



Abundant Produce Limited and Controlled Entities

ABN 46 606 255 887

Consolidated Financial Statements

For the Half Year Ended 31 December 2018

Abundant Produce Limited and Controlled Entities

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Abundant Produce Limited and Controlled Entities

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Directors' Report For the Half Year Ended 31 December 2018

The directors submit the consolidated financial report of the the Group for the period ended 31 December 2018.

1. General information

Directors

The names of the directors in office at any time during, or since the end of, the period are:

Names	Position	
Mr Graham Brown	Executive Chairman	
Mr Anthony Crimmins	Chief Executive Officer	
Mr Adam Hajek	Executive Director	Resigned 13 November 2018
Mr Stuart Richardson	Non-Executive Director	
Ms Seona Wallace	Non-Executive Director	

Review of operations

The consolidated loss of the Group for the financial period after providing for income tax amounted to \$(996,254) (2017: \$1,109,874 loss).

Review of operations

Abundant's half year revenue was \$939,086 up from \$390,764 in the half to December 2017. This figure included seed sales, cosmetic product sales, federal government research and development tax incentives and rebates, and NSW government export marketing development and innovation grants. Gross Profit was \$836,933 (2017 \$231,119) and after tax the group incurred a loss of \$996,254 (2017 \$1,109,874).

In November 2018 the board determined that additional funding was required to invest in the development, production, marketing, distribution and sales of further ANH magnesium-based body care and nutraceutical products. Subsequently Abundant announced the issue of 5 million fully paid ordinary shares at an issue price of 20c per share to raise \$1 million.

The shares (together with attached options over an additional 5 million shares, subject to shareholder approval) were issued to EcoMag which supplies the magnesium to ANH for incorporation into its magnesium products, and has become a valuable collaborator in product research and development.

As a result, Abundant's cash at bank (and equivalents) was \$2,971,188 at 31st December 2018 (2017 \$2,553,307).

Abundant Natural Health (ANH)

Sales and Distribution – Australia

Six months of intensive effort working with healthcare commercial partner Health One culminated in the announcement on 21st January 2019 that ANH had gained acceptance for its magnesium products to be stocked and ranged in-store and online across the networks of Australian Pharmaceutical Industries Ltd (ASX: API). API is a leading wholesale distributor to more than 2,000 pharmacies across Australia, and is the operator of Priceline, Soul Pattinson Chemist and Pharmacist Advice.

ANH has subsequently received its first orders from API. Reinforced by integrated media campaigns, these developments are expected to drive a dramatic expansion of ANH's brand awareness and sales in Australia.

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Directors' Report

For the Half Year Ended 31 December 2018

Sales and Distribution – China

ANH's dramatically popular presence at the inaugural China International Import Expo 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. Representatives from Chinese distributors and ecommerce platforms expressed strong interest in establishing direct commercial relationships with the company. Accordingly over 2019, ANH will implement a staged strategy integrating daigou and "KOLs" (key opinion leaders), increased Asian social media, a Chinese language website, new product rollouts and direct placement on cross-border ecommerce platforms. These strategies will be underpinned by ANH's Australian pharmacy presence which establishes 'home market acceptance' and brand credibility.

Product Development

In both Australia and China, consumer and distributor responses to the magnesium product range proved to be particularly strong in extensive consultations conducted over the six months to December 2018. Accordingly all of ANH's product research and development efforts in calendar 2019 will be directed to extending the magnesium range from the two products currently available to six-to-eight by year end, including a soap, bath sachets, a hand cream, a foot lotion, and possibly a health drink and a filter face mask.

In conjunction with Baxter Laboratories, ANH has applied for Therapeutic Goods Administration (TGA) approval for its magnesium range and this process is proceeding. In December 2018, strategic magnesium supplier EcoMag received organic certification for its hydrated magnesium carbonate.

Abundant Seeds (AS)

Domestic sales

Abundant Seeds sales grew strongly over the period, particularly in northern NSW and South Australia, benefiting from positive grower experiences over the last year across spring, summer and winter growing seasons, which demonstrated that Abundant varieties were more tolerant of extreme temperatures (both heat and cold) and strongly resistant to root disease.

Trials in New Regions in Australia and Internationally

Trials are commencing in new growing areas as follows.

- Queensland – a major Bundaberg cucumber grower is trialling our mini cucumber variety
- Victoria – a grower in Melbourne's outskirts is trialling our mini cucumber variety (and has requested tomato seeds for trial).
- Canada – an Ontario grower is trialling all six Abundant cucumber varieties currently commercially available.
- USA – a distributor is repeat trialling four of Abundant's cucumbers.
- Middle East – an Abundant cucumber is being trialled for a second year over winter.

In addition, the Asia & Pacific Seed Association's annual Asian Seed Congress generated a number of enquiries about cucumber and Tomato trials.

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Directors' Report

For the Half Year Ended 31 December 2018

Breeding Update

Over the period, Chilean contract growers produced Semi-Multi Fruit Variety ACL 516 cucumber seeds for Abundant, and took delivery of Mini Cucumber ACC 101 seeds for contract growing, in anticipation of increased grower demand.

