ABUNDANT PRODUCE LIMITED

ABN 46 606 255 887

Annual Report
30 June 2018

ABUNDANT PRODUCE LIMITED
2018 Annual Report

Chairman's and Chief Executive Officer's Report

The Board of Abundant Produce Limited (ASX: ABT) is pleased to present its Annual 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 the 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 with cutting edge extraction technologies from the 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 seed and varieties and lifestyle nutraceuticals with 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 researched to identify optimum technologies for extracting active botanical ingredients. While research continues, after a nine-month search, ANH partnered with the University of NSW School of Chemical Engineering in extracting lycopene from tomatoes with its delicate botanic structures intact and unoxidized. This extraction process is applied to purpose-bred tomatoes developed over five years for 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 for the Chinese market. This was well received, achieving successful 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.

Also, during July 2017, ANH successfully registered the trademark for Abundant, 雅达 in China, reflecting a 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 brand presence in China and selling offline through traditional distribution channels, in addition to online sales.

Coinciding with a strong campaign for Singles Day, a Chinese retail event held each November, ANH launched a purpose-built e-commerce site which vastly improved the 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 new products in the soon to be named ActiveLyco™ range, combined with the new salt and magnesium range will increase ANH's product 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 significant momentum to leverage and build upon for future releases, with early sales encouraging.

ANH received positive feedback on its new products and continued to test products for customer feedback and to improve quality and build and enhance customer loyalty.

In February 2018, ABT 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 several 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 two 24-month 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 be responsible for supplying ANH's products while SDC arranges the import, provision of a sales platform and selling of the goods in China.

The agreement with JAT also led to JD Global approving the sale of ANH's range of ActiveLyco™ 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 female 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 an array of acids which accelerates 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. Along with the University of Sydney, The University of New South Wales (UNSW) and Chonnam National University (CNU) in South Korea, Busan University represents the fourth university to join ANH's collaboration program for advanced cosmetic active chemicals.

Busan University will use ANH's cucumber juice, derived from pregnant cucumbers, to make organic lactic and citric acid which will deliver natural magnesium actives in their purest form. ABT develops and owns its scientific IP in relation to these processes. This ensures all products are naturally derived, traceable and deliver 100% skin efficacy. The Company also works with collaborators that provide ready-made actives for the market.

During the year, ANH has added Chinese salespersons in Australia and China to assist ANH to attract a larger market share. It also opened an office in Korea to gain greater access to the Asian market as well as the world's best packaging and research products.

The company plans to extend to Europe in the 2019 financial year, in particular Germany, where natural ingredients and exercise are gaining popularity.

ABUNDANT SEEDS

During 2018, Abundant Seeds ("AS") drove seed IP internationally as well as in the Australian market, appointing Sarah Pearson as Sales and Operations Manager. This allowed the company to focus on growing the lucrative domestic market while also refining the vegetable plant IP specification 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 Seeds plant 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 due to 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, higher-yielding seeds that produce quality fruit and add more profit to the farmer and provide better produce and value to the Australian consumer. They are also developed to withstand the Australian climate whereas multi national seed giants do not produce seed ideally suited to Australia`s harsh conditions.

Abundant Seeds achieved an increase of more than 15% in seed 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 cucumber and Lebanese variety ACL 516.

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

First assessment of Abundant Seeds' international co-hybrid program was undertaken in Europe in early June 2018 and returned promising results for its tomato program, with launching anticipated for the end of 2020 with a 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, 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 2018, 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 within 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 created greater efficiencies and reflects the continuous growth of the company

Directors' Report

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of Abundant Produce Limited and its controlled entities for the financial year ended 30 June 2018.

General Information

1. Principal Activities

The principal activities of the Group are: -

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

2. Review of Operations

The operating and financial review is included in the Chief Executive's Report. The information in the operating and financial review forms part of this directors' report for the financial year ended 30 June 2018 and is to be read in conjunction with the following information.

3. Directors

The following persons were directors of Abundant Produce Limited during or since the end of the financial year up to the date of this report:

Graham Brown	Executive Chairman	Appointed as Chairman 6 December 2016 and appointed as a director 26 April 2016
Anthony Crimmins	Executive Director	Appointed 26 April 2016
Adam Hajek	Executive Director	Appointed 26 April 2016
Stuart Richardson	Non-executive Director	Appointed 1 July 2016
Seona Wallace	Non-executive Director	Appointed 24 May 2018

4. Information Relating to Directors and Company Secretary

Graham Brown	–	Executive Chairman (appointed 6 December 2016) and Research Manager
Experience	–	Mr Brown was appointed Executive Chairman of the Company on 6 December 2016. Prior to that he had been appointed an executive director on 26 April 2016, which is the date the Company listed. Mr Brown is part owner of Nuflora International Pty Limited and the Horticultural Development Manager for the university of Sydney's Plant Breeding Institute (PBI). Mr Brown has 20 years' experience in plant product development for Australian and international markets through his role with Nuflora. Prior to this Mr Brown was a wheat breeder with the University of Sydney for 20 years, specialising in developing high quality, disease-resistant wheat varieties.
Interest in Shares and Options	–	3,073,302 ordinary fully paid shares

