

# **Appendix 4D**

Wide Open Agriculture Ltd

**INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

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# Corporate Directory

Wide Open Agriculture Ltd

For the 6 months ended 31 December 2018

<b>DIRECTORS</b> Mr Anthony Maslin (Non-Executive Chairman) Dr Ben Cole (Managing Director) Mr Stuart McAlpine (Non-Executive Director) Mr Hans Schut ( Non-Executive Director )	<b>SOLICITORS</b> Fairweather Corporate Lawyers 595 Stirling Highway Cottesloe, Western Australia, 6011
<b>JOINT COMPANY SECRETARIES</b> Mr Sam Wright Ms Lydia Fee	<b>AUDITORS</b> Stantons International Audit & Consulting Pty Ltd Level 2, 1 Walker Avenue West Perth, Western Australia, 6005
<b>BUSINESS OFFICE</b> 5 Brooking Street, Williams, Western Australia Australia 6391	<b>SHARE REGISTRY</b> Link Market Services Limited Level 4, 152 St Georges Terrace Perth, Western Australia, 6000 Telephone: 1800 502 355 (within Australia)
<b>REGISTERED OFFICE</b> Suite 39, 1 Freshwater Parade Claremont, Western Australia, 6010 Telephone: +61 8 6161 7412	<b>STOCK EXCHANGE</b> Australian Securities Exchange Central Park 152-158 St Georges Terrace Perth Western Australia 6000 ASX Code: WOA
<b>WEBSITE</b> <a href="http://www.wideopenagriculture.com.au">www.wideopenagriculture.com.au</a>	

# Director's Report

## Wide Open Agriculture Ltd

### For the 6 months ended 31 December 2018

Your directors present this report on Wide Open Agriculture Ltd (the "Company" or WOA) and its subsidiaries ("Consolidated Group" or "Group") for the half year ended 31 December 2018.

#### Directors

The name of the directors in office at any time during, or since the end of the half year are:

*Ben Cole – Managing Director (appointed on 23 March 2015)*

B.Env.Sc (Hons) PhD

With a PhD in environmental engineering, Ben is a social enterprise expert who has extensive international experience as a Grant Manager of market-based, water supply and sanitation projects, totalling up to \$30 million. Between 2008 and 2013 he founded, managed and sold a profitable, social enterprise – Karibon - in Vietnam. A genuine start-up from invention through to sales, Ben gained valuable experience in business development and management.

*Anthony Maslin – Non-Executive Chairman (appointed on 23 March 2015)*

BBus (Fin and Ent)

Anthony started as a stockbroker 25 years ago managing capital raisings and providing ethical investment advice. In 1998 he founded Solar Energy Systems Ltd (now Solco Ltd), which became the first solar energy company to list on the ASX. Since then he has consulted to and managed various listed companies, including five years as Managing Director of Buxton Resources Ltd. Anthony also co-founded community art hub the Artspace Collective and the Mo, Evie and Otis Maslin Foundation, which focuses on early intervention for dyslexia.

*James Mackintosh – Non Executive Director (appointed 24 July 2015, ceased 30 November 2018)*

James has more than 10 years experience as a corporate finance professional in New Zealand, the UK and the Netherlands. James was formerly a Director at KPMG Deal Advisory in Amsterdam where he also co-led KPMG's financial modelling practice in the Netherlands. James holds a PhD in chemistry and co-owns an Australian based wine company. James is the Managing Director of 4 Returns Projects B.V, the 100% subsidiary of WOA shareholder Commonland Foundation and represents Commonland on the WOA Board.

*Johannes Schut (Hans Schut) – Non-Executive Director (appointed 30 November 2018)*

Hans operates a consultancy firm called BDFC which supports organisations such as Commonland and Triodos Bank with business development and financing advice. He is a Chairman of the Supervisory Board of DE-on, a provincial renewable energy fund in the Netherlands. Hans worked with industrial companies and a Dutch energy utility (NUON) for 16 years, before embarking on a career as a banker and investor at the European Triodos Bank for 17 years. As a former managing director of Triodos Investment Management, the impact-investing arm of Triodos Bank, he has developed and managed various impact investment funds with activities in Europe and emerging markets. He holds a degree in Industrial Design Engineering from Delft Technical University in the Netherlands.

