



ANNUAL REPORT

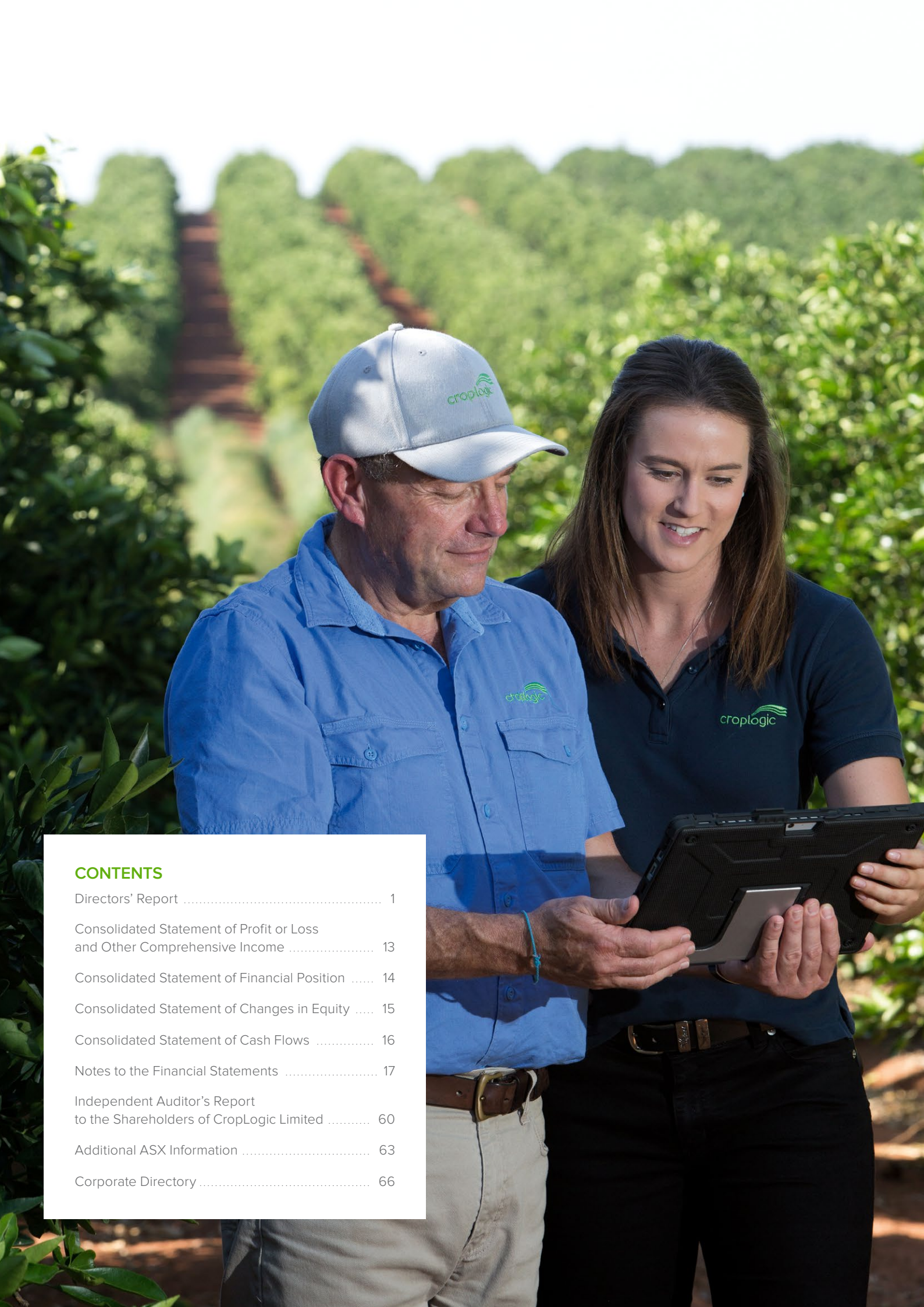
31 March 2019

CropLogic Limited
ARBN 619 330 648
New Zealand Company
Number 3184550



SCIENCE. AGRONOMY. TECHNOLOGY.

New Zealand | Australia | USA



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DIRECTORS' REPORT

31 March 2019

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') consisting of CropLogic Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 March 2019.

Directors

The names of the Directors of CropLogic Limited in office during the course of the financial year and up to the date of this report are as follows. Directors were in office for the entire period unless otherwise stated:

Mr. Steven Wakefield – Chairman/Non-executive Director

Mr. Peter Roborh – Non-executive Director

Mr. John Corbett – Non-executive Director (Appointed 1 November 2018)

Mr. Stephen Silver – Non-executive Director (Appointed 21 February 2019)

The Hon Cheryl Edwardes AM – Chairperson (Resigned 15 February 2019)

Dr. Andrew Whitehead – Non-executive Director (Appointed 06 April 2018/Resigned 21 February 2019)

Mr. Jamie Cairns – Managing Director (Resigned 26 April 2018)

Information on Directors and Company Secretary

Mr. Steven Wakefield, B.Comm, B.Sc. FCA. C.M.Inst.D (Non-Executive Chairman)

Mr Wakefield was appointed to the Board on 27 August 2013. He was appointed Acting Chairman on 15 February 2019 and Chairman on 30 April 2019.

Mr Wakefield's career has seen him working for over 30 years with global accounting and management consulting firm Deloitte both in New Zealand and the USA in such roles as Senior Partner – Risk Advisory and Managing Partner, Christchurch office.

He is a director of Foodstuffs South Island Limited, NZ Credit Union Baywide, the NZ Health Innovation Hub, former Deputy Chair of the Canterbury District Health Board, and an experienced director and trustee. Steven was named as New Zealand's top Chartered Accountant in the 2012 NZICA annual leadership awards.

Mr. Peter Roborh, BSc, MSc(Hons) (Non-Executive Director)

Mr Roborh was appointed to the Board on 2 November 2010.

Mr Roborh was General Manager of rural telco Farmside at NZX listed TeamTalk Ltd. Earlier he served as Chief Operating Officer of Energy Mad Ltd. In this role he was responsible for representing Energy Mad's interests in its joint venture with its Chinese manufacturing partner, for establishing new national sales channels and for all aspects of worldwide fulfilment and logistics.

Prior to Energy Mad, he worked for the New Zealand Institute of Plant and Food Research evaluating the intellectual property, market proposition and future for CropLogic and was instrumental in CropLogic being established as a separate company. Peter was earlier Chief Executive of telco CallSouth Ltd, a business he established and subsequently sold to NZX listed TrustPower. Peter has a strong track record in FMCG, financial services and energy utilities and in startups in telecommunications, consumer electronics and agritech.

Mr. John Corbett, BBus(BusAccy), MBus(AppFin) (Non-Executive Director)

Mr. Corbett was appointed to the Board on 1 November 2018.

Mr Corbett has almost 30 years' sector expertise in agriculture, agribusiness and infrastructure, providing organisations with corporate finance, strategic planning, business planning, business operations, governance, and financial analysis.

Beyond agriculture, agribusiness and infrastructure, Mr Corbett has worked across a range of industry sectors including manufacturing, retail and wholesale trade, mining and property, and has extensive practice in providing commercial, strategic and financial advisory services to both domestic and international clients.

Mr Corbett holds a Master of Business in Applied Finance and has had a banking career spanning 23 years. During this time he occupied senior corporate banking and infrastructure project finance roles with several major banks.

Mr Corbett provides practical knowledge and investment experience within the agribusiness sector with current Board appointments in the agriculture, solar and aquaculture industries.

DIRECTORS' REPORT continued

Mr. Stephen Silver, (Non-Executive Director)

Mr. Silver was appointed to the Board on 22 February 2019.

Mr Silver brings 10 years of corporate finance experience to the board. Having worked in Perth, Sydney, London and New York. He is currently Managing Director of Hunter Capital Advisors.

Chief Executive Officer

Mr. James Cooper-Jones, B.A./B.Comm, FIPA, FIFA, GIAcert, F Fin

Mr Cooper-Jones was appointed as Chief Executive Officer 22 June 2017.

A graduate of one of Australia's top ranked agricultural universities James is an experienced finance executive with a global perspective and has managed accounting and reporting functions in Australia, Asia, Africa and the Middle East. James' career has seen him hold accounting and secretarial roles in companies in the resources, agriculture, import/export and information technology industries. James also has extensive experience managing listed entities including reporting, marketing and investor relations, market positioning and branding and capital raising.

Company Secretary

Ms Susan Hunter, BCom; ACA; F Fin; FGIA; FCIS; GAICD (Company Secretary)

Ms. Hunter was appointed as Company Secretary on 1 May 2018.

Ms. Hunter has over 23 years' experience in the corporate finance industry and is founder and Managing Director of consulting firm Hunter Corporate Pty Ltd, which specialises in the provision of corporate governance and company secretarial advice to ASX listed companies.

Ms. Hunter holds a Bachelor of Commerce degree from the University of Western Australia majoring in accounting and finance, is a Member of the Institute of Chartered Accountants, a Fellow of the Financial Services Institute of Australasia, a Fellow of the Governance Institute of Australia and a Graduate Member of the Australia Institute of Company Directors.

Dividends

No dividends have been declared or paid during the financial year ended 31 March 2019.

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of providing agricultural technology to various crop growers including:

- Infield soil moisture monitoring;
- Infrared aerial imagery;
- Yield prediction; and
- Agronomy and Farm Management.

Review of operations

The loss of the consolidated entity after providing for income tax and non-controlling interest amounted to \$4,746,735 (31 March 2018: \$3,438,857). The Group's operations in Washington State continue to be successful. After the acquisition of Professional Ag Services, Inc (ProAg) and the merging of their significant agronomy skills with CropLogic's digital agtech expertise, the process of migrating the ProAg client list from the labour intensive manual and analogue soil moisture reading process using Hydroprobes to the digital, remote and satellite connected soil moisture reading system of CropLogic realTime continues. This is evidenced by a more than 5 times increase in the deployment and implementation of CropLogic realTime IFMS (In Field Monitoring System) units during the period (2018: 87 units; 2019: 483 units) and a near 6 times increase in CropLogic realTime revenue (2018: \$74,516; 2019: \$440,997).

During the period the Group has gone through significant operational restructure and expansion. In an effort to streamline and reduce costs such as corporate overheads this has included reducing the Group's operations and management team in New Zealand and moving this team and focus of operations to the Group's key target and growth markets of the USA and Australia. This has included the closing of the Christchurch, New Zealand office and establishing a head office in Perth,

DIRECTORS' REPORT continued

Australia. And also establishing regional sales offices in the USA in Twin Falls, Idaho and Bend, Oregon, and in Australia in Mildura, Victoria.

A further operational development instigated during the period was the establishment of a 500 acre CBD producing industrial hemp trial farm in Central Oregon.

These operational changes, coupled with a full year of ASX listing expenses, provide an explanation for the increase in the loss for the year after tax (2018: \$3,438,857, 2019: \$4,746,735). However, this has streamlined significantly the Group's corporate overhead and positioned the Group well for future growth.

The Mildura, Australia office was set up and staffed during the fourth calendar quarter of 2018. Since then this office has recorded sales of \$22,964. These represent the first sales of CropLogic realTime in Australia. This and considering the proximity of the set up and staffing of this office to these sales suggests to CropLogic that they represent a significant milestone.

The offices of Twin Falls, ID and Bend, OR were established outside their regional growing seasons and as such sales from these offices are not included in the period of this report. However, reception of CropLogic's suite of agtech products has been positive and the Group expects sales out of these regions in the 2020 financial year.

During the period the Group has also positioned itself to undertake a trial farm of 500 acres in Central Oregon to crop CBD producing industrial hemp during the 2020 financial year. This not only allows the Group to take advantage of potentially lucrative returns on this crop during the 2020 financial year, but also positions the Group to be a first mover in regards to providing agronomy and agtech services to this emerging and potentially globally significant crop in years to come.

