



**Australian  
Agricultural  
Projects Ltd**

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## **HALF-YEAR FINANCIAL RESULTS**

**ANNOUNCEMENT**

**20 FEBRUARY 2015**

In accordance with Listing Rule 4.2A.3, the Interim Financial Report for the six months ended 31 December 2014 and ASX Appendix 4D – Half Year Report of Australian Agricultural Projects Limited (ASX: AAP) follow this announcement. This information is to be read in conjunction with the annual report for the year ended 30 June 2014.

**AUTHORISED BY:**

**Paul Challis**  
*Managing Director*

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## AUSTRALIAN AGRICULTURAL PROJECTS LIMITED

### Appendix 4D

#### Half Year Report for the period ended 31 December 2014

##### Results for announcement to the market

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|                                                                          | Current<br>Period<br>\$'000 | Percentage<br>Change<br>Up/(Down) | Previous<br>Corresponding<br>Period<br>\$'000 |
|--------------------------------------------------------------------------|-----------------------------|-----------------------------------|-----------------------------------------------|
| Revenue from ordinary activities                                         | 1,037                       | (0.3%)                            | 1,040                                         |
| (Loss)/Profit from ordinary activities after tax attributable to members | (93)                        | -                                 | 134                                           |
| Net (loss)/profit for the period attributable to members                 | (93)                        | -                                 | 134                                           |

##### Dividends

It is not proposed to pay dividends for the current period.

| Net tangible assets per security | Current<br>Period | Previous<br>Corresponding<br>Period |
|----------------------------------|-------------------|-------------------------------------|
| Cents per ordinary share         | 2.89 cents        | 3.34 cents                          |



Australian Agricultural Projects Ltd

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**Interim Report**  
for the half-year ended 31 December 2014



## INTERIM REPORT – 31 DECEMBER 2014

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# Australian Agricultural Projects Ltd

ABN 19 104 555 455

## DIRECTORS' REPORT

The directors present their report on the consolidated entity consisting of Australian Agricultural Projects Ltd ("AAP") and its controlled entities for the six months ended 31 December 2014 and the independent auditor's review report thereon:

### 1. Directors

The directors of the Company during the half-year and up to the date of this report are:

| Name                                                | Period of directorship           |
|-----------------------------------------------------|----------------------------------|
| Mr Paul Challis<br><i>Managing Director</i>         | Director since 12 September 2007 |
| Mr Phillip Grimsey<br><i>Non-Executive Director</i> | Director since 12 September 2007 |
| Mr Anthony Ho<br><i>Non-Executive Director</i>      | Director since 30 April 2003     |

### 2. Results and review of operations

The Company is pleased to present the financial report for the six months period to 31 December 2014. The financial result for this period is summarized below:

|                                                              | Six months to<br>Dec 14 | Six months to<br>Dec 13 |
|--------------------------------------------------------------|-------------------------|-------------------------|
| Earnings before interest, tax, depreciation and amortisation | 409,316                 | 396,928                 |
| Depreciation                                                 | (143,543)               | (138,661)               |
| Borrowing costs                                              | (197,094)               | (225,170)               |
| Asset revaluation                                            | (161,542)               | 101,318                 |
| <b>Net (loss) / profit after income tax</b>                  | <b>(92,863)</b>         | <b>134,415</b>          |

This result is similar to the previous year with the exception of the downward revaluation of the orchard (2104: (\$161,542), 2013: upward revaluation of \$101,318) which arose from a reassessment of the long term cost of irrigating the orchard.

#### Orchard Operations

The Company continues to operate the olive orchard 14 km west of the Victorian town of Boort.

The focus of the orchard operations has been on the practical management of the orchard following last season's lower than expected harvest. This has included the continuation of the pruning and rejuvenation programme with the objective of maintaining the orchard as a low cost producer of olive oil. Central to this strategy is the health and shape of the trees and the efficient operation of the orchards harvest and processing equipment.

Orchard management have identified one variety, Barnea, that is displaying symptoms that question its long term productivity. While this variety is the current subject of the rejuvenation programme and is still producing commercial quantities of fruit, the opportunity remains to significantly increase the long term performance of this planted area. Orchard management will continue to focus on this issue in the short term.





## DIRECTORS' REPORT

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### *Expected yield*

A review of the orchard has confirmed managements expectation that that this year's harvest will be greater than the 2014 harvest (608,700 litres) but most likely less than the record harvest of 2013 (884,200 litres). A major determinant to the final amount of oil harvested will be the level of oil accumulation over the next two months which is always subject to climatic conditions.

