



EMPOWERING FARMERS
NOURISHING PEOPLE
RESTORING THE EARTH

ANNUAL REPORT 30 JUNE 2022
ABN 43 622 055 216

**ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

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Directors

Mr Donald McLay
Mr Kenneth Hancock
Mr Gavin Ball
Dr Lu Shen
Ms Liza Carpene
Mr Paul McKenzie

Non-Executive Chairman
Managing Director and CEO (Global)
Executive Director
Executive Director and CEO (Asia)
Non-Executive Director
Non-Executive Director

Company Secretary

Mr Ben Donavon

Principal and Registered Office

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Website: www.rlfagtech.com

Share Registry

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Level 5, 191 St Georges Terrace
Perth, Western Australia 6000
Email: hello@automicgroup.com.au

Auditor

Hall Chadwick WA Pty Ltd
283 Rokeby Road
Subiaco, Western Australia, 6008
Telephone: (08) 9426 0666

ASX Code

RLF - ordinary shares





CHAIRMAN'S REPORT

“ RLF AgTech has the potential to make a huge contribution to resolving the key issues currently surrounding food security, reducing traditional fertiliser use, reversing soil degradation and storing carbon. All this, while increasing yield and farm profitability.”

On behalf of the Board of Directors, it gives me great pleasure to present to you our first Annual Report as a listed company for the 2022 financial year (FY22).

It was a year of firsts and a year of achievements for the Company as we build momentum and diversity into the business. The Managing Director will expand on these achievements in his report on page 5. Despite an unfavourable operating environment in our key market due to COVID related restrictions and lockdowns, management successfully navigated through these conditions to produce revenue of \$10.7 million, a 26% increase over FY21. We expect to maintain this revenue growth as a minimum for FY23.

In order to achieve this strategic objective, we are rapidly expanding our sales team which has grown by more than 40% so far this calendar year. We intend to substantially grow this team further, both in our established market and as we deploy our technologies to new markets to generate alternative revenue streams.

To cater for this growth and meet the obligations of an ASX listed company, our management support has been strengthened to enhance management effectiveness, the timeliness and accuracy of reporting and reduce succession risks.

The second strategic objective is to maintain and grow our knowledge and technical product superiority in crop nutrition. We have continued to use IPO funds to invest significantly in research and development, most recently evidenced by the announcement dated 28/09/2022 of our new Veridium™ seed priming technology. Veridium™ has shown truly outstanding results in increasing yield for a relatively minor farmer outlay and has a big future.

RLF continues to progress its discussions with the Commonwealth Bank of Australia, with whom the Company has executed a letter of intent (LOI) for a potential strategic carbon partnership in Australia. This is an exciting opportunity for both parties to influence changes in cropping practices within this country.

There is no doubt that RLF AgTech has the potential to make a huge contribution to resolving the key issues currently surrounding food security, reducing traditional fertiliser use, reversing soil degradation and storing carbon., All this, while increasing yield and farm profitability. We are very excited about the future opportunities for the Company. It is a truly revolutionary organisation poised for global relevance and we look forward to continuing that journey together with you as a shareholder.

Thank you to my fellow directors, our Managing Director, Ken Hancock, and his capable management team. On behalf of the board and shareholders, I would like to thank all our employees for their ongoing commitment and dedication to the company.

Donald McLay
Non-Executive Chairman



MANAGING DIRECTOR'S LETTER

“FY22 has been a watershed year for RLF Agtech with several significant breakthroughs that have bolstered both revenue streams and growth opportunities, while providing strong foundations for expansion and the penetration into new high value markets.”

KEY HIGHLIGHTS

- Record Revenue of \$10.7 million up 26% YoY
- Appointed new, accomplished independent Chairman
- Appointed two new experienced independent Non-Executive Director Appointments
- Key Executive Team Expanded
- Successful \$8.5M IPO and ASX listing in April 2022
- Establishment of subsidiary RLF Carbon
- Execution of Carbon Letter of Intent (LOI) with the Commonwealth Bank of Australia
- Established new regional distribution and key commercial partnerships
- Expanded sales team headcount by 40%
- Year end cash balance \$8m

I would like to thank our existing shareholders for their continuing support of RLF and I also welcome our new shareholders to the Company who join us on this exciting journey of growth, discovery and commitment to delivering long term shareholder value as a listed company.

In the financial year, the Company not only achieved a major milestone in its listing on the ASX, but we also achieved milestone financial records of highest cash receipts and revenues in FY22 of \$10.2 million and \$10.7 million respectively. This illustrates the confidence and commitment we have in growing our business that we have been developing over the last 10 years, as we rollout our advanced crop nutrition technologies around the world.

As the world continues to navigate COVID-19, our protocols maintained safe operations in areas affected by both lockdowns and travel restrictions, primarily our sales and manufacturing divisions in Asia. Whilst restrictions are ongoing in certain markets, we have seen improvements in both the duration of restrictions and the targeting of lockdowns to become more localised. We continue to regularly monitor conditions and the well-being of our staff in Asia, as we work towards a resilient supply chain. It is pertinent to note that we have achieved such excellent sales and financial outcomes despite these challenging conditions and look forward to unlocking further value as these challenges continue to ease.

We have continued to build upon our distribution network within key emerging markets, aligning our products and business with respected local distributors and securing forward sales contracts, allowing us to increase our sales team to more than 100 with a high level of confidence. With sales growth at the forefront of our strategy, significant investment has been made into the research and development of our product offering, and the supporting of management and marketing teams.

Agriculture itself has featured prominently in world events during recent times as a combination of high energy prices,

supply chain disruptions, high commodity prices and the Russian invasion of Ukraine negatively impacting both the cost of production and availability of food in a number of countries around the world.

Notwithstanding these macro events, we continue to see highly favourable conditions on the ground and increasing global investment into agriculture as the world continues to require solutions to support food production and deal with environmental degradation. With the use of our proprietary technology, we are positioned to help the world solve the rising concerns over food security and agricultural productivity as global tailwinds provide excellent support for our growing business.

Traditional chemical fertilisers represent around half of all farm emissions and international governments are now starting the process of reducing fertiliser inputs to minimise in particular nitrous oxide emissions, which is almost 300 times more damaging to the atmosphere than carbon dioxide.

As an example, here in Australia we have reef protection regulations for the sugar cane industry in the areas that impact the Great Barrier Reef. Further abroad, the Chinese government in 2016 mandated a reduction in Nitrogen, Phosphorus and Potassium soil applied fertilisers via their 5 year plan for agriculture. The Dutch government has announced plans to cut Nitrogen fertiliser use by 70% by 2030 and in August this year the Canadian government announced a fertiliser emissions reduction target to reduce nitrogen fertiliser emissions by 30% by 2030. Our team at RLF continues to be dedicated to developing leading crop nutrition technologies that deliver on growing more food for the world whilst reducing the environmentally damaging impacts from high rates of soil applied chemical fertilisers.

The significant milestones achieved in the last 6 months has been a major feat for our Company and only confirms our confidence in growing RLF AgTech further. It is not difficult to see the value proposition not only to farmers but to governments and society more broadly when our products have been demonstrated to deliver a 10% - 30% crop yield increase, a reduction of up to 20% in traditional fertilisers, more nutrient dense produce of higher quality, healthier and more productive soils, all while generating positive returns for farmers.

“ It was particularly pleasing for me to complement our financial performance with the appointment of a highly competent and experienced chairman and independent directors, being Don McLay, Liza Carpena and Paul McKenzie, as well as a highly experienced Chief Financial Officer in Su-Mei Sain. I welcome these new RLF team members and look forward to working together to grow the Company.”

At RLF Agtech, we believe in the value of our products, our team and vision for what we intend to contribute to what is a global problem, feeding the population in a sustainable manner. We are well placed to build on our existing business and benefit from the growing momentum in the sector economy wide, as well as the need to reach net zero targets imminently.

RLF will continue to focus on the delivery of solutions for the world's farmers that increase the yield and quality of the foods we consume, whilst promoting sustainable products and practices that also have positive outcomes for the planet. In doing so, we plan to achieve on these outcomes but equally as importantly, deliver for our shareholders who have shown such tremendous support. I look forward to providing further results as we grow our business together.



Kenneth Hancock
Managing Director and Chief Executive Officer (Global)

DIRECTORS' REPORT

The Directors present their report for RLF AgTech Ltd (“RLF”, “RLF AgTech” or “the Company”) and its subsidiaries (“the Group”) for the financial year ended 30 June 2022.

DIRECTORS

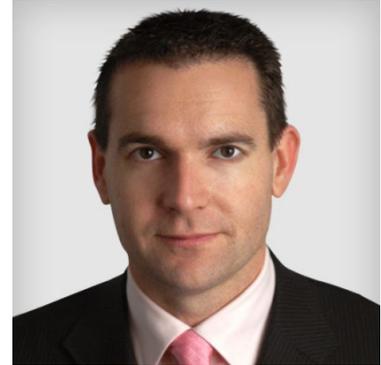
The names of the Directors in office at any time during or since the end of the year ended are:



Mr Donald McLay
Non-Executive Chairman
appointed on 1 Aug 2021



Mr Kenneth Hancock
Managing Director and CEO
(Global)



Mr Gavin Ball
Executive Director



Dr Lu (Mike) Shen
Executive Director and CEO (Asia)



Ms Liza Carpene
Non-Executive Director
appointed on 15 Dec 2021



Mr Paul McKenzie
Non-Executive Director
appointed on 15 Dec 2021

REVIEW OF OPERATIONS
Operating Result

The loss from continuing operations for the financial year ended 30 June 2022 after providing for income tax amounted to \$3,000,000 (2021: Profit \$419,000).

Operational Key Highlights

- Strong cash balance of \$8 million as at 30 June 2022.
- Revenue of \$10.7 million being an increase of 26% from prior financial year.
- Record cash receipts of \$10.2 million being an increase of 26% from prior financial year.
- Forward orders executed of \$2.2 million for financial year 2023.
- 40% increase in sales staff from prior financial year.
- A letter of intent with the Commonwealth Bank of Australia in relation to a possible strategic carbon alliance following the establishment of RLF Carbon Pty Ltd in October 2021.
- Provisional Patent Application entitled 'A Method For Accumulating Carbon In Soils' filed to support soil carbon initiatives.
- Commencement of glasshouse trials with the University of Western Australia to generate data to support the Company's provisional patent application and commencement of plans for Australia's largest soil carbon field trials.
- Commencement of large-scale plant nutrition cotton trials in West Africa and other crops in Asia with major conglomerates.
- New distribution partnership in Cambodia established.

Corporate Key Highlights

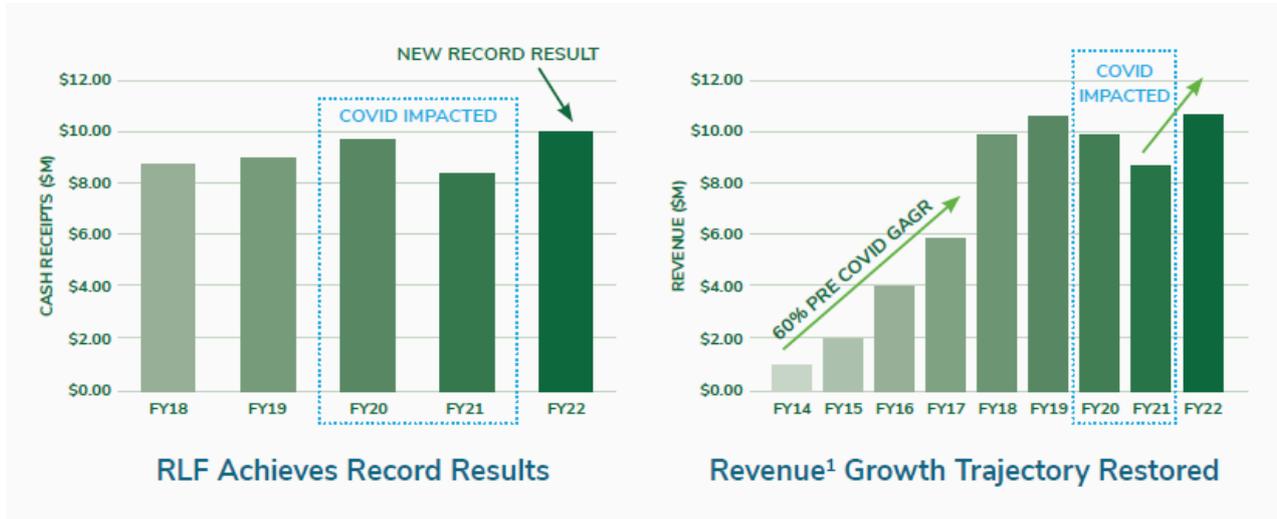
- Completion of a pre-listing Convertible Note raising of \$3 million (before costs) and the subsequent completion of the acquisition of RLF IP Co Pty Ltd ("RLF IP Co") and RLF Distribution Co Pty Ltd ("RLF Distribution Co") from Rural Liquid Fertilisers Pty Ltd ("RLF Australia") and RLF Global Pty Ltd ("RLF Global") resulting in the consolidation of the Group.
- Completion of its ASX listing on 21 April 2022 and successful raising of \$8.5 million (before costs).
- Strengthening of RLF AgTech's Board by the appointment of an experienced Non-Executive Chair and two experienced Non-Executive Directors.
- Appointment of an experienced Chief Financial Officer, adding to and strengthening the Executive Management Team.



REVIEW OF OPERATIONS (CONTINUED)
OPERATIONAL HIGHLIGHTS

Upwards demand for RLF products with increased sales and cash receipts

For the financial year ending 30 June 2022, the Group recorded its highest increase in both sales revenues and cash receipts, up 26% respectively from the financial year ended 30 June 2021. Whilst FY22's results signal the return to a more normal operating environment, the business continued to experience COVID-19 disruptions in sales, manufacturing and procurement channels in Asia.



Revenue cycles

The Company has a revenue cycle that is shaped by seasonal demand typical of agriculture. Approximately one-third of sales occur between the months July to December, with the remaining two-thirds of sales occurring between January and June. The following table details the actual percentages for the financial year ending 30 June 2022 and comparative financial year ending 30 June 2021.

	FY22	FY21
First Half		
Period 1 July to 31 December	31%	27%
Second Half		
Period 1 January to 30 June	69%	73%

Adjusted Net Profit and Loss and EBITDA - adjusted for Operational Non-Cash and One-off costs

The following table outlines the costs incurred for the financial year ended 30 June 2022 that contributed to the pre-structure and expansion of the Group:

	\$'000s
(Loss) for the year after income tax	(3,000)
Add:	
Operational Non-cash and One-off costs*	3,185
Profit for the year after income tax adjusted for Non-Cash and One-off costs	158
Add:	
Depreciation and Interest expense	413
Adjusted EBITDA for Non-Cash and One-off costs	571

REVIEW OF OPERATIONS (CONTINUED)

*The breakdown of the Operational Non-Cash and One-off costs incurred was:

- IPO and ASX listing costs including the conversion of the Convertible Notes issued in November 2021 and issue of shares to directors and employees of the Company - \$1,814,000.
- The Company began to execute its expansion plans in Asia, notably by employing more customer facing sales and support personnel - \$352,000.
- Related party fees that were incurred pre-restructure with Rural Liquid Fertilisers Pty Ltd and RLF Global Pty Ltd - \$673,000
- One-off obsolete stock write off - \$319,000

Letter of Intent executed with the Commonwealth Bank of Australia

In October 2021, the Company established the wholly owned subsidiary RLF Carbon with the aim to develop commercial opportunities for farmers to operate in the emerging soil carbon market. Farmers may therefore generate Australian Carbon Credit Units (ACCUs). The Company executed a non-binding Letter of Intent (LOI) with the Commonwealth Bank of Australia to create a framework for a potential strategic alliance to deliver these commercial solutions to Australian farmers.