The financial year of 2019 has been a successful one with expansion of the Group's key operations in Washington State, along with the establishment of 3 new regional sales offices, and a trial cropping operation in an exciting emerging crop. As such the group looks positively towards CropLogic's prospects for the 2020 financial year and beyond.

Significant changes in the state of affairs

On 13 March 2019 following extensive investigations into the Oregon hemp industry, CropLogic's wholly owned Oregon subsidiary LogicalCropping LLC signed a lease for 150 acres for an industrial hemp trial farm in Central Oregon, USA. The property will be leased for 3 years, with an option to sub-lease in years 2 and 3.

On 18 March 2019 LogicalCropping LLC was issued a Registered Industrial Hemp Growers Licence by the Oregon Department of Agriculture. CropLogic Ltd is now legally permitted to crop industrial hemp in Oregon for the 2019 growing season, with harvesting to commence in September 2019.

Matters subsequent to the end of the financial year

The following subsequent events have arisen and/or occurred between 31 March 2019 and the date of this report that could have a significant impact on the operations of the Group, the results of those operations, and the state of affairs of the Group in future years:

On 24 April 2019 CropLogic announced that LogicalCropping had increased the acreage of the industrial hemp trial farm from 150 to 500 acres, by leasing additional properties in Central Oregon, to further vertically integrate its agronomy and agtech expertise.

On 24 April 2019 CropLogic also announced that it had secured firm commitments from institutional and sophisticated investors to raise AUD \$3m (before costs) through a placement of 75,000,000 fully paid ordinary shares at an issue price of \$0.04 per share in two tranches. For every two shares issued in this placement, the company will issue one unquoted option, exercisable at \$0.06 each with an expiry date 2 years from issue. CropLogic also secured \$1 million of bridging finance. This capital was for the purpose of establishing the trial farm.

On 28 May 2019 these share and option placements, including those subscribed to by directors of the company, were approved by shareholders in an extraordinary general meeting.

On 29 May 2019 the company announced that it had issued convertible loan notes worth US\$ 2,250,000 (AUD3.16 million) at a face value of US\$1.095 each, to Atlas Capital Markets. Atlas Capital may purchase additional convertible loan notes up to US\$2,000,000 (AUD2.81 million) on the same terms and conditions. Maturity date of the convertible loan notes is 28 May 2020. This funding is for the purpose of repayment of the bridging finance referred to above, and for the establishment of the expanded industrial hemp trial farm in Central Oregon.

DIRECTORS' REPORT continued

Corporate Governance Statement

In accordance with ASX Listing Rule 4.10.3 a copy of the Company's Corporate Governance Statement can be obtained on Company's Website: <https://www.croplogic.com/>

Likely developments and expected results of operations

The CropLogic group expects to see further growth into its key markets of the USA and Australia.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 March 2019, and the number of meetings attended by each director were:

	Board		Remuneration & Nomination Committee ⁶		Audit & Risk Committee ⁶	
	Attended	Held	Attended	Held	Attended	Held
Steven Wakefield	23	23	—	—	—	—
Peter Roborgh	20	23	—	—	—	—
John Corbett ¹	12	12	—	—	—	—
Stephen Silver ²	5	5	—	—	—	—
Hon. Cheryl Edwardes AM ³	18	18	—	—	—	—
Andrew Whitehead ⁴	18	18	—	—	—	—
Jamie Cairns ⁵	0	1	—	—	—	—

1. John Corbett was appointed on 1 November 2018.

2. Stephen Silver was appointed on 21 February 2019.

3. Hon. Cheryl Edwardes AM resigned on 15 February 2019.

4. Andrew Whitehead resigned on 21 February 2019.

5. Jamie Cairns resigned on 26 April 2018.

6. On 22 May 2018, the Board resolved that the full Board will act as the Audit, Risk, Remuneration & Nomination Committee all relevant matters were discussed at board meetings.

Remuneration report

The remuneration report details the key management personnel remuneration arrangements for the Group.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

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

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

DIRECTORS' REPORT continued

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- Transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

In consultation with external remuneration consultants, the Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive director's remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 21 June 2017, where the shareholders approved a maximum annual aggregate remuneration of \$250,000.

DIRECTORS' REPORT continued

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Details of remuneration

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled shares	Equity-settled performance rights	Total
FY19	\$	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:								
The Hon Cheryl Edwardes AM	91,667	—	—	8,708	—	—	—	100,375
Mr Peter Roborgh	40,456	—	—	—	—	—	—	40,456
Mr Steven Wakefield	43,365	—	—	—	—	—	—	43,365
Dr. Andrew Whitehead	36,222	—	—	3,441	—	—	—	39,663
Mr. John Corbett	16,667	—	—	1,583	—	—	—	18,250
Mr Stephen Silver	—	—	—	—	—	—	—	—
Executive Director:								
Mr. Jamie Cairns	176,276	—	—	—	—	—	—	176,276
Other Key Management Personnel								
Mr. James Cooper-Jones	222,289	18,685	—	19,453	—	—	23,972	284,399
David De Cuevas	90,735	—	—	—	—	—	—	90,735
	717,677	18,685	—	33,185	—	—	23,972	793,519

DIRECTORS' REPORT continued

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr Steven Wakefield
Title:	Non-Executive Director (and Chairman from 30 April 2019)
Agreement commenced:	14 June 2017
Term of agreement:	Ongoing and subject to shareholder approval
Details:	Base annual remuneration of AUD 80,000
Name:	Mr Peter Roborgh
Title:	Non-Executive Director
Agreement commenced:	14 June 2017
Term of agreement:	Ongoing and subject to shareholder approval
Details:	Base annual remuneration of AUD 40,000
Name:	Mr Stephen Silver
Title:	Non-Executive Director
Agreement commenced:	20 Feb 2019
Term of agreement:	Ongoing and subject to shareholder approval
Details:	Base annual remuneration of AUD 40,000
Name:	Mr. John Corbett
Title:	Non-Executive Director
Agreement commenced:	22 October 2018
Term of agreement:	Ongoing and subject to shareholder approval
Details:	Base annual remuneration of AUD 40,000
Name:	James Cooper-Jones
Title:	Chief Executive Officer
Agreement commenced:	29 June 2018
Term of agreement:	Initial term of 12 months and then ongoing by mutual consent.
Details:	Base Remuneration: AUD\$240,000
Notice Period:	3 months

Short Term Incentive Plan

The following performance shares within the first year of employment, subject to the employee's performance and at the Board's discretion:

- 666,667 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.10 and \$0.14 for the 15 trading days following the end of the first 12 months of employment;
- 1,333,334 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.15 and \$0.19 for the 15 trading days following the end of the first 12 months of employment
- 2,000,000 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of \$0.20 or more for the 15 trading days following the end of the first 12 months of your employment.
- If all three milestones are achieved the maximum number of shares to be issued is 4,000,001.

DIRECTORS' REPORT continued

Long Term Incentive Plan

The following performance shares within three years of employment, subject to the employee's performance and at the Board's discretion:

- 433,526 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.25 and \$0.34 for the 15 trading days following the end of the first 3 years of employment;
- 867,052 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.35 and \$0.44 for the 15 trading days following the end of the first 3 years of employment;
- 1,300,577 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of \$0.45 or more for the 15 trading days following the end of the first 3 years of your employment.
- If all three milestones are achieved the maximum number of shares to be issued is 2,601,155.

This agreement replaces all other employment agreements James Cooper-Jones may have had with the CropLogic group of Companies.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of performance rights

Details of performance rights issued to directors and other key management personnel as part of compensation during the year ended 31 March 2018 are set out below:

Name	Date	Performance Rights	Issue price	\$
Mr James Cooper-Jones	23 June 2017	422,222	\$0.0912	38,524

Issue of performance rights

Details of performance rights issued to directors and other key management personnel as part of compensation during the year ended 31 March 2019 are set out below:

Name	Date	Performance Rights	Issue price	\$
Mr James Cooper-Jones	29 June 2018	6,601,156	\$0.0082	23,972

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 31 March 2018 are set out below:

Name	Date	Shares	Issue price	\$
Mr James Cooper-Jones	12 September 2017	240,000	\$0.20	48,000

DIRECTORS' REPORT continued

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/Other	Balance at the end of the year ^{3,4,5}
Ordinary shares					
Steven Wakefield	5,680,851	—	5,836,878	—	11,517,729
Peter Roborgh	3,384,000	—	—	—	3,384,000
John Corbett ¹	—	—	2,666,667	—	2,666,667
Stephen Silver ²	24,897,035	—	—	—	24,897,035
Hon. Cheryl Edwardes AM ³	—	—	917,668	—	917,668
Andrew Whitehead ⁴	—	—	—	—	—
Jamie Cairns ⁵	512,082	—	—	—	512,082
James Cooper-Jones ⁶	512,727	—	2,249,945	—	2,762,672

1. John Corbett was appointed on 1 November 2018.

2. Stephen Silver was appointed on 21 February 2019.

3. Hon. Cheryl Edwardes AM resigned on 15 February 2019.

4. Andrew Whitehead resigned on 21 February 2019.

5. Jamie Cairns resigned on 26 April 2018.

6. James Cooper-Jones also holds performance rights. 422,222 performance rights were on hand at the beginning of the financial year and a further 4,000,001 Tranche A performance rights and 2,601,155 Tranche B performance rights were issued on 29 June 2018 to Mr Cooper-Jones as part of his remuneration.

This concludes the remuneration report.

DIRECTORS' REPORT continued

Directors' Interests

Name	Interest	Nature of potential conflict and estimated value (if known)
Mr Steven Wakefield – Chairman	Former Partner at Deloitte	Deloitte is the accounting and tax advisors for CropLogic
	Director & beneficial owner – Innovative Software Limited	CropLogic Shareholder
	Director – INOV8 Limited	Software Development Company
	Director – NZ Health Innovation Hub	Joint venture of Auckland, Counties Manukau and Canterbury DHBs
	Director – Steve Wakefield Services Ltd	Governance and consulting services
	Chairman – Greater Christchurch Schools Network Trust	
	Director – Townsend Fields Limited	Residential Land Development
	Appointed Member – Quality, Finance, Audit & Risk Committee – Canterbury District Health Board	
	Citizens' Trustee – The Court Theatre Trust	
	Trustee – Church Property Trustees of the Anglican Diocese of Christchurch	
	Council Member – University of Canterbury	
	Director – Carolina Homes Limited	
	Director – RHOAD Limited	
	Board member – NZ Credit Union Baywide	
	Founding Member and Director – Canterbury Angels Association	
	Director & Shareholder – Nutrient Rescue Ltd	
	Director – Wakefield Holdings Limited	
	Director – Brackenridge Services Limited	
	Director – Foodstuffs South Island Limited Foodstuffs (SI) Properties Limited Murdoch Manufacturing Limited	
	Director/Shareholder – EVNEX Limited	Electric vehicle smart chargers
	Director – NZ Association of Credit Unions (Trading as Co-op Money)	
Mr Peter Roborgh – NED	Licensee – Platform 1 Business Ownership Transition Consultants	
Mr Stephen Silver – NED	Hunter Capital – Managing Director	Hunter Capital is CLI's Corporate Advisor
	LTL Capital	

DIRECTORS' REPORT continued

Name	Interest	Nature of potential conflict and estimated value (if known)
Mr John Corbett – NED	Director – Hemagrove Pty Ltd	
	Director – PlexiSun Australia Pty Ltd + PlexiSun Limited (NZ)	
	Director – Blue Harvest Pty Ltd	
	Director – Philip Yates Family Holdings Limited (NZ)	
	Chairman – Queensland Rural and Industry Development Authority	

Employee Remuneration

The following table shows the number of current or former employees (excluding employees holding office as Directors of the parent or a subsidiary) who received remuneration and other benefits in excess of \$100,000 from the subsidiary companies of the Group during the year ended 31 March 2019.