### *Oil sales*

All oil produced by the orchard continues to be sold under the olive oil supply agreement with Boundary Bend Olives in support of the Redisland brand. It is encouraging to see Boundary Bend continue to gain market share with the sale of their olive oil products and their recent expansion into the US market.



### *Other projects*

The Company has reviewed a number of projects and opportunities for expansion of operations, but as yet has not identified an opportunity appropriate to the Company's current position.

### *Recognition*

The Company continues to recognise the effort and loyalty displayed by the key staff that form the nucleus of the team at the orchard and extend our gratitude to them.

### **3. Auditor's independence declaration**

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

Dated at Melbourne, Victoria, this 20<sup>th</sup> day of February 2015.

Signed in accordance with a resolution of the directors:

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**Paul Challis**  
**Managing Director**

**DECLARATION OF INDEPENDENCE BY ALEX SWANSSON TO THE DIRECTORS OF AUSTRALIAN AGRICULTURAL PROJECTS LIMITED**

As lead auditor for the review of Australian Agricultural Projects Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australian Agricultural Projects Limited and the entities it controlled during the period.



Alex Swansson  
Partner

**BDO East Coast Partnership**

Melbourne, 20 February 2015



# Australian Agricultural Projects Ltd

ABN 19 104 555 455

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the half-year ended 31 December 2014

|                                                                      | Note | 2014<br>\$      | 2013<br>\$     |
|----------------------------------------------------------------------|------|-----------------|----------------|
| <i>Continuing operations</i>                                         |      |                 |                |
| Revenue                                                              |      | 1,037,111       | 1,039,978      |
| Gain on sale of property, plant and equipment                        |      | -               | 19,299         |
| Cost of sales                                                        |      | (550,880)       | (392,380)      |
| Corporate and administrative expenses                                |      | (76,915)        | (269,969)      |
| Depreciation and amortisation                                        |      | (143,543)       | (138,661)      |
| Borrowing costs                                                      |      | (197,094)       | (225,170)      |
| Net fair value (loss)/gain on investment property                    | 4    | (161,542)       | 101,318        |
| <b>Net profit / (loss) before income tax</b>                         |      | <u>(92,863)</u> | <u>134,415</u> |
| Income tax expense                                                   | 5    | -               | -              |
| <b>Net profit / (loss) for the period from continuing operations</b> |      | <u>(92,863)</u> | <u>134,415</u> |
| <b>Other Comprehensive Income</b>                                    |      |                 |                |
| Movement in foreign exchange reserve                                 |      | -               | 102            |
| <b>Total Other Comprehensive Income</b>                              |      | <u>-</u>        | <u>102</u>     |
| <b>Total Comprehensive Income for the period</b>                     |      | <u>(92,863)</u> | <u>134,517</u> |
| <b>Earnings per share from continuing operations</b>                 |      |                 |                |
| Basic Loss per share (cents)                                         |      | (0.06)          | 0.08           |
| Diluted Loss per share (cents)                                       |      | (0.06)          | 0.08           |
| <b>Earnings per share attributed to members</b>                      |      |                 |                |
| Basic Earnings/(Losses) per share (cents)                            |      | (0.06)          | 0.08           |
| Diluted Earnings/(Losses) per share (cents)                          |      | (0.06)          | 0.08           |

The Company's potential ordinary shares are not considered dilutive and accordingly the basic loss per share is the same as diluted loss per share.

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.





# Australian Agricultural Projects Ltd

ABN 19 104 555 455

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2014

|                                | Note | 31 December 2014<br>\$ | 30 June 2014<br>\$ |
|--------------------------------|------|------------------------|--------------------|
| <b>CURRENT ASSETS</b>          |      |                        |                    |
| Cash and cash equivalents      |      | 154,184                | 170,097            |
| Trade and other receivables    |      | 1,990,607              | 2,246,104          |
| Inventories                    |      | 95,547                 | 258,018            |
| Other                          |      | 366,836                | 87,867             |
| Total Current Assets           |      | 2,607,174              | 2,762,086          |
| <b>NON CURRENT ASSETS</b>      |      |                        |                    |
| Property, plant and equipment  |      | 1,682,526              | 1,824,890          |
| Investment property            | 4    | 8,384,746              | 8,546,100          |
| Total Non Current Assets       |      | 10,067,272             | 10,370,990         |
| <b>TOTAL ASSETS</b>            |      | <b>12,674,446</b>      | <b>13,133,076</b>  |
| <b>CURRENT LIABILITIES</b>     |      |                        |                    |
| Bank overdraft                 |      | -                      | 420,575            |
| Trade and other payables       |      | 3,187,923              | 2,904,386          |
| Provisions                     |      | 357,256                | 411,481            |
| Loans and borrowings           |      | 1,352,382              | 3,526,694          |
| Total Current Liabilities      |      | 4,897,561              | 7,263,136          |
| <b>NON CURRENT LIABILITIES</b> |      |                        |                    |
| Loans and borrowings           |      | 3,378,330              | 1,378,522          |
| Total Non Current Liabilities  |      | 3,378,330              | 1,378,522          |
| <b>TOTAL LIABILITIES</b>       |      | <b>8,275,891</b>       | <b>8,641,658</b>   |
| <b>NET ASSETS</b>              |      | <b>4,398,555</b>       | <b>4,491,418</b>   |
| <b>EQUITY</b>                  |      |                        |                    |
| Contributed equity             |      | 22,840,966             | 22,840,966         |
| Reserve                        |      | 259,784                | 259,784            |
| Accumulated losses             |      | (18,702,195)           | (18,609,332)       |
| <b>TOTAL EQUITY</b>            |      | <b>4,398,555</b>       | <b>4,491,418</b>   |