RLF AgTech continues to progress discussions with the Commonwealth Bank of Australia in relation to potential strategic carbon opportunities. In due course, information will be announced to the market in accordance with ASX continuous disclosure requirements.

Provisional Patent Application Filed on Behalf of RLF Carbon

In May 2022, RLF Carbon filed a global provisional patent application entitled 'A Method for Accumulating Carbon in Soils'. This is an important action in the progression of the RLF Carbon business, as a successful grant of this patent could provide RLF Carbon with significant protection.

In addition, the Company has commenced controlled glasshouse trials with the University of Western Australia, named as the world's leading university for plant science and agronomy in 2022. The intent of these trials is to develop independent university data to verify and support the Company's provisional patent application and generate a pathway to commercialise RLF Carbon's activities. In this regard, the commencement of plans for on-farm soil carbon field trials are in progress. The reason for using real-farm large trials is to ensure that the processes and procedures of the registered carbon programs being implemented are compatible with the real on-farm operations and that they can be implemented into these operations with reduced uncertainty and/or minimal increased costs. The trials will also validate further the larger-scale dynamics experienced in a variety of farm conditions, including soil types and weather conditions. Plans are to commence, subject to registration approvals from the Clean Energy Regulator being received, in cropping season 2023 which is around early-April, prior to seeding.



REVIEW OF OPERATIONS (CONTINUED)

New Distribution Partnership established in Cambodia

RLF AgTech has executed a long-term distribution agreement in Cambodia with a minimum first phase sales commitment by the distributor with a value of US\$1.7 million (A\$2.4 million), contributing to the next step of RLF's wider strategy to bolster food production in emerging markets and increasing distribution and sales around the world.

CORPORATE HIGHLIGHTS

RLF AgTech's ASX listing completed

The Company successfully raised \$8,500,000 (before costs) at a listing price of \$0.20 per share and was admitted for ASX quotation on 21 April 2022.

The Company's listing provides RLF with the capital to invest in the growing demand for technology-based agricultural solutions which are needed for more efficient farming practices. Current record food and fertiliser prices have focused the industry on looking at better ways to, reduce costs, maintain yield outputs and produce higher quality products. This has stimulated greater interest in plant nutrition efficiency in the food production sector globally.

RLF is now funded to commence its key strategic objectives to become a leading provider of high value plant nutrition products which have shown to drive yield increases of 10%-30%, improve quality, provide excellent farmer returns on investment (ROI) and support a more sustainable approach to the future of agriculture.

RLF AgTech's operational and corporate objectives include:

- expansion of the sales and support teams in China and parts of South-East Asia to increase the distribution and sales of RLF products in these regions;
- establish new relationships with the aim to expand RLF Product sales in other significant agricultural markets outside of China and South-East Asia;
- development to commercialisation of the Company's Carbon project initiatives; and
- further developing relationships with key stakeholders, large scale distributors and corporate farms for increased product sales in support of future revenue growth.

Acquisition of RLF IP Co and RLF Distribution Co

In preparation of listing on the ASX, the Company successfully completed the acquisition of RLF IP Co Pty Ltd and RLF Distribution Co Pty Ltd from RLF Australia Pty Limited and RLF Global Pty Limited, securing 100% ownership of IP and distribution rights of all RLF products and properties. In Australia, the Company signed an exclusive distribution agreement whereby the licensed distributor pays a royalty to RLF AgTech for the sale of RLF products into this market. In addition to this revenue stream, RLF AgTech will directly manage and earn revenue from product sales to customers in the emerging carbon markets in Australia. With full ownership of IP and distribution rights, the Company has the ability to expand its existing products and undertake continued research and development of new innovative plant nutrition products, with the aim to extend its customer base on a global scale. The details of consideration for RLF IP Co and RLF Distribution Co is outlined under the Significant Changes in State and Affairs of the Directors' Report.

More information about the terms and conditions of the consideration is detailed in this financial report.

REVIEW OF OPERATIONS (CONTINUED)***Other Corporate activities***

The Company appointed Mr Donald McLay on 1 August 2021 as Non-Executive Chairperson and Ms Liza Carpena and Mr Paul McKenzie as Non-Executive Directors on 15 December 2021. Ms Carpena and Mr McKenzie were also appointed as Chairperson of the Remuneration and Nomination Committee and Audit and Risk Committee respectively. The new Directors are independent and bring a high level of expertise and knowledge with each having ASX and extensive public company history to strengthen the Board's current experience and skillsets.

In addition, the Company appointed Mrs Su-Mei Sain as Chief Financial Officer ("CFO") who has extensive knowledge and experience in financial management of ASX listed entities in particular experience with high growth start-up companies such as RLF.

As part of their remuneration packages, the Company granted to all Non-Executive Directors and to the CFO incentive options. The Company granted the Executive Directors were issued with performance rights which have stretch performance-based hurdles to drive incentive to achieve the goals and objectives of the Group.

THIS SECTION HAS BEEN LEFT INTENTIONALLY BLANK

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 1 November 2021, the Company held a general meeting of shareholders and approved the following resolutions:

- Consolidation of the issued capital where for every nine (9) shares held would be consolidated into five (5) shares.
- Change of company name from "Rural Liquid Fertilisers Asia Ltd" to "RLF AgTech Ltd".
- Acquisition of 100% of RLF IP Co and RLF Distribution Co from RLF Australia and RLF Global in consideration for shares and cash.

During the financial year ended 30 June 2022, the Company entered into a Convertible Note Subscription Deed ("the Deed") for \$3 million with various noteholders (before costs). On the date of the Company's listing, the Convertible Note Subscription Deed expired and all notes outstanding were converted into ordinary shares and were issued on 13 April 2022. The Convertible Note value of \$3,000,000 plus interest of \$132,000 was converted into 22,373,755 ordinary shares at \$0.14 per share.

On 1 August 2021, Mr Donald McLay was appointed as Non-Executive Chairman of the Company. Mr McLay was also appointed as Chairperson of the Conflict Management Committee.

On 15 December 2021, Ms Liza Carpeno and Mr Paul McKenzie were appointed as Non-Executive Directors of the Company. Ms Carpeno was also appointed as Chairperson of the Company's Remuneration and Nomination Committee and Mr Paul McKenzie was appointed as Chairperson of the Audit and Risk Committee.

Following shareholder approval on 1 November 2021, the Company acquired 100% of RLF IP Co Pty Ltd and RLF Distribution Co Pty Ltd from RLF Australia Pty Ltd and RLF Global Pty Ltd. This transaction completed on 16 December 2021 and pursuant to the acquisition:

- the Company acquired 100% of the issued capital of RLF IP Co Pty Ltd, a wholly owned subsidiary of RLF Australia which is the holder of the RLF Intellectual Property;
- the Company acquired 100% of the issued capital of RLF Distribution Co Pty Ltd, a wholly owned subsidiary of RLF Global which is the holder of the rights of exclusive worldwide distribution (except Australia) of the RLF Plant Nutrition Products;
- RLF Australia has retained the exclusive rights to distribute under licence the RLF Plant Nutrition Products in Australia only; and
- the Company may engage RLF Australia on a non-exclusive basis as a toll manufacturer to use its experience and know-how to formulate proprietary product activators for certain RLF Plant Nutrition Products.

The consideration paid by the Company on completion of the acquisition comprised a combination of cash and equity as follows:

- \$2,000,000 in cash paid to RLF Australia;
- a total of 43,125,000 ordinary Shares in the Company issued to RLF Australia and RLF Global; and
- deferred consideration consisting of a total of 24,375,000 ordinary Shares in the Company to be issued to RLF Australia and RLF Global upon the Company achieving certain milestones based on financial metrics as detailed in the table below comprising 12,187,500 Class A Deferred Consideration Shares and 12,187,500 Class B Deferred Consideration Shares.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The milestone conditions for the Deferred Consideration Shares which expire on 15 December 2026 are outlined as follows:

Class	Milestone
Class A Deferred Consideration Shares	The Company achieving one of the following (whichever occurs first) in respect of a financial year: (a) annual consolidated gross revenue of not less than A\$25 million; or (b) annual EBITDA of not less than A\$5 million, as reported in the Company's audited financial statements for the relevant financial year.
Class B Deferred Consideration Shares	The Company achieving one of the following (whichever occurs first) in respect of a financial year: (a) annual consolidated gross revenue of not less than A\$50 million; or (b) annual EBITDA of not less than A\$10 million, as reported in the Company's audited financial statements for the relevant financial year.*

* Excluding one-off or extraordinary revenue items and revenue received in the form of government grants, allowances, rebates or other hand-outs.

On 16 December 2021, the Company entered into a loan agreement with Omega Investments Pty Ltd (Omega) under which Omega agreed to make available to the Company a working capital facility of \$250,000. The material terms of the facility were:

- (a) The facility is for a period of 30 months from commencement on 16 December 2021 and any drawn portion of the loan is repayable on expiry.
- (b) Interest accrues on the drawn amount at the rate of 8.0% per annum.
- (c) The full amount of this facility was repaid in April 2022.

On 21 April 2022, the Company listed on the Australian Securities Exchange issuing 64,883,755 shares at \$0.20 per share giving the Company a market capitalisation of \$37 million.

Apart from the above, there are no other matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

EVENTS AFTER REPORTING DATE

The impact of the Coronavirus (COVID-19) global pandemic is ongoing and the impact on our business has been challenging with respect to sales, manufacturing and supply chain disruptions. However, at the date of this report, the Group has assessed that the impact has not been materially unfavourable to the business. Given the situation is still evolving, the Group will continue to monitor and assess the impact of government-imposed requirements, quarantine, travel restrictions, logistics disruptions and any economic effects.

After the period ending, RLF AgTech secured approximately A\$2.2 million in forward annual sales contracts for FY23. These forward orders comprised:

- Hebei Veyong Bio-Chemical Co. Ltd (Veyong) for a minimum of \$A1 million:
 - Veyong has been operating in the field of agricultural pesticides for more than 60 years and has an extensive product line which is used in more than 80 countries throughout Asia, Europe, Oceania, Africa and the US. In 2020, Veyong was ranked number 26 of the top 100 agrochemical companies in China and had total sales of RMB 1.96 billion (~AUD 408 million). RLF is working closely with Veyong to benefit from closer alignment with their global operations.
- Sichuan Davofeng for A\$0.6 million:
 - This contract represents a 100% increase on the previous 2021 season purchases and demonstrates a growing demand for RLF plant nutrition products in their business. The contract period is for 12 months and commences from 1 July 2022.
- Hainan Kangxifeng for A\$0.6 million:
 - This contract represents a 60% increase on the previous 2021 season purchases and demonstrates a growing demand for RLF plant nutrition products in their business. The contract period is for 12 months and commences from 1 July 2022.
- RLF AgTech has executed a distribution agreement with Total Agree (Cambodia) Co. Ltd., with a minimum five-year sales commitment of US\$1.7 million (A\$2.4 million).

Apart from the above, there are no other matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATION

The Company will continue to increase its sales of plant nutrition and fertiliser products in China and is actively expanding its business internationally. The Company is also initiating research and development projects to potentially reduce carbon emissions for its growers using RLF Products and methodologies in commercial farming.

DIVIDEND PAID AND RECOMMENDED

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2022 (30 June 2021: nil).

INFORMATION ON DIRECTORS AND COMPANY SECRETARY**Donald McLay – Non-Executive Chairman appointed on 1 August 2021 (Independent)**

Don is known for his strategic vision, integrity, determination and sound business management. His experience is global, with particular emphasis on Australia, Asia and North America. A key strength is his ability to develop new business platforms, lead Boards and business teams in new directions and optimise market opportunities. Don was Chairman of Credit Corp (ASX:CCP), during which time he presided over a market capitalisation increase from \$30 million to in excess of \$2 billion. He was Chairman and a founding member of the Sydney Branch of the Institute of Chartered Accountants of New Zealand (now Chartered Accountants Australia & New Zealand) and holds a Bachelor of Commerce degree from Otago University NZ.

Don is a Chairperson of the Company's Conflict Management Committee, and a member of the Audit and Risk and Remuneration and Nomination Committees.

Other current directorships of a public listed company

Nil

Former directorships in last three years of a public listed company

Clime Investment Limited – Non-Executive Chairperson from February 2015 to October 2020

Registry Direct Limited – Non-Executive Chairperson from November 2017 to October 2020

Credit Corp Group Limited – Non-Executive Chairperson from July 2008 to February 2021

Credit Corp Group Limited – Non-Executive Director from March 2021 to November 2021

Interest in shares, options and performance rights

Shareholding – 2,645,712

Option holding – 1,250,000

Performance rights holding – nil

Kenneth Hancock – Managing Director

With over 25 years operational experience in mid-sized manufacturing and distribution businesses, Ken has been responsible for the development of the Company's core business assets, including establishing its initial operations in China, the world's largest plant nutrition market. He was responsible also for the development of strategic supply alliances that offered a comprehensive range of plant nutrition products from RLF Australia into the New Zealand market. Ken oversaw the establishment of a new corporate structure that has enabled the expansion of global operations for the Company.

Other current directorships of a public listed company

Nil

Former directorships in last three years of a public listed company

Nil

Interest in shares, options and performance rights

Shareholding – 67,031,037

Deferred shareholding – 22,625,000

Option holding – 8,333,333

Performance rights holding – 2,000,000

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONTINUED)**Gavin Ball – Executive Director**

Gavin has over 30 years of expertise in the start-up, development, growth and ongoing management of businesses. He has operated a diverse range of businesses aligned with real estate, telecommunications, retail, media, technology, mining and agriculture. Working in numerous executive roles, Gavin has a management, financial and accounting skill set with a sales, marketing and commercialisation focus. Gavin has worked in his role as Executive Director since the Company was established in 2017.

Other current directorships of a public listed Group

Allup Silica Limited from August 2020

Former directorships in last three years of a public listed Group

Nil

Interest in shares, options and performance rights

Shareholding – 14,220,147

Deferred Shareholding – 1,750,000

Option holding – 3,333,333

Performance rights holding – 2,000,000

Lu (Mike) Shen – Executive Director

Dr Lu is responsible for the Company's Asia Region operations and has significant management experience in Chinese plant nutrition markets. He holds a PhD in Soil Science and Plant Nutrition. Dr Lu has considerable senior level industry experience, including with Cargill Fertilizer Inc. (USA) and its Cargill Tianjin China (US-Sino Joint Venture) operations. He is fluent in Mandarin and English, and brings an understanding of Chinese culture, business practices and government compliance requirements to the Company.

Other current directorships of a public listed Group

Nil

Former directorships in last three years of a public listed Group

Nil

Interest in shares, options and performance rights

Shareholding – 4,861,110

Option holding – nil

Performance rights holding – 2,000,000

Liza Carpene – Non-Executive Director appointed on 15 December 2021 (Independent)

Liza's executive experience encompasses corporate governance, social responsibility, stakeholder engagement, statutory reporting, human resources and day to day operational management, with an emphasis on leading companies through periods of growth and transformational change. She is a qualified Chartered Secretary with ASX100 experience, a Fellow of the Governance Institute of Australia, a graduate of the Australian Institute of Company Directors and holds a Master of Business Administration.

Liza is the Chairperson of the Remuneration and Nomination Committee and member of the Audit and Risk and Conflict Management Committees.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONTINUED)*Other current directorships of a public listed Group*

Mincor Resources NL from April 2018

Alchemy Resources Limited from March 2015

Former directorships in last three years of a public listed Group

Nil

Interest in shares, options and performance rights

Shareholding – 812,896

Option holding – 1,000,000

Performance rights holding - nil

Paul McKenzie – Non-Executive Director appointed on 15 December 2021 (Independent)

Paul is the Managing Partner of Agrarian Management, a leading Western Australian agriculture consultancy. He has 30 years' experience in agribusiness, management, finance and primary production, advising over \$1.4 billion of agriculture assets. Paul's current directorships are Non-Executive Director, Minbos Resources Limited (ASX: MNB) and Kiland Limited (ASX: KIL), Chairman of CRC for Honey Bee Products Limited, and Director of Rural Financial Counselling Service (WA), which administers a federal government-funded program in WA under the Department of Agriculture, Fisheries and Forestry. He was the founding chairman of Gage roads Brewing Company (ASX: GDA), past President of the Australian Association of Agricultural Consultants (WA) Inc and a Ministerial Appointee to various agribusiness review and advisory panels. Paul holds degrees in Science (Agriculture) from UWA, and Commerce from Murdoch University, and is a Fellow of AICD.