Band	Number of employees
\$100,000 to \$109,999	–
\$110,000 to \$119,999	–
\$120,000 to \$129,999	1
\$130,000 to \$139,999	–
\$140,000 to \$149,999	–
\$150,000 to \$159,999	–
\$160,000 to \$169,999	–
\$170,000 to \$179,999	1
\$180,000 to \$189,999	–
\$190,000 to \$199,999	–
\$200,000 to \$209,999	–
\$210,000 to \$219,999	2
\$220,000 to \$229,999	–

Donations

No member of the Group made any significant donations during the financial year.

Indemnity and insurance

In accordance with section 162 of the *Companies Act 1993* and the constitution of the Company, the Company has given indemnities to, and has effected insurance for, the directors and executives of the Company and its related companies which, except for some specific matters that are expressly excluded, indemnify and insure directors and executives against monetary losses as a result of actions undertaken by them in the course of their duties. Specifically excluded are certain matters, such as the incurring of penalties and fines, which may be imposed for breaches of law.

DIRECTORS' REPORT continued

Auditor

The Company's Auditor, RSM Australia Partners, will continue in office in accordance with the *Companies Act 1993*. The directors are satisfied that the provision of non-audit services, during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Companies Act 1993*. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 7 of the financial statements.

Directors' Responsibility Statement

The directors of CropLogic Limited are pleased to present to shareholders the financial statements and director's report for CropLogic Limited and its controlled entities for the financial year ended 31 March 2019.

The directors are responsible for presenting the financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Group as at 31 March 2019 and the results of their operations and cash flows for the year ended on that date.

The directors consider the financial statements of the Group have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The directors believe that proper accounting records have been kept which enable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statement with the *Companies Act 1993*.

The directors consider that they have taken adequate steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

On behalf of the directors



Steven Wakefield
Chairman

Date: Friday, 28 June 2019

Place: Christchurch, New Zealand



Peter Roborgh
Director

Date: Friday, 28 June 2019

Place: Christchurch, New Zealand

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

		Year ended	
	Note	31 March 19 \$	31 March 18 \$
Revenue	4	2,190,539	2,070,083
Total Revenue		2,190,539	2,070,083
Operational expenses		(3,531,013)	(2,361,133)
Research & development		(203,911)	(652,286)
General & administrative expenses		(2,162,369)	(1,267,223)
Depreciation & amortisation	8	(651,558)	(305,547)
Investment income	5	11,046	17,467
Other gains/(losses)	6	(139,905)	(208,925)
Finance costs	7	(26,219)	(43,005)
IPO costs expensed		–	(653,012)
Impairment	14	–	(147,159)
Loss before tax		(4,513,390)	(3,550,740)
Taxation expense	9	(233,345)	111,883
Loss for the period		(4,746,735)	(3,438,857)
Items that may be reclassified to profit or loss			
Foreign exchange translation differences for foreign operations		251,081	205,700
Other comprehensive loss for the period		251,081	205,700
Total comprehensive loss for the period		(4,495,654)	(3,233,157)
From continuing operations			
– Basic (cents per share)	10	(2.66)	(3.92)
– Diluted (cents per share)	10	(2.66)	(3.92)

These financial statements are to be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	31 March 19 \$	31 March 18 \$
Equity			
Share capital	19	16,763,787	14,484,972
Retained earnings (losses)		(13,004,426)	(8,321,900)
Reserves	20	621,006	321,149
Total Equity		4,380,367	6,484,221
Represented by:			
Current assets			
Cash & cash equivalents	29	474,694	2,932,058
Trade & other receivables	17	56,262	20,867
Income tax receivable	9	1,432	4,974
Inventories	16	–	16,318
Other current assets	18	777,682	80,435
Total Current Assets		1,310,070	3,054,652
Current liabilities			
Trade & other payables	24	913,189	494,414
Current borrowings	21	37,018	90,287
Other current liabilities	23	136,923	297,114
Contingent consideration	22	421,748	390,652
Income tax payable	9	233,345	–
Total Current Liabilities		1,742,223	1,272,467
Working Capital		(432,153)	1,782,185
Non Current Assets			
Property, plant & equipment	12	2,295,678	2,431,493
Intangibles	14	997,906	1,178,499
Goodwill	13	2,128,802	1,971,893
Total Non Current Assets		5,422,386	5,581,885
Non Current Liabilities			
Borrowings	21	609,866	511,309
Contingent consideration NC	22	–	368,540
Total Non Current Liabilities		609,866	879,849
Net Assets		4,380,367	6,484,221

These financial statements are to be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2019

	Note	Issued capital \$	Accumulated losses \$	Share based payment reserve \$	Foreign currency translation reserve \$	Total equity \$
Balance at 1 April 2017		4,101,789	(4,883,042)	65,897	12,717	(702,639)
Loss for the period		–	(3,438,857)	–	–	(3,438,857)
Other comprehensive income for the period		–	–	–	205,700	205,700
Total comprehensive loss		–	(3,438,857)	–	205,700	(3,233,157)
Transactions with owners in their capacity as owners:						
Contributions of equity (net of transaction costs)	19	10,383,183	–	–	–	10,383,183
Performance rights		–	–	102,731	–	102,731
Employee share options exercised		–	–	(65,897)	–	(65,897)
		10,383,183	–	36,834	–	10,420,017
Balance at 31 March 2018		14,484,972	(8,321,899)	102,731	218,417	6,484,221
Balance at 1 April 2018		14,484,972	(8,321,899)	102,731	218,417	6,484,221
Loss for the period		–	(4,746,735)	–	–	(4,746,735)
Other comprehensive income for the period		–	–	–	251,081	251,081
Total comprehensive loss		–	(4,746,735)	–	251,081	(4,495,654)
Transactions with owners in their capacity as owners:						
Contributions of equity (net of transaction costs)	19	2,278,815	–	–	–	2,278,815
Performance rights	26	–	–	23,972	–	23,972
Share based payments	26	–	–	89,013	–	89,013
Employee share options forfeited	26	–	64,208	(64,208)	–	–
		2,278,815	64,208	48,777	–	2,391,800
Balance at 31 March 2019		16,763,787	(13,004,426)	151,508	469,498	4,380,367

These financial statements are to be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

		Year ended	
	Note	31 March 19 \$	31 March 18 \$
Cash Flows from Operating Activities			
Cash receipts from customers		2,155,142	2,054,695
Receipts from government R&D tax incentive		–	111,883
Cash paid to suppliers and employees		(6,322,866)	(4,843,954)
Interest Income		11,046	17,467
Interest paid		–	(52,876)
Income tax paid		–	(4,662)
Net Cash Flows used in Operating Activities	11	(4,156,678)	(2,717,447)
Cash Flows from Investing Activities			
Payments for property, plant, and equipment		(41,899)	(1,354,445)
Purchase of businesses	28	–	(1,989,585)
Payments for capitalised development costs		–	(329,428)
Payments for acquired intangibles		–	(372,974)
Payment for contingent consideration for purchase of business		(433,407)	–
Net Cash Flows used in Investing Activities		(494,492)	(4,046,432)
Cash Flows from Financing Activities			
Proceeds from issue of shares, net of costs		2,342,828	7,415,509
Proceeds from issue of convertible notes, net of costs		–	2,012,214
Proceeds from exercise of share options		–	270,932
Proceeds from borrowings		–	29,773
Repayment of borrowings		(101,926)	(134,609)
Net Cash Flows from Financing Activities		2,240,902	9,593,819
Net increase/(decrease) in cash and cash equivalents		(2,410,268)	2,829,940
Effects of exchange rate changes on the balance of cash held in foreign currencies		(47,096)	22,442
Cash at the beginning of the year		2,932,058	79,676
Cash at the End of the Year	29	474,694	2,932,058

These financial statements are to be read in conjunction with the accompanying Notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1 General Information

These financial statements are for CropLogic Limited ("the Company" or "CropLogic") and its subsidiaries (together "the Group"). The Company is a limited liability company incorporated in New Zealand and listed entity on the Australian Securities Exchange. The registered office of the Company is DLA Piper New Zealand, Chartered Accountants House, Level 5, 5-64 Customhouse Quay, Wellington 6011, New Zealand.

2 Statement of Accounting Policies

Basis of Preparation and Statement of Compliance

The consolidated financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). For the purposes of complying with NZ GAAP, the Group is a for-profit entity. These financial statements comply with New Zealand International Financial Reporting Standards (NZ IFRSs) and other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS.

The consolidated financial statements have been prepared using the historical cost convention unless otherwise stated below or in the notes.

The consolidated financial statements are presented in Australian Dollars (\$) (the 'presentation currency').

This report should be read in conjunction with any public announcements made by CropLogic during and subsequent to the reporting period.

Going concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial report, for the year ended 31 March 2019 the Group incurred a net loss of \$4,746,735 and had net cash outflows from operating activities of \$4,156,678 and net cash outflows from investing activities of \$494,492. As at 31 March 2019, the Group's current liabilities exceed current assets by \$432,153.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- As disclosed in Note 33, in April 2019 and May 2019 the Company has raised \$3 million through the issue of 75,000,000 shares at a price of \$0.04 per share;
- As disclosed in Note 33, in May 2019 the Company issued convertible notes to raise USD2,250,000 (AUD 3.16 million) with a maturity date of 28 May 2020.
- The Group has the ability to issue additional equity securities to raise further working capital; and
- The Group has the ability to curtail administrative, discretionary exploration and overhead cash outflows as and when required.

Application of new and revised New Zealand Equivalents to International Financial Reporting Standards (NZ IFRSs)

The Group has adopted all of the mandatory new and revised Standards, Amendments and Interpretations issued by the External Reporting Board (the XRB) that are relevant to their operations and effective for the current year. Those which have a material impact on the Group include:

- NZ IFRS 9 Financial Instruments; and
- NZ IFRS 15 Revenue from Contracts with Customers.

Impact of the application of NZ IFRS 9 Financial Instruments

The Group has adopted NZ IFRS 9 from 1 April 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in

NOTES TO THE FINANCIAL STATEMENTS continued

a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. Applying NZ IFRS 9 did not have any significant impact on the classification or valuation of financial assets, impairment bookings on trade receivables and other financial assets.

Impact of the application of NZ IFRS 15 Revenue from Contracts with Customers

The Group has adopted NZ IFRS 15 from 1 April 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies in Note 3. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. Applying NZ IFRS 15 has had no impact on timing of revenue recognition or on the presentation of the statement of financial position.

New and revised NZ IFRSs in issue but not yet effective

The XRB have issued a number of standards, amendments, and interpretations which are not yet effective and which may have an impact on the Groups Financial Statements. These are detailed below. The Group has not yet applied these in preparing these financial statements.

- NZ IFRS 16 Leases

NZ IFRS 16 Leases

NZ IAS 16 replaces NZ IAS 17: Leases and is effective for the year ended 31 March 2020. The new leases standard eliminates the distinction between operating and finance leases for lessees and will result in the Group bringing most leases onto the statement of financial position. The new standard requires recognition of a lease liability and a right-of-use asset at inception based on the future lease payments for substantially all lease contracts resulting increased depreciation and finance expenses and no operating lease expenses.

The main changes affect lessee accounting only – lessor accounting is mostly unchanged from NZ IAS 17 Leases.

Management anticipates that the application of NZ IFRS 16 in the future may have a significant impact on amounts reported in respect of the Group's operating leases. However, detailed review is ongoing and a reasonable estimate of the effect of NZ IFRS 16 has not been finalised.

