	Ord	100	100

Note (1) ACCU Asset Management Pty Ltd, Carbon Conscious Pty Ltd and Carbon Management WA Pty Ltd were demerged from the Alterra group of companies as at 31 December 2018.

12. 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. |



Oliver Barnes
Managing Director

Date: 29 November 2019