Paul is the Chairperson of the Audit and Risk Committee and member of the Remuneration and Nomination and Conflict Management Committees.

Other current directorships of a public listed Group

Non-Executive Director of Kiland Limited from April 2005

Non-Executive Director of Minbos Resources Limited from December 2020

Former directorships in last three years of a public listed Group

Nil

Interest in shares, options and performance rights

Shareholding – 125,000

Option holding – 1,000,000

Performance rights holding - nil

Company Secretary**Benjamin Donovan**

Ben is a member of the Governance Institute of Australia and provides corporate advisory, IPO and consultancy services to a number of companies. He is currently Company Secretary for several ASX listed and public unlisted companies, with his experiences ranging across the resources, agritech, biotech, media and technology industries. Ben has extensive experience in listing rules compliance and corporate governance, and in addition in capital markets by raising capital and assisting companies achieve an initial listing on the ASX.

Principal activities

The principal continuing activity of the Group is the formulation and sale of crop nutrition products.

Meeting of Directors

During the financial year ended 30 June 2022, the following table outlines the number of meetings held:

		Full meetings of Directors		Audit and Risk Committee Meetings		Remuneration Committee Meetings	
		A	B	A	B	A	B
Donald McLay	Non-Executive Chairman	8	8	1	1	3	3
Kenneth Hancock	Managing Director	8	8	-	1	-	1
Gavin Ball	Executive Director	8	8	-	1	-	-
Lu (Mike) Shen	Executive Director	8	8	-	1	-	-
Liza Carpena	Non-Executive Director	6	6	1	1	3	3
Paul McKenzie	Non-Executive Director	6	6	1	1	3	3

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

* = Not a member of the relevant committee

At the date of this report the Group has the following options and performance rights on issue.

Options/ Performance Rights	Number	Exercise Price	Issue Date	Expiry Date
Options*	7,500,000	0.30	21 Apr 2022	20 Apr 2025
Options*	17,694,444	0.54	21 Apr 2022	20 Apr 2027
Options	1,000,000	0.54	21 Apr 2022	20 Apr 2027
	26,194,444			
Performance Rights*	6,000,000		5 Nov 2021	4 Nov 2026

*The above options and performance rights have been escrowed for 24 months from date of issue.

At the start of the financial year ended 30 June 2022, 3,333,333 performance rights were held by Dr Lu. The performance rights were issued during the half year ended 31 December 2019 and would vest upon milestone performance hurdles for the financial year ended 30 June 2020. Due to the pandemic in 2020, the conditions of the performance rights were not able to be met and so in October 2021, the Board of Directors used its discretion to vest the performance rights in recognition of Dr Shen's dedication and ability to navigate the Company's China's operations during those uncertain times.

Apart from the above, no shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares of interest.

For details of options issued to Directors and other Key Management Personnel, please refer to the Remuneration Report.

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which has been audited, outlines the Key Management Personnel (as defined in AASB 124 Related Party Disclosures) ("KMP") remuneration arrangements for the Group, in accordance with the requirements of the section 308 (3c) of the Corporations Act 2001 and its Regulations.

The KMP covered in this remuneration report are:

- Donald McLay – Independent Non-Executive Chairman appointed on 1 August 2021
- Kenneth Hancock – Managing Director
- Gavin Ball – Executive Director
- Lu (Mike) Shen – Executive Director
- Liza Carpena – Independent Non-Executive Director appointed on 15 December 2021
- Paul McKenzie – Independent Non-Executive Director appointed on 15 December 2021
- Su-Mei Sain – Chief Financial Officer appointed on 7 December 2021

The principles adopted and set out in this Remuneration Report have been approved by the Board. This Remuneration Report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Share-based compensation
5. Other transactions with KMP

The information provided under headings 1 to 5 above includes remuneration disclosures that are required under Accounting Standard AASB 124, Related Party Disclosures.

1. Principles used to determine the nature and amount of remuneration

The objective of the Group's remuneration framework is to ensure reward for responsibility and performance is competitive and appropriate for the results delivered. The framework which has been set out in detail under the remuneration structure in this Remuneration Report aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board ensures that executive reward satisfies the following key criteria:

- (i) it is competitive and reasonable;
- (ii) it aligns the interests of shareholders and executives;
- (iii) it is performance based and aligned to the successful achievement of strategic and milestone business objectives; and
- (iv) It is transparent.

Executive Directors

Remuneration to Executive Directors reflects the demands which are made on, and the responsibilities of, the Executive Directors. Executive Directors' remuneration is reviewed annually to ensure it is appropriate and in line with the market. There are no retirement allowances or other benefits paid to Executive Directors other than superannuation guarantee amounts as required.

1. Principles used to determine the nature and amount of remuneration (continued)

The executive remuneration and reward framework currently has three components:

- (i) base pay;
- (ii) share-based payments; and
- (iii) other remuneration such as superannuation and long service leave.

The combination of these components comprise the Executive Director's total remuneration.

Fixed remuneration, consisting of base salary and superannuation, will be reviewed annually by the Board, based on individual contribution to corporate performance and the overall relative position of the Group to its market peers.

Non-Executive Directors

Remuneration to Non-Executive Directors reflects the demands which are made on, and the responsibilities of, the Non-Executive Directors. Non-Executive Directors' remuneration is reviewed annually. The maximum aggregate available amount for remuneration (inclusive of superannuation) of Non-Executive Directors approved by the Board of Directors prior to listing is \$500,000 per annum.

Company Performance

As a growing agriculture technology company, the Board does not consider the operating profit or loss after tax as one of the performance indicators when implementing an incentive-based remuneration policy. The Board considers that revenue growth, identification and securing of new business growth opportunities, the application of appropriate funding arrangements and responsible management of cash resources and the Company's other assets as more appropriate performance indicators to assess the performance of management during this initial growth phase.

Short-term incentives

During the financial year ended 30 June 2022, no short-term incentives were paid to the KMP of the Company.

The Company's approach in regards to the use of short-term cash incentives will be assessed by the Board on an ongoing basis as the Company's business evolves.

Long-term incentives

The long-term incentives of the Company include share-based payments. Directors may participate in equity incentive schemes with the prior approval of Shareholders. During the year ended 30 June 2022, 15,196,666 unlisted options and 6,000,000 performance rights were issued to the KMP of the Company.

Group performance, Shareholder wealth and KMP remuneration

KMP remuneration as detailed in this Remuneration Report has been set with the objective of retaining high calibre individuals who will contribute to the success of the Company, while maintaining alignment between Company performance and individual rewards. The remuneration policies seek a balance between the interests of stakeholders and competitive market remuneration levels. The performance rights issued to the Executive Directors of the Company are subject to milestone performance hurdles which are outlined in Section 4 of this Remuneration Report.

2. Details of Remuneration

Year Ended 30 June 2022

The amount of remuneration paid and entitlements owed to KMP at 30 June 2022 is set out below.

	Note	Year	Cash remuneration			Annual leave entitlement movement	Share-based Payments	Total Remuneration
			Salary and other fees	Bonus	Post-employment benefits (superannuation)			
			\$	\$	\$	\$	\$	
Directors								
D McLay	1	2022	91,507	-	-	-	20,893	112,400
		2021	-	-	-	-	-	-
K Hancock	2	2022	48,516	-	-	-	111,673	160,189
		2021	-	-	-	-	-	-
G Ball	3	2022	130,000	-	-	-	111,673	241,673
		2021	120,000	-	-	-	-	120,000
L Shen	4	2022	398,490	-	-	-	578,340	976,830
		2021	314,306	-	-	-	-	314,306
L Carpene	5	2022	29,791	-	2,979	-	16,714	49,484
		2021	-	-	-	-	-	-
P McKenzie	6	2022	32,451	-	-	-	16,714	49,165
		2021	-	-	-	-	-	-
Other Key Management Personnel								
S Sain	7	2022	108,846	-	10,885	5,385	16,714	141,830
		2021	-	-	-	-	-	-
Total		2022	839,601	-	13,864	5,385	872,721	1,731,571
		2021	434,306	-	-	-	-	434,306

2. Details of Remuneration (continued)

Notes:

1. Mr McLay was appointed as Non-Executive Chairman from 1 August 2021 and his fees were a pro rata of \$100,000 per annum inclusive of superannuation.
2. Mr Hancock was appointed as Managing Director from 3 April 2019 and his consultancy agreement became effective from ASX quotation being 21 April 2022. His fees were a pro rata of \$250,000 per annum inclusive of superannuation.
3. Mr Ball was appointed as Executive Director from 3 April 2019 and his consultancy agreement became effective from ASX quotation being 21 April 2022. His fees were a pro rata of \$180,000 per annum inclusive of superannuation.
4. Dr Lu was appointed as Executive director from 4 April 2019 and his employment agreement was effective from 23 January 2019. His salary and commission payments (please refer to Section for more information on Dr Lu's remuneration structure) was for the full financial year ended 30 June 2022.
5. Ms Carpena was appointed as Non-Executive Director from 15 December 2021 and her fees were a pro rata of \$60,000 per annum inclusive of superannuation.
6. Mr McKenzie was appointed as Non-Executive Director from 15 December 2021 and his fees were a pro rata of \$60,000 per annum inclusive of superannuation.
7. Mrs Sain was appointed as Chief Financial Officer from 7 December 2021 and her fees were a pro rata of \$200,000 per annum exclusive of superannuation.

There were no non-monetary benefits paid to the Directors or KMP for the year ended 30 June 2022.

3. Service Agreements

For the year ended 30 June 2022, the following service agreements were in place with the Directors and KMP of RLF AgTech:

On 1 August 2021, an Agreement was entered into between the Company and Mr Donald McLay for Non-Executive Chairman services. Key terms of the Agreement:

- Fees of \$100,000 per annum (inclusive of statutory superannuation) and Mr McLay has been issued 1,250,000 Incentive Options which are each exercisable at \$0.54 and have an expiry five years from 21 April 2022. The options are escrowed for 24 months from the date of issue.
- Reimbursement for all reasonable expenses incurred in performing the duties.
- Chair the Company's Conflict Management Committee, and be a member of the Remuneration and Nomination Committee and the Audit and Risk Committee.
- It is currently intended that no further fee will be payable to Mr McLay for time spent as a member of these Board committees.
- The appointment of Mr McLay as Chairman is otherwise on terms that are customary for an appointment of this nature.
- Termination of this Agreement will be upon the date provided by either party. There is no notice period applicable to this Agreement.

3. Service Agreements

On 3 April 2019, Agreements were entered into between the Company and Mr Kenneth Hancock for the provision of services as Managing Director and CEO (Global). Under the terms of the Agreement:

Key terms of the Managing Director Agreement:

- Appointment effective from 4 October 2017.
- 8,333,333 Incentive Options granted which are exercisable at \$0.54 each and have an expiry five years from 21 April 2022. The options are escrowed for 24 months from the date of issue.
- Termination of this Agreement will be upon the date provided by either party. There is no notice period applicable to this Agreement, however Mr Hancock is subject to termination clauses under the Consultancy Agreement.
- No additional fees are payable to Mr Hancock for his role as a Director in excess of the amounts payable to him under the Consultancy Agreement. The appointment of Mr Hancock as an Executive Director is otherwise on terms that are customary for an appointment of this nature.

Key terms of the Consultancy Agreement:

- Effective from the date of ASX quotation being 21 April 2022.
- Annual consultancy fee (inclusive of superannuation) of \$250,000 per annum plus 10 days of annual leave per year.
- 2,000,000 Performance Rights issued in two equal tranches (each comprising 1,000,000 Performance Rights), which may be converted into Shares subject to vesting on the achievement of performance milestones based on increasing financial metrics (refer Section 4) for each tranche within a five year period from 21 April 2022.
- Fees paid to Huntington Investments Pty Ltd.
- No fixed term and may be terminated:
 - by either party without cause with six months' notice, or in the case of the Company, immediately with payment in lieu of notice; or
 - by the Company with immediate effect following an occurrence that gives the Company a right of summary dismissal at common law or for illness persisting for either three consecutive months or three months in aggregate over a 12 month period; or
 - by Mr Hancock with immediate effect if the Company is in breach of a material term of the agreement which is not remedied within 10 days of the Company receiving notice of the breach.

3. Service Agreements (continued)

On 3 April 2019, Agreements were entered into between the Company and Mr Gavin Ball for the provision of services as Executive Director. Key terms of the Agreement:

Key terms of the Executive Director Agreement:

- Appointment was effective from 4 October 2017.
- 3,333,333 Incentive Options which are each exercisable at \$0.54 and have an expiry five years from 21 April 2022. The options are escrowed for 24 months from the date of issue.
- Termination of this Agreement will be upon the date provided by either party. There is no notice period applicable to this Agreement, however Mr Ball is subject to termination clauses in his Consultancy Agreement as outlined below.
- No additional fees are payable to Mr Ball for his role as a Director in excess of the amounts payable to him under the Consultancy Agreement as detailed below. The appointment of Mr Ball as an Executive Director is otherwise on terms that are customary for an appointment of this nature.

Key terms of the Consultancy Agreement:

- Effective from the date of ASX quotation being 21 April 2022.
- Annual consultancy fee (inclusive of superannuation) of \$180,000 per annum plus 10 days of annual leave per year.
- 2,000,000 Performance Rights issued in two equal tranches (each comprising 1,000,000 Performance Rights), which may be converted into Shares subject to vesting on the achievement of performance milestones based on increasing financial metrics (refer Section 4) for each tranche within a five year period from 21 April 2022.
- Fees paid to Capital Corporation (Holdings) Pty Ltd.
- No fixed term and may be terminated:
 - by either party without cause with six months' notice, or in the case of the Company, immediately with payment in lieu of notice; or
 - by the Company with immediate effect following an occurrence that gives the Company a right of summary dismissal at common law or for illness persisting for either three consecutive months or three months in aggregate over a 12 month period; or
 - by Mr Ball with immediate effect if the Company is in breach of a material term of the agreement which is not remedied within 10 days of the Company receiving notice of the breach.

3. Service Agreements (continued)

On 23 January 2019 and 3 April 2019, Agreements were entered into between the Company and Dr Lu (Mike) Shen for the provision of services as CEO (Asia) and Executive Director. Key terms of the Agreement:

Key terms of the Executive Director Agreement:

- Appointment was effective from 4 April 2019.
- Termination of this Agreement will be upon the date provided by either party. There is no notice period applicable to this Agreement, however Dr Lu is subject to termination clauses in his Consultancy Agreement as outlined below.
- No additional fees are payable to Dr Lu for his role as a Director in excess of the amounts payable to him under the Consultancy Agreement as detailed below. The appointment of Dr Lu as an Executive Director is otherwise on terms that are customary for an appointment of this nature.

Key terms of the Executive Services Agreement:

- A base annual salary of RMB 1,000,000 (~A\$218,000 per annum)
- Paid a statutory superannuation contribution under the Hong Kong Mandatory Scheme Provident Fund of HK 1,500 per month (~A\$3,250 per annum).
- A monthly commission calculated on volume of certain RLF Plant Nutrition Products sold.
- 2,000,000 Performance Rights issued in two equal tranches (each comprising 1,000,000 Performance Rights), which may be converted into Shares subject to vesting on the achievement of performance milestones based on increasing financial metrics (refer Section 4) for each tranche within a five year period from 21 April 2022.
- The Agreement has no fixed term and may be terminated:
 - by either party without cause with four months' notice, or in the case of the Company, immediately with payment in lieu of notice; or
 - by the Company with immediate effect following an occurrence that gives the Company a right of summary dismissal at common law or for illness persisting for either four consecutive months or four months in aggregate over a 12 month period; or
 - by Dr Lu with immediate effect if the Company is in breach of a material term of the agreement which is not remedied within 10 days of the Company receiving notice of the breach.