Basis of Fair Value Hierarchy

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS continued

2 Statement of Accounting Policies (continued)

Impact of the application of NZ IFRS 15 Revenue from Contracts with Customers (continued)

Net Assets/Liabilities

In the application of the Group's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are believed to be reasonable based on the most current set of circumstances available to the Group. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of non-current assets

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Presentation Currency

The financial statements have been prepared in Australia dollars (AUD), which is the Group's presentation currency. During the period the Group elected to change its presentation currency from New Zealand dollars to Australian dollars. The Group determined that the change in presentation currency provided users of the financial statements with more relevant and reliable information. All comparable financial information presented in this report has been restated in Australian dollars according to the foreign currency accounting policy of the Group.

Significant Changes in the Current Reporting Period

On 13 March 2019 following extensive investigations into the Oregon hemp industry, CropLogic's wholly owned Oregon subsidiary LogicalCropping LLC signed a lease for 150 acres for an industrial hemp trial farm in Central Oregon, USA. The property will be leased for 3 years, with an option to sub-lease in years 2 and 3.

On 18 March 2019 LogicalCropping LLC was issued a Registered Industrial Hemp Growers Licence by the Oregon Department of Agriculture. CropLogic Ltd is now legally permitted to crop industrial hemp in Oregon for the 2019 growing season, with harvesting to commence in September 2019.

NOTES TO THE FINANCIAL STATEMENTS continued

3 Segment Information

The Chief Executive Officer and members of the executive team are the Group's chief operating decision makers. They have determined that based on the information they use for the purposes of allocating resources and assessing performance, the Group itself forms three operating segments. These segments are organised in geographical locations.

The segments of the Group are composed of the following:

- New Zealand;
- United States; and
- Australia.

Financial Information

The Group's chief operating decision makers primarily uses a measure of adjusted earnings before tax, to assess the performance of the operating segments. However, the decision makers also receive information about the segments' revenue and assets on a monthly basis. The revenue represents revenue generated from both internal and external customers. The accounting policies of the reportable segments are the same as the Group's accounting policies described in the policy notes. Where costs are incurred on behalf of another segment these costs are subsequently recognised in the segment to which they relate. Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in the same way as in the statement of profit or loss.

Segment revenue and profit (loss)

	Revenue		Segment profit	
	Year ended		Year ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	\$	\$	\$	\$
Australia	22,964	–	(1,538,751)	–
New Zealand	15,786	345,231	(2,064,970)	(3,222,584)
United States	2,151,789	2,011,339	(925,070)	(365,001)
Loss before tax and eliminations	2,190,539	2,356,570	(4,528,791)	(3,587,585)
Intersegment Eliminations	–	(286,487)	15,401	36,845
Income tax expenses	–	–	(233,345)	111,883
Consolidated revenue and loss for the period	2,190,539	2,070,083	(4,746,735)	(3,438,857)

NOTES TO THE FINANCIAL STATEMENTS continued

3 Segment Information (continued)

Financial Information (continued)

Segment revenue and profit (loss) (continued)

The following is an analysis of the Group's revenue from its major products and services.

	Year ended	
	31 March 2019 \$	31 March 2018 \$
CropLogic Aerial Imagery	304,470	325,098
Hydroprobe	1,399,680	1,482,095
CropLogic realTime	440,997	74,516
Telemetry	—	58,744
Other income	45,392	416,117
Intersegment Eliminations	—	(286,487)
	2,190,539	2,070,083

The Group does not have any significant customers from which a substantial portion of revenue is derived.

Revenue from external customers

	Year ended	
	31 March 2019	31 March 2018
Australia	22,964	—
New Zealand	15,786	58,744
United States	2,151,789	2,011,339
	2,190,539	2,070,083

NOTES TO THE FINANCIAL STATEMENTS continued

Segment assets and liabilities

For the purpose of monitoring segment performance and allocating resources between segments all assets and liabilities are allocated to reportable segments. The following is an analysis of the Group's assets and liabilities by reportable operating segment:

Assets	31 March 2019 \$	31 March 2018 \$
Australia	238,834	–
New Zealand	7,836,864	8,061,877
United States	4,237,267	3,887,779
Intersegment Eliminations	(5,580,508)	(3,313,119)
Consolidated assets as per Statement of Financial Position	6,732,457	8,636,537

Liabilities	31 March 2019 \$	31 March 2018 \$
Australia	1,777,584	–
New Zealand	366,018	1,194,904
United States	3,437,813	4,135,377
Intersegment Eliminations	(3,229,326)	(3,177,965)
Consolidated liabilities as per Statement of Financial Position	2,352,089	2,152,316

The Group's non-current assets (excluding financial instruments and deferred tax balances) by location of assets are detailed below:

	As at	
Non-current assets	31 March 2019 \$	31 March 2018 \$
Australia	38,648	–
New Zealand	3,212,100	3,667,035
United States	2,960,207	3,648,322
Intersegment Eliminations	(788,569)	(1,733,471)
Consolidated non-current assets as per Statement of Financial Position	5,422,386	5,581,886

NOTES TO THE FINANCIAL STATEMENTS continued

4 Revenue

The group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer; the group identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Rendering of services

Revenue from a contract to provide services is recognised when the service is provided (performance obligation in the contract is completed).

Hydroprobe

Revenue from the rendering of Hydroprobe services is recognised when the service is provided.

CropLogic realTime

Revenue from the rendering of CropLogic realTime services is recognised when the service is provided.

CropLogic Aerial Imagery

Revenue from the rendering of CropLogic Aerial Imagery services is recognised when the service is provided.

Sale of goods

Sales of CropLogic realTime units are recognised as revenue when the products pass from the physical control of the Group pursuant to an enforceable contract, when selling prices are known or can be reasonably estimated and when the products are in a form that requires no further treatment by the Group.

	Year ended	
	31 March 2019	31 March 2018
Revenue from contracts with customers recognised at a point in time	\$	\$
Sale of services	2,151,789	2,038,158
Sale of goods	38,750	31,925
	2,190,539	2,070,083

NOTES TO THE FINANCIAL STATEMENTS continued

5 Investment Income

Finance income 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 on initial recognition. Interest revenue is recorded gross of resident withholding tax.

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Interest Income received by asset category		
Cash and short term deposits	11,046	17,467
Total investment income	11,046	17,467

6 Other gains and losses

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Net loss arising on financial liabilities designated as FVTPL	(76,731)	(62,643)
Foreign exchange gains/(losses)	(63,174)	(146,282)
Total gains/(losses)	(139,905)	(208,925)

7 Finance Costs

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Interest on bank loans and overdrafts	154	254
Interest on third party loans	26,065	24,828
Interest on related party loans	—	12,442
Interest on convertible notes	—	5,481
Total interest expense for financial liabilities not classified as at FVTPL	26,219	43,005

Finance costs relating to financial liabilities classified as at fair value through profit or loss are included in 'other gains and losses' in the note above.

NOTES TO THE FINANCIAL STATEMENTS continued

8 Profit for the year

Sales tax

Revenue, expenses, assets and liabilities are recognised net of the amount of any sales tax except:

- where the amount of sales tax incurred is not recovered from the taxation authority, it is recognised as part the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of sales tax (The net amount of sales tax recoverable from or payable to the taxation authority is included as part of receivables or payables).

Sales tax includes New Zealand Goods and Services tax (GST), Australia Goods and Services tax (GST) and US sales taxes (where applicable).

Overhead Allocation

The presentation of the Profit and Loss by function requires certain overhead costs to be allocated to function. These allocations require management to apply judgement. Some general and administration costs not relating to capitalised development assets have been allocated to functions based on employee activity.

	Year ended	
	31 March 2019	31 March 2018
	\$	\$
Loss for the year has been arrived at after charging:		
Depreciation & amortisation		
Amortisation of intangible assets	191,193	145,887
Depreciation of property, plant and equipment	460,365	159,660
Total depreciation and amortisation expense	651,558	305,547
Employee benefits expense		
Employee entitlements	2,491,956	2,436,147
Defined contribution plans	91,108	84,750
Share-based payments – ordinary shares (see note 25)	25,000	108,000
Share-based payments – performance rights (see note 25)	23,972	102,731
Other employee benefits	–	200,386
Less: employee benefits capitalised	–	(398,257)
Total employee benefits expense	2,632,036	2,533,757
Fees paid to auditors		
Audit of the financial statements	45,000	40,000
Review of the financial statements	30,000	33,036
Audit of the US subsidiary prior to acquisition	–	77,975
Total fees paid to auditors	75,000	151,011

NOTES TO THE FINANCIAL STATEMENTS continued

9 Income Tax

Current tax for the year

Tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except when it relates to items recognised directly in other comprehensive income (in which case the income tax is recognised in other comprehensive income). Income tax is based on tax rates and regulation enacted in the jurisdictions in which the entities operate.

Deferred Tax

Deferred income tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or subsequently enacted by the balance date and are expected to apply when the related deferred income tax asset or liability is realised or settled. An exception is made for certain timing differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred income 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.

Income tax recognised in profit & loss:

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Current Tax		
Taxation expense/(benefit)	233,345	(111,883)
	233,345	(111,883)
Deferred Tax		
Benefit arising from previously unrecognised tax losses, tax credits or temporary differences of a prior period	—	—
	—	—
Total income tax expense (benefit) recognised in the current year	233,345	(111,883)

NOTES TO THE FINANCIAL STATEMENTS continued

9 Income Tax (continued)

Deferred Tax (continued)

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Loss before tax	(4,513,390)	3,550,740
Income tax expense calculated at 27.5% (2018: 28%)	(1,241,182)	(994,207)
Effect of expenses that are not deductible in determining taxable profit	7,009	334,970
Effect of temporary timing differences	8,588	(61,505)
Effect of concessions (R&D and others)	–	151,762
Reversal of R&D rebate	(233,345)	–
Effect of unused tax losses not recognised as deferred tax assets	1,225,585	457,097
	1,007,837	882,324
Income tax expense (benefit) recognised in profit or loss	(233,345)	(233,345)

The tax rate used above is 27.5% which is the corporate tax rate payable by corporate entities in Australia on taxable profits under tax law in that jurisdiction. The company became an Australian tax resident during the year.

The tax rate used in 2018 is 28% which is the corporate tax rate payable by corporate entities in New Zealand on taxable profits under tax law in that jurisdiction.

Current tax assets and liabilities

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Current tax assets		
Tax refund receivable	1,432	4,974

Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Deferred tax assets	–	–
Deferred tax liabilities	–	–
	–	–

NOTES TO THE FINANCIAL STATEMENTS continued

The analysis of deferred tax assets and liabilities are below:

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Research and development expenses deferred	–	341,975
Fixed Assets	(1,812)	(48,216)
Provisions and Employee benefits	–	2,744
Other temporary timing differences	(22,148)	(2,528)
Tax losses	900,472	324,362
	876,512	618,337
Deferred tax assets not recognised	(876,512)	(618,337)
Effect of different tax rates of subsidiaries operating in other jurisdictions	–	–
	–	–

The Group has tax losses available to carry forward of \$5.6 million (2018: \$1.2 million) subject to jurisdiction limitations. The Group has no deferred research and development deductions (2018: \$1.2 million). The deferred tax assets have not been recognised as it is uncertain whether the Group will maintain shareholder continuity or when it will generate taxable profits.

As a result of the change in tax residency, the group has quarantined tax losses of \$1,859,305 in the New Zealand tax jurisdiction. These will be available at such time that revenue is generated in New Zealand.

The group has received \$233,345 from the New Zealand Inland Revenue under the Research and Development Tax Losses "Cash Out" scheme. The amount is required to be repaid due to the company becoming an Australian tax resident during the year.

Imputation credits

	31 March 2019 \$	31 March 2018 \$
New Zealand Imputation credits available for use	5,168	5,168

NOTES TO THE FINANCIAL STATEMENTS continued

10 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the net loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares on issue during the year, excluding shares purchased and held as treasury shares (if any).

Diluted EPS is determined by adjusting the net loss attributable to ordinary shareholders and the weighted average number of ordinary shares on issue for the effects of all dilutive potential ordinary shares, which comprise treasury shares and options granted to employees and Directors. Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease EPS or increase the loss per share.