Directorships held in other listed entities during the three years prior to the current year	–	Nil
Anthony (Tony) Crimmins	–	Executive Director (Acting Chief Executive Officer)
Experience	–	Mr Crimmins has been actively involved in the business development of numerous start-up companies currently listed on the ASX, including BluGlass Limited and Jatenergy Limited. He was fundamental in identifying projects and businesses that could be successfully listed, particularly in 'breakthrough' business. Mr Crimmins worked for 5 years as an environmental engineer and business development manager in Asia, and has a high level of fluency in Mandarin and an understanding of Asian business practices. He has previously worked as a general and project manager, and in commercialisation of technology-based products and services.
Interest in Shares and Options	–	7,255,107 ordinary fully paid shares.
Directorships held in other listed entities during the three years prior to the current year	–	Current Executive Chairman of Jatenergy Limited (ASX Code: JAT) (since, 2011). In the last 3 years he was a director of Chairman of Welcome Stranger Mining Ltd resigning 7 September 2015.
Adam Hajek	–	Executive Director and Chief Operating Officer
Experience	–	Mr Hajek is highly regarded as an executive in the commercial property essential maintenance industry. Mr Hajek has over 20 years' experience in the electronics and essential services industries and is the Managing director of Austratronics Pty Limited, an essential services installation and maintenance business. Mr Hajek is also a director of the Hajek Investment group of companies, where his core responsibilities include financial control of the group and capital raising to fund business growth. Mr Hajek has an Associate Diploma in Electronic Engineering.
Interest in Shares and Options	–	6,095,805 ordinary fully paid shares
Directorships held in other listed entities during the three years prior to the current year	–	Nil
Stuart Richardson	–	Non-executive Director
Experience	–	Mr Richardson has experience in capital markets in both Australia and overseas in the field of stockbroking and investment banking. He is a founding director of Blackwood Capital Limited, an Australian based investment bank operating in capital markets, advisory services and funds management in equities and private funds management. He holds a Bachelor of Business from Swinburne University of Technology and is a CPA.
Interest in Shares and Options	–	1,718,006 ordinary fully paid shares
Directorships held in other listed entities during the three years prior to the current year	–	Mr Richardson is a Non-Executive Director of XTD Limited.

Seona Wallace	-	Non-Executive Director
Experience		Ms Wallace has established a dynamic presence and highly regarded profile over the past 20 years within the global skincare and pharmaceutical industry and as a Board Member of the Australian Self Medication Industry (ASMI). Ms Wallace built her career and industry experience working in senior commercial roles with multinational pharmaceutical companies including Sanofi and Boehringer Ingelheim. She has been Managing Director of leading healthcare group HealthOne since April 2015 and is considered a skincare industry leader in the fields of strategy, new product launches and go-to-market planning
Interest in Shares and Options		Nil
Directors held in other listed entities during the three years prior to the current year		Nil

Graham Hogan	-	Company Secretary (Resigned 07 November 2017)
		Mr Hogan was appointed on 26 April 2016. He has over 20 years' experience as Company Secretary and Chief Financial Officer of listed and unlisted companies. Mr Hogan is a FCPA and FGIA.
Nicholas Falzon	–	Company Secretary (Appointed 08 November 2017, Resigned 20 July 2018)
Experience		Mr Falzon was appointed on 7 November 2017. He has over 15 years' experience as Chartered Accountant including many roles as a Company Secretary and Chief Financial Officer of listed and unlisted companies.
Brett Crowley	-	Company Secretary (Appointed 20 July 2018)
		Mr Crowley is a practicing solicitor and a former Partner of Ernst & Young in Hong Kong and Australia, and of KPMG in Hong Kong. Mr Crowley has worked in China, establishing and managing a JV company there. Mr Crowley is an experienced chairman, finance director and company secretary of ASX-listed companies, and is a former Senior Legal Member of the NSW Civil and Administrative Tribunal

5. Directors' Meetings

The following directors' meetings were held during the year and the number of meetings attended by each of the directors during the year were:

	Number of meetings eligible to attend	**Number of meetings attended**
Graham Brown	2	2
Anthony Crimmins	2	2
Adam Hajek	2	2
Stuart Richardson	2	2

At this stage the directors are of the view that all committee functions such as Audit, Remuneration and Nomination Committee functions will be dealt with by the full Board. Rather than establish sub-committees of the Board to undertake these specific functions.

6. Corporate Governance

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

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

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

7. Financial Result

The cash and cash equivalents as at 30 June 2018 totalled $2,553,307 (2017: $1,123,276). The net asset position as at 30 June 2018 was $4,010,035 (2017: $2,714,712). The net loss after tax for the year attributable to the members of the Group was $2,023,081 (2017: loss of $1,248,721).

8. Significant Changes in the State of Affairs

There has been no significant change in the state of affairs of the Group during the financial year.

9. Events Since the End of the Financial Year

No matters or circumstances have arisen since 30 June 2018 that has significantly affected, or may significantly affect:

(i) The Group's operations in future financial years; or
(ii) The results of those operations in future financial years; or
(iii) The Group' state of affairs in future financial years.

10. Likely Future Developments, Prospects and Expected Results of Operations

The Directors expect that Abundant Seeds will continue to expand sales to domestic Australian growers of cucumbers and tomatoes. Internationally, Abundant Seeds will continue to work with major international seed distributors with regard to ongoing field trials.

The Directors expect Abundant Natural Health sales to continue to grow both internationally, primarily to Chinese consumers via daigou and cross-border channels, and domestically, primarily to Australian pharmacies. The company also expects to extend sales and marketing efforts to Europe in the 2019 financial year.

11. Options

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

12. Dividends Paid or Recommended

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

13. Remuneration Report (audited)

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

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

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

Graham Brown	Executive Chairman (appointed 6 December 2016)
Anthony Crimmins	Executive Director
Adam Hajek	Executive Director
Stuart Richardson	Non-executive Director
Seona Wallace	Non-executive Director

Use of remuneration consultants

The Company did not employ the services of consultants to review its existing remuneration policies. The Company will hold its Annual General Meeting in November 2017 at which shareholders will be able to vote on the remuneration report for the 2017 financial year.

a) Remuneration Governance

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

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

b) Remuneration Structure

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

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

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

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

c) Details of Remuneration

The key management personnel ("KMP") of the Group are the Directors and management of Abundant Produce Limited detailed in the table below. Details of the remuneration of the Directors of the Group are set out below:

	Short Term Benefits		
2018	**Directors Fee**	**Consultant's Fee**	**Total**
Graham Brown	24,000	15,000	39,000
Anthony Crimmins	36,000	60,000	96,000
Adam Hajek	36,000	18,000	36,000
Stuart Richardson	36,000	-	36,000
Seona Wallace	-	-	-
Total	**147,000**	**78,000**	**207,000**

	Short Term Benefits		
2017	**Directors Fee**	**Consultant's Fee**	**Total**
Graham Brown	12,000	60,000	72,000
Anthony Crimmins	36,000	60,000	96,000
Adam Hajek	36,000	36,000	72,000
Stuart Richardson	36,000	-	36,000
Vince Logan*	20,744	-	20,744
Total	**140,774**	**156,000**	**296,774**

*Vince Logan resigned on 6 December 2016 as Chairman and Graham Brown was appointed executive Chairman on that same date.

d) Share-based compensation

There were no share-based payments made to KMP during the year (2017: Nil).

e) Equity instruments issued on exercise of remuneration options

No equity instruments were issued during the year to Directors or key management as a result of exercising remuneration options. (2017: Nil).

f) Value of options to Directors

No options were granted, exercised or lapsed during the year to Directors or key management personnel as part of their remuneration (2017: Nil).

g) Equity instruments disclosures relating to key management personnel

Shareholdings

No director received remuneration through share based payments or the exercise of options.

	Opening Balance	Received as remuneration	Net other change purchases on market	On appointment or resignation	Closing Balance
Graham Brown	3,073,302	-	20,000	-	3,093,302
Anthony Crimmins	6,900,115	-	262,492	-	7,162,607
Adam Hajek	6,095,805	-	-	-	6,095,805
Stuart Richardson	1,240,000	-	478,006	-	1,718,006

h) Other significant transactions with key management personnel

During the year, the Group:

- Made payments to NuFlora International Pty Ltd (a company associated with Graham Brown) totalling $241,411.
- Undertook a number of transactions with Jatenergy Limited and Ecomag Limited (companies associated with Anthony Crimmins).

14. Indemnifying Officers

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

15. Proceedings on Behalf of the Company

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

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

16. Environmental Regulations

The Group is not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board is not aware of any breach of environmental requirements as they apply to the Group.

17. Non-audit Services

The Company may decide to engage the auditor on assignments additional to their statutory audit roles where the auditor's expertise and experience with the Company and/or Group are important. There were no fees paid to the auditor during the year for non-audit services.

18. Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 15 of the financial report.

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

Anthony Crimmins
Director
Dated this 28th day of September 2018

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

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ABUNDANT PRODUCE LIMITED
ABN 46 606 255 887
AND ITS CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ABUNDANT PRODUCE LIMITED
AND ITS CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

GWebb

Graham Webb
Partner
Date: 28 September 2018

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/(loss)		**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)**	(30,557)
Occupancy expenses		**(64,815)**	(67,169)
Cucumber Seeds Written-off		**(135,560)**	(171,446)
Research expenditure		**(445,581)**	-
Employee benefits expense		**(590,403)**	-
Other expenses		**(481,424)**	(252,035)
(Loss) before income tax	5	**(2,023,081)**	(1,523,207)
Income tax benefit/(expense)	5	**-**	274,486
(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:		**Cents**	**Cents**
Basic (loss) per share	8	(0.04)	(0.03)
Diluted (loss) per share	8	(0.04)	(0.03)

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	9	2,553,307	1,123,276
Trade and other receivables	10	258,519	380,316
Inventories	11	728,378	527,362
Total current assets		3,540,204	2,030,954
Non-current assets			
Property, plant and equipment	12	195,528	349,133
Intangible assets	13	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	14	310,157	412,449
Employee Provisions	15	35,553	-
Total current liabilities		345,710	412,449
Total non-current liabilities		-	-
Total liabilities		345,710	412,449
Net assets		4,010,034	2,714,712
Equity			
Contributed equity	16	8,329,626	5,011,223
Retained earnings		(4,319,592)	(2,296,511)
Total equity		4,010,034	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 2018

	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)	(2,714,712)
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)	691,631
Issue of Capital - net of costs	3,318,403	-	3,318,403
Share issue costs net of tax	-	-	-
Balance at 30 June 2018	8,329,626	(4,319,592)	4,010,034

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 2018

		Consolidated Entity	
		2018	**2017**
	Note	**$**	**$**
Cash flows from operating activities			
Receipts from customers		303,577	131,426
Payments to suppliers and employees		(2,561,565)	(1,309,550)
Interest received		5,710	19,244
Interest Expense		(2,072)	-
R&D tax incentive rebate		631,951	-
Other Income		315,169	-
Net cash (outflow)/Inflow from operating activities	18	(1,307,230)	(1,158,880)
Cash flows **from investing activities**			
Payments for property, plant & equipment		-	(56,555)
Payments for research & development expenditure		(581,141)	(173,005)
Net cash inflow/(outflow) from investing activities		(581,141)	(229,560)
Cash flows from financing activities			
Proceeds from issues of shares		3,318,403	-
Net cash inflow from financing activities		3,318,403	-
Net increase/(decrease) in cash and cash equivalents		1,430,031	(1,388,441)
Cash and cash equivalents at the beginning of the financial year		1,123,276	2,511,717
Cash and cash equivalents at end of year	9	2,553,307	1,123,276

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

Abundant Produce Limited ("the Company") 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.

The separate financial statements of the parent entity and its subsidiary are for the year ended 30 June 2018. The financial statements were authorised for issue by the Board of Directors on 28 September 2018.

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. Abundant Produce Australia Pty Ltd and Abundant Natural Health Pty Ltd are the subsidiaries which are 100% owned and whose principal place of business is Sydney Australia.

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 the subsidiaries 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.