3. Service Agreements (continued)

On 29 November 2021, an Agreement was entered into between the Company and Ms Liza Carpeno for Non-Executive Director services. Key terms of the Agreement:

- Fees of \$60,000 per annum inclusive of superannuation and has been issued 1,000,000 Incentive Options which are each exercisable at \$0.54 and have an expiry five years from 21 April 2022. The options are escrowed for 24 months from the date of issue.
- Reimbursement for all reasonable expenses incurred in performing the duties.
- Chair the Company's Remuneration and Nomination Committee, and be a member of the Audit and Risk Committee and the Conflict Management Committee.
- It is currently intended that no further fee will be payable to Ms Carpeno for time spent as a member of these Board committees.
- The appointment of Ms Carpeno as a Director on 15 December 2021 is otherwise on terms that are customary for an appointment of this nature.
- Termination of this Agreement will be upon the date provided by either party. There is no notice period applicable to this Agreement.

On 3 November 2021, an Agreement was entered into between the Company and Mr Paul McKenzie for Non-Executive Director services. Key terms of the Agreement:

- Fees of \$60,000 per annum inclusive of superannuation and has been issued 1,000,000 Incentive Options which are each exercisable at \$0.54 and have an expiry five years from 21 April 2022. The options are escrowed for 24 months from the date of issue.
- Reimbursement for all reasonable expenses incurred in performing the duties.
- Chair the Company's Audit and Risk Committee, and be a member of the Remuneration and Nomination Committee and the Conflict Management Committee.
- It is currently intended that no further fee will be payable to Mr McKenzie for time spent as a member of these Board committees.
- The appointment of Mr McKenzie as a Director on 15 December 2021 is otherwise on terms that are customary for an appointment of this nature.
- Termination of this Agreement will be upon the date provided by either party. There is no notice period applicable to this Agreement.

On 7 December 2021, the Group entered into an employment contract with Mrs Su-Mei Sain. Key terms of the Agreement:

- Mrs Sain was appointed in the capacity of Chief Financial Officer and paid a remuneration package of \$200,000 per annum base salary plus statutory superannuation. In addition, Mrs Sain has been issued 1,000,000 Incentive Options which are each exercisable at \$0.54 and have an expiry five years from 21 April 2022. The options are escrowed for 24 months from the date of issue.
- The Group or Mrs Sain may terminate the contract at any time by giving the other party one months' notice or payment in lieu of notice.
- The Group may terminate the Agreement at any time without notice if serious misconduct has occurred. On termination with cause, Mrs Sain is not entitled to any payment.
- The appointment of Mrs Sain as an Executive of the Company is otherwise on terms that are customary for an appointment of this nature.

4. Share-Based Compensation

Option holdings

The numbers of options in the Group held during the year ended by each KMP of RLF AgTech, including their related parties, are set out below:

2022	Balance at the start of the year	Granted during the year	Expired during the year	Other changes	Balance at the year ended
Director					
D McLay [#]	-	1,250,000	-	-	1,250,000
K Hancock [^]	8,333,333	-	-	-	8,333,333
G Ball [^]	3,333,333	-	-	-	3,333,333
L Shen [^]	-	-	-	-	-
L Carpeno [#]	-	1,000,000	-	-	1,000,000
P McKenzie [#]	-	1,000,000	-	-	1,000,000
	11,666,666	3,250,000	-	-	14,916,666
Other Key Management Personnel					
S Sain [#]	-	1,000,000	-	-	1,000,000
TOTAL	11,666,666	4,250,000	-	-	15,916,666

The option terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other KMP in the year ended or future reporting years are as follows:

Options issued	Issue Date	Expiry date	Exercise price \$	Fair value per option \$	Vested %
[#] Employee Securities Incentive Plan	21 Apr 2022	20 Apr 2027	0.54	0.0167	100%
[^] Employee Securities Incentive Plan	21 Apr 2022	20 Apr 2027	0.54	0.0565*	100%

*The variation in fair value of options was in relation to Mr Hancock and Mr Ball's original option terms. The modified option terms did not recognise the change in fair value under Australian accounting standards. Refer to Note 22 in the Notes to the Consolidated Financial Statements for more information.

The options issued to KMP during the financial year ended 30 June 2022 were valued using a Black-Scholes model and were priced as follows:

Grant date share price	\$0.14
Exercise price	\$0.54
Expected volatility	50%
Option life (years)	5
Dividend yield	0%
Interest rate	1.32%

4. Share-Based Compensation (continued)

Performance Rights holdings

The numbers of performance rights in the Group held during the year ended by each KMP, including their related parties, are set out below:

2022	Balance at the start of the year	Granted during the year	Expired during the year	Other changes	Balance at the year ended
Director					
D McLay	-	-	-	-	-
K Hancock	-	2,000,000	-	-	2,000,000
G Ball	-	2,000,000	-	-	2,000,000
L Shen	3,333,333	2,000,000	-	(3,333,333)	2,000,000
L Carpena	-	-	-	-	-
P McKenzie	-	-	-	-	-
	3,333,333	6,000,000	-	(3,333,333)	6,000,000
Other Key Management Personnel					
S Sain	-	-	-	-	-
TOTAL	3,333,333	6,000,000	-	-	6,000,000

During the financial year ended 30 June 2022, the following took place:

- The 6,000,000 performance rights above were given a fair value of \$0.14 per share and have an expiry of five years from date of issue.
- The 3,333,333 performance rights (post consolidation) held at the start of the financial year by Dr Lu were issued during the half year ended 31 December 2019 and were subject to milestone performance hurdles for the financial year ended 30 June 2020. Due to the significant impacts of the global pandemic in 2020/2021, the conditions of the performance rights were not achievable. In October 2021, the Board of Directors considered the significant contribution made by Dr Lu during this extremely challenging period, and exercised its discretion to waive the performance hurdle conditions and vest the performance rights in recognition of Dr Lu's dedication and ability to navigate the Company's China operations during that complex and uncertain period. At the date of conversion, the shares were valued at \$0.14 per share.

The balance of the performance rights at year end are subject to specific vesting conditions and have been issued in two equal tranches. The key terms are as follows:

Tranche	Vesting Condition
Class A Performance Rights 3,000,000	The Company achieving one of the following (whichever occurs first) in respect of a financial year: (a) annual consolidated gross revenue of not less than A\$25 million; or (b) annual EBITDA of not less than A\$5 million, as reported in the Company's audited financial statements for the relevant financial year.*

4. Share-Based Compensation (continued)

Tranche	Vesting Condition
Class B Performance Rights 3,000,000	The Company achieving one of the following (whichever occurs first) in respect of a financial year: (a) annual consolidated gross revenue of not less than A\$50 million; or (b) annual EBITDA of not less than A\$10 million, as reported in the Company's audited financial statements for the relevant financial year.*

*Excluding one-off or extraordinary revenue items and revenue received in the form of government grants, allowances, rebates or other hand-outs.

Shareholdings

The numbers of shares in the Group held during the year ended 30 June 2022 by each KMP, including their related parties, are set out below (post consolidation):

2022	Balance at the start of the year	Other changes during the year	Balance for the year ended
Directors			
D McLay	-	2,645,712	2,645,712
K Hancock	29,156,037	60,500,000*	89,656,037
G Ball	8,970,147	7,000,000*	15,970,147
L Shen	1,527,777	3,333,333**	4,861,110
L Carpena	-	812,896	812,896
P McKenzie	-	125,000	125,000
Other Key Management Personnel			
S Sain	-	100,000	100,000
	39,653,961	74,516,941	114,170,902

* The share issue was in relation to the Company's acquisition of RLF IP Co Pty Ltd and RLF Distribution Co Pty Ltd from RLF Australia and RLF Global which completed on 16 December 2022, comprising 43,125,000 ordinary shares in the Company and 24,375,000 deferred consideration ordinary shares (Deferred Shares) which are subject to specific hurdles. Deferred Shares were issued to Rural Liquid Fertilisers Australia Pty Ltd ("RLF Australia") and RLF Global Pty Ltd ("RLF Global") which are controlling entities of Mr Hancock and Mr Ball. For further information on the terms relating to the Deferred Shares refer to Note 14.

**Dr Lu was issued performance rights during the financial year ended 30 June 2020 and these were converted into shares during the financial year ended 30 June 2022 as mentioned above in the Performance Rights section of this Remuneration Report.

Apart from the above, there were no other shares granted to KMPs during the reporting year as remuneration.

5. Other transactions with KMP

As at 30 June 2022, a summary of related party entities with KMP in the Company are as follows:

Ken Hancock	Director of RLF AgTech Ltd (“RLF AgTech”)
Gavin Ball	Director of RLF AgTech
Lu Shen (Mike)	Director of RLF AgTech

Other related entities

Alan Roy Hancock	Father of Kenneth Hancock
RLF Global Pty Ltd (“RLF Global”)	Kenneth Graeme Hancock, Alan Roy Hancock and Gavin Neil Ball are directors of this entity
Rural Liquid Fertilisers Pty Ltd (“RLF Australia”)	Kenneth Graeme Hancock and Alan Roy Hancock are directors of this entity.
Magicorp Pty Ltd	Gavin Neil Ball is the director of this company
Sourcefit Inc.	Entities associated with Gavin Neil Ball are substantial shareholder of this company

The Company has entered into several agreements with RLF Australia and RLF Global and a summary of these agreements are as follows:

- *Australian Distribution Agreement* - RLF Australia has retained the rights to distribute RLF Plant Nutrition Products in Australia only. The Company will receive a royalty fee from RLF Australia for RLF Plant Nutrition Products sold in Australia. RLF AgTech will own rights to sell RLF Plant Nutrition Products in Australia where the customer is participating in a scheme to generate carbon credits involving a proprietary methodology promoted by the Company.
- *Toll Manufacturing Agreement* – RLF AgTech may engage RLF Australia on a non-exclusive basis as a toller to use its experience and know-how to formulate proprietary product activators for certain RLF Plant Nutrition Products and other agreed RLF Plant Nutrition Products or manufacturing inputs. RLF AgTech will pay RLF Australia a tolling fee for these manufacturing services
- *Office Services Agreement* – RLF AgTech and RLF Australia will share office space and administrative services. RLF AgTech will pay RLF Australia a monthly fee for these shared services and reimbursement of any other costs in relation to travel and office administration costs.
- *Aggregated Payables Deferred Agreement* - RLF Australia and RLF Global have agreed to allow the RLF AgTech and its related bodies corporate to defer payment of certain historical fees owed to RLF Australia and RLF Global relating to royalties, toll manufacturing fees and services.

5. Other transactions with KMP (continued)

Aggregate amounts of each the above types of other transactions with KMP of the Company during the financial year ended 30 June 2022:

Amounts recognised as revenue:

	30 June 2022	30 June 2021
	\$'000	\$'000
Royalty Fees	-	-
Sale of goods	-	15

(ii) Amounts recognised as expense

	30 June 2022	30 June 2021
	\$'000	\$'000
Purchase of goods	137	83
Manufacturing fees	404	632
Research and development fees	186	402
Distribution fees	93	31
Rent of office building	54	36
Reimbursement of travel expenditure	76	-
Contractors and other administrative expenses	21	10
	970	1,474

Amounts recognised as assets and liabilities

	30 June 2022	30 June 2021
	\$'000	\$'000
Trade receivables and other	-	15
<i>Current</i>		
Trade and other payables	372	1,576
<i>Non-Current</i>		
Trade and other payables	3,735	2,578

Refer to Note 30 in the Notes of the Consolidated Financial Statements for further details on Related Party Transactions.

6. Use of remuneration consultants

No remuneration consultants were engaged by the Group during the year ended 30 June 2022.

7. Voting and comments made at the Company's Annual General Meeting (AGM)

At the AGM held in 2021, the Company was a public unlisted entity and therefore was not required to seek approval of a Remuneration Report for its financial year ended 30 June 2021. No comments were raised by Shareholders at the AGM.

8. Securities Trading Policy

The trading of shares issued to participants under any of the Group's employee equity plans is subject to, and conditional upon, compliance with the Group's Securities Trading Policy as per the Group's Corporate Governance Policy. Directors and executives are prohibited from entering into any hedging arrangements over unvested equity incentives under the Group's Employee Incentive Securities Plan and its Securities Trading Policy. The Group would consider a breach of this policy as gross misconduct which may lead to disciplinary action and potentially dismissal.

This concludes the Remuneration Report, which has been audited.

Indemnifying officers

During the financial year, the Company paid a premium of \$89,205 excluding GST (2021: nil) for Directors and Officers Insurance. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Group

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

The Group was not a party to any such proceedings during the year.

Auditor

Hall Chadwick was appointed as Auditors for the Group in office in accordance with section 327 of the Corporations Act 2001.

Audit Services

During the year ended 30 June 2022, \$71,516 was paid or is payable for audit services provided by the Auditors. There were no non-audit services performed by the Auditors during the financial year.

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is included on page 84 of the financial report.

Corporate Governance

The Directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability.

Signed in accordance with a resolution of the Board of Directors:



Kenneth Hancock
Managing Director
31 August 2022

	Notes	30 June 2022 \$'000	30 June 2021 \$'000
Revenue			
Sales	4	10,663	8,519
Cost of sale of goods		(5,239)	(3,456)
Gross profit/(loss)		5,424	5,063
Other Revenue			
Other income	4	55	16
Expenses			
Operating expenses	5	(3,315)	(2,323)
Administration expenses	6	(1,171)	(1,246)
Professional fees		(701)	(177)
Corporate and compliance costs		(107)	(2)
Wages and Directors fees	7	(1,648)	(662)
Depreciation and amortisation expense	12,13,14	(244)	(179)
Share based payments	22	(997)	(11)
Finance costs		(296)	(50)
Total Expenses		(8,479)	(4,650)
(Loss)/Profit before income tax		(3,000)	429
Income tax expense	8	-	(10)
(Loss)/Profit for the year		(3,000)	419
Other comprehensive income for the year			
<i>Items that may be classified to profit or loss</i>			
Exchange differences on translation of foreign operations		(539)	(443)
Total Comprehensive profit/(loss) for the year attributable to the members of RLF AgTech Ltd		(3,539)	(24)
(Loss)/Profit per share for the period attributable to the Members of RLF AgTech Ltd			
Basic loss per share in cents	24	(2.70)	0.38

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

	Notes	30 June 2022 \$'000	30 June 2021 \$'000
CURRENT ASSETS			
Cash and cash equivalents	9	7,999	2,075
Trade and other receivables	10	870	1,290
Inventory	11	2,214	2,507
Other current assets		74	43
TOTAL CURRENT ASSETS		11,157	5,915
NON-CURRENT ASSETS			
Trade and other receivables	10,30	216	-
Right-of-use assets	12	436	663
Intangible assets	14	6,110	5
Property, plant and equipment	13	480	566
TOTAL NON-CURRENT ASSETS		7,242	1,234
TOTAL ASSETS		18,399	7,149
CURRENT LIABILITIES			
Trade and other payables	15	1,427	2,972
Contract liabilities	16	-	216
Convertible Note	17	-	-
Lease liabilities	15	121	277
Borrowings		-	400
Provisions	18	84	-
Income tax payable		9	9
TOTAL CURRENT LIABILITIES		1,641	3,874
NON-CURRENT LIABILITIES			
Trade and other payables	15,30	3,735	2,578
Borrowings	15	400	-
Lease liabilities	15	312	282
Provisions	18	48	-
TOTAL NON-CURRENT LIABILITIES		4,495	2,860
TOTAL LIABILITIES		6,136	6,734
NET ASSETS		12,263	415
EQUITY			
Share capital	19	17,170	2,559
Reserves	20	5,369	5,132
Accumulated losses	21	(10,276)	(7,276)
TOTAL EQUITY		12,263	415