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.



# Australian Agricultural Projects Ltd

ABN 19 104 555 455

## CONSOLIDATED STATEMENT OF CASH FLOWS for the half-year ended 31 December 2014

|                                                                 | 2014<br>\$       | 2013<br>\$      |
|-----------------------------------------------------------------|------------------|-----------------|
| <b>Cash flows from operating activities</b>                     |                  |                 |
| Cash receipts in the course of operations                       | 1,783,043        | 2,448,437       |
| Cash payments in the course of operations                       | (1,050,384)      | (1,492,115)     |
| Interest received                                               | 959              | -               |
| Interest paid                                                   | (155,630)        | (151,180)       |
| <b>Net cash provided by / (used in) in operating activities</b> | <b>577,988</b>   | <b>805,142</b>  |
| <b>Cash flows from investing activities</b>                     |                  |                 |
| Proceeds from sale of property and equipment                    | -                | 21,700          |
| Payment for property, plant and equipment                       | (1,181)          | (109,915)       |
| <b>Net cash (used in) / provided by investing activities</b>    | <b>(1,181)</b>   | <b>(88,215)</b> |
| <b>Cash flows from financing activities</b>                     |                  |                 |
| Proceeds from borrowings                                        | -                | 88,215          |
| Repayment of borrowings                                         | (172,160)        | (139,440)       |
| <b>Net cash used in financing activities</b>                    | <b>(172,160)</b> | <b>(51,225)</b> |
| Net increase / (decrease) in cash and cash equivalents held     | 404,647          | 665,702         |
| Cash and cash equivalents at the beginning of the period        | (250,478)        | (530,589)       |
| Effect of exchange rate fluctuations                            | 15               | (51)            |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>154,184</b>   | <b>135,062</b>  |
| <b>Consisting of:</b>                                           |                  |                 |
| Cash at bank                                                    | 154,184          | 135,062         |
| Bank overdraft                                                  | -                | -               |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>154,184</b>   | <b>135,062</b>  |

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the half-year ended 31 December 2014

|                                       | <b>Contributed<br/>Equity<br/>\$</b> | <b>Foreign<br/>Currency<br/>Translation<br/>Reserve<br/>\$</b> | <b>Accumulated<br/>Losses<br/>\$</b> | <b>Total<br/>Equity<br/>\$</b> |
|---------------------------------------|--------------------------------------|----------------------------------------------------------------|--------------------------------------|--------------------------------|
| <b>Balance as at 1 July 2014</b>      | <u>22,840,966</u>                    | <u>259,784</u>                                                 | <u>(18,609,332)</u>                  | <u>4,491,418</u>               |
| Profit net of tax for the half year   | -                                    | -                                                              | (92,863)                             | (92,863)                       |
| Other comprehensive income            | -                                    | -                                                              | -                                    | -                              |
| <b>Balance as at 31 December 2014</b> | <u><b>22,840,966</b></u>             | <u><b>259,784</b></u>                                          | <u><b>(18,702,195)</b></u>           | <u><b>4,398,555</b></u>        |
| <br><b>Balance as at 1 July 2013</b>  | <br><u>22,840,966</u>                | <br><u>259,828</u>                                             | <br><u>(18,149,369)</u>              | <br><u>4,951,425</u>           |
| Loss net of tax for the half year     | -                                    | -                                                              | 134,415                              | 134,415                        |
| Other comprehensive income            | -                                    | 102                                                            | -                                    | 102                            |
| <b>Balance as at 31 December 2013</b> | <u><b>22,840,966</b></u>             | <u><b>259,930</b></u>                                          | <u><b>(18,014,954)</b></u>           | <u><b>5,085,942</b></u>        |

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the half-year ended 31 December 2014

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**1. CORPORATE INFORMATION**

Australian Agricultural Projects Ltd (the "Company") is a company domiciled in Australia.