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 $1,307,130 (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. The company has been marketing its ANH product range of skin care as lycopene infused face/eye cream and lip balm and its new range of Magnesium sports and pain relief products. Over 12 months of extensive marketing to China and domestic pharmacies has resulted in supply understanding with online stores in China and chemists here in Australia. Sales are expected to start increasing in October 2018 with expectations of $5.9 million in revenue within limitation on product production schedules. The company will also be looking for a raise in November 2018 for $2 million from interested private investors 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(i) 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 & building improvements	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.

Key judgements

(ii) Research and Development Costs

The directors have considered the capitalized research and development costs, specifically in relation to the tomato seeds and cucumber seeds, as at 30 June 2018. The Board and Management at ABT remain absolutely confident of receiving a commercial return from the tomato seed IP significantly greater than its current value.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed.

(i) *AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods* beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The directors have assessed that the adoption of AASB 9 will not have a significant impact on the Group.

(ii) *AASB 15:* Revenue from Contracts with Customers *(applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8:* Amendments to Australian Accounting Standards – *Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

The directors have assessed that the adoption of AASB 15 will not have a significant impact on the Group.

(iii) *AASB 16:* Leases *(applicable to annual reporting periods beginning on or after 1 January 2019).*

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors have assessed that the adoption of AASB 16 will not have any significant impact on the Group's financial statements as the group has no current operating leases.

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	242,986
Rental expense relating to operating lease:	40,587	67,169

5) Income tax expenses

	Consolidated Entity	
	2018	**2017**
	$	**$**
Current tax expense/(benefit)	-	274,486

	Consolidated Entity	
	2018	**2017**
(b) Reconciliation of income tax expense to prima facie tax payable:	**$**	$
(Loss) before income tax	(2,023,081)	(1,621,814)
Prima facie income tax at 27.5% (2017: 27.5%)	(556,347)	(418,882)
Non-deductible expenditure	-	1,214
R&D Expenditure claimed as notional deduction	338,882	
Current year timing difference and tax loss not recognised	355,894	483,265
Derecognition of prior year timing differences and tax losses	-	(271,393)
R&D Tax incentive rebate not assessable	(138,429)	(68,690)
	-	**274,486**

6) Key Management Personnel Compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2018.

	Consolidated Entity	
	2018	**2017**
	$	$
Short term benefits	207,000	296,774
	207,000	**296,774**

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Share-based payments

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

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

7) Auditor's Remuneration

	Consolidated Entity	
	2018	**2017**
Auditing or reviewing the financial statements	40,933	33,326
Total	40,933	33,326

8) Earnings Per Share

	Consolidated Entity	
	2018	**2017**
Earnings used to calculate basic & diluted EPS	(2,023,081)	(1,248,721)
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)	(0.03)

9) Cash and cash equivalents

	Consolidated Entity	
	2018	2017
Cash at bank and on hand	2,553,307	1,123,276
Total	2,553,307	1,123,276

The effective interest rate on cash balances was 0% (2017: Nil%).

10) Trade and other receivables

	Consolidated Entity	
	2018	2017
	$	$
Trade Debtors	209,103	-
R&D Refund	-	343,403
Other receivables	11,089	36,913
Prepayments	38,327	-
Total	**258,519**	**380,316**

(a) Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group currently only has credit risk exposures in Australia.

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

	Gross Amount $000	Past Due and Impaired $000	Past Due but Not Impaired (Days Overdue) < 30 $000	31–60 $000	61–90 $000	> 90 $000	Within Initial Trade Terms $000
2018							
Trade and term receivables	209,103	-	209,052	-	-	51	-
Other receivables	49,416	-	-	-	-	-	49,416
Total	258,519						258,519
2017							
Trade and term receivables	-	-	-	-	-	-	-
Other receivables	36,913	-	-	-	-	-	36,913
Total	36,913	-	-	-	-	-	36,913

11) Inventories

	Consolidated Entity	
	2018	**2017**
	$	**$**
Seeds at deemed cost	484,862	461,836
Face cream, at cost	243,516	65,526
Total	**728,378**	**527,362**

12) Property, plant & equipment

	Consolidated Entity	
	2018	**2017**
	$	**$**
Building Improvements		
Cost	28,430	28,430
Accumulated amortisation	(10,800)	(1,418)
	17,630	27,012
Buildings		
Cost	546,721	546,721
Accumulated Depreciation	(368,823)	(224,600)
	177,898	322,121
Office equipment		
Cost	22,586	22,586
Accumulated Depreciation	(22,586)	(22,586)
	-	-
Total property, plant & equipment	**195,528**	**349,133**

Movements in Carrying Amounts	Office Equipment	Building Improvements	Buildings	Work in Progress	**Total**
Balance at 1 July 2016	-	-	17,207	367,678	384,885
Additions	1,857	28,430	418,756	51,078	500,121
Transfer to Buildings	-	-		(418,756)	(418,756)
Disposals	-	-	-	-	-
Depreciation	(1,857)	(1,418)	(113,842)	-	(117,117)
Balance at 30 June 2017	**-**	**27,012**	**322,121**	**-**	**349,133**
Balance at 1 July 2017	-	27,012	322,121	-	349,133
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	-	(9,382)	(144,223)	-	(153,605)
Balance at 30 June 2018	**-**	**17,630**	**177,898**	**-**	**195,528**

13) Intangibles

	Consolidated Entity	
	2018	2017
Development Costs	$	$
Cucumber Seed	635,304	635,304
Accumulated amortisation	(342,695)	(215,634)
	292,609	**419,670**
Tomato Seed	326,403	327,403
Face Cream	1,000	-
Total	**620,012**	**747,073**

	Consolidated Entity		
	Cucumber Seed	Tomato Seed	Total
	$	$	$
Balance as at 1 July 2016	539,670	185,167	724,837
Additions	5,959	142,236	148,195
Amortisation	(125,959)	-	(125,959)
Balance as at 30 June 2017	419,670	327,403	747,073

	Consolidated Entity			
	Cucumber Seed	Tomato Seed	Face Cream	Total
	$	$	$	$
Balance as at 1 July 2017	419,670	326,403	1,000	747,073
Additions	-	-	-	
Amortisation	(127,061)	-	-	(127,061)
Balance as at 30 June 2018	292,609	326,403	1,000	620,012

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

The carrying value of cucumber & tomato seeds is considered recoverable on the basis of expected future returns from their sales.