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Attributable to equity holders of the Group in \$'000 dollars	Share capital	Share based payment Reserves	Group Reorganisation Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
Balance at 1 July 2021	2,559	1,187	4,969	(1,024)	(7,276)	415
Loss after income tax for the year	-	-	-	-	(3,000)	(3,000)
Other comprehensive loss	-	-	-	(543)	-	(543)
Total comprehensive loss for the period	-	-	-	(543)	(3,000)	(3,543)
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Shares issued for conversion of performance rights to Director and consultant of the Company	545	-	-	-	-	545
Shares issued for payment of advisory services	188	-	-	-	-	188
Shares issued for consideration of RLF IP Co Pty Ltd and RLF Distribution Co Pty Ltd	3,770	-	-	-	-	3,770
Shares issued in relation to Initial Public Offering ("IPO") on 13 April 2022	8,502	-	-	-	-	8,502
Share capital raising costs in relation to IPO and ASX listing on 21 April 2022	(1,320)	-	-	-	-	(1,320)
Conversion of Convertible Notes to shares	3,132	-	-	-	-	3,132
Transaction cost from conversion of Convertible Notes	(206)	-	-	-	-	(206)
Issue of share-based payments	-	780	-	-	-	780
Total contributions by and distributions to owners	14,611	780	-	-	-	15,391
Balance at 30 June 2022	17,170	1,967	4,969	(1,567)	(10,276)	12,263

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Attributable to equity holders of the Group in \$'000 dollars	Share capital	Share based payment Reserves	Group Reorganisation Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
Balance at 1 July 2020	1,605	1,187	4,969	(581)	(7,695)	(515)
Profit for the year	-	-	-	-	419	419
Other comprehensive loss	-	-	-	(443)	-	(443)
Total comprehensive loss for the period	-	-	-	(443)	419	(24)
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Proceeds from issued capital	1,015	-	-	-	-	1,015
Transaction costs from issued capital	(61)	-	-	-	-	(61)
Issue of share based payments	-	-	-	-	-	-
Total contributions by and distributions to owners	954	-	-	-	-	954
Balance at 30 June 2021	2,559	1,187	4,969	(1,024)	(7,276)	415

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	Notes	30 June 2022 \$'000	30 June 2021 \$'000
Cash flows from operating activities			
Receipts from customers		10,213	8,117
Cash paid to suppliers and employees		(12,051)	(8,167)
Interest and other finance costs paid		(37)	16
Other – Related party payments		(342)	(50)
Net cash (used in) operating activities	24	(2,217)	(84)
Cash flows from investing activities			
Payments for property, plant and equipment		(35)	144
Payments for Acquisition of RLF IP Co Pty Ltd and RLF Distribution Co Pty Ltd	14	(2,066)	-
Net cash (used in) investing activities		(2,101)	144
Cash flows from financing activities			
Proceeds from Capital Raising	19	8,502	1,015
Capital raising costs		(1,085)	(61)
Proceeds from Convertible Notes	17	3,000	-
Lease Payments		(268)	-
Net receipts / (payments) for cash backed guarantees		(15)	-
Net cash provided by (used in) financing activities		10,133	954
Net increase/(decrease) used in cash and cash equivalents		5,815	1,014
Effects of exchange rate changes on cash and cash equivalents		109	8
Cash and cash equivalents at 1 July	9	2,075	1,053
Cash and cash equivalents at 30 June		7,999	2,075

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTE 1. REPORTING ENTITY

The financial statements cover RLF AgTech Ltd (“RLF AgTech” or “the Company”) as a group consisting of RLF AgTech Ltd and the entities (“the Group”) it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars.

RLF AgTech Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

61 Dowd Street
Welshpool, Western Australia 6106

The Group is a for profit entity and the principal continuing activity of the group is the formulation and sale of crop nutrition products.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 August 2022. The Directors have the power to amend and reissue the financial statements.

NOTE 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The Directors do not consider any of these have had a material effect on the financial statements and the details are disclosed in below table.

NEW STANDARD	DESCRIPTION	OVERVIEW OF CHANGES
AASB 2020-7 / AASB 2021-3	Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions	Allow rent deferrals / waivers due to COVID-19 received on or before 30 June 2022 to be treated as variable lease payments rather than a modification of the lease.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial statements have been prepared under the historical convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit and loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group recorded a net loss of \$3,000,000 (2021: net profit \$419,000) and experienced net cash outflows from operations of \$2,217,000 (2021: \$84,000 cash inflow) for the year ended 30 June 2022. As at 30 June 2022, the Company has a working capital surplus of \$9,516,000 (2021: \$1,759,000 working capital surplus).

The Directors believe that the Company will continue as a going concern for the following reasons:

- During the financial year ended 30 June 2022, the Company successfully completed its IPO and raised \$8,502,000 in April 2022. The IPO funds has placed the Group into a solid position for growth in the next 2 years to achieve its objectives as outlined in the Company's Prospectus (lodged in February 2022). To that end, the Directors are satisfied that on this basis that it is appropriate to prepare the financial statements on a going concern basis.

SIGNIFICANT ACCOUNTING POLICIES

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

(a) Principle of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (RLF AgTech Ltd) and all of the subsidiaries (including any structured entities). 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.

A list of the subsidiaries is provided in Note 26.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(b) Income Tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

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.

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.

(c) Property, Plant and Equipment

Property, plant and equipment are measured at cost less depreciation and any impairment losses.

The cost of property, plant and equipment constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all property, plant and equipment including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leased assets are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

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

Class of Property, Plant and Equipment	Depreciation Rate
Buildings	5%-12.5%
Plant and equipment	5%-33%
Office equipment	20%-33%
Motor vehicles	13%
Lease improvement	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date.

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 or losses are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(d) Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(e) Intangible Assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of fixed overheads. Overheads are applied on the basis of direct material usage. Costs are assigned on the basis of weighted average costs. Inventories were recognised by the Group on a first-in, first-out (FIFO) basis.

The direct overhead and direct labour are allocated based on standard manufacturing hours under normal production capacity. In the situation where the production facility is operating under normal capacity, the unallocated direct labour and direct overhead costs will be allocated to the administrative expense.

(g) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing:

- The profit/(loss) attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(h) Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, the Group classifies its trade and other receivables as financial assets at amortised cost upon initial recognition. All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of Financial assets

AASB9's impairment requirements use more forward-looking information to recognise expected credit loss – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Trade receivables

The Group makes use of a simplified approach in accounting for trade receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. Refer to Note 25 for details of credit risk analysis of the Group.

Other financial assets

ECL for other financial assets at amortised cost, including cash and cash equivalents and other receivables, are assessed on 12-month expected credit losses basis as there had been no significant increase in credit risk since initial recognition.

Classification and measurement of financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings and lease liabilities.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Compound instruments

The component parts of compound instruments (convertible bonds or notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss and other comprehensive income upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

(i) Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying amount over its recoverable amount is expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(j) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not

determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(k) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Revenue

Revenue arises mainly from the sale of liquid fertilisers.

To determine whether and when to recognise revenue, the Group follows a 5-steps process:

- (i) Identifying the contract with a customer
- (ii) Identifying the performance obligations
- (iii) Determining the transaction price
- (iv) Allocating the transaction price to the performance obligations
- (v) Recognising revenue when / as performance obligation (s) are satisfied.

Revenue is recognised at a point in time when the Group satisfies performance obligations by transferring the promised goods to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts in the Consolidated Statement of Financial Position (see Note 16). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises a receivable in its Consolidated Statement of Financial Position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue from the sales of liquid fertilisers for a fixed fee is recognised when or as the Group transfers control of the assets to the customer. Invoices for goods transferred are due upon despatch of goods to the customer.

All revenue is stated net of the amount of value added tax (VAT) or goods and services tax (GST).

Interest Revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(m) 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, less any provision for impairment.

(n) 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 30-90 days of recognition of the liability.

(o) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use of sale. All other borrowing costs are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

(q) Value Added Tax (VAT), Goods and Services Tax (GST) and other similar taxes

For Revenues, expenses and assets are recognised net of the amount of VAT/GST, except where the amount of VAT/GST incurred is not recoverable from the Local Taxation Office. In these circumstances, the VAT/GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of VAT/GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the VAT/GST component of investing and financing activities, which are disclosed as operating cash flows. Commitments and contingencies are disclosed net of the amount of VAT/GST recoverable from, or payable to, the tax authority.

(r) Comparative Figures

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

Where necessary, comparatives have been re-classified and re-positioned for consistency with current year disclosures. The following items have been re-classified within the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	30 June 2021 (\$'000)		
	As previously stated	Reclassification	As restated
Wages and Director fees	-	(662)	(662)
Depreciation and amortisation expense	-	(179)	(179)
Professional fees	(173)	(4)	(179)
Administration costs	(2,091)	845	(1,246)

(s) Critical Accounting Estimates and Judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Inventory

The Group assesses the provision for obsolescence of inventory at each reporting date by evaluating the ageing of the inventory.

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to Note 22.

Provision for impairment of receivables

Included in trade and other receivables at the end of the reporting period is an amount of \$216,000 that is outstanding for more than 30 days. While there is inherent uncertainty, the Directors understand that the full amount of debt is likely to be received and therefore no provision for impairment has been made. Refer to Note 10.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (“CGU”) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a Discount Cash Flow (“DCF”) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset’s performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Determining the lease term of contract with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has a lease contract that includes an extension option. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain and staffing. There does not currently appear to be any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(t) Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the financial reports have been rounded off in accordance with the instruments to the nearest thousand dollars, or in certain cases, the nearest dollar.

(u) Foreign Currency Transactions and Balances*Functional and presentation currency*

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The functional currency of the main operating entities, RLF Chemical Fertilisers (Shanghai) Co., Ltd and Rural Liquid Fertilisers China (Kaifeng) Co., Ltd is Chinese Renminbi. The consolidated financial statements are presented in Australian dollars which is the Parent Entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in profit or loss.

Group entities

Financial results and position of foreign operations whose functional currency is different from the Group's presentation currency is translated as follows:

- Assets and liabilities are translated at year end exchange rates;
- Income and expenses are translated at average rates for the period; and
- Retained earnings are translated at historical average rates.
- Share capital is translated at historical spot rates

Exchange differences arising on the translation of foreign operations are recognised directly to the Group's foreign currency translation reserve in the Consolidated Statement of Financial Position.

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NOTE 3. SEGMENT INFORMATION

The Directors (who are identified as the Chief Operating Decision Maker (CODM)) assess performance and determine the allocation of resources based on the internal reports which are organised in one operating segment for the manufacturing and sale of liquid fertilisers in Asia. As a result, there is only one operating segment and the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Financial Position is reflective of this operating segment.

Major customers

During the year ended 30 June 2022 approximately 10% (2021: 5%) of the Group's external revenue was derived from sale of goods to one customer.

Disaggregation of Revenue

The disaggregation of revenue for the Group is based on the type of sales for one category namely sales of liquid fertiliser in Asia:

	Sales of liquid fertiliser	Total
2022	\$'000	\$'000
Timing of revenue recognition	10,663	10,663
Over time	-	-
	10,663	10,663
2021	\$'000	\$'000
Timing of revenue recognition	8,519	8,519
Over time	-	-
	8,519	8,519

NOTE 4. REVENUE AND OTHER INCOME

	2022	2021
	\$'000	\$'000
Operating activities		
Revenue from customers with contracts	10,663	8,519
Total revenue	10,663	8,519
Other Income	6	16

NOTE 5. OPERATING EXPENSES

	2022	2021
	\$'000	\$'000
Advertising and promotion expense	768	429
Communication expense	-	-
Wages, salaries and on costs	888	794
Transportation expense	509	456
Travelling expense	650	600
Obsolete inventory write-off	319	-
Other	181	44
Total operating expenses	3,315	2,323

NOTE 6. ADMINISTRATION EXPENSES

	30 June 2022	30 June 2021
	\$'000	\$'000
Consulting fees	69	47
Distribution fee expense*	71	311
Insurances	150	86
Motor vehicle expense	24	21
Office and Rental expenses	223	145
Research and development expenses*	160	375
Salary oncosts	113	46
Travelling and entertainment expenses	206	58
Write down of investment	-	38
Other administration expenses	155	119
Total administration expenses	1,171	1,246

*The distribution and research and development expense have been incurred with related parties of the Group. Please refer to Note 30 for more information.

NOTE 7. WAGES AND DIRECTORS FEES

	30 June 2022 \$'000	30 June 2021 \$'000
Wages, salaries and oncosts	882	342
Directors' fees	766	320
	1,648	662

NOTE 8. INCOME TAX EXPENSE

	30 June 2022 \$'000	30 June 2021 \$'000
The components of tax expense comprise:		
Current tax	-	9,448
Total income tax expense	-	9,448
<i>Deferred tax</i>		
Relating to the origination and reversal of previously unrecognised temporary deferred tax differences	961	434
Net deferred tax assets not brought to account	(961)	(434)
	-	-
Reconciliation of tax expense		
(Loss)/Profit before income tax	(3,000)	428
Prima facie tax payable on profit before income tax at Australian (Loss) Profit tax rate of 25% (2021: 26%)	(750)	111
Adjusted for tax effect of:		
- Carry forward tax losses not recognised in deferred tax asset	16	(153)
- Non-allowable expenses	556	6
Unrecognised income tax effect in temporary difference	-	51
Difference in taxation rates in foreign subsidiaries	194	(5)
Change in tax rate	(16)	-
	-	10
<i>Unrecognised deferred tax asset</i>		
Losses available for offset against future taxable income	499	402
Capital losses	415	-
Other temporary differences	61	193
Off-set deferred tax liabilities	(14)	(161)
Net deferred tax assets unrecognised	961	434

NOTE 8. INCOME TAX EXPENSE (CONTINUED)

Deferred tax assets have not been brought to account at 30 June 2022 because the directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

- (i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
- (ii) the Group complies with the conditions for the deductibility imposed by law including the continuity of ownership and/or business tests; and
- (iii) no changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the loss.

NOTE 9. CASH AND CASH EQUIVALENTS

	30 June 2022 \$'000	30 June 2021 \$'000
Cash at bank	7,999	2,075
Total cash and cash equivalent	7,999	2,075

NOTE 10. TRADE AND OTHER RECEIVABLES

Current	30 June 2022 \$'000	30 June 2021 \$'000
Trade receivables	162	501
GST/VAT receivables, net	188	-
Note receivables	411	206
Related party trade receivables*	-	311
Other receivables	109	272
	870	1,290
Non Current		
Related party trade receivables*	216	-
	216	-

*Please refer to Note 30 for more information.

Due to the short term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value. The Group measures its trade and other receivables at amortised cost. None of these are past due or impaired.

The Group applies the simplified approach in providing for expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience and analysis of the debtor's current financial position. There has been no change in the estimation process used during the current financial period.

NOTE 11. INVENTORY

	30 June 2022 \$'000	30 June 2021 \$'000
Raw material	1,603	1,790
Finished goods	241	164
Work in progress	370	553
Total inventory	2,214	2,507

During the financial year ended 30 June 2022, the Group had written off obsolete stock of \$319,000 and subsequently categorised this as an operating expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

NOTE 12. RIGHT-OF-USE ASSETS

The Group's lease portfolio relates to the factory and office lease in China. The average term of these leases are 3-5 years.