Over summer, a range of Abundant tomato varieties were grown in commercial volumes at the Cobbity facility, with seeds destined for sales, trials and for supply to Chilean contract producers.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial period 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.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the period ended 31 December 2018 has been received and can be found on page 4 of the consolidated financial report.

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

Director: 
Mr Graham Brown

Director: 
Mr Anthony Crimmins

Dated this 20th day of February 2019



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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 audit director for the review of the financial statements of Abundant Produce Limited for the half year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

Robert Evett
Director
Sydney

BENTLEYS NSW AUDIT PTY LTD
Chartered Accountants

Date: *February 20, 2019.*

Abundant Produce Limited and Controlled Entities

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2018

		31 December 2018	31 December 2017
	Note	\$	\$
Revenue	4	939,086	390,764
Cost of sales		(102,153)	(159,645)
Gross profit		836,933	231,119
Other income		-	5,752
Occupancy costs		(27,662)	(32,161)
Other expenses		(607,822)	(244,461)
Consultancy expenses		(259,915)	(318,768)
Directors' fees		(87,000)	(120,000)
Travel & accommodation expenses		(23,702)	-
Insurance expense		(28,682)	-
Employee benefits expense		(459,362)	(185,855)
Depreciation and amortisation expense		(137,316)	(142,903)
Cucumber seeds written-off		-	(162,926)
Research expenditure		(200,734)	(139,149)
Finance expenses		(992)	(522)
Loss before income tax		(996,254)	(1,109,874)
Income tax expense		-	-
Loss for the period		(996,254)	(1,109,874)
Other comprehensive income for the half year, net of income tax		-	-
Total comprehensive income for the half year		(996,254)	(1,109,874)
Earnings per share:			
Basic and Diluted Earnings per share (cents)		(1.8)	(2.2)

The accompanying notes form part of these financial statements.

Abundant Produce Limited and Controlled Entities

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Consolidated Statement of Financial Position As At 31 December 2018

	Note	31 December 2018 \$	30 June 2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,971,188	2,553,307
Trade and other receivables		176,837	258,519
Inventories		594,284	728,378
TOTAL CURRENT ASSETS		<u>3,742,309</u>	<u>3,540,204</u>
NON-CURRENT ASSETS			
Property, plant and equipment		121,743	195,528
Intangible assets		556,482	620,012
TOTAL NON-CURRENT ASSETS		<u>678,225</u>	<u>815,540</u>
TOTAL ASSETS		<u>4,420,534</u>	<u>4,355,574</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		252,374	310,157
Employee benefits		27,780	35,553
TOTAL CURRENT LIABILITIES		<u>280,154</u>	<u>345,710</u>
TOTAL LIABILITIES		<u>280,154</u>	<u>345,710</u>
NET ASSETS		<u>4,140,380</u>	<u>4,010,034</u>
EQUITY			
Contributed equity	5	9,456,226	8,329,626
Accumulated losses		(5,315,846)	(4,319,592)
TOTAL EQUITY		<u>4,140,380</u>	<u>4,010,034</u>

The accompanying notes form part of these financial statements.

Abundant Produce Limited and Controlled Entities

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Consolidated Statement of Changes in Equity For the Half Year Ended 31 December 2018

		Contributed equity	Accumulated losses	Total
	Note	\$	\$	\$
Balance at 1 July 2018		8,329,626	(4,319,592)	4,010,034
Shares issued during the year	5	1,126,600	-	1,126,600
Loss attributable to members of the parent entity		-	(996,254)	(996,254)
Balance at 31 December 2018		9,456,226	(5,315,846)	4,140,380

		Contributed equity	Retained Earnings	Total
		\$	\$	\$
Balance at 1 July 2017		5,011,223	(2,296,511)	2,714,712
Shares issued during the year		3,318,404	-	3,318,404
Loss attributable to members of the parent entity		-	(1,109,874)	(1,109,874)
Balance at 31 December 2017		8,329,627	(3,406,385)	4,923,242

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 Half Year Ended 31 December 2018

	31 December 2018 \$	31 December 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,023,342	89,435
Payments to suppliers and employees	(1,404,726)	(1,146,387)
Interest received	-	5,752
Net cash used in operating activities	<u>(381,384)</u>	<u>(1,051,200)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for research and development	(200,735)	(121,270)
Net cash used in investing activities	<u>(200,735)</u>	<u>(121,270)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	1,000,000	3,318,404
Net cash provided by financing activities	<u>1,000,000</u>	<u>3,318,404</u>
Net increase in cash and cash equivalents held	417,881	2,145,934
Cash and cash equivalents at beginning of half-year	2,553,307	1,123,276
Cash and cash equivalents at end of the period	<u>2,971,188</u>	<u>3,269,210</u>

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Half Year Ended 31 December 2018

The consolidated financial report covers Abundant Produce Limited and Controlled Entities ('the Group'). Abundant Produce Limited and Controlled Entities is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 20 February 2019.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

This general purpose interim financial report for the half year reporting period ending 31 December 2018 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Abundant Produce Limited and Controlled Entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the period within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended June 30, 2018, together with any public announcements made during the period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

2 Summary of Significant Accounting Policies

(a) Adoption of new and revised accounting standards

A number of new or amended standards became applicable for the current reporting period. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. There are no changes to accounting policies or retrospective adjustments as a result of adopting these standards.