14) Trade and other payables

	Consolidated Entity	
	2018	2017
	$	$
Trade & other payables	310,157	412,449
Total	**310,157**	**412,449**

15) Employee Provisions

	Consolidated Entity	
	2018	2017
	$	$
Employee entitlements	35,553	-
Total	**35,553**	**-**

16) Contributed equity

	Notes	Consolidated Entity 2018 $	2017 $
(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 Number	2017 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)	2,589,703		6,585,750	
7 December 2017 (Placement)	728,700		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.

(d) Capital risk management

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

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

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

17) 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.

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

	Natural Beauty Products	Seeds	Total
	($)	($)	($)
Revenue	233,108	825,896	1,059,004
Other income			75,603
Segment Net (loss) before Tax	(720,682)	(1,152,703)	(1,873,385)
Corporate Charges			(149,696)
Net (loss) before tax			**(2,023,081)**

18) Cash Flow Information

	Consolidated Entity	
	2018	**2017**
Reconciliation of Cash flows from Operating activities to Net loss after Tax.	**$**	**$**
(Loss) after tax	(2,023,081)	(1,248,721)
Non-cash flows in (loss):		
Depreciation and amortisation	280,665	242,986
Research costs written off	445,581	-
Inventory written off	135,560	-
Changes in assets and liabilities, net of the effect of purchase and disposal of subsidiaries		
(Increase)/Decrease in trade & other receivables	121,795	(94,872)
(Increase)/decrease in inventories	(201,016)	242,053
(Increase)/decrease in deferred tax assets	-	292,321
Increase/(decrease) in trade & other payables	(102,292)	(25,841)
Increase/(decrease) in provisions	35,553	-
Increase/(decrease) in deferred tax liability	-	(563,714)
Cash Flows from operating activities	(1,307,230)	(1,155,788)

19) Parent Entity Information

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

Statement of Financial Position	2018	2017
	$	$
Assets		
Current assets		
Cash and cash equivalents	2,344,681	1,022,087
Trade and other receivables	114,636	6,352
Total current assets	2,459,317	1,028,439
Non-current assets		
Investment in controlled entity	5,000,001	5,000,001
Deferred tax assets	-	-
Receivables from controlled entities	3,516,661	1,711,359
Total non-current assets	8,516,662	6,711,360
Total assets	10,975,979	7,739,799
Liabilities		
Current liabilities		
Trade and other payables	153,805	86,333
Total current liabilities	153,805	86,333
Total liabilities	153,805	86,333
Net assets	10,822,174	7,653,466
Equity		
Contributed equity	11,674,450	8,356,046
Retained earnings	(852,276)	(702,580)
Total equity	10,822,174	7,653,466

Statement of Profit or Loss and Other Comprehensive Income	2018	2017
	$	$
Loss before income tax	149,695	474,353
Income tax expense	-	-
Loss after income tax	149,695	474,353

20) Contingencies

The Group had no contingent liabilities at year end.

21) Related party transactions

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

(i) *Entities exercising control over the Group:*

The ultimate parent entity that exercises control over the Group is Abundant Produce Limited, which is incorporated in Australia.

(ii) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 6.

(iii) Other related parties

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have control.

(b) Transactions with related parties

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

The following transactions occurred with related parties:

	Consolidated Entity **2018**
	$
Ecomag Limited, a company in which Tony Crimmins is a director, made payments for manufacturing expenses incurred during the period	225,489
Ecomag Limited, a company controlled by Tony Crimmins, a director, received payments for reimbursement and rental expenses incurred during the period	80,211
Floraquest Pty Ltd a company of which Graham Brown is a director, received payments for director fees during the year	39,000
Jatenergy Ltd, a company of which Tony Crimmins is a director, received payments for rent expenses during the period	9,681

21) Related party transacions (cont)

Abundant Produce Limited received payments from Jatenergy Ltd, a company of which Tony Crimmins is a director for sales and expense reimbursements during the period	245,625
NuFlora International Pty Ltd a company of which Graham Brown is a director, received payments from Abundant Produce Ltd for research project costs during the period	241,411
Austratronics Pty Ltd a company of which Adam Hajek is a director, received payments from Abundant Produce Ltd for director fees during the period	54,000
Topcap, a company of which Tony Crimmins is a director of, received payments for consultancy and director fee including reimbursements incurred during the period	99,312
	994,729

(i) Other related parties

(c) Amounts payable to related parties

	Consolidated Entity	
	2018	2017
	$	$
Austratronics Pty Ltd	9,900	9,900
Jatenergy Limited	1,065	-
Top Cat Consulting Services Pty Ltd	6,600	13,200
Floraquest Pty Ltd	30,800	6,600
Nuflora International Pty Ltd	-	187,413
Ecomag Ltd	30,814	-
	88,281	217,113

(d) Amounts receivable from related parties

	Consolidated Entity	
	2018	2017
	$	$
Ecomag Ltd	161,345	-
Jatenergy Ltd	42,062	-
Total	**203,407**	**-**

22) Events occurring after the reporting date

No matters have arisen since 30 June 2018 that have significantly affected, or may significantly affect:

(i) The Company's operations in future financial years; or
(ii) The results of those operations in future years; or
(iii) The Company's state of affairs in future financial years.