(a) Right-of-use Asset

	30 June 2022 \$'000	30 June 2021 \$'000
Balance at beginning of year	881	881
Accumulated depreciation	(445)	(218)
Balance at end of year	436	663

Reconciliation

	Premises \$'000
Net carrying amount as at 1 July 2021	663
Depreciation expense during the financial year	(227)
Balance at end of year	436

(b) AASB 16 related amounts recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income Statement

	30 June 2022 \$'000	30 June 2021 \$'000
Interest expense for the ended 30 June	88	42

NOTE 12. RIGHT-OF-USE ASSETS (CONTINUED)**(c) Total yearly cash outflows for leases**

	30 June 2022	30 June 2021
	\$'000	\$'000
Repayment of lease liabilities	268	207

(d) Options to extend or terminate

The Group uses hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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NOTE 13. PROPERTY, PLANT AND EQUIPMENT

	30 June 2022 \$'000	30 June 2021 \$'000
Office equipment		
At cost	29	36
Accumulated Depreciation	(28)	(32)
	1	4
Plant and Equipment		
At cost	1,884	1,780
Accumulated depreciation	(1,416)	(1,231)
	468	549
Motor vehicles		
At cost	93	88
Accumulated depreciation	(88)	(84)
	5	4
Electronic Equipment		
At cost	36	76
Accumulated depreciation	(30)	(67)
	6	9
Total		
At cost	2,042	1,980
Accumulated depreciation	(1,562)	(1,414)
	480	566

Movement in carrying amounts for each class of property, plant and equipment between the beginning and end of the year:

	Motor vehicle	Office equipment	Plant & equipment	Electronic equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	4	4	549	9	566
Addition	-	-	23	4	27
Disposal	-	-	(1)	(2)	(3)
Depreciation expense	-	(3)	(132)	(4)	(139)
Foreign currency translation difference	1	-	29	(1)	29
Balance at 30 June 2022	5	1	468	6	480
	Motor vehicle	Office equipment	Plant & equipment	Electronic equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	8	8	696	11	723
Addition	-	-	-	2	2
Disposal	-	-	(111)	-	(111)
Depreciation expense	(4)	(4)	(49)	(5)	(61)
Foreign currency translation difference	-	-	13	(1)	13
Balance at 30 June 2021	4	4	549	9	566

NOTE 14. INTANGIBLE ASSETS

	30 June 2022 \$'000	30 June 2021 \$'000
Reconciliation		
<i>Software</i>		
Carrying amount at beginning of the year	5	6
Additions	-	1
Write offs	-	-
Amortisation	(3)	(2)
Foreign currency translation movement	1	
Carrying amount at the end of the year	3	5
<i>Intellectual Property and Distribution Rights</i>		
Carrying amount at beginning of the year	-	-
Additions	6,107	-
Write offs	-	-
Amortisation	-	-
Carrying amount at the end of the year	6,107	-
Software		
At cost	16	16
Accumulated Amortisation	(13)	(11)
	3	5
Intellectual Property and Distribution Rights (1)		
At cost	6,107	-
Accumulated Amortisation	-	-
	6,107	-

On 1 November 2021, the Company entered into a Share Sale Deed (“the Deed”) to acquire 100% of RLF IP Co and RLF Distribution Co from RLF Australia and RLF Global. The acquisition of these companies was for the purpose of acquiring the intellectual property (“IP”) and distribution rights (“Rights”).

The acquisition completed on 16 December 2021 and the Company paid a total consideration in cash and shares of \$5,770,052. The Company also capitalised transaction costs of \$337,228. The total acquisition was \$6,107,280 and comprised the following:

- \$2,000,000 in cash was paid to RLF Australia.
- 43,125,000 ordinary Shares in the Company was issued to RLF Australia and RLF Global. The fair value of the of these shares was \$3,770,052 or \$0.0874/share. The fair valued was determined by using the Independent Experts Report prepared for the Company’s Prospectus lodged with ASIC on 24 February 2022.
- Deferred consideration consisting of a total of 24,375,000 ordinary Shares in the Company to be issued to RLF Australia and RLF Global upon the Company achieving certain milestones based on financial metrics comprising 12,187,500 Class A Deferred Consideration Shares and 12,187,500 Class B Deferred Consideration Shares. The fair value of the the deferred consideration shares was valued at nil for the year ended as the assumptions were too subjective for the current phase of the business.

NOTE 14. INTANGIBLE ASSETS (continued)

- As per the Deed, the Company agreed to employ a few of RLF Australia's employees and recognised the employee entitlement balances from the date of completion. The cost of these employee entitlement balances of \$146,188 has been treated as cost to the acquisition. The remaining transaction costs of this acquisition of \$191,040 related to advisory fees (\$125,000) and legal fees (\$66,040).

NOTE 15. FINANCIAL LIABILITIES CARRIED AT AMORTISED COST

	30 June 2022 \$'000	30 June 2021 \$'000
Trade and other payables		
Current:		
Trade payables and Accrued Expenses (1)	448	783
Related party trade payables (2)	372	1,575
Net VAT Payables and other (1)	607	614
Total Current Trade and other payables	1,427	2,972
Non-Current:		
Related party trade payables (2)	3,735	2,578
Total Non-Current Trade and other payables	3,735	2,578
Borrowings at amortised cost (3)		
Current	-	400
Non-Current	400	-
	400	400
Lease liabilities (5)		
Current	121	277
Non-Current	312	282
	433	559

NOTE 15. FINANCIAL LIABILITIES CARRIED AT AMORTISED COST (CONTINUED)

- (1) Trade and other payables are measured at amortised cost. None of the outstanding balance are past due at reporting date.
- (2) Please refer to Note 31 for more information on this balance.
- (3) On 26 October 2021, the Company and the lender, Focus Shopfit Pty Ltd, agreed to extend the loan payable of \$400,000 for a further 25 months commencing from 16 January 2022 (repayable on 16 February 2024). The interest rate on this loan is 8% per annum and payable monthly. The Company has the option to repay the loan earlier than the repayable date.
- (4) On 16 December 2021, the Company entered into a loan agreement with Omega Investments Pty Ltd (Omega) under which Omega agreed to make available to the Company a working capital facility of \$250,000. The material terms of the facility are:
 - a) The facility is for a period of 30 months from commencement on 16 December 2021 and any drawn portion of the loan is repayable on expiry.
 - b) Interest accrues on the drawn amount at the rate of 8.0% per annum.
 - c) The full amount of this facility was repaid in April 2022.
- (5) The carrying value and reconciliation of the Group's lease liabilities are as follows:

Carrying value	Premises
	\$'000
Current liabilities	121
Non-current liabilities	312
Carrying value as at 30 June 2022	433

Reconciliation	Premises
	\$'000
Opening balance 1 July 2021	559
Less: principal repayments	(214)
Add: Unwinding of interest expense on lease liability	88
Closing Balance as at 30 June 2022	433

At initial recognition, the lease liabilities were measured at the present value of minimum lease payment using the Group's incremental average borrowing rate of 6%. The incremental borrowing rate was based on the unsecured interest rate that will apply if finance was sought for an amount and time period equivalent to the lease requirements of the Group.

NOTE 16. CONTRACT LIABILITIES

	30 June 2022 \$'000	30 June 2021 \$'000
Contract Liabilities related to customer deposits in advance	-	216
Total Contract Liabilities	-	216

Amounts relating to contract liabilities are balances received from customers before the Group has performed its obligation to transfer goods to the customers. The Group has previously recognised other current liabilities for the receipts. Any amount previously recognised as a contract liability will be reduced at the point at which the goods are delivered. As at 30 June 2022, contract liabilities included customer deposits in advance was nil (2021: \$215,701). The amounts recognised as a contract liability will generally be utilised within the next reporting period.

NOTE 17. CONVERTIBLE NOTE

During the financial year ended 30 June 2022, the Company entered into a Convertible Note Subscription Deed (“the Deed”) for \$3,000,000 with various noteholders (before costs). These Convertible Notes (“Note”) had a face value of \$1 and a 24-month redemption period with the following terms:

- Each Note is payable after the redemption period if the Notes:
 - are not redeemed during the redemption period;
 - converted as a result of an Initial Public Offering or;
 - converted as a result of a trade sale with a third party.
- The Notes are not convertible into shares unless the Company enters into an Initial Public Offering or trade sale with a third party.
- Interest is payable for each Note on the date of conversion or maturity. Interest is incurred from the first business day after the redemption period to the date of actual conversion or payment.
- Early repayment of Notes only occurs if the Company undertakes a trade sale. Within 5 days of receiving such a note, the noteholder may elect to deliver the Company with a redemption notice requiring the Company to redeem the Note and pay the amount payable to the noteholder.

During the financial year ended 30 June 2022, the Convertible Notes and interest payable were converted into shares as the Group entered into an Initial Public Offering on 13 April 2022 and subsequently listed on the ASX on 21 April 2022.

NOTE 17. CONVERTIBLE NOTE (CONTINUED)

	30 June 2022 \$'000	30 June 2021 \$'000
Proceeds of Convertible Note issue	3,000	-
Interest payable	132	-
Less transaction costs incurred	(206)	-
Conversion of Convertible Notes and interest payable into shares at IPO	(3,132)	-
Transaction costs incurred transferred to Share Capital costs	206	-
Net proceeds of issue	-	-

NOTE 18. PROVISIONS

	30 June 2022 \$'000	30 June 2021 \$'000
Employee Benefits		
Current	84	-
Non-Current	48	-
	132	-

Leave obligations

The leave obligations cover the Group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits. The total liability includes all of the accrued annual leave and the unconditional entitlements to long service leave where employees have completed the required period of service. Based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken or paid within the next 12 months:

	30 June 2022 \$'000	30 June 2021 \$'000
Employee Benefits		
Leave obligations expected to be settled after 12 months	48	-

NOTE 19. SHARE CAPITAL

	Note	30 June 2022 No. of Shares	30 June 2022 \$'000	30 June 2021 No. of Shares	30 June 2021 \$'000
Ordinary shares fully paid				129,053,473	2,559
Ordinary shares fully paid					
Balance at beginning of period/year		129,053,473	2,559	109,659,923	1,605
Share placement @ 0.056 cents		-	-	19,393,550	1,015
Performance rights converted to shares @ 0.14	(1)	3,888,889	545	-	-
Consolidation of shares – 9:5		(57,357,125)	-	-	-
Issue of shares for payment of advisory services @ 0.14	(2)	1,339,286	188	-	-
Acquisition shares of RLF IP Co and RLF Distribution @ 0.0874	(3)	43,125,000	3,770	-	-
Issue of shares -IPO @ 0.20	(4)	42,510,000	8,502		
Share capital costs in relation to IPO and ASX listing	(4)	-	(1,320)	-	(61)
Conversion of Convertible Note and interest payable to shares	(5)	22,373,777	3,132		
Transactions costs related to Convertible Notes	(5)	-	(206)		
Balance at year end		184,933,300	17,170	129,053,473	2,559

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

- (1) The 3,333,333 performance rights (post consolidation) held at the start of the financial year by Dr Lu were issued during the half year ended 31 December 2019 and were subject to milestone performance hurdles for the financial year ended 30 June 2020. Due to the significant impacts of the global pandemic in 2020/2021, the conditions of the performance rights were not achievable. In October 2021, the Board of Directors considered the significant contribution made by Dr Lu during this extremely challenging period, and exercised its discretion to waive the performance hurdle conditions and vest the performance rights in recognition of Dr Lu's dedication and ability to navigate the Company's China operations during that complex and uncertain period. At the date of conversion, the shares were valued at \$0.14 per share. Also during the financial year ended 30 June 2022, the Board of Directors also used its discretion to vest 555,556 performance rights issued to a consultant of the Company during the half year ended 31 December 2019. At the date of conversion, the shares were fair valued at \$0.14 per share totaling \$545,000.
- (2) The lead manager of the Company was issued shares in payment of advisory services.
- (3) The Company issued 43,125,000 shares for the acquisition of RLF IP Co and RLF Distribution Co to RLF Australia and RLF Global at \$0.0874 each. Please refer to Note 14 for more details of this transaction.
- (4) The Company has successfully raised funds of \$8,502,000 from the issue of 42,510,000 shares @ \$0.20 each in April 2022. The IPO and ASX listing incurred costs of \$1,320,000.
- (5) On 19 April 2022, the Company had completed the conversion of its Convertible Notes and interest payable and issued 22,373,777 shares @ \$0.14 each. This transaction incurred transaction costs of \$206,000. Please refer to Note 17 for more details.

NOTE 20. RESERVES

	30 June 2022	30 June 2021
	\$'000	\$'000
Foreign Currency Translation Reserve	(1,567)	(1,024)
Group Re-organisation Reserve	4,969	4,969
Share Based Payments Reserve	1,967	1,187
	5,369	5,132

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of entities with non-Australian dollar functional currencies into Australian dollars for consolidation and presentation.

Group Re-organisation reserve

The Group Re-organisation reserve represents the carrying amount of contributed share capital of International Agri Investments Pty Ltd and RLF China (HK) Limited recognised in the prior years and transferred to other reserve from the financial year ended 30 June 2018 onwards.

Share-based payment reserve

This reserve is used to record the value of equity settled share-based payments.

Movements in reserve

	30 June 2022	30 June 2021
	\$'000	\$'000
Balance at the beginning of the year	1,187	1,187
Share based payment expense	780	-
Balance at end of year	1,967	1,187

NOTE 21. ACCUMULATED LOSSES

	30 June 2022	30 June 2021
	\$'000	\$'000
Balance at the beginning of the year	7,276	7,695
Loss after income tax expense for the year	3,000	(419)
Balance at end of year	10,276	7,276

NOTE 22. SHARE BASED PAYMENTS

The following share-based payments arrangements were issued during the reporting period:

Options

Options Series	Number	Grant Date	Issue Date	Expiry Date	Exercise Price \$	Fair value at Grant Date \$
(1) Issued on 3 April 2019	11,666,666	03/04/2019	21/04/2022	20/4/2027	\$0.54	0.057
(2) Issued on 25 November 2019	2,777,778	25/11/2019	21/04/2022	20/4/2027	\$0.54	0.017
(3) Issued 2 November 2021	1,250,000	02/11/2021	21/04/2022	20/4/2027	\$0.54	0.017
(4) Issued 3 November 2021	1,000,000	03/11/2021	21/04/2022	20/4/2027	\$0.54	0.017
(5) Issued 29 November 2021	1,000,000	29/11/2021	21/04/2022	20/4/2027	\$0.54	0.017
(6) Issued 7 December 2021	1,000,000	07/12/2021	21/04/2022	20/4/2027	\$0.54	0.017
(7) Issued 21 April 2022	7,500,000	21/04/2022	21/04/2022	20/4/2027	\$0.30	0.044

- (1) The 11,666,666 options in series 1 which vested immediately on grant date and was issued to Directors under the Employee Incentive Securities Plan. During the year ended 30 June 2022, the terms in series 1 were modified to reflect the Company's ASX listing that occurred on 21 April 2022 but this did not affect the fair value of the options. The changes in terms of the options are reflected in the Black-Scholes option pricing model table below. All other terms and conditions of the Company remain.
- (2) The 2,777,778 options in series 2 was issued to a corporate advisory consultant ("consultant") of the Company on 25 November 2019. To satisfy the grant of the initial options, it was conditional upon the Company listing on the ASX in 2020 which did not occur. The initial options were not issued and the Company did not recognised a fair value expense for the financial year ended 30 June 2020. During the year ended 30 June 2022, the option terms in series 2 have been modified to reflect the Company's ASX listing on 21 April 2022. The changes in terms of the options are reflected in the Black-Scholes option pricing model table below. All other terms and conditions of the Company remain.
- (3) The 1,250,000 options in series 3 which vested immediately on grant date was issued to a Director under the Employee Incentive Securities Plan.
- (4) The 1,000,000 options in series 4 which vested immediately on grant date was issued to a Director under the Employee Incentive Securities Plan.
- (5) The 1,000,000 options in series 5 which vested immediately on grant date was issued to a Director under the Employee Incentive Securities Plan.
- (6) The 1,000,000 options in series 6 which vested 6 months from the commencement date of employment, were issued on grant date to the Chief Financial Officer under the Employee Incentive Securities Plan.
- (7) The 7,500,000 options in series 7 which vested immediately upon the completion of IPO, issued to the lead manager and consultant of the IPO. The options issued to the lead manager and consultant was in relation to their fees for completion of the ASX listing on 21 April 2022. As a result, \$327,179 was offset against capital raising costs during the year ended 30 June 2022.