	Year ended	
	31 March 2019 Cents per share	31 March 2018 Cents per share
Basic earnings per share	(2.66)	(3.92)
Diluted earnings per share	(2.66)	(3.92)

Basic and diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Loss for the year attributable to members of the parent entity	(4,513,390)	(3,550,740)
Weighted average number of ordinary shares for the purposes of basic earnings per share	169,681,818	90,614,846

NOTES TO THE FINANCIAL STATEMENTS continued

11 Reconciliation of Cash Flows from Operations

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Profit/(loss) for the period	(4,746,735)	(3,438,857)
(Less)/plus non cash items		
Depreciation & amortisation	651,558	305,547
Loss on disposal of assets	7,431	37,064
Financial instruments at FVTPL	76,731	62,643
Net foreign exchange (gains)/losses	—	146,282
Impairment	—	147,159
Finance costs	26,219	—
Share based payments	43,972	210,731
(Less)/plus changes in working capital		
Decrease/(increase) in trade & other receivables	(35,397)	(228,821)
(Decrease)/increase in income tax payable	236,888	(4,685)
Decrease/(increase) in stock & work in progress	16,318	6,398
Decrease/(increase) in other current assets	(692,247)	(24,215)
(Decrease)/increase in trade & other payables	430,553	77,874
(Decrease)/increase in other current liabilities	(171,969)	(14,567)
Net cash inflow/(outflow) from operating activities	(4,156,678)	(2,717,447)

Reconciliation of liabilities arising from financing activities

	Non-cash changes				
	2018	Cash flows	Acquisitions	Other	2019
Related party borrowings	24,417	—	—	(24,417)	—
Long term borrowings ⁽ⁱ⁾	447,800	—	—	31,188	478,988
Asset Borrowings ⁽ⁱⁱ⁾	129,379	(101,926)	—	140,443	167,896
	601,596	(101,926)	—	147,214	646,884

(i) Other movements in long term borrowings is capitalised interest.

(ii) Other movements are for new borrowings in current year.

NOTES TO THE FINANCIAL STATEMENTS continued

12 Property, Plant & Equipment – non-current asset

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes all expenditure that is directly attributable to the acquisition of the item. Subsequent costs are capitalised if it is probable that the future economic benefits will flow to the Group and the costs can be measured reliably. All other maintenance costs are recognised as an expense as incurred.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the allowed method which best represents the consumption of the economic benefits. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The asset's residual values and residual lives are reviewed and adjusted if appropriate at each balance date. If an asset's carrying amount is greater than its estimated recoverable amount, the carrying amount is immediately written down to its recoverable amount.

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Carrying amounts of:		
Plant & equipment*	1,659,384	1,585,677
Fixtures & fittings	31,942	38,122
Motor Vehicles	604,352	495,258
Work in progress at cost	–	312,436
	2,295,678	2,431,493

NOTES TO THE FINANCIAL STATEMENTS continued

	Plant & equipment* \$	Fixtures & fittings \$	Motor Vehicles \$	Work in progress at cost \$	Total \$
Cost					
Balance at 1 April 2017	306,324	457	–	–	306,781
Additions*	1,428,575	41,551	135,202	312,436	1,917,764
Disposals	(45,532)	(56,324)	(90,741)	–	(192,597)
Acquisitions through business combinations	225,570	55,854	506,259	–	787,683
Effect of foreign currency exchange differences	(8,710)	13	–	–	(8,697)
Balance at 31 March 2018	1,906,227	41,551	550,720	312,436	2,810,934
* Includes procurement of infield soil moisture sensors (Probes).					
Additions	3,949	–	213,916	15,237	233,102
Transfer	325,193	–	–	(325,193)	–
Disposals	(53,693)	–	(74,681)	–	(128,374)
Effect of foreign currency exchange differences	135,870	728	46,185	(2,480)	180,303
Balance at 31 March 2019	2,317,546	42,279	736,140	–	3,095,965
Accumulated depreciation and impairment					
Balance at 1 April 2017	267,153	305	–	–	267,458
Eliminated on disposals of assets	(45,870)	(317)	(10,816)	–	(57,003)
Depreciation expense	90,521	3,370	65,769	–	159,660
Effect of foreign currency exchange differences	8,746	71	509	–	9,326
Balance at 31 March 2018	320,550	3,429	55,462	–	379,441
Eliminated on disposals of assets	(46,459)	–	(16,781)	–	(63,240)
Depreciation expense	366,612	6,677	87,075	–	460,364
Effect of foreign currency exchange differences	17,459	231	6,032	–	23,722
Balance at 31 March 2019	658,162	10,337	131,788	–	800,287

The following useful lives are used in the calculation of depreciation:

Plant & equipment	3 years – 14 years
Fixtures & fittings	3 years – 10 years
Equipment under finance lease	7 years

Assets pledged as security

The Group holds borrowings as disclosed in note 20. The borrowings are secured against the motor vehicle assets which have a carrying amount of \$611,684 (31 March 2018: \$495,258).

NOTES TO THE FINANCIAL STATEMENTS continued

13 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Cost		
Balance at the beginning of the year	1,971,893	—
Additional amounts recognised from business combinations occurring during the period	—	2,021,922
Effects of foreign currency exchange differences	156,909	(50,029)
Balance at the end of the period	2,128,802	1,971,893
Accumulated impairment losses		
Balance at beginning of the year	—	—
Impairment losses recognised in the year	—	—
Effects of foreign currency exchange differences	—	—
Balance at the end of the year	—	—
Net book value		
At the beginning of the period	1,971,893	—
At the end of the period	2,128,802	1,971,893

NOTES TO THE FINANCIAL STATEMENTS continued

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the US operations as a cash-generating unit. Before recognition of any impairment losses the carrying amount of goodwill was allocated as follows:

	Year ended	
	31 March 2019 \$	31 March 2018 \$
US operations – ProAg CropLogic LLC	2,128,802	1,791,893

The goodwill associated with ProAg CropLogic LLC arose when the Group acquired the business of Professional Ag. Services Inc. in April 2017. The recoverable amount of the Group's non-current assets (including goodwill, property, plant & equipment and intangibles) is determined based on a value-in-use calculation using a discounted cash flow model, based on a 5 year projection period approved by management, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The discount rate of 15% (2018: 15%) pre-tax reflects management's estimate of the time value of money and the Group's weighted average cost of capital and risks specific to the assets to which the cash flows generated.

Projected revenue growth rates are 18.2% to 22.3% (2018: 17% to 61%). Projected gross profit margins are 4% to 33% (2018: 33.4% to 88.2%). Projected terminal growth rate is 2% (2018: 2.5%). Growth assumptions considered growth in market share with CropLogic's realtime remote soil moisture sensory technology 'CropLogic realTime' into the United States Market, and a move to a retail strategy. Considering the growth potential and such elements as the Group's suite of agricultural technologies considerably improving operating efficiencies and the size of the addressable market the directors and management believe the projected revenue growth rates and gross profit margins used in the discounted cashflow model are reasonable. Based on the above, the recoverable amount of the cash-generating unit exceeded the carrying amount by \$1,231,470.

There were no other key assumptions in the discounted cash flow model for the Group.

Sensitivity

As disclosed above, the directors have made judgements and estimates in respect of impairment of non-current assets. Should these judgements and estimates not occur the resulting non-current assets carrying amount may decrease. The sensitivities are as follows:

- Revenue growth rate would need to decrease by more than 1.1% for the Group before non-current assets would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by 2.3% for the Group before non-current assets would need to be impaired, with all other assumptions remaining constant.
- The gross profit margin would need to decrease by 3.5% for the Group before non-current assets would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of Group's non-current assets is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of non-current assets is based, this would result in a further impairment charge for the Group's non-current assets.

NOTES TO THE FINANCIAL STATEMENTS continued

14 Other intangible assets – non-current assets

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

NOTES TO THE FINANCIAL STATEMENTS continued

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the greater of fair value less costs to sell or the asset's value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Carrying amounts of		
Capitalised development assets	253,713	320,340
IP Rights	360,211	398,273
Other Intangibles	15,531	16,112
Telemetry IP and Customer Relationships	368,451	443,774
	997,906	1,178,499

NOTES TO THE FINANCIAL STATEMENTS continued

14 Other intangible assets – non-current assets (continued)

Intangible assets (continued)

Impairment of intangible assets other than goodwill (continued)

	Capitalised development assets \$	IP Rights \$	Other Intangibles \$	Telemetry IP and Customer Relationships \$	Total \$
Cost					
Balance at 1 April 2017	–	514,255	–	877,828	1,392,083
Additions	–	–	19,497	–	19,497
Additions from internal developments	329,428	–	–	–	329,428
Effect of foreign currency translation differences	1,649	15,020	–	25,684	42,353
Balance at 31 March 2018	331,077	529,275	19,497	903,512	1,783,361
Additions	–	–	952	–	952
Additions from internal developments	1,977	–	–	–	1,977
Effect of foreign currency translation differences	4,182	9,281	365	9,666	23,494
Balance at 31 March 2019	337,236	538,556	20,814	913,178	1,809,784
Accumulated amortisation & impairment					
Balance at 1 April 2017	–	84,269	–	215,889	300,158
Amortisation expense	10,737	43,468	3,386	88,296	145,887
Impairment	–	–	–	147,159	147,159
Effect of foreign currency translation differences	–	3,265	–	8,393	11,658
Balance at 31 March 2018	10,737	131,002	3,386	459,737	604,862
Amortisation expense	70,724	43,919	1,548	75,002	191,193
Effect of foreign currency translation differences	2,062	3,424	349	9,988	15,823
Balance at 31 March 2019	83,523	178,345	5,283	544,727	811,878

The following useful lives are used in the calculation of amortisation.

Capitalised development assets	2 – 3 years
IP Rights	10 – 12.5 years
Telemetry IP and Customer Relationships	10 years

NOTES TO THE FINANCIAL STATEMENTS continued

Significant intangible assets

Plant & Food Intellectual Property Rights were acquired on 31 May 2016. They provide the Group the rights to market, promote, distribute and supply the system and method for managing and predicting crop performance in the commodities of Cotton, Soybean, Maize and Wheat in the jurisdiction of the United States of America.

Telemetry Intellectual Property and related customer relationships of Indigo Systems were acquired in October 2014. The Telemetry Asset acquired relates to IP, hardware, proprietary software stack, and backend systems required to manage the communication of data from field-based data acquisition devices to the CropLogic “cloud”, where that data is analysed and presented in a usable manner for decision support. Combined with the existing low-power long-range mesh networking technology, this IP is an important part of CropLogic’s data acquisition strategy.

Capitalised development assets include the internally generated intangible assets: Mobile app for customers, Growerview website, management platform (web based map showing location and status of deployed assets and alerting system), and aerial imaging software. Capitalised development assets includes \$79,834 which relates to projects in progress at year end. It is expected that those projects in progress will be available for use for the 2019 US growing season.

15 Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Inter-company transactions and balances between Group companies are eliminated on consolidation.