23) Financial Risk Management

The Group's financial instruments consist of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Entity	
		2018	2017
	Note	$	$
Financial Assets			
Cash and Cash equivalents	9	2,553,307	1,123,276
Trade & other receivables	10	220,192	380,316
Total financial assets		**2,773,499**	**1,503,592**
Financial Liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	14	**310,157**	**412,449**
Total financial liabilities		**310,157**	**412,449**

The Board is responsible for managing financial risk exposures of the Group. It monitors the Group's financial risk management policies and exposures. It also reviews the effectiveness of internal controls relating to counterparty credit risk, currency risk, liquidity risk and interest rate risk. The Board's overall risk management strategy seeks to assist the consolidated Group to meet its financial targets, while minimising potential adverse effects on financial performance. This includes reviews of the use of credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk consisting of interest rate risk and other price risk such as equity price risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from previous periods.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

23) Financial Risk Management (cont)

Credit risk is managed through the maintenance of procedures (such as utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 30 days net. Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. However, on a geographical basis, the Group has significant credit risk exposures to Australia. Details with respect to credit risk of trade and other receivables are provided in Note 11.

Trade and other receivables that are neither past due nor impaired are to be of good credit quality. Aggregates of such amounts are detailed in Note 11.

Credit risk related to balances with banks and other financial institutions is managed by the Board. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's credit rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

		Consolidated Entity	
		2018	**2017**
	Note	**$**	**$**
Cash and cash equivalents			
AA- rated	9	2,553,307	1,123,276

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

23) Financial Risk Management (cont)

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.
Cash flows realised from financial assets reflect management's expectations as to the timing of realisation. Actual timing may therefore differ from that disclosed.

	Within 1 Year		Total	
	2018	**2017**	**2018**	**2017**
Consolidated Group	**$000**	**$000**	**$000**	**$000**
Financial liabilities due for payment				
Trade and other payables	310,157	412,449	310,157	412,449
Total expected outflows	310,157	412,449	310,157	412,449
Financial assets – cash flows realisable				
Cash and cash equivalents	2,553,307	1,123,276	2,553,307	1,123,276
Trade, and other receivables	220,192	380,316	220,192	380,316
Total anticipated inflows	**2,773,499**	**1,503,592**	**2,773,499**	**1,503,592**
Net (outflow)/ inflow on financial instruments	**2,463,342**	**1,091,143**	**2,463,342**	**1,091,143**

(c) Market risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or earnings volatility on floating rate instruments.

The financial instruments that primarily expose the Group to interest rate risk are cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. Theses sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
Year ended 30 June 2018	**$**	**$**
+/– 1% in interest rates	25,533	25,533
Year ended 30 June 2017	**$**	**$**
+/– 1% in interest rates	11,233	11,233
Year ended 30 June 2016	**$**	**$**
+/– 1% in interest rates	25,117	25,117

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to Note 26 for detailed disclosures regarding the fair value measurement of the Group's financial assets and financial liabilities.

23) Financial Risk Management (cont)

		2018		2017	
Consolidated Group	**Note**	**Carrying Amount $**	**Fair Value $**	**Carrying Amount $**	**Fair Value $**
Financial assets					
Cash and cash equivalents(i)	9	2,553,307	2,553,307	1,123,276	1,123,276
Trade and other receivables	10	220,192	258,519	220,192	380,316
Total financial assets		2,773,499	2,811,826	1,343,408	1,503,592
Financial liabilities					
Trade and other payables(i)	14	310,157	345,710	412,449	412,449
Total financial liabilities		**310,157**	**345,710**	412,449	412,449

(ii) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

24) Company Details

The registered office of company is:

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

The principal place of business is:

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

Directors Declaration

In accordance with a resolution of the directors of Abundant Produce Limited, the directors of the company declare that:

1) the financial statements and notes, as set out on pages 17 to 42, are in accordance with the *Corporations Act 2001*, and

    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

    b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated group;

2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

3) the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Anthony Crimmins
Director
Dated this 28th day of September 2018

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

ABUNDANT PRODUCE LIMITED
ABN 46 606 255 887
AND ITS CONTROLLED ENTITIES

SYDNEY
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Australia

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABUNDANT PRODUCE LIMITED AND ITS CONTROLLED ENTITIES

Opinion

We have audited the financial report of Abundant Produce Limited and Controlled Entities (the Group) which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion:

(a) the accompanying financial report of the Abundant Produce Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:
  i. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year then ended; and
  ii. complying with Australian Accounting Standards and the Corporations Regulations 2001

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(d) in the financial report, which indicates that the Group incurred a net loss of $2,023,081 and net cash outflows from operating activities of $1,307,230 during the year ended 30 June 2018. As stated in Note 1(d), these events or conditions, along with other matters as set forth in Note 1(d), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

ABUNDANT PRODUCE LIMITED
ABN 46 606 255 887
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABUNDANT PRODUCE LIMITED AND ITS CONTROLLED ENTITIES

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the year ended 30 June 2018. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. .

Key Audit Matter	How Our Audit Addressed the Key Audit Matter

Carrying Value of Intangible Assets

Refer to Note 13 Intangible Assets; Accounting Policy Note 1(j) and 1(r)(ii) Critical Accounting Estimates and Judgements.