NOTE 22. SHARE BASED PAYMENTS (CONTINUED)

The Options granted during the year ended 30 June 2022, were priced using a Black-Scholes option pricing model using the inputs below:

	Series 1 (original terms)	Series 1 (modified terms)	Series 2 (original terms)	Series 2 (modified terms)	Series 3 to Series 6	Series 7
Grant date share price	\$0.14	\$0.14	\$0.14	\$0.14	\$0.14	\$0.20
Exercise price	\$0.30	\$0.54	\$0.30	\$0.54	\$0.54	\$0.30
Expected volatility	90%	50%	90%	50%	50%	50%
Option life (years)	3	5	3	5	5	3
Dividend yield	0%	0%	0%	0%	0%	0%
Interest rate	1.40%	1.32%	1.40%	1.32%	1.32%	0.93%

Performance Rights

During the year ended 30 June 2022, the Company issued 6,000,000 performance rights to the Directors of the Company. The performance rights are subject to vesting conditions where they can be converted into RLF AgTech shares. The performance rights have been issued in 2 equal tranches being 3,000,000 each and the terms are as follows:

Tranche	Vesting Condition
Class A Performance Rights	The Company achieving one of the following (whichever occurs first) in respect of a financial year: (a) annual consolidated gross revenue of not less than A\$25 million; or (b) annual EBITDA of not less than A\$5 million, as reported in the Company's audited financial statements for the relevant financial year.*
Class B Performance Rights	The Company achieving one of the following (whichever occurs first) in respect of a financial year: (a) annual consolidated gross revenue of not less than A\$50 million; or (b) annual EBITDA of not less than A\$10 million, as reported in the Company's audited financial statements for the relevant financial year.*

*Excluding one-off or extraordinary revenue items and revenue received in the form of government grants, allowances, rebates or other hand-outs.

The performance rights above were given a fair value of \$0.14 per share and have an expiry of 5 years from date of issue.

NOTE 22. SHARE BASED PAYMENTS (CONTINUED)

The total share-based payments expense required for the year ended 30 June 2022 was:

	30 June 2022	30 June 2021
	\$'000	\$'000
Directors	856	11
Employees	17	-
Consultants and third parties	124	-
	997	11

Set out below are summaries of options granted under the plan:

	No. of Options	Weighted average excise price	No. of options	Weighted average excise price
	30 June 2022	30 June 2022	30 June 2021	30 June 2021
Outstanding at the beginning of the financial year	14,444,444	0.54	6,111,111	0.54
Granted	11,750,000	0.39	8,333,333	0.54
Expired	-		-	
Outstanding at the end of the financial year	26,194,444	0.47	14,444,444	0.54
Exercisable at the end of the financial year	1,000,000	0.54	-	-

The options outstanding at 30 June 2022 have a remaining contractual life of 4.8 years and an exercise price of \$0.30 or \$0.54.

NOTE 23. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

Reconciliation of cash flow from operations with Profit(loss) after income tax	2022 \$'000	2021 \$'000
Profit/(Loss) after income tax	(3,000)	419
Non-cash flows:		
Depreciation	242	12
Amortisation	-	2
Share-based payment expenses	997	-
Write down of associate	-	38
Unrealised foreign exchange loss	-	8
Changes in Assets and Liabilities		
(Increase)/decrease in trade and other receivables	(908)	(276)
(Increase)/decrease in inventories	(299)	(138)
(Increase)/decrease in right of use assets	226	172
(Decrease)/increase in trade and other payables	(449)	19
(Decrease)/increase in contract liabilities	1,099	113
(Decrease)/increase in lease liabilities	(125)	(285)
Cash (outflows)/inflow from operations	(2,217)	84

NOTE 24. EARNINGS (LOSS) PER SHARE

	30 June 2022 \$'000	30 June 2021 \$'000
(a)Reconciliation of loss used in calculating Loss Per Share		
(Loss)/Profit attributable to the ordinary equity holders used in calculating basic loss per share	(3,000)	419
(b)Weighted average number of shares used as the Denominator	30 June 2022 Number	30 June 2021 Number
Ordinary shares used as the denominator in calculating basic loss per share	111,055,081	110,006,163
(Loss)/Profit attributable to the ordinary equity holders used in calculating basic loss per share	(3,000)	419

NOTE 24. EARNINGS (LOSS) PER SHARE (CONTINUED)

	30 June 2022	30 June 2021
(c) Loss per share	Cents	Cents
Basic loss per share	(2.70)	0.38

There are no potential ordinary shares that are dilutive, therefore not included in the calculation of diluted loss per share.

THIS SECTION HAS BEEN LEFT INTENTIONALLY BLANK

NOTE 25. FINANCIAL RISK MANAGEMENT

The Group is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

- Liquidity risk
- Credit risk
- Market risk

The board of directors has overall responsibility for identifying and managing operational and financial risks. There have been no substantive changes in the types of risks the company is exposed to or how these risks arise from the previous period.

The Group's financial instruments are comprised of cash and cash equivalent, trade and other receivables, trade and other payables and related party loans.

The total for each category of financial instruments are as follows:

Financial Assets at amortised cost

	30 June 2022	30 June 2021
	\$'000	\$'000
Cash and cash equivalents	7,999	2,075
Trade and other receivables	870	980
Related party trade receivables	216	310
Total Financial assets	9,085	3,365

Financial Liabilities at amortised cost

	30 June 2022	30 June 2021
	\$'000	\$'000
Trade and other payables	1,055	1,397
Related party trade payables	4,107	4,153
Contract liabilities	-	216
Lease liabilities	433	559
Borrowings at amortised cost	400	400
Total financial liabilities	5,995	6,725

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, collection of trade receivables and shareholder capital injection.

NOTE 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group manages this risk through the following mechanisms:

- continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities
- monitoring cash flow on a monthly basis to ensure adequate funds are in place
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile and
- ensuring trade receivable is collected within the normal trading terms, the table below reflects a maturity analysis for financial liabilities:

Financial liabilities due for payment	30 June 2022 \$'000	30 June 2021 \$'000
Trade and other payables		
0-12 months	1,548	3,465
Over 1 year	4,447	3,260
Total expected cash outflow	5,995	6,725

Credit risk analysis

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at balance date.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. In addition, the Group has adopted a policy of only extending credit to customers with proven credit histories as a means of mitigating the risk of financial loss from default without any collateral held. For significant transactions, customers are required to make sufficient prepayments in order to reduce the credit risk to an acceptable level. Accordingly, the Group has an immaterial exposure to credit risk.

Market Risk
(a) Foreign exchange

The Group operates internationally and is exposed to foreign exchange risk, primarily the US Dollar. The Group is also looking into expansion within other regions such as Southeast Asia and North America. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The US Dollar denominated related party payable of \$2,545,000 is expected to be primarily repaid in Chinese Renminbi generated from

NOTE 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Renminbi denominated sales. The Group may generate future cash flows in US Dollar and make repayments in this currency. As the US Dollar related party payable is expected to be repaid from March 2024 for a period of 24 months, the Group will monitor currency forecasts and consider if hedging is necessary.

(b) Interest rate risk

The Group is exposed to interest rate risk in relation to its cash and cash equivalents. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Group manages its interest rate risk by maintaining a variable rate cash and equivalents.

The Group's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets at the reporting date are:

\$'000	Floating Interest rate	Fixed Interest rate maturing in 1 year or less	Fixed Interest rate maturing greater than 1 year	Non-Interest bearing \$'000	Total carrying amount \$'000	Weighted average effective interest rate
2022						
<i>Financial Assets:</i>						
Cash and cash equivalents	7,997	-	-	2	7,999	0.06%
Trade and other receivables	-	-	-	1,086	1,086	-
Total financial assets	7,997	-		1,088	9,085	
<i>Financial Liabilities:</i>						
Trade and other payables	-	-	-	1,055	1,055	-
Related party trade payables	-	-	-	4,107	4,107	-
Lease liabilities	-	121	312	-	433	-
Borrowings at amortised cost	-	-	400	-	400	8.00%
	-	121	700	5,162	5,995	
2021						
<i>Financial Assets:</i>						
Cash and cash equivalents	2,039	36	-	-	2,075	0.35%
Trade and other receivables	-	-	-	1,290	1,290	-
Total financial assets	2,039	36		1,290	3,365	
<i>Financial Liabilities:</i>						
Trade and other payables	-	-	-	1,397	1,397	-
Related party trade payables	-	-	-	4,153	4,153	-
Contract liabilities	-	-	-	216	216	-
Lease liabilities	-	232	327	-	559	-
Borrowings at amortised cost	-	-	400	-	400	8.00%
	-	232	727	5,766	6,725	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

NOTE 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

If interest rates were to increase/decrease by 25 basis points from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit/(loss) for the year and equity is as follows:

	2022 \$'000	2021 \$'000
+/- 25 basis points		
Impact on profit and (loss)	20	11

The Group's holds no marketable securities and all cash balances are primarily used for working capital and not invested in interest or dividend-bearing assets and the Group's borrowing are with fixed interest rate. Accordingly, the Group has an immaterial exposure to market risk.

Fair value estimation

The carrying amount of financial assets and financial liabilities is a reasonable approximation of their fair values.

NOTE 26. INTERESTS IN SUBSIDIARIES

The subsidiaries listed below have share capital consisting solely of ordinary shares or share capital injection, which are held directly by the Group unless otherwise stated. Each subsidiary's principal place of business is also its country of incorporation or registration.

Name of entity	Country of incorporation	Class of Shares	2022	2021
RLF IP Co Pty Ltd*	Australia	Ordinary	100%	-
RLF Distribution Co Pty Ltd*	Australia	Ordinary	100%	-
International Agri Investments Pty Ltd	Australia	Ordinary	100%	100%
RLF Carbon Pty Ltd**	Australia	Ordinary	100%	-
RLF China (HK) Limited	Hong Kong	Ordinary	100%	100%
RLF Chemical Fertilisers (Shanghai) Co., Ltd	China	Ordinary	100%	100%
Rural Liquid Fertilisers China (Kaifeng) Co., Ltd	China	Ordinary	100%	100%

*As per Note 14 of this report, RLF IP Co Pty Ltd and RLF Distribution Co Pty Ltd was acquired from Rural Liquid Fertilisers Pty Ltd ("RLF Australia") and RLF Global Pty Ltd on 16 December 2021.

**RLF Carbon Pty Ltd was incorporated on 21 October 2021.

NOTE 27. CONTINGENT LIABILITIES AND ASSETS

The Group has no contingent liabilities and assets as at 30 June 2022 (2021: Nil).

NOTE 28. EVENTS OCCURRING AFTER THE REPORTING DATE

The impact of the Coronavirus (COVID-19) global pandemic is ongoing and the impact on our business has been challenging with respect to sales, manufacturing and supply chain disruptions. However, at the date of this report, the Group has assessed that the impact has not been materially unfavourable to the business. Given the situation is still evolving, the Group will continue to monitor and assess the impact of government-imposed requirements, quarantine, travel restrictions, logistics disruptions and any economic effects.

After the period ending, RLF AgTech secured approximately A\$2.2 million in forward annual sales contracts for FY23. These forward orders comprised:

- Hebei Veyong Bio-Chemical Co. Ltd (Veyong) for a minimum of \$A1 million:
 - Veyong has been operating in the field of agricultural pesticides for more than 60 years and has an extensive product line which is used in more than 80 countries throughout Asia, Europe, Oceania, Africa and the US. In 2020, Veyong was ranked number 26 of the top 100 agrochemical companies in China and had total sales of RMB 1.96 billion (~AUD 408 million). RLF is working closely with Veyong to benefit from closer alignment with their global operations.
- Sichuan Davofeng for A\$0.6 million:
 - This contract represents a 100% increase on the previous 2021 season purchases and demonstrates a growing demand for RLF plant nutrition products in their business. The contract period is for 12 months and commences from 1 July 2022.
- Hainan Kangxifeng for A\$0.6 million:
 - This contract represents a 60% increase on the previous 2021 season purchases and demonstrates a growing demand for RLF plant nutrition products in their business. The contract period is for 12 months and commences from 1 July 2022.
- RLF AgTech has executed a distribution agreement with Total Agree (Cambodia) Co. Ltd., with a minimum five-year sales commitment of US\$1.7 million (A\$2.4 million).

Apart from the above, there has been no matter or circumstance that has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the result of those operations in future financial years; or
- the Group's state of affairs in future financial years.

NOTE 29. KEY MANAGEMENT PERSONNEL NON-CASH COMPENSATION

During the year ended 30 June 2022, options and performance rights were issued to the following Directors and Key Management Personnel (“KMP”):

	Grant Date	No. of performance rights	No. of Options	Share Based Payments
				\$'000
Management				
Don McLay	2 Nov 2021	-	1,250,000	21
Ken Hancock	5 Nov 2021	2,000,000	-	112
Gavin Ball	8 Nov 2021	2,000,000	-	112
Lu Shen*	8 Nov 2021	2,000,000	-	112
Liza Carpene	29 Nov 2021	-	1,000,000	17
Paul McKenzie	3 Nov 2021	-	1,000,000	17
Su-Mei Sain	7 Dec 2021	-	1,000,000	17
		6,000,000	4,250,000	408

* The 3,333,333 performance rights (post consolidation) held at the start of the financial year by Dr Lu were issued during the half year ended 31 December 2019 and were subject to milestone performance hurdles for the financial year ended 30 June 2020. Due to the significant impacts of the global pandemic in 2020/2021, the conditions of the performance rights were not achievable. In October 2021, the Board of Directors considered the significant contribution made by Dr Lu during this extremely challenging period, and exercised its discretion to waive the performance hurdle conditions and vest the performance rights in recognition of Dr Lu’s dedication and ability to navigate the Company’s China operations during that complex and uncertain period. At the date of conversion, the shares were valued at \$0.14 per share.

NOTE 30. RELATED PARTY TRANSACTIONS

Key management personnel

Ken Hancock	Director of RLF AgTech Ltd
Gavin Ball	Director of RLF AgTech Ltd
Lu Shen (Mike)	Director of RLF AgTech Ltd

Other related entities

Alan Roy Hancock	Father of Kenneth Hancock
RLF Global Pty Ltd (“RLF Global”)	Kenneth Graeme Hancock, Alan Roy Hancock and Gavin Neil Ball are directors of this entity
Rural Liquid Fertilisers Pty Ltd (“RLF Australia”)	Kenneth Graeme Hancock and Alan Roy Hancock are directors of this entity.
Rural Liquid Fertilisers (Thailand) Co., Limited	This entity is 49% owned by the Group
Capital Corporation (Holdings) Pty Ltd	Gavin Neil Ball is the director of this company
Magicorp Pty Ltd	Gavin Neil Ball is the director of this company
Sourcefit Inc.	Entity associated with Gavin Neil Ball as a substantial shareholder of this company

The Company has entered into several agreements with RLF Australia and RLF Global and a summary of these agreements are as follows:

- *Australian Distribution Agreement* - RLF Australia has retained the rights to distribute RLF Plant Nutrition Products in Australia only. The Company will receive a royalty fee from RLF Australia for RLF Plant Nutrition Products sold in Australia. RLF AgTech owns the rights to sell RLF Plant Nutrition Products in Australia where the customer is participating in a scheme to generate carbon credits involving a proprietary methodology promoted by the Company.
- *Toll Manufacturing Agreement* – RLF AgTech may engage RLF Australia on a non-exclusive basis as a toller to use its experience and know-how to formulate proprietary product activators for certain RLF Plant Nutrition Products and other agreed RLF Plant Nutrition Products or manufacturing inputs. RLF AgTech will pay RLF Australia a tolling fee for these manufacturing services
- *Office Services Agreement* – RLF AgTech and RLF Australia shares office space and administrative services. RLF AgTech pays RLF Australia a monthly fee for these shared services and reimbursement of any other costs in relation to travel and office administration costs.
- *Aggregated Payables Deferred Agreement* - RLF Australia and RLF Global have agreed to allow the RLF AgTech and its related bodies corporate to defer payment of certain historical fees owed to RLF Australia and RLF Global relating to royalties, toll manufacturing fees and services.