The financial statements in each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the ‘functional currency’). The assets and liabilities of these entities are translated at rates approximating the exchange rates existing at balance date. Revenue and expenses are translated at rates approximating the exchange rates ruling at the dates of transactions. The exchange gains or losses arising on translation are recorded in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

				Proportion of ownership interest and voting power held by the Group	
Name of subsidiary	Principal activity	Functional Currency	Place of incorporation & operation	31 March 2019	31 March 2018
Indigo Systems Limited	Holding company	NZD	New Zealand	100%	100%
CropLogic USA LLC	Agronomy & Ag Tech Services in Oregon, USA	USD	United States	100%	100%
ProAg CropLogic LLC	Agronomy & Ag Tech Services in Washington State, USA	USD	United States	100%	100%
CropLogic Australia PTY LTD	Agronomy & Ag Tech Services in Australia	AUD	Australia	100%	100%
Lincoln Agriculture PTY LTD	Holding company	AUD	Australia	100%	100%
CLPA Holding Company	Holding company	USD	United States	100%	100%
LogicalCropping LLC	CBD producing Industrial Hemp cropping in Oregon, USA	USD	United States	100%	0%

NOTES TO THE FINANCIAL STATEMENTS continued

15 Subsidiaries (continued)

Composition of the Group

Principal activity	Place of incorporation & operation	Number of wholly-owned subsidiaries	
		31 March 2019	31 March 2018
Telemetry Services	New Zealand	—	1
Holding Company	United States	1	2
Holding Company	Australia	1	2
Agronomy Services	United States	2	1
Agronomy Services	Australia	1	—
CBD producing Industrial Hemp Cropping	United States	1	—
Holding Company	New Zealand	1	—

Change in the Group's ownership interest in a subsidiary

The following subsidiaries were incorporated during the year: LogicalCropping LLC.

16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Raw materials	—	13,926
Work in progress	—	1,935
Finished goods	—	457
	—	16,318

The cost of inventories recognised as an expense during the year was \$10,707 (2018: \$26,401).

17 Trade and other receivables

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Trade receivables	56,262	20,867
Allowance for doubtful debts	—	—
	56,262	20,867

The average credit period on sales of services is 33 days.

NOTES TO THE FINANCIAL STATEMENTS continued

Age of receivables that are past due but not impaired

	Year ended	
	31 March 2019 \$	31 March 2018 \$
60-90 days	–	–
91-120 days	43,753	–
	43,753	–

Movement in the allowance for doubtful debts

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Balance at the beginning of the year	–	830
Amounts recovered during the year	–	(830)
Increase/(decrease) in provision	–	–
Balance at end of the year	–	–

In determining the expected credit losses on a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

18 Other current assets

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Prepayments	777,682	80,435
	777,682	80,435

Majority of the prepayments are for industrial hemp trial farming activities that commenced post year end.

19 Issued Capital

	As at	
	31 March 2019 \$	31 March 2018 \$
Issued capital comprises		
296,602,740 fully paid ordinary shares (31 March 2018: 123,269,440)	16,763,787	14,484,972
	16,763,787	14,484,972

NOTES TO THE FINANCIAL STATEMENTS continued

19 Issued Capital (continued)

Fully paid ordinary shares

	Number of shares	Share capital \$
Balance at 31 March 2017	36,584	878,608
Conversion of preference shares to ordinary shares	142,824	3,223,181
Subdivision of shares	50,413,648	–
Share options exercised	3,303,348	346,242
Conversion of all outstanding convertible notes	24,174,996	2,513,432
Promoter shares associated with the pre-IPO raising	908,040	181,608
Cost of promoter shares associated with the pre-IPO raising	–	(181,608)
Fully paid ordinary shares issued at \$0.20 at initial public offering	40,000,000	8,000,000
Costs directly attributable to the cost of issuing shares in the initial public offering	–	(584,491)
Shares issued to the Lead Manager for the underwrite	3,750,000	750,000
Cost of the shares issued to the Lead Manager for the underwrite	–	(750,000)
Shares issued to management	540,000	108,000
Balance at 31 March 2018	123,269,440	14,484,972
Fully paid ordinary shares issued at \$0.015	173,333,300	2,600,000
Costs directly attributable to the cost of issuing shares	–	(321,185)
Balance at 31 March 2019	296,602,740	16,763,787

All shares rank equally with regard to the Group's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Group. The shares have no par value.

In July 2017, the Group undertook a share split. For each existing share and option, 282 additional shares and options were issued for nil consideration.

During the 2018 year the Group received services from suppliers where payment was settled by the issue of ordinary shares. The value of services was measured as the fair value of the shares issued. The fair value of the shares was based on the prices paid for equivalent shares by non-employee third parties at the same time. During 2019 there were no such transactions.

Share issue transaction costs during the period of \$321,185 (2018: \$1,516,099) have been netted off against the amount recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS continued

Short Term Incentive Plan

On 23 June 2017, the Group issued 1,125,925 performance rights with a fair value of \$102,731 in three classes under its long term incentive plan for selected executives: Class A (533,333 rights), Class B (355,555 rights) and Class C (237,037 rights). The performance hurdles are:

- (Class A): The Group's share price, as traded on ASX, increasing to not less than \$0.30 (calculated on a volume weighted average basis over a continuous 30 trading day period) during the first 12 months following the commencement of official quotation of the Group's shares on ASX;
- (Class B): The Company's share price, as traded on ASX, increasing to not less than \$0.45 (calculated on a volume weighted average basis over a continuous 30 trading day period) during the period immediately following expiry of the time period specified in the Class A Performance Rights up to 24 months following the commencement of official quotation of the Company's shares on ASX; and
- (Class C): The Company's share price, as traded on ASX, increasing to not less than \$0.675 (calculated on a volume weighted average basis over a continuous 30 trading day period) during the period immediately following expiry of the time period specified in the Class B Performance Rights up to 36 months following the commencement of official quotation of the Company's shares on ASX.

On 30 April 2018 703,703 of the performance rights with a fair value of 64,208 were forfeited.

Long Term Incentive Plan

On 29 June 2018, the Group issued 6,601,156 performance rights in two classes under its long term incentive plan for selected executives: Tranche A (4,000,001 rights) and Tranche B (2,601,155 rights). The performance hurdles for Tranche A are:

- 666,667 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.10 and \$0.14 for the 15 trading days following the end of the first 12 months of employment;
- 1,333,334 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.15 and \$0.19 for the 15 trading days following the end of the first 12 months of employment;
- 2,000,000 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of \$0.20 or more for the 15 trading days following the end of the first 12 months of your employment; and
- If all three milestones are achieved the maximum number of shares to be issued is 4,000,001.

The performance hurdles for Tranche B are:

- 433,526 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.25 and \$0.34 for the 15 trading days following the end of the first 3 years of employment;
- 867,052 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.35 and \$0.44 for the 15 trading days following the end of the first 3 years of employment;
- 1,300,577 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of \$0.45 or more for the 15 trading days following the end of the first 3 years of your employment; and
- If all three milestones are achieved the maximum number of shares to be issued is 2,601,155.

The fair value of both tranches of performance rights issued in the current period is \$54,120 and will be expensed over the vesting period.

NOTES TO THE FINANCIAL STATEMENTS continued

20 Reserves

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Foreign currency translation reserve	469,498	218,417
Share-based payment reserve	–	–
Performance rights	62,495	102,731
Share options	64,013	–
Shares granted (not issued)	25,000	–
	621,006	321,148

The foreign currency translation reserve's movement is solely as a result of exchange differences on translating foreign operations. These exchange differences related to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian Dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

21 Borrowings

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Unsecured – at amortised cost		
Loans from:		
related parties	–	24,417
other entities (i)	478,987	447,800
	478,987	472,217
Secured – at amortised cost		
Asset Finance (ii)	167,897	129,379
	167,897	129,379
Current	37,018	90,287
Non-current	609,866	511,309
	646,884	601,597

Summary of borrowing arrangements

- (i) The Group holds a loan from Callaghan Innovation which was received to fund research and development. The loan accrues interest at 3% per annum and is capitalised to the loan annually where it is unpaid. The loan and any accrued interest is repaid at a rate of 3% of the product's revenue annually until the loan and accrued interest have been repaid in full.
- (ii) These are asset finance for acquisition of motor vehicles. The term of the borrowings range from 9 to 60 months. The Group's obligations under finance are secured by the lessors' title to the leased assets. Interest rates underlying all obligations under the borrowings are fixed at respective contract dates ranging from 3% to 7% per annum.

NOTES TO THE FINANCIAL STATEMENTS continued

22 Contingent Consideration

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Current	421,748	390,652
Non-current	–	368,540
Total contingent consideration	421,748	759,192

The fair value of the contingent consideration relates to the acquisition of Professional Ag Services Inc in financial year 2019. The liability has been revalued to fair value using a discounted cashflow technique. This has been outlined in further detail in note 25 financial instruments.

23 Other current liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Current provisions

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Employee benefits	11,778	121,426
Other provisions	125,145	175,688
	136,923	297,114

The provision for employee benefits represents annual leave and payroll entitlements accrued to date.

Other provisions represent the Group's best estimate of costs incurred to date where invoices have not yet been received from suppliers at year-end. The estimate is calculated by reference to future-dated invoices and percentage calculations of works incurred at the date of the financial statements. No discount rate has been applied.

NOTES TO THE FINANCIAL STATEMENTS continued

24 Trade and other payables

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Trade payables	913,189	494,414

25 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS continued

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. The Group does not consider that it holds any equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL when the financial liability is

- (i) contingent consideration that may be paid by an acquirer as part of a business combination, to which NZ IFRS 3 applies;
- (ii) held for trading; or
- (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described below.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS continued

25 Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in notes 21 and 22 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings as detailed in notes 19 and 20).

The Group is not subject to any externally imposed capital requirements.

Management reviews the capital structure of the Group on a regular basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

Categories of financial instruments	Year ended	
	31 March 2019 \$	31 March 2018 \$
Financial Assets		
Cash and bank balances	474,694	2,932,058
Loans and receivables	56,262	20,867
Financial Liabilities		
Contingent consideration for a business combination	421,748	759,192
Amortised cost	1,560,074	1,096,010

Financial risk management objectives

The Group has identified the following financial risks being market risk (including currency risk and interest rate risk) and credit risk.

The Group seeks to minimise the effects of market risks by holding cash in currencies where the Group predominately has trading businesses and regularly reviewing the interest rates on deposits to ensure the best return is obtained. Credit risk is minimised by ensuring there are no individual customers contributing to a significant portion of sales revenue. The Group has implemented a robust receivables process and as such the rate of default is very low.

NOTES TO THE FINANCIAL STATEMENTS continued

Foreign currency risk management

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk currently arising as a result of undertaking commercial transactions involving the New Zealand dollar and United States dollar, and also as a result of holding cash and cash equivalents in New Zealand dollars (NZD) and United States dollars (USD). The Group does not use any derivative financial instruments to manage this foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	31 March 2019 \$	31 March 2018 \$	31 March 2019 \$	31 March 2018 \$
Currency of New Zealand	592,043	498,416	12,998	1,715,990
Currency of United States	1,287,012	1,326,456	251,590	265,390

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of New Zealand and the currency of the United States.

The following table details the Group's sensitivity to a 10% increase and decrease in the AUD against the relevant foreign currencies. 10% is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the AUD strengthens 10% against the relevant currency. For a 10% weakening of the AUD against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative. The group does not hold any monetary assets or liabilities which directly affect equity."

	USD Impact		NZD Impact	
	31 March 2019 \$	31 March 2018 \$	31 March 2019 \$	31 March 2018 \$
Profit or loss	132,334	125,616	50,398	104,147

The Group's sensitivity to foreign currency has increased during the current year due to the purchase of Professional Ag. Services' Inc US-based business. The Group has also participated in significant transactions with suppliers which were mainly denoted in US dollars.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year. US dollar denominated sales are seasonal, with lower sales volumes in the second half of the financial year, resulting in a reduction in US dollar receivables at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS continued

25 Financial instruments (continued)

Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds, which at times utilises both fixed and floating interest rates. The risk is managed by the Group by ensuring most debt is at fixed interest rates and by regularly reviewing the debt to equity mix to ensure the most efficient funding model is maintained.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's:

- profit for the year ended 31 March 2019 would decrease/increase by Nil (2018: decrease/increase by 2,150). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings; and
- other comprehensive income for the year ended 31 March 2019 would remain unchanged (2018: no change).

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with approved counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure is regularly monitored.

The carrying amounts shown on the statement of financial position represents the Group's maximum exposure to credit risk.

Trade receivables throughout the year consist of a large number of customers, across different geographical areas. Regular credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have significant credit risk exposure to any single counterparty as there is no single customer which provides a significant portion of revenue.