The intangibles balance consists of the company's development expenditure. The carrying value of development expenditure is a key audit matter as: Capitalised development expenditure is a material balance to the financial report. There is a significant level of judgement in determining whether capitalised expenditure meets the requirements of AASB 138 "Intangible Assets."	Our procedures included, amongst others, the following: • We assessed management's determination of the company's capitalisation of development expenditure based on our understanding of the nature of the company's operations. • We checked the amortisation calculation and verified the calculation was in accordance with company's accounting policy. • We assessed the appropriateness of the company's accounting policy. • We assessed the adequacy of the company's disclosure.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

ABUNDANT PRODUCE LIMITED
ABN 46 606 255 887
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABUNDANT PRODUCE LIMITED AND ITS CONTROLLED ENTITIES

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

We have audited the remuneration report included in pages 11 to 14 of the directors' report for the year ended 30 June 2018. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Abundant Produce Limited and its controlled entities for the year ended 30 June 2018 complies with s 300A of the Corporations Act 2001.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

GWebb

Graham Webb
Partner
Date: 28 September 2018

Corporate Governance Statement

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

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 1: - Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have disclosed a charter which sets out the respective roles and responsibilities of the Board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management	Yes	The Company has adopted a Board Charter. The Board Charter is available on request from the Company. The Company is currently upgrading its website and the Charter will be available on the website by 31 October 2016.
Recommendation 1.2 A listed entity should: (a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) Provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director	Yes	(a) The Company has guidelines for the appointment and selection of the Board. (b) All material information relevant to a decision on whether or not to elect or re-elect a director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a director will be voted on.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	Yes	Each director and senior executive is a party to a written agreement with the Company setting the terms of their appointment.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Board Charter provides that the Company Secretary is accountable directly to the Board through the chair.
Recommendation 1.5 A listed entity should: (a) Have a diversity policy which includes requirements for the board: (b) To set measurable objectives for achieving gender diversity; and (c) To assess annually both the objectives and the entity's progress in achieving them;	Yes	The Company has adopted a Diversity Policy. The Diversity Policy provides a framework for the Company to set and achieve measurable objective that encompass gender equality. The Diversity Policy provides for the monitoring and evaluation

(d) Disclose that policy or a summary of it; and (e) Disclose as at the end of each reporting period: (f) The measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (g) Either: (h) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (i) The entity's "Gender Equality Indictors", as defined in the Workplace Gender Equality Act 2012.		of the scope and currency of the Diversity Policy. The Company is responsible for implementing, monitoring and reporting o measurable objectives. The Diversity Policy is available from the Company and will be available on the company's website when the website upgrade is completed. The company has not been listed for a year and so the 2016 Annual Report does not include a progress report, however, it is intended to include a report in the June 2017 Annual Report.
Recommendation 1.6 A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	No	(a) The Company does not have a Nomination Committee. The functions of the Nomination Committee are performed by the whole Board. At this stage of the Company's development, it is not considered appropriate for a Nomination Committee to be created. (b) The Board is responsible for evaluating the performance of the board and individual directors. Given the current Board were only appointed on 26 April 2016, no reviews will be conducted until after April 2017. It is not proposed to engage an

		independent adviser at this stage.
Recommendation 1.7 A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of its senior executives; and (b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	No	The Board is responsible for evaluating the performance of senior executives. The Board is to arrange a performance evaluation of the senior executives. Given all senior executives were appointed on 26 April 2016 no performance reviews have been undertaken to date.
Principle 2: Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: (a) Have a nomination committee which: (b) Has at least 3 members, a majority of whom are independent directors; and (c) Is chaired by an independent director, (d) And disclose (e) The charter of the committee; (f) The members of the committee; and (g) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (h) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively	No	Given the size and nature of the existing Board and the magnitude of the company's operations, the Company's Nomination Committee is undertaken by the full Board. Pursuant to the Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee. The Board's nomination responsibilities are set out in the Board Charter. The Board will devote time each year to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and the ASX Listing Rules. The Board is in the process of updating the Company's Board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.
Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of	Yes	The Board Charter contains the current Board skill matrix which

skills and diversity that the board currently has or is looking to achieve in its membership		is in the process of being updated.
Recommendation 2.3 A listed entity should disclose: (a) The names of the directors considered by the board to be independent directors: (b) If a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) The length of service of each director	Yes	As at the date of this statement, the Board comprises 5 directors of which, Mr Logan and Mr Richardson are considered independent. The length of service of each Director is provided in the 2016 Annual Report.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors	No	The Board will consider the number of independent directors when considering appointing additional or replacement directors.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	Mr Logan is the Chairman and is considered independent. Mr Crimmins is the CEO of the Group.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	Yes	The Company has in place an induction program for new directors.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) Have a code of conduct for its directors, senior executives and employees; and	Yes	The Board has a Code of Conduct for directors and senior executives. The Code of Conduct has been extended to cover other employees and consultants/contractors.

(b) Disclose that code or a summary of it.		The Code is available upon request from the Company's registered office and will be available on the Company's website when it has been upgraded.
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: (a) Have an audit committee which: (b) Has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors: and (c) Is chaired by an independent director, who is not the chair of the board, (d) And disclose: (e) The charter of the committee; (f) The relevant qualifications and experience of the members of the committee; and (g) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (h) If does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	No	Given the size and nature of the existing Board and the magnitude of the company's operations, the Company's Audit Committee is undertaken by the full Board. The functions of the Audit Committee, currently performed by the Board are included in an Audit Committee Charter which is available upon request from the Company's registered office and will be available from the company's website when its upgrade is completed.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive form the CEO and the CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the	Yes	The CEO and CFO have provided declarations that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group.

opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company's first AGM will be held in November 2016 and the external auditor has been invited to attend.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) Disclose that policy or a summary of it.	Yes	The Company has a written policy for complying with its continuous disclosure obligations under the Listing Rules. The Continuous Disclosure Policy is available upon request from the Company's registered office and from the Company's website when its website has been upgraded.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	No	The Company is currently upgrading its website and will include its governance information on the website when completed.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company has adopted a Shareholder Communications Policy which aims to promote and facilitate two-way communication with investors.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate an encourage participation at meetings of security holders	Yes	The Shareholder Communication Policy contains relevant policies and processes and is available upon request from its registered office and will be available from the company's website when its upgrade is completed.
Recommendation 6.4 A listed entity should give security holders the option to receive communication from and send communications to, the entity and its security register electronically.	Yes	This facility is available to all security holders.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should:	No	Given the size and nature of the existing Board and the magnitude of the Company's