Mr Gavin Ball is a director of Capital Corporation (Holdings) Pty Ltd that receives payment for director fees (refer to Section 3 of the Remuneration Report). Mr Ball is also a director of Magicorp Pty Ltd and a substantial holder of Sourcefit Inc, that receives payment for contracting and administration expenses.

NOTE 30. RELATED PARTY TRANSACTIONS (CONTINUED)
(a) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated. The following transactions occurred with related parties during the period:

Other related parties	30 June 2022 \$'000	30 June 2021 \$'000
<i>Sale of goods:</i>		
Sale of goods to RLF Australia	-	15
<i>Purchase of goods:</i>		
Purchase of goods from RLF Australia	137	83
<i>Fees Charged between Related Parties:</i>		
Manufacturing fee charged by RLF Australia	403	632
Research & Development Fees charged by RLF Australia	186	402
Royalty fee charged by RLF Global	-	-
Distribution fee charged by RLF Global	93	311
Marketing service fee charged by RLF Global	-	-
Director fee charged by Capital Corporation (Holdings) Pty Ltd	168	60
Rental charged by RLF Australia	54	36
Travel expenses reimbursed to RLF	76	
Marketing service charged by Magicorp Pty Ltd	4	-
Marketing service charged by Sourcefit Inc	17	10

Balances outstanding relating to the transactions above are disclosed in Note 15.

(b) Amounts receivable from related parties:

Other receivables	30 June 2022 \$'000	30 June 2021 \$'000
(i) Loans to other related parties:		
Beginning of the year	-	177
Loan offset against related party payables	-	177
End of the year	-	-
(ii) Trade receivables:		
Beginning of the year	311	311
Amounts off-set (1)	(332)	-
Amounts paid	-	-
Amounts owing	216	-
Foreign currency translation difference	22	-
End of the year	216	311

NOTE 30. RELATED PARTY TRANSACTIONS (CONTINUED)
(c) Amounts payable to related parties:

Other payables	30 June 2022 \$'000	30 June 2021 \$'000
(ii) Trade payables:		
Beginning of the year	4,153	2,578
Amounts incurred	1,138	2,347
Amounts off-set (1)	(332)	(177)
Amounts paid (1)	(641)	(295)
Foreign currency translation difference	(211)	(300)
End of the year	4,107	4,153
Current	372	1,575
Non-Current	3,735	2,578

- 1) As part of the restructure and acquisition of RLF IP Co and RLF Distribution Co that completed during the year end, the Group had the following amounts offset and paid to RLF Australia and RLF Global:
- (i) The Group offset invoices payable to RLF Australia and RLF Global from 1 July 2021 to 13 December 2021 against invoices receivable from these related parties. The total amount offset was \$332,000.
 - (ii) The Group paid RLF Australia and RLF Global pre-acquisition invoices in the amount of \$342,000, Magicorp Pty Ltd and Sourcefit Inc. of \$21,301.

Related party balances are comprised of trade payables and the payment terms are set out in the agreements stated above. No interest is charged to or from related parties. Other than as disclosed above and elsewhere in the financial report, above, there were no other related party transactions for the financial year ended 30 June 2022.

NOTE 31. REMUNERATION OF AUDITORS

	2022 \$'000	2021 \$'000
Auditing and review of financial statements	72	32
Reversal of over estimation of audit expenses	(30)	-
Total	42	32

NOTE 32. PARENT COMPANY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of financial position

	30 June 2022 \$'000	30 June 2021 \$'000
ASSETS		
Current Assets	5,106	1,144
Non-Current Assets	9,778	890
TOTAL ASSETS	14,884	2,034
LIABILITIES		
Current Liabilities	1,057	857
Non-Current Liabilities	448	-
TOTAL LIABILITIES	1,505	857
NET ASSETS	13,379	1,177
EQUITY		
Share capital	17,170	2,559
Reserves	1,967	1,187
Accumulated losses	(5,758)	(2,569)
TOTAL EQUITY	13,379	1,177

Statement of profit or loss and other comprehensive income

	30 June 2022 \$'000	30 June 2021 \$'000
Total profit(loss) for the year	(3,188)	(234)
Total comprehensive income	(3,188)	(234)

The Directors of the Company declare that:

The consolidated financial statements and condensed notes for the year ended 30 June 2022 as set out on pages 35 to 82 are in accordance with the Corporations Act 2001 and other mandatory professional reporting requirements including:

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- (b) complying with International Financial Reporting Standards as disclosed in Note 2.

In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.



Kenneth Hancock
Managing Director
31 August 2022

To the Board of Directors

Auditor's Independence Declaration

As lead audit Director for the audit of the financial statements of RLF AgTech Ltd for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully


HALL CHADWICK WA AUDIT PTY LTD


CHRIS NICOLOFF FCA
Director

Dated this 31st day of August 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RLF AGTECH LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RLF AgTech Ltd (“the Company”) and Controlled Entities (“the Consolidated Entity”), which comprises the consolidated statement of financial position as at 30 June 2022, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration of the consolidated entity.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity’s financial position as at 30 June 2022 and of its financial 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 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 current period. 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
<p>Revenue Recognition (Note 4)</p>	
<p>During the year the Group generated revenues from customers of \$10.6 million.</p> <p>We focused on this area as recognition of revenue under AASB 15 <i>Revenue from Contracts with Customers</i> ('AASB 15') requires significant judgement by management in identifying performance obligations, allocation of the transaction price and satisfaction of performance obligations over time or at a point in time.</p> <p>Revenue recognition is considered a key audit matter due to its financial significance.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Documenting the processes and assessing the internal controls relating to revenue processing and recognition; • Reviewing the revenue recognition policy for compliance with AASB 15; • Reviewing a sample of revenue to supporting contracts to ensure revenue was recognized in line with the revenue recognition policy; • Assessing cut-off of revenue at year end and ensuring revenue has been recorded in the correct reporting period or deferred as unearned revenue; and • Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.
<p>Business combination (Note 14)</p>	
<p>On 1 November 2021, the Group acquired 100% of RLF IP Co and RLF Distribution Co. The acquisition of these companies were for the purpose of acquiring the intellectual property ("IP") and distribution rights ("Rights").</p> <p>The acquisitions were accounted for as business combinations in accordance with AASB 3 Business Combination as disclosed in note 14 of the financial statements.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Reviewing the acquisition agreements to understand the key terms and conditions and confirming our understanding of the transaction with management; • Assessing the fair value of consideration transferred with reference to the terms of the acquisition agreement; • Verifying the acquisition date balance sheets of the acquiree to underlying supporting documentation; • Assessing management's determination of the fair value of the assets and liabilities at the date

Key Audit Matter	How our audit addressed the key audit matter
<p>The accounting for the acquisition constituted a key focus area due to the complexities inherent in such a transaction and the judgement required in determining the value of the consideration transferred.</p>	<p>of acquisition;</p> <ul style="list-style-type: none"> Assessing for intangible assets as part of the acquisition; and Assessing the appropriateness of the disclosures included in the annual report.
<p>Share Based Payments (Note 22)</p>	
<p>Share based payments consist of complexities involving the recognition and measurement of these instruments; and the judgement involved in determining the inputs used in the valuations.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> Analysed contractual agreement to identify key terms and conditions of the share-based payments issued and relevant vesting conditions in accordance with AASB 2; Evaluated management's valuation methods and assess the assumptions and inputs used; Assessed the amount recognised during the period against relevant vesting conditions; and Assessed the appropriateness of management's presumed probability and the disclosures have been included in note 22 of the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Consolidated Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity'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 Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities 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 the 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 the 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 Consolidated Entity'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 directors' 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 Consolidated Entity'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 Consolidated Entity 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 Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among 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 the 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 the directors' report for the year ended 30 June 2022. The directors of the Consolidated Entity 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.

Auditor's Opinion

In our opinion, the Remuneration Report of RLF AgTech Ltd, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF FCA
Director

Dated this 31st day of August 2022

The Board of RLF AgTech Limited is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its shareholders for the performance of the Company and seeks to communicate extensively with shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance practices is set out on the Company's website at <https://www.rlfagtech.com/our-business#CorporateGovernance>

The following additional information is required by the Australian Securities Exchange.
The information is current as at 16 September 2022.

(a) Distribution schedule and number of holders of equity securities

Holding Ranges – Ordinary shares	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	9	1,854	0.00%
above 1,000 up to and including 5,000	66	234,453	0.13%
above 5,000 up to and including 10,000	140	1,272,390	0.69%
above 10,000 up to and including 100,000	236	10,078,348	5.45%
above 100,000	152	173,356,233	93.73%
Totals	603	184,943,278	100.00%

The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 36 holding 70,815 shares.

Holding Ranges – options @ \$0.54 EXP 20/04/2027	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	8	19,194,444	100.00%
Totals	8	19,194,444	100.00%

Holding Ranges – options @ \$0.30 EXP 20/04/2025	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	11	717,500	10.25%
above 100,000	7	6,282,500	89.75%
Totals	18	7,000,000	100.00%

Holding Ranges - RLFPRB - PERFORMANCE RIGHTS EXP 20/04/2027	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	3	3,000,000	100.00%
Totals	3	3,000,000	100.00%

Holding Ranges - RLFPRB - PERFORMANCE RIGHTS EXP 20/04/2027	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	3	3,000,000	100.00%
Totals	3	3,000,000	100.00%

Holding Ranges - RLFDEFA - DEFERRED SHARES - CLASS A	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	2	12,187,500	100.00%
Totals	2	12,187,500	100.00%

Holding Ranges - RLFDEFB - DEFERRED SHARES - CLASS B	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	2	12,187,500	100.00%
Totals	2	12,187,500	100.00%

(b) 20 Largest holders of quoted equity securities

The names of the twenty largest holders of fully paid ordinary shares (ASX code: RLF) are:

Position	Holder Name	Holding	% IC
1	RURAL LIQUID FERTILISERS PTY	51,378,260	27.78%
2	RLF GLOBAL PTY LIMITED	18,680,555	10.10%
3	CENTRAL T PTY LTD <CENTRAL TRUST A/C>	10,000,000	5.41%
4	OMNIUS PTY LIMITED	6,400,703	3.46%
5	TIGRIS CORPORATION	4,444,444	2.40%
6	KITTO NOMINEES PTY LTD	4,013,555	2.17%
6	KARINGAL PASTORAL LAND PTY LTD	4,013,555	2.17%
7	LU SHEN	3,333,333	1.80%
8	BLAMNCO TRADING PTY LTD	3,168,180	1.71%
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,000,000	1.62%
10	LIPSET TRADING PTY LTD	2,993,768	1.62%
11	KAYSIM PTY LTD	2,983,170	1.61%
12	HORIZON INVESTMENT SERVICES PTY LTD <THE HORIZON INVESTMENT TRUST A/C>	1,964,286	1.06%
13	GRIFFIN PROPERTY GROUP PTY LTD	1,864,481	1.01%
14	JEJM PTY LTD <J O MALOUF FAMILY A/C>	1,736,848	0.94%
15	CHEMBANK PTY LIMITED <CABAC SUPER FUND A/C>	1,668,180	0.90%
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,496,574	0.81%
17	GREYSKULL NOMINEES PTY LTD	1,491,585	0.81%
17	ILWELLA PTY LTD	1,491,585	0.81%
18	EREMAEA HOLDINGS PTY LTD	1,433,412	0.78%
18	RAYMOND ALAN SEDWICK	1,433,412	0.78%
19	LU SHEN	1,388,888	0.75%
20	MID DIG INVESTMENTS PTY LTD <MID DIG SUPER FUND A/C>	1,366,000	0.74%
	Total	131,744,774	71.24%
	Total issued capital - selected security class(es)	184,943,278	100.00%

Stock Exchange Listing – Listing has been granted for 184,943,278 fully paid ordinary shares of the Company on issue on the Australian Securities Exchange.

(c) Substantial shareholders

Substantial shareholders in RLF AgTech Limited and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices provided to the Company are listed below:

Holder Name	Holding Balance	% IC
Kenneth Hancock and associated entities Tigris Corporation Limited RLF Australia Pty Limited RLF Global Limited	74,503,259	40.28%
Gavin Ball and associated entities Omnium Pty Limited, Capital Corporation (Holdings) Pty Ltd RLF Global Pty Limited	25,428,480	13.75%
CENTRAL T PTY LTD <CENTRAL TRUST A/C>	10,000,000	5.41%

(d) Holder details of unquoted securities

Holders of unquoted securities that hold more than 20% of a given class of unquoted securities are:

RLFUOPT04 - UNLISTED OPTIONS @ \$0.54 EXP 20/04/2027

Position	Holder Name	Holding	% IC
1	TIGRIS CORPORATION	8,333,333	43.42%

RLFUOPT01 - LEAD MANAGER OPT @ \$0.30 EXP 20/04/2025

Position	Holder Name	Holding	% IC
1	HORIZON INVESTMENT SERVICES	4,366,500	62.38%

RLFPPA - PERFORMANCE RIGHTS EXP 20/04/2027

Position	Holder Name	Holding	% IC
1	GAVIN NEIL BALL	1,000,000	33.33%
1	LU SHEN	1,000,000	33.33%
1	KENNETH GRAHAM HANCOCK	1,000,000	33.33%

RLFPRB - PERFORMANCE RIGHTS EXP 20/04/2027

Position	Holder Name	Holding	% IC
1	GAVIN NEIL BALL	1,000,000	33.33%
1	LU SHEN	1,000,000	33.33%
1	KENNETH GRAHAM HANCOCK	1,000,000	33.33%

RLFDEFA - DEFERRED SHARES - CLASS A

Position	Holder Name	Holding	% IC
1	RURAL LIQUID FERTILISERS PTY	10,000,000	82.05%
2	RLF GLOBAL PTY LIMITED	2,187,500	17.95%

RLFDEFB - DEFERRED SHARES - CLASS B

Position	Holder Name	Holding	% IC
1	RURAL LIQUID FERTILISERS PTY	10,000,000	82.05%

(e) Voting rights

All fully paid ordinary shares carry one vote per ordinary share without restriction.

Unquoted options and securities have no voting rights.

(f) On-market buy- back

None.

(g) Escrowed Securities

The Company has the following securities currently on escrow:

Security Name	Total Holdings
DEF SHARES CLASS A ESCROW TO 21/04/24	12,187,500
DEF SHARES CLASS B ESCROW TO 21/04/24	12,187,500
ORD SHARES - ESCROW 12 MTHS FROM 2/12/21	6,107,146
ORD SHARES - ESCROW 12 MTHS FROM 11/4/22	897,943
ORD SHARES - ESCROW 24 MTHS QUOTATION	94,050,065
PERF RIGHTS EX 20/4/27 ESC TO 21/04/2024	3,000,000
PERF RIGHTS EX 20/4/27 ESC TO 21/04/2024	3,000,000
LEAD MG OP @\$0.30 EX 20/4/25 ESC 21/4/24	7,000,000
UN OPT @ \$0.30 EXP 20/04/25 ESC 21/4/24	500,000
UNL OPT @ \$0.54 EXP 20/04/27 ESC 21/4/24	17,694,444

(h) Use of Funds

The Company has used the funds that it had at the time of admission in a way consistent with its initial business objectives.