The consolidated interim financial report as at and for the six months ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the "consolidated entity" or "Group").

The annual financial report of the consolidated entity as at and for the year ended 30 June 2014 is available upon request from the Company's registered office or may be viewed on the Company's website, [www.voopl.com.au](http://www.voopl.com.au).

**2. BASIS OF PREPARATION**

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reports* and the *Corporations Act 2001*. The half year financial report has been prepared on the historical cost basis.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2013. It is also recommended that the interim financial report be considered together with any public announcements made by the consolidated entity during the six months ended 31 December 2013 in accordance with continuous disclosure obligations under the *ASX Listing Rules*.

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2014.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30 June 2014.

This consolidated interim financial report was approved by the Board of Directors on 20<sup>th</sup> of February 2015.

**Going Concern**

The consolidated entity incurred a net loss of \$92,863 for the half-year ended 31 December 2014 (HY 13: profit of \$134,517) and, as of that date, the consolidated entity's current liabilities exceeded its current assets by \$2,290,387 (HY13: deficit \$4,501,050). The financial report has been prepared on the basis of a going concern, as the directors expect the consolidated entity to be in a position to pay its debts as and when they become due for a period of twelve months from the date of approving this financial report.

The consolidated entity reported surplus cash from operating activities of \$577,988 (HY 13: surplus of \$805,142) for the half-year ended 31 December 2014. This is a reflection of the proceeds from the 2014 harvest as well as the lower business operating costs subsequent to the sale of the Redisland brand in November 2012. Savings will also arise from the sub-letting of the Braeside property and the proposed restructure of the Managed Investment Schemes the company operates. The company has re-confirmed with their financier the debt facilities to be continued on the same basis as described in the original offer.

The cashflow forecasts prepared by the directors demonstrate that the consolidated entity has sufficient cash flows to meet its operating commitments for the next twelve months period, although, this is dependent upon an improved 2015 harvest. On this basis the financial report has been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at amounts stated in the financial statements.

**3. SEGMENT INFORMATION**

*Business segments*

The Company operates in just one segment, that being Orchard Management; the cultivation of olive trees as well as related services.

*Seasonality*

A portion of the orchard fees the Company earns is subject to seasonal influences as it is not recognised until the orchard is harvested and the resulting oil produced during April to June. The recognition of the orchard expenses related to this portion of fee income are also deferred until the time of harvest.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the half-year ended 31 December 2014

4. REVALUATION AND IMPAIRMENT EXPENSES

|                                                        | December<br>2014 | June<br>2014 |
|--------------------------------------------------------|------------------|--------------|
| Land, trees and orchard assets held to earn lease fees | 8,384,746        | 8,546,100    |
| Movement consists of:                                  |                  |              |
| Investment property opening balance                    | 8,546,100        | 8,322,785    |
| Orchard revaluation                                    | (161,542)        | 223,315      |
|                                                        | 8,384,746        | 8,546,100    |

The investment property is a level 3 asset for the purposes of determining fair value. The investment property comprises a 403 hectare olive orchard including the land, trees, irrigation infrastructure and associated buildings. It is leased to two managed investment schemes for an initial period to 2025 plus an option of another 25 years.

The value of the investment property was determined by the directors at 31 December 2014 by discounting the cash flows of expected future net income streams over the 36 year term (including option) of the lease generated by the investment property based on the following key assumptions:

- Future cash inflows were estimated as the budgeted rental to be received from the investment property increased by CPI indexation of 3 percent per annum. Where the rental forms a percentage of the proceeds from the sale of the produce from the property, the long term average value of the production was assumed to increase by 3 percent per annum;
- Pre tax discount rate of 12.5 percent was applied to future cash flows, which is based on group cost of funding plus risk premium.
- The orchard has a long term yield of 11 tonnes of fruit per hectare per annum.
- The long term average price of water from the Goulburn Murray Water irrigation system is \$115 per ML.