*Stuart McAlpine – Non-Executive Director (appointed 30 March 2016)*

Stuart is a Wheatbelt farmer with over 35 years' experience in agriculture who is committed to the environmental and social restoration of his region. He was co-founder of the Liebe Group and inaugural President. He instigated the Regional Repopulation Plan with the Wheatbelt's Dalwallinu Shire and Chaired the Regional Repopulation Advisory Committee.

Directors have been in office since the start of the year to the date of this report unless otherwise stated.

#### Company Secretary

The name of the Company Secretaries in office at any time during, or since the end of the half year are:

Sam Wright (appointed on 28 September 2016)

Lydia Fee (appointed on 28 September 2016)

## Review of Operations

The loss of the Group for the half year after providing for income tax amounted to \$614,127 (December 2017: loss of \$612,006).

### Half Yearly Summary

Since listing on the ASX in July 2018, WOA has strengthened and focused its strategic and commercial operations. The Group's vision is to be an inspiring investment with a farmland portfolio and globally-trusted food brand. Key pathways to scale and profitability include the development of a diversified land portfolio, regenerative horticultural systems (with a proposed R&D program for industrial hemp) and the launch of fresh and shelf-stable product lines under the food brand, Food for Reasons™.

A key focus of the Group's commercial and strategic efforts is to advance the vision for WOA's Food for Reasons business segment to create a new, dedicated distribution channel for Wheatbelt farmers who are seeking to access high value channels in Perth, Sydney, Melbourne and international markets. The Food for Reasons brand will also strive to advance regenerative farming standards that align to delivering upon the Group's 4 Returns framework – financial, natural, social and inspirational returns.

The Group has made good progress in each of its business streams and the following significant changes and events affected the Group during the Half Year:

### Successful listing of Wide Open Agriculture on ASX

On 6 July 2018, the Group was pleased to announce that following its oversubscribed IPO raising of \$5 million, it commenced trading on the Australian Securities Exchange under ASX code "WOA".

Following listing, the Group is now in a position to develop and expand operations to include a network of farms and protected cropping systems across Western Australia's Wheatbelt.

### Wide Open Agriculture signs Farmland Management Agreement on \$4.35M property

On 20 August 2018, the Group announced that it has entered into a 10-year Farmland Management Agreement (Agreement) with Netherlands-based investors Handover B.V. and Wheatbelt-based regenerative farmers.

Under the Agreement, WOA through 100%-owned subsidiary Land for Reasons Pty Ltd (LFR), will provide the 1,787 hectare property in Western Australia's Shire of Kojonup with financial reporting, monitoring and administration of the 4 Returns in return for a 20% profit share and 20% capital appreciation over the 10-year life of the Agreement.

### Dual Listing on Frankfurt Stock Exchange

On 5 November 2018, the Group announced that it commenced trading on the Frankfurt Stock Exchange under the code "2WO".

The listing places the Group in a position to increase its exposure to European markets, where there is growing support and interest in regenerative agriculture, and broadens its investor appeal overall. The listing also overcomes time differences and account issues for European investors.

The dual listing was completed without the need for primary listing procedures due to the Group's listing on ASX, and as such incurred no additional costs to the Group.

### WOA Signs Agreement with Blackwood Valley Beef

On 27 November 2018, the Group signed an agreement with Blackwood Valley Beef to develop a range of co-branded, key value-added beef products targeting high-end charcuterie and the healthy snacking market, establishing suitable production and marketing channels.

The agreement also provides for an investigation into the feasibility of expanding regenerative beef production at the Group's East Kulinbah property in the Western Australian Wheatbelt.

Blackwood Valley Beef is located in the Blackwood Valley in Western Australia's South West. The certified organic farm focuses on holistic and sustainable methods of grazing and animal husbandry to maximise the quality of their beef while reducing their environmental impact.

### **Food for Reasons™ (FFR)**

WOA's food brand business has completed a detailed market analysis to identify opportunities for new product lines.

Development has continued on multiple lines of "healthy snacking" product prototypes, all of which include key ingredients from crops and livestock grown by regenerative farmers in the Wheatbelt.

In addition to developing prototypes of an oat-based breakfast cereal and drink, and a high-protein falafel mix, FFR has identified opportunities to develop high-protein, meat-based products, using regeneratively produced lamb and organic beef.