The credit risk on liquid funds is limited because the Group holds funds only with high-grade banking counterparties.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with management. The Group manages liquidity risk by monitoring cash forecasts of the Group's liquidity reserve on the basis of expected cash flow. This enables management to determine funding needs and to ensure the Group meets its future operating requirements.

NOTES TO THE FINANCIAL STATEMENTS continued

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

31 March 2019	Weighted average effective interest rate %	Less than 3 months	3 months to 1 year
Non-interest bearing	—	913,189	442,851
Fixed interest rate instruments	4%	15,002	59,375
		928,191	502,226

31 March 2019	1-5 years \$	5+ years \$	Total \$	Carrying amount \$
Non-interest bearing	—	—	1,356,040	1,334,938
Fixed interest rate instruments	180,560	478,987	733,924	646,884
	180,560	478,987	2,089,964	1,981,822

31 March 2018	Weighted average effective interest rate %	Less than 3 months	3 months to 1 year
Non-interest bearing	—	518,831	410,210
Fixed interest rate instruments	3%	20,098	166,893
		538,929	577,103

31 March 2018	1-5 years \$	5+ years \$	Total \$	Carrying amount \$
Non-interest bearing	410,210	—	1,339,250	1,277,822
Fixed interest rate instruments	173,363	398,200	758,555	577,380
	583,573	398,200	2,097,805	1,855,202

The amounts included above for non-interest bearing debt include the maximum amounts of contingent consideration. These have been included at maximum as it is highly probable that they will be paid in full given the historical pattern of the financial results on which they are based.

NOTES TO THE FINANCIAL STATEMENTS continued

25 Financial instruments (continued)

Liquidity and interest risk tables

The following table details the Group's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets. The inclusion of information on financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	Total \$
31 March 2019					
Non-interest bearing	—	510,956	—	—	510,956
Fixed interest rate instruments	2%	—	20,000	—	20,000
		510,956	20,000	—	530,956
31 March 2018					
Non-interest bearing	—	1,822,838	—	—	1,822,838
Fixed interest rate instruments	2%	1,000,000	130,087	—	1,130,087
		2,822,838	130,087	—	2,952,925

The amounts included above for variable interest rate instruments for both financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair Value of Financial Liabilities Held at Fair Value through Profit or Loss

The Group's financial liability relating to contingent consideration is measured at fair value at the end of each reporting period. Fair value is determined in line with the fair value hierarchy outlined in the accounting policies.

Financial Liability	Fair value as at 31 March 2019	Fair value as at 31 March 2018	Fair value hierarchy	Valuation technique
Contingent consideration in Professional Ag Services Inc business combination	421,748	759,192	Level 3	Discounted cash flow

Significant unobservable inputs and relationship of unobservable input to fair value:

- Discount rate of 6% has been used in the discounting of the expected cash flows. A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value. A 5% increase/decrease in the discount rate used while holding all other variables constant would decrease/increase the carrying amounts of the contingent liability by \$1,008.
- Based on historical performance, it was determined highly probable the US subsidiary would generate gross revenue in excess of the performance hurdle in each of the fiscal years ending 31 December 2019 and 2020. Probability adjusted revenues had no effect on the contingent consideration due. A 5% decrease in the probability-adjusted revenues while holding all other variables constant would have no effect on the contingent consideration due.

Other than the contingent consideration outlined above the fair value of the Group's financial assets and liabilities is considered to be approximately equal to their carrying amount. The Group has no other assets or liabilities that are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS continued

Reconciliation of Level 3 Fair Value Measurements

	Year ended	
	31 March 2019	31 March 2018
	\$	\$
Opening Balance	759,192	–
Contingent Consideration as a result of business combination	–	1,274,158
Less: amount paid to date	(433,407)	(560,823)
Total gains or losses:		
– in profit or loss	76,731	62,643
Effects of foreign currency exchange differences	19,232	(16,786)
	421,748	759,192

26 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

The Company has a long term incentive scheme for selected executives. Shares are issued and held in trust by the Group until the following performance hurdle classes have been met; 6,601,156 performance rights in two classes under its short term and long term incentive plan for selected executives: Tranche A (4,000,001 rights) and Tranche B (2,601,155 rights). The performance hurdles for Tranche A are:

- 666,667 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.10 and \$0.14 for the 15 trading days following the end of the first 12 months of employment;
- 1,333,334 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.15 and \$0.19 for the 15 trading days following the end of the first 12 months of employment;
- 2,000,000 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of \$0.20 or more for the 15 trading days following the end of the first 12 months of your employment; and
- If all three milestones are achieved the maximum number of shares to be issued is 4,000,001.

NOTES TO THE FINANCIAL STATEMENTS continued

26 Share-based payments (continued)

The performance hurdles for Tranche B are:

- 433,526 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.25 and \$0.34 for the 15 trading days following the end of the first 3 years of employment;
- 867,052 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of between \$0.35 and \$0.44 for the 15 trading days following the end of the first 3 years of employment;
- 1,300,577 CropLogic Limited Shares if CropLogic Limited shares achieve a VWAP of \$0.45 or more for the 15 trading days following the end of the first 3 years of your employment; and
- If all three milestones are achieved the maximum number of shares to be issued is 2,601,155.

The weighted average fair value of the performance rights granted during the financial year is \$0.0082. Performance rights were priced using a barrier option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of the probability of meeting market conditions attached to the option and behavioural considerations. Expected volatility is based on the market average volatility for newly listed small capitalisation companies. The performance rights are vesting over a period.

Performance rights tranche A			
Inputs into the model	Series 1	Series 2	Series 3
Grant date share price	0.0310	0.0310	0.0310
Expected volatility	100%	100%	100%
Option life	1 year	1 year	1 year
Dividend yield	0.00%	0.00%	0.00%
Risk-free interest rate	2.00%	2.00%	2.00%

Performance rights tranche B			
Inputs into the model	Series 1	Series 2	Series 3
Grant date share price	0.0310	0.0310	0.0310
Expected volatility	100%	100%	100%
Option life	3 years	3 years	3 years
Dividend yield	0.00%	0.00%	0.00%
Risk-free interest rate	2.07%	2.07%	2.07%

NOTES TO THE FINANCIAL STATEMENTS continued

In addition, 10,000,000 share options were issued during the current year for lead manager services for a share placement. The options vested on grant date and fair value of the options \$64,013 was recognised as share issue cost. For the options issued during the year a Black Scholes option pricing model was used to determine fair value at the grant date as follows;

Inputs into the model

Grant date	28/12/18
Grant date share price	0.015
Exercise price	0.040
Expected volatility	100%
Option life	3 years
Dividend yield	0.00%
Risk-free interest rate	1.87%

Movements in shares options during the year

	2019		2018	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at the beginning of the year	–	–	11,714	5.63
Granted during the year	10,000,000	0.06	–	–
Exercised during the year	–	–	(11,714)	(5.63)
Balance at the end of the year	10,000,000	0.06	–	–

Movements in performance rights during the year

	2019		2018	
	Number of performance rights	Weighted average exercise price	Number of performance rights	Weighted average exercise price
Balance at the beginning of the year	1,125,925	0.091	–	–
Granted during the year	6,601,156	0.008	1,125,925	0.091
Forfeited during the year	(703,703)	(0.091)	–	–
Balance at the end of the year	7,023,378	0.013	1,125,925	0.091

During current financial year, shares worth \$25,000 have been granted for digital advertising services. As at 31 March 2019, the shares have not been issued and the amount has been recognised in share based payment reserve.

NOTES TO THE FINANCIAL STATEMENTS continued

27 Related party transactions

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, and includes the Directors, the CEO, and COO, and CTO. The remuneration of directors and other members of key management personnel during the year was as follows:

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Short-term employee benefits	331,709	483,592
Post-employment benefits	33,185	28,890
Share-based payments – ordinary shares	–	108,000
Share-based payments – performance rights	23,972	102,731
Directors Fees	404,653	164,242
	793,519	887,455

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Other related party transactions

Stephen Silver was managing director at Hunter Capital Advisors during the current financial year. The Group purchased \$55,000 (2018: \$nil) of consulting services from Hunter Capital Advisors. The Group also incurred share issue costs \$222,307 to Hunter Capital Advisors for capital raising services. These have been capitalised and recorded against share capital in the current financial year.

Steven Wakefield was a council member of the University of Canterbury during the period. In 2019, the Group paid \$57,500 (2018: \$nil) for a licensing fee.

28 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with NZ IAS 12 Income Taxes and NZ IAS 19 respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In 2018 financial year the Group acquired the net assets of a US entity Professional Ag. Services Inc. These were purchased by the Group's US subsidiary entity CropLogic ProAg LLC, which now operates the business. Professional Ag. Services Inc. was a provider of Agronomy Services and the business was acquired with the purpose of acquiring an existing market into which the CropLogic technology and systems could be implemented.

NOTES TO THE FINANCIAL STATEMENTS continued

Consideration transferred	\$
Cash	1,428,762
Contingent Consideration arrangement	1,274,158
	2,702,920

The contingent consideration requires the Group to pay:

- USD\$420,000 on or before January 31, 2018, reduced by any amount that the gross revenue for the year ended December 31 2017 is less than USD\$1,400,000; and
- USD\$315,000 on or before January 31, 2019, reduced by 50% of any amount that the gross revenue for the year ended December 31 2018 is less than USD\$1,400,000; and
- USD\$315,000 on or before January 31, 2020, reduced by 25% of any amount that the gross revenue for the year ended December 31 2019 is less than USD\$1,400,000.

The 31 December 2017 and 31 December 2018 revenue targets were reached and as such the Group paid USD \$420,000 and USD 315,000 to satisfy the first milestone. Note 21 details the fair value of the remaining contingent consideration to be paid as at balance date.

Payment Date	Payment Amount	Low	High
31 January 2020	421,748	–	421,748

Acquisition-related costs incurred during the year have been excluded from the consideration transferred and have been recognised as an expense in the statement of comprehensive income, within the general and administrative expenses line.

Assets acquired and liabilities assumed at the date of acquisition

	\$
Current assets	
Trade and other receivables ⁽ⁱ⁾	250,959
Non-current assets	
Plant & equipment	787,683
Current liabilities	
Current liabilities ⁽ⁱ⁾	(210,900)
Borrowings – short term	(146,744)
	680,998

(i) Trade and other receivables acquired with a fair value of \$250,959 had gross contractual amounts of \$250,959. The best estimate at acquisition date of the contractual cash flows not expected to be collected is \$0. The company had yet to provide \$210,900 of these services to customers and as a result this amount has also been included in current liabilities as revenue in advance when determining net assets acquired. These amounts are translated into AUD at the foreign exchange rate at acquisition date for the purposes of this disclosure.

NOTES TO THE FINANCIAL STATEMENTS continued

28 Business combinations (continued)

Goodwill arising on acquisition

	\$
Consideration transferred	2,702,920
Less: fair value of identifiable net assets	(680,998)
Goodwill arising on acquisition	2,021,922

Goodwill arose on the acquisition of Professional Ag Services Inc. because the acquisition included the customer lists, customer relationships and various non-compete agreements of Professional Ag Services Inc. and its Directors as part of the acquisition. These assets could not be separately recognised from goodwill because they are not capable of being separated from the Group and sold, transferred, licenced, rented or exchanged, either individually or together with any related contracts.

Net cash outflow arising on acquisition

	\$
Consideration paid in cash at acquisition	1,428,762
Contingent consideration paid in January 2018	560,823
	1,989,585

This cash outflow reflects only the cash paid on acquisition in April and May 2017 and does not reflect any subsequent cash outflows relating to the payment of contingent consideration. The amount included in the Investing activities section of the Cashflow Statements includes both cash paid on acquisition and subsequent cash outflows relating to the payment of contingent consideration.