The sensitivity of these assumptions are as follows:

| Assumption             | Assumed<br>Value | Sensitivity                     | Change in<br>Valuation |
|------------------------|------------------|---------------------------------|------------------------|
| CPI                    | 3.0%             | if increased to 3.5%            | 470,494                |
|                        |                  | if reduced to 2.5 %             | (436,833)              |
| Discount rate          | 12.50%           | if increased to 13.5%           | (773,267)              |
|                        |                  | if reduced to 11.5 %            | 908,189                |
| Harvest yield          | 11 t per ha      | if increased to 12 tonne per ha | 214,883                |
|                        |                  | if reduced to 10 tonne per ha   | (215,258)              |
| Average price of water | 115 per ML       | if increased to 125 per ML      | (126,113)              |
|                        |                  | if reduced to 105 per ML        | 125,738                |

The investment property has been pledged as security in support of the consolidated entities finance facilities provided by the Commonwealth Bank of Australia.

The lease agreement requires the consolidated entity to provide sufficient water to the property to allow for the commercial growing of olives and meet all outgoings associated with the property.





# Australian Agricultural Projects Ltd

ABN 19 104 555 455

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2014

### 5. RELATED PARTY DISCLOSURES

A member of the consolidated entity, Victorian Olive Oil Project Ltd, acts as the responsible entity for two managed investment schemes. The consolidated entity transacts with these schemes in accordance with contracts which are fundamental to the operation of the schemes. Paul Challis is a director of Victorian Olive Oil Project Ltd.

| Transaction                                                             | Note  | Transactions value six months ended 31 December |         | Balance outstanding as at |              |
|-------------------------------------------------------------------------|-------|-------------------------------------------------|---------|---------------------------|--------------|
|                                                                         |       | 2014                                            | 2013    | 31 Dec 2014               | 30 June 2014 |
|                                                                         |       | \$                                              | \$      | \$                        | \$           |
| <b>Scheme</b>                                                           |       |                                                 |         |                           |              |
| Victorian Olive Oil Project                                             |       |                                                 |         |                           |              |
| Lease fees                                                              | (i)   | 324,927                                         | 315,462 | 790,778                   | 654,863      |
| Management fees                                                         | (ii)  | 527,005                                         | 663,288 | 801,793                   | 645,176      |
| Victorian Olive Oil Project II                                          |       |                                                 |         |                           |              |
| Costs of operating the project that have been capitalized until harvest | (iii) | 157,687                                         | 170,134 | 157,687                   | -            |
| Lease and management fees receivable                                    | (ii)  | -                                               | -       | 402,045                   | 498,097      |
| Oil purchased                                                           | (iv)  | -                                               | -       | 697,465                   | 772,384      |

*Notes in relation to the table of key transactions with associated entities*

(i) The consolidated entity receives lease fees in respect to the land, trees and orchard assets which are leased to the schemes. These lease fees are as set out in the scheme constitution and original product disclosure statement.

(ii) The consolidated entity receives management fees for the management of the orchard and the processing of the annual harvest from the investors in the managed investment schemes as well as for acting as responsible entity. These fees are as set out in the scheme constitution and the original disclosure statement

(iii) Where the management fees set out in (ii) above are subject to a production sharing arrangement, the direct costs incurred in farming this portion of the orchard are capitalised until harvest.

(iv) The consolidated entity purchased oil from the investors in the managed investment schemes in accordance with the oil take off agreement which formed part of the acquisition of the AAI group of companies. This arrangement did not exist for the 2013 and 2014 harvest due to the sale of the olive oil marketing business

### 6. INCOME TAX

The directors have not recognised a deferred tax asset to the extent of losses available to the Company. In preparing this half year report, the directors have considered the current circumstances of the Company and are satisfied that, given there is still insufficient certainty about the period over which the tax losses will be recovered, it is appropriate to continue to not recognise the deferred tax asset.

### 7. CONTINGENT LIABILITIES

The consolidated entity does not have any contingent liabilities at reporting date or the date of this report.

### 8. EVENTS SUBSEQUENT TO REPORTING DATE

There are no events subsequent to reporting date that would have a material financial effect on the financial statements for the half year ended 31 December 2014.



## DIRECTORS' DECLARATION

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In the opinion of the directors of Australian Agricultural Projects Ltd ("the Company"):

1. the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2014 and of its performance for the six month period ended on that date; and
  - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne, Victoria, this 20th day of February 2015.

Signed in accordance with a resolution of the directors:

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**Paul Challis**  
**Managing Director**

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australian Agricultural Projects Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australian Agricultural Projects Limited, which comprises the consolidated statement of financial position as at 31 December 2014, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian Agricultural Projects Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Agricultural Projects Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

### Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

### BDO East Coast Partnership

A handwritten signature in blue ink, appearing to read 'Alex Swansson', written over a faint BDO logo.

**Alex Swansson**  
**Partner**

Melbourne, 20 February 2015