In November 2018, WOA signed an Agreement with leading regenerative Western Australian beef producer, Blackwood ValleyBeef (BVB), to develop a range of co-branded, value added beef products.

The Agreement will see WOA partner with BVB to research and develop key value-added products in the \$17 billion healthy snacking market, and establish suitable production and marketing channels in both domestic and export markets.

FFR is focused on assessing product development and manufacturing partners to create planning and timelines for launch.

### **Land for Reasons (LFR)**

Following the Agreement with Blackwood Valley Beef (BVB), LFR is investigating the feasibility of expanding regenerative beef production at WOA's East Kulinbah property in the Perenjori Shire in WA's Wheatbelt.

LFR and BVB are looking at how larger scale rotational cattle grazing on fodder shrubs and perennial grasses could not only provide access to regeneratively produced Wheatbelt beef, but also dramatically improve soil health.

At the Andover property in the Kojonup Shire, an environmental consultancy completed baseline assessments of the land including soil health, water quality and biodiversity measures. This data provides an evidence-base to quantify future improvement in the natural capital of the land.

Such information, which demonstrates the benefits of regenerative agriculture, provides WOA with a strong base for engaging with impact-focused investors and institutional land investors/owners.

Completion of detailed financial modelling for investment, ownership and management of a diversified farmland portfolio in the Wheatbelt is also underway at Andover. The modelling will provide a framework to create a replicable and scalable model that can be applied at other farmland across the Wheatbelt.

### **Business Development: Horticulture**

Following completion of an expert report reviewing WOA's Pilot Shade House in Wagin Shire, it was established that the pilot site is best suited for ongoing research and development of crops that do not require cold chain storage and logistics.

WOA has developed an R&D program for suitable crops including native bush foods and industrial hemp (less than <1% THC), which is used for food and fibre.

Work has continued on identifying the most appropriate site for a Commercial Shade House in the Wheatbelt.

The chosen commercial site must meet a series of key criteria including a consistent, horticulture-grade water supply, access to grid-based power and access to housing and education opportunities in order to attract/retain a proven production team.

As part of this selection process, WOA has completed a social and economic assessment of the Moora and Merredin shires. A mapping project outlining high value agricultural land and water resources has also been completed.

WOA is also in negotiations with commercial vegetable growers to identify a suitable partner to invest in and manage a Commercial Shade House.

## **Corporate**

At the Annual General Meeting held on 30 November 2018, Dr Jim Mackintosh stepped down from the Board and shareholders approved the appointments of Mr Hans Schut to the Board as Non-Executive Director.

Mr Schut has a strong background in investments, including in sustainable food and agribusiness, and was Managing Director of Triodos Investment Management, the impact-investing arm of Triodos Bank, one of the world's leading sustainable banks. He was an Investment Advisor at Commonland Foundation, one of WOA's cornerstone investors.

Tim Whyte also joined the team during the half year as Commercial Manager. Mr Whyte is a Chartered Accountant with experience as a Senior Consultant with Ernst and Young and most recently was a Manager with one of Australia's largest, vertically-integrated agribusinesses.

Following discussions with Commonland Foundation regarding the consolidation and extension of the remaining unsecured loan agreements, on 21 December 2018, WOA consolidated its three loans into one loan (\$811,863). The loan is interest free and repayable on 9 February 2026.

## **Other Significant Changes**

### **Change of Address**

On 26 September 2018, WOA changed its principle place of business to 5 Brooking Street, Williams, Western Australia 6391. Its registered address remains unchanged.

### **Application for Hemp Licence**

On 11 February 2019, the Group lodged an application for an Industrial Hemp Licence with the Western Australian Department of Primary Industries and Regional Development. This licence was granted per the announcement on 27 February 2019, and expires 22 February 2022 with option for renewal.

## **Principal Activities**

The principal activities of the Group during the half year were the establishment and undertaking of diversified, regenerative farming practices in the Wheatbelt of Western Australia; in particular, horticultural activities.

## **Events Subsequent to the End of the Reporting Period**

### **Issue of Unlisted Options**

The Group issued 900,000 Unlisted Options in the capital of the Group on 11 January 2019. These options were listed under a new class with an exercise price of 25 cents and an expiry date of 8 January 2023.