Impact of acquisition on the results of the Group

Included in the loss for the year is a loss of \$365,001 attributable to ProAg CropLogic LLC. Revenue for the year includes \$2,011,339 in respect of ProAg CropLogic LLC. These amounts exclude any inter-entity charges.

Due to the seasonal nature of the business, had the acquisition of Professional Ag Services Inc. been effected at 1 April 2017 there would have been only a \$39,068 increase to Group revenue.

29 Cash & cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Cash on hand	454,694	1,801,971
Short term deposits	20,000	1,130,087
	474,694	2,932,058

NOTES TO THE FINANCIAL STATEMENTS continued

30 Non-cash transactions

During the current year, the Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

- Grant of shares as a share based payment for digital advertising services (disclosed in note 19)
- Purchase of motor vehicles through finance leases (disclosed in note 12)
- Issue of options as a share based payment for lead manager services for a share placement (disclosed in note 26)
- Issue of performance rights to CEO as part of long term incentive plan (disclosed in note 19)

31 Operating lease arrangements

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasing arrangements

Operating leases relate to leases of land and buildings with lease terms of 3-5 years. All operating lease contracts contain clauses for right of renewals and a market rent review may be performed at these points. The Group does not have an option to purchase the leased land at the expiry of the lease periods.

	Year ended	
	31 March 2019 \$	31 March 2018 \$
Payments recognised as an expense		
Minimum lease payments	192,782	70,189
	31 March 2019 \$	
	31 March 2018 \$	
Non-cancellable operating lease commitments		
Not later than 1 year	209,982	204,251
Later than 1 year and not later than 5 years	221,067	416,651
	431,049	620,902

32 Commitments for expenditure

In April 2017 CropLogic purchased the assets of Professional Ag Services Inc. The contract includes an earnout arrangement whereby CropLogic has a commitment to pay;

- USD\$315,000 on or before 31 January 2020, reduced by 25% of any amount that the gross revenue for the year ended 31 December 2019 is less than USD\$1,400,000.

NOTES TO THE FINANCIAL STATEMENTS continued

33 Events after the reporting period

The following subsequent events have arisen and/or occurred between 31 March 2019 and the date of this report that could have a significant impact on the operations of the Group, the results of those operations, and the state of affairs of the Group in future years:

- On 24 April 2019 CropLogic announced that LogicalCropping had increased the acreage of the industrial hemp trial farm from 150 to 500 acres, by leasing additional properties in Central Oregon, to further vertically integrate its agronomy and agtech expertise.
- On 24 April 2019 CropLogic also announced that it had secured firm commitments from institutional and sophisticated investors to raise AUD \$3 million (before costs) through a placement of 75,000,000 fully paid ordinary shares at an issue price of \$0.04 per share in two tranches. For every two shares issued in this placement, the company will issue one unquoted option, exercisable at \$0.06 each with an expiry date 2 years from issue. CropLogic also secured \$1 million of bridging finance. This capital was for the purpose of establishing the trial farm.
- On 28 May 2019 these share and option placements, including those subscribed to by directors of the company, were approved by shareholders in an extraordinary general meeting.
- On 29 May 2019 the company announced that it had issued convertible loan notes worth US\$ 2,250,000 (AUD3.16 million) at a face value of US\$1.095 each, to Atlas Capital Markets. Atlas Capital may purchase additional convertible loan notes up to US\$2,000,000 (AUD2.81 million) on the same terms and conditions. Maturity date of the convertible loan notes is 28 May 2020. This funding is for the purpose of repayment of the bridging finance referred to above, and for the establishment of the expanded industrial hemp trial farm in Central Oregon.

34 Contingent liabilities and contingent assets

The Group has no contingent liabilities and contingent assets as at 31 March 2019.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CROPLOGIC LIMITED



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CROPLOGIC LIMITED

Opinion

We have audited the financial statements of CropLogic Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 March 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and International Standards on Auditing (New Zealand) ("ISAs NZ"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* ("PES 1") issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We are independent of the Group. Our firm has not carried out other services for the Group during the year ended 31 March 2019.

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CROPLAGIC LIMITED continued



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements 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 this matter
Impairment of Non-current assets Refer to Notes 11 to 13 in the financial statements	
The Group has non-current assets of \$5,422,386. Non-current assets include goodwill of \$2,128,802 relating to its acquisition of Professional Ag. Services Inc, intangible assets of \$997,906 and property, plant and equipment of \$2,295,678. We determined this area to be a key audit matter as the directors' assessment of the value-in-use of the cash generating unit ("CGU") involves judgements about the future underlying cash flows of the business and the discount rates applied to them. For the year ended 31 March 2019, management have performed an impairment assessment over the non-current assets balance by: - calculating the value-in-use for the CGU using a discounted cash flow model. This model used cash flows (revenues, expenses and capital expenditure) for the CGU for 5 years, with a terminal growth rate applied to the 5th year. This cash flow was then discounted to net present value using the an appropriate weighted average cost of capital ("WACC"); and - comparing the resulting value-in-use of the CGU to the carrying value of assets in the CGU. Management also performed a sensitivity analysis over the value-in-use calculations, by varying the assumptions used (growth rates, terminal growth rate and WACC) to assess the impact on the model.	Our audit procedures included: - Reviewing and challenging the significant assumptions used by management in preparing the discounted cash flow model; - Assessing reasonableness of management's assumptions, including the cash flow projections and expected revenue growth rates; - Involving our internal financial modelling specialists to assess the integrity of the model and the weighted average cost of capital used; - Checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; and - Assessing the appropriateness of the disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CROPLAGIC LIMITED continued



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2019, but does not include the financial statements and the auditor's report thereon, which we received prior to the date of this Auditor's report.

Our opinion on the financial statements 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 statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs and ISAs NZ 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1>. This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 28 June 2019

ADDITIONAL ASX INFORMATION

The following additional information is required by the Australian Securities Exchange. The information is current as at 24 June 2019.

(a) Distribution schedule and number of holders of equity securities as at 24 June 2019

	1 - 1,000	1,001 - 5,000	5,001 - 10,000	10,001 - 100,000	100,001 - and over	Total
Fully Paid Ordinary Shares	20	23	105	690	365	1,203
Employee Performance Rights	—	—	—	—	1	1
Performance Rights (CEO – Tranche A)	—	—	—	—	1	1
Performance Rights (CEO – Tranche B)	—	—	—	—	1	1
Options – exercisable at 4c, expiring 28/12/21	—	—	—	—	5	5
Options – exercisable at 6c, expiring 31/5/21	—	—	—	3	36	37

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 24 June 2019 is 147.

(b) 20 Largest holders of quoted equity securities as at 24 June 2019

The names of the twenty largest holders of fully paid ordinary shares as at 24 June 2019 are:

Rank	Name	24 June 2019	%IC
1	LTL CAPITAL PTY LTD	28,583,035	7.63
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,478,902	3.87
3	SUBURBAN HOLDINGS PTY LIMITED	12,497,716	3.34
4	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	11,813,993	3.15
5	INNOVATIVE SOFTWARE LIMITED	11,517,729	3.07
6	MR MICHAEL WILLIAM GAULE	10,242,173	2.73
7	POWERHOUSE VENTURES LIMITED	10,102,831	2.70
8	MISS BIANCA SILVER	10,000,000	2.67
9	CITICORP NOMINEES PTY LIMITED	9,580,577	2.56
10	MR EVAN NEUMANN & MR RICKY NEUMANN	9,000,000	2.40
11	NZVIF INVESTMENTS LIMITED	8,816,730	2.35
12	BNP PARIBAS NOMINEES PTY LTD	6,966,718	1.86
13	MR BIN LIU	6,553,448	1.75
14	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,000,000	1.60
15	GOLDEN WORDS PTY LTD	4,806,756	1.28
16	BAINPRO NOMINEES PTY LIMITED	4,511,312	1.20
17	POWERHOUSE NO.2 NOMINEE LIMITED	4,127,576	1.10
18	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	3,841,323	1.03
19	COMSEC NOMINEES PTY LIMITED	3,392,070	0.91
20	PETER ROBORGH	3,384,000	0.90
Total		180,216,889	48.11

ADDITIONAL ASX INFORMATION continued

Stock Exchange Listing – Listing has been granted for 339,797,146 fully paid ordinary shares of the Company on issue on the Australian Securities Exchange.

The unquoted securities on issue as at 24 June 2019 are detailed below in part (d).

(c) Substantial shareholders

Substantial shareholders in CropLogic 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:

Name	Date Lodged on ASX	Fully Paid Ordinary Shares	% of Total Shares
Managed Accounts Holdings Limited	22/3/2019	14,657,153	4.94%
LTL Capital Pty Ltd	13/2/2019	24,817,035	8.37%
Financial Clarity Pty Limited	4/1/2019	26,666,667	8.99%
Nzvif Investments Limited	14/9/2017	8,816,730	7.15%

(d) Unquoted Securities

The number of unquoted securities on issue as at 24 June 2019:

Unquoted Security	Number on Issue
Fully Paid Ordinary Shares	34,805,594
Unlisted Employee Performance Rights	422,222
Performance Rights (CEO – Tranche A)	4,000,001
Performance Rights (CEO – Tranche B)	2,601,155
Options – exercisable at 4c, expiring 28/12/21	10,000,000
Options – exercisable at 6c, expiring 31/5/21	47,500,000

(e) Restricted Securities as at 24 June 2019

The Company had the following restricted securities as at 24 June 2019 –

Security	Escrow Period
34,805,594 Fully Paid Ordinary Shares	Under escrow until 12 September 2019.
422,222 Employee Performance Rights	Under escrow until 12 September 2019.

(f) Voting Rights

All fully paid ordinary shares carry one vote per ordinary share without restriction. Unquoted performance rights have no voting rights.

(g) On-Market Buy-Back

The Company is not currently undertaking an on-market buy-back.

ADDITIONAL ASX INFORMATION continued

(h) Corporate Governance

The Board of CropLogic 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.croplogic.com/investor-relations/corporate-governance.html>.

(i) Application of Funds

During the financial year, CropLogic Limited confirms that it has used its cash and assets (in a form readily convertible to cash) in a manner which is consistent with the Company's business objectives.

(j) Company Secretary

The Company Secretary is Ms Susan Hunter.

(k) Registered Office

The Company's Registered Office is –

DLA Piper New Zealand
Chartered Accountants House
Level 5
50-64 Customhouse Quay
Wellington 6140
New Zealand

(l) Share Registry

The Company's Share Registry is as follows –

Link Market Services
Level 12, QV1 Building 250
St Georges Terrace
Perth WA 6000
Enquiries: +61 8 9211 6670

CORPORATE DIRECTORY

Registered Offices

DLA Piper New Zealand

Chartered Accountants House
Level 5, 50-64 Customhouse Quay
Wellington, 6011
New Zealand

45 Ventnor Avenue
West Perth WA 6005
Australia

1102 N. California Ave.
Pasco, WA 993302
United States of America

Website Address

<https://www.croplogic.com/>

Directors

Steven Wakefield

Non-Executive Chairperson

Peter Roborgh

Non-Executive Director

John Corbett

Non-Executive Director

Stephen Silver

Non-Executive Director

Senior Executives

James Cooper-Jones

Chief Executive Officer

Daniel Bramich

Chief Financial Officer

Susan Hunter

Company Secretary

Auditor

RSM Australia Partners

Level 32
Exchange Tower
2 The Esplanade
Perth WA 6000
Australia

Securities Exchange

CropLogic Limited shares are quoted on the Australian Securities Exchange (ASX Code: CLI)

Share Register

Link Market Services Limited

Level 12, QV1 Building
250 St Georges Terrace
Perth WA 6000
Australia
+61 8 9211 6670

Notice of Annual Meeting

The Annual Meeting of Shareholders is yet to be announced and is expected to be held in the month of August, in Sydney, Australia. Confirmation of this date will be provided to shareholders at an appropriate time.