(a) Have a committee or committees to oversee risk, each of which: (b) Has at least three members, a majority of whom are independent directors; and (c) Is chaired by an independent director, (d) And disclose: (e) The charter of the committee; (f) The members of the committee; and (g) At the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (h) If it does not have a risk committee or committees that satisfy (a) above disclose that fact and the process it employs for overseeing the entity's risk management framework		operations, the Company's Risk functions are undertaken by the full Board.
Recommendation 7.2 The board or a committee should: (a) Review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) Disclose in relation to each reporting period, whether such a review has taken place.	No	Given the Company has only been listed since April 2016 the Board is in the process of assessing risks and the developing the risk management framework. It is proposed the first review of the risk management framework will be undertaken before the end of 30 June 2017
Recommendation 7.3 A listed entity should disclose: (a) If it has an internal audit function, how the function is structured and what role it performs; or (b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk	No	Given the size of the Company the Board does not consider it necessary to have an internal audit function. This function is undertaken by the Board in its role as the Audit Committee.

management and internal control processes.		
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social responsibility risks and, if it does, how it manages or intends to manage those risks.	Yes	If the company has any material exposure to economic, environmental and social sustainability risk, it will disclose any such exposure and how it manages or intends to manage those risks, in future Corporate Governance Statements. To date the company has no material exposures to economic, environmental and social sustainability risks.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: (a) Have a remuneration committee which: (b) Has at least 3 members, a majority of whom are independent directors; and (c) Is chaired by an independent director, (d) And disclose: (e) The charter of the committee; (f) The members of the committee; and (g) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (h) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	No	Given the size and nature of the existing Board and the magnitude of the Company's operations, the Company's Remuneration Committee functions are undertaken by the full Board.
Recommendation 8.2 A listed entity should separately disclose its policies regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different	Yes	The Company's policies and practices have been disclosed in the June 2016 Annual Report.

roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.		
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) Disclose that policy or a summary of it	Yes	The Company has a Share Trading policy which includes a policy of prohibiting participants of an equity-based remuneration scheme from entering into transactions (whether through use of derivatives or otherwise) which limit the economic risk of participating in the scheme. A copy of the company's Share Trading policy is available upon request from the company's registered office and will be available from the Company's website when its upgrade has been completed.

Shareholder Information

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

Shareholding Information

There is a total of 35,664,239 ordinary fully paid shares on issue.

The shareholder information set out below was applicable as at 27 September 2018.

(a) Distribution schedule of the number of holders in each class of equity security as at 31 August 2018.

	Class of Equity Securities
Number held as at 27 August 2018	**Fully Paid Ordinary Shares**
1-1,000	74
1,001 – 5,000	201
5,001 – 10,000	145
10,001 – 100,000	211
100,001 and over	66
	697

(b) Substantial holders

The names of the substantial shareholders listed on the company's register as at 10 September 2016:

Shareholder	**Number of Ordinary Fully Paid Shares Held**	**Percentage Held of Issued Ordinary Capital**
MR ANTHONY STEPHEN CRIMMINS <THE CRIMMINS A/C>	5,851,814	10.66%
Adam Hajek	5,583,829	10.17%
J P MORGAN NOMINEES AUSTRALIA LIMITED	5,058,421	9.21%
Graham Brown	3,516,622	6.40%

(c) Voting rights

There are 697 holders of ordinary shares. Each shareholder is entitled to one vote per share held. There are no holders of options – listed or unlisted.

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

(d) Equity security holdings

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

	Name	Number of Ordinary Fully Paid Shares Held	Percentage Held of Issued Ordinary Capital
1	MR ANTHONY STEPHEN CRIMMINS <THE CRIMMINS A/C>	5,851,814	10.66%
2	Adam Hajek	5,583,829	10.17%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	5,058,421	9.21%
4	Graham Brown	3,516,622	6.40%
5	OAK CAPTIAL PTY LIMITED	2,300,000	4.19%
6	Stuart Richardson	1,588,006	2.89%
7	MR BERNARD OWEN STEPHENS & MRS ERIN JOSEPHINE STEPHENS <STEPHENS GROUP S/F A/C>	1,150,000	2.09%
8	ASHABIA PTY LTD <ASHABIA SUPER FUND A/C>	1,143,001	2.08%
9	PINNACLE SUPERANNUATION PTY LIMITED <PJF S/F A/C>	1,000,000	1.82%
10	MRS HELEN SUSAN CRIMMINS & MR ANTHONY STEPHEN CRIMMINS <TOP CAT RETIREMENT A/C>	970,932	1.77%
11	BOND STREET CUSTODIANS LIMITED <SVJL - I98363 A/C>	929,959	1.69%
12	LTL CAPITAL PTY LTD <LTL CAPITAL A/C>	871,048	1.59%
13	CRAWFORD FALLS PTY LTD	856,640	1.56%
14	ALGA INVESTMENTS PTY LTD	846,640	1.54%
15	MELDEJ PTY LTD <MICHAEL J EGAN RET PLAN A/C>	835,000	1.52%
16	OAK CAPITAL NOMINEES PTY LTD	750,000	1.37%
17	DR NABIL MOH'D DEEB AHMAD	748,049	1.36%
18	ONE MANAGED INVESTMENT FUNDS LIMITED <TI GROWTH A/C>	585,000	1.07%
19	MR PETER ANDREW WATSON & MRS SUSAN LYN WATSON <WATSON SUPER FUND A/C>	546,778	1.00%
20	ONE MANAGED INVESTMENT FUNDS LIMITED <TECHNICAL INVESTING ABSOLUTE RETURN A/C>	532,500	0.97%
	TOTAL	**35,664,239**	**64.95%**

(e) Marketable Parcel

There are 13 holders of less than a marketable parcel of ($500,00) holding 4,532fully paid shares.
There are 264 holders of an uneconomical parcel (<$2,000) holding 298,801 fully paid ordinary shares.