A further 300,000 Unlisted Options in the capital of the Group were issued on 5 February 2019. These options were listed under the same class as the options issued 11 January 2019, with an exercise price of 25 cents and expiry date of 8 January 2023.

No further matters or circumstances have arisen since the end of the half year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## **Likely Developments and Expected Results of Operations**

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

## **Dividends**


No dividends were paid during the half year and no recommendation is made as to the dividends.

The directors do not recommend the payment of a dividend.

### Auditor's Independence Declaration

The lead auditor's independence declaration for the half year ended 31 December 2018 has been received and can be found on page 22.

Signed for and on behalf of the board in accordance with a resolution of the directors:

Director:   
Ben Cole

Dated this 28 February 2019



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Wide Open Agriculture Ltd

For the 6 months ended 31 December 2018

	NOTES	31 DEC 2018 \$	31 DEC 2017 \$
<b>Trading Income</b>			
Revenue and Other Income	2	83,071	89,636
Fair Value Agricultural Assets		-	12,040
<b>Cost of Sales</b>			
Cost of Goods Sold		-	(31,882)
<b>Total Cost of Sales</b>		-	(31,882)
<b>Gross Profit</b>		<b>83,071</b>	<b>69,794</b>
<b>Operating Expenses</b>			
Auditor's Remuneration		12,560	8,024
Consultancy Fees		149,045	89,279
Depreciation		69,729	84,438
Employee Benefits Cost		284,641	268,631
Foreign Currency Gains and Losses		-	32,896
Impairment Expense		-	25,000
Other Administration Costs	3	181,223	173,532
<b>Total Operating Expenses</b>		<b>697,198</b>	<b>681,800</b>
<b>Loss for the Period Before Income Tax Expense</b>		<b>(614,127)</b>	<b>(612,006)</b>
<b>Income Tax Expense</b>		-	-
<b>Net Loss After Tax from Continuing Operations</b>		<b>(614,127)</b>	<b>(612,006)</b>
<b>Other Comprehensive Income</b>		-	-
<b>Total Comprehensive Loss for the Period</b>		<b>(614,127)</b>	<b>(612,006)</b>
<b>Total Comprehensive Loss Attributable to the Members of the Entity</b>		<b>(614,127)</b>	<b>(612,006)</b>
Basic profit (loss) per share (cents)	13	(0.87)	(1.35)
Diluted profit (loss) per share (cents)		(0.87)	(1.35)

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

# Consolidated Statement of Financial Position

Wide Open Agriculture Ltd

As at 31 December 2018

	NOTES	31 DEC 2018 \$	30 JUNE 2018 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	4,143,966	5,125,512
Trade and other receivables	5	33,089	11,541
Prepayments		72,631	10,475
<b>Total Current Assets</b>		<b>4,249,686</b>	<b>5,147,528</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	6	619,271	680,803
Other non-current assets	5	200,000	175,000
<b>Total Non-Current Assets</b>		<b>819,271</b>	<b>855,803</b>
<b>Total Assets</b>		<b>5,068,957</b>	<b>6,003,331</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	7	150,984	361,806
Provisions		27,776	41,243
Borrowings and other financial liabilities	8	28,042	941,295
<b>Total Current Liabilities</b>		<b>206,802</b>	<b>1,344,344</b>
<b>Non-Current Liabilities</b>			
Borrowings and other financial liabilities	8	817,295	-
<b>Total Non-Current Liabilities</b>		<b>817,295</b>	<b>-</b>
<b>Total Liabilities</b>		<b>1,024,097</b>	<b>1,344,344</b>
<b>Net Assets</b>		<b>4,044,860</b>	<b>4,658,987</b>
<b>Equity</b>			
Issued Capital	9	6,666,094	6,666,094
Reserves	10	604,325	604,325
Accumulated profits (losses)	11	(3,225,559)	(2,611,432)
<b>Total Equity</b>		<b>4,044,860</b>	<b>4,658,987</b>