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Half Year Ended 31 December 2018

2 Summary of Significant Accounting Policies

(b) New accounting standards for application in future periods

Certain new accounting standards and interpretation have been published that are not mandatory for the 31 December 2018 period. The Group does not intend to adopt the standards before the effective date.

AASB 16 Leases (Effective for accounting periods commencing after 1 January 2019)

AASB 16 introduces a new model requiring lessees to recognise all leases on the balance sheet, except for short term leases and leases of low value assets. A short term lease is defined as lease which has a term of twelve months or less at the commencement date. The assessment of low value asset is based on the absolute value of the leased asset when new. The changes in AASB 16 will lead to recognition of an asset (the right to use an asset) and a financial liability (to pay rentals) on the balance sheet. 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 does not have any current operating leases.

(c) Going concern

The Group financial statements have been prepared and presented on a basis assuming it continues as a going concern. During the period ended 31 December 2018, the Group incurred a loss before tax of \$996,254 (31 December 2017: \$1,109,874 loss) and had net cash outflows from operating activities of \$381,384 (31 December 2017: \$1,051,200 outflow) as disclosed in the statement of profit or loss and other comprehensive income and statement of cash flow respectively.

After a capital raisings totaling \$1,000,000 net of costs during the period, the Group has \$2,971,188 in cash at the end of 31 December 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 and 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.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances. The actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2018.

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements For the Half Year Ended 31 December 2018

4 Revenue and Other Income

Revenue from continuing operations

	31 December 2018 \$	31 December 2017 \$
Revenue		
- Cosmetic Product Sales	15,882	130,580
- Seed sales	53,431	30,706
- Other income	869,773	3,481
- Gain on Initial Recognition of Seeds	-	225,997
Total Revenue	939,086	390,764

5. Loss before tax

All revenue and expense items that are relevant in explaining the financial performance for the interim period have been included in the statement of profit or loss and other comprehensive income.

6 Contributed Equity

	31 December 2018 \$	30 June 2018 \$
60,610,831 (2018: 54,907,500) Ordinary shares	9,456,226	8,329,626

(a) Movements in Ordinary Share Capital

	31 December 2018		30 June 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)	126,600	703,331	-	-
At the end of the reporting period	9,456,226	60,610,831	8,329,626	54,907,500

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements

For the Half Year Ended 31 December 2018

7 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 loss reconciles to the Group's loss before tax as presented in its financial statements as follows:

(a) Segment performance

	Natural Beauty Products		Seeds		Total	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	30 June 2018
	\$	\$	\$	\$	\$	\$
REVENUE						
Revenue	15,882	130,580	53,431	256,703	69,313	387,283
Other Income	174,514	-	436	3,481	174,950	3,481
Total segment revenue	190,396	130,580	53,867	260,184	244,263	390,764
Expenses	(795,540)	(303,527)	(770,481)	(835,243)	(1,566,021)	(1,138,770)
Corporate Charges					325,503	(361,868)
Net loss before tax	-	-	-	-	(996,255)	(1,109,874)

Abundant Produce Limited and Controlled Entities

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Notes to the Financial Statements For the Half Year Ended 31 December 2018

8 Dividends

No dividends have been declared or paid during the period.

9 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2018 (30 June 2018: None).

10 Events Occurring After the Reporting Date

The consolidated financial report was authorised for issue on 20 February 2019 by the board of directors.

No matters or circumstances have arisen since the end of the financial period 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.

11 Related Parties

During the half year ended 31 December 2018 there were no significant changes to the related party transactions to those disclosed in the 30 June 2018 annual report.

12 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


ABN 46 606 255 887

Directors' Declaration

In the directors opinion:

1. The consolidated financial statements and notes, as set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the consolidated group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the Company 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 
Mr Graham Brown

Director 
Mr Anthony Crimmins

Dated 20th February 2019

Abundant Produce Limited
ABN: 46 606 255 887

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

Report on the half-year financial report

We have reviewed the accompanying half year financial report of Abundant Produce Limited (the company) and its Controlled Entities ("the Group") which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, selected explanatory notes and the directors' declaration for the Group, comprising both the company and the entities it controlled during that half year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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 provided to directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Abundant Produce Limited is not in accordance with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

We draw attention to Note 2 (c) of the financial report, which describes that the Group made a loss for the financial half-year ended 31 December 2018 of \$996,254. The Group has also reported a net operating cash outflow of \$381,384. As stated in Note 2 (c), these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Robert Evett
Director
Sydney


BENTLEYS NSW AUDIT PTY LTD
Chartered Accountant

Date: *Feb 20, 2019.*