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

# Consolidated Statement of Changes in Equity

Wide Open Agriculture Ltd

For the 6 months ended 31 December 2018

31 Dec 2018 (audited)	NOTES	Issued Capital \$	Options Reserve \$	Accumulated Losses \$	Total Equity \$
<b>As at 1 July 2018</b>		<b>6,666,094</b>	<b>604,325</b>	<b>(2,611,432)</b>	<b>4,658,987</b>
Profit/(loss) for the period		-	-	(614,127)	(614,127)
Other comprehensive income		-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>		<b>-</b>	<b>-</b>	<b>(614,127)</b>	<b>(614,127)</b>
Contributions of equity		-	-	-	-
<b>At 31 December 2018</b>		<b>6,666,094</b>	<b>604,325</b>	<b>(3,225,559)</b>	<b>4,044,860</b>

31 Dec 2017 (audited)	NOTES	Issued Capital \$	Options Reserve \$	Accumulated Losses \$	Total Equity \$
<b>As at 1 July 2017</b>		<b>2,137,887</b>	<b>-</b>	<b>(1,315,113)</b>	<b>822,774</b>
Profit/(loss) for the period		-	-	(612,006)	(612,006)
Other comprehensive income		-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>		<b>-</b>	<b>-</b>	<b>(612,006)</b>	<b>(612,006)</b>
Contributions of equity		-	-	-	-
<b>At 31 December 2017</b>		<b>2,137,887</b>	<b>-</b>	<b>(1,927,119)</b>	<b>210,768</b>

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

# Consolidated Statement of Cash Flows

Wide Open Agriculture Ltd

For the 6 months ended 31 December 2018

	NOTES	31 DEC 2018 \$	31 DEC 2017 \$
<b>Cash Flows From Operating Activities</b>			
Receipts From Customers		506	9,536
Receipts From Rental Income		177	-
Payments to Suppliers and Employees		(648,987)	(477,668)
Interest Received		2,283	38
Tax Incentives		-	57,830
Interest and Other Costs of Finance Paid		(202)	(6,005)
Funds Received from Commonland		40,000	-
Government Grants		18,000	-
<b>Net Cash Outflows from Operating Activities</b>		<b>(588,223)</b>	<b>(416,269)</b>
<b>Cash Flows From Investing Activities</b>			
<b>Payments to Acquire</b>			
Property, Plant and Equipment		(8,198)	(81,527)
<b>Proceeds From Disposal of</b>			
Property, Plant and Equipment		-	-
<b>Net Cash Outflows from Investing Activities</b>		<b>(8,198)</b>	<b>(81,527)</b>
<b>Cash Flow From Financing Activities</b>			
Proceeds From Issue of Shares		(8,000)	-
Proceeds From Exercise of Shares Options		-	-
Transaction Costs Related to Issues of Shares, Convertible Note or Options		(108,485)	-
Proceeds from Borrowing		-	251,844
Repayment of Borrowings		(268,640)	(15,164)
<b>Net Cash Outflows from Financing Activities</b>		<b>(385,125)</b>	<b>236,680</b>
<b>Net Cash Outflows</b>		<b>(981,546)</b>	<b>(261,116)</b>
Cash and cash equivalents at beginning of period		5,125,512	335,878
Movements on Bank Balances	4	(981,546)	(261,116)
Cash and cash equivalents at end of period		4,143,966	74,762

# Condensed Notes to the Financial Statements

## Wide Open Agriculture Ltd

### For the 6 months ended 31 December 2018

#### 1. Statement of Significant Accounting Policies

The financial statements cover Wide Open Agriculture Limited and its subsidiaries as a consolidated Group. Wide Open Agriculture Limited is a company limited by shares, incorporated and domiciled in Australia.

##### a. Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Wide Open Agriculture Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 28 February 2019.

##### Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the new and amended standards as described below.

##### New and Amended Standards Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and the group had to change its accounting policies to align with the new Accounting Standards.

##### b. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 31 December 2018 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in these financial statements as the 'consolidated group'.

Subsidiaries are all those entities over which the consolidated group has control. The consolidated group controls an entity when the consolidated group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated group. Losses incurred by the consolidated group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

# Condensed Notes to the Financial Statements

## **b. Principles of consolidation (cont.)**

Where the consolidated group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

## **c. Going Concern**

The consolidated financial statements of the Group have been prepared on a going concern basis which anticipates the ability of the entity to meet its obligations in the normal course of business.

At 31 December 2018, the Group had net assets of \$4,044,860, cash and cash equivalents of \$4,143,966 and net working capital of \$3,225,590. The Group had incurred a loss for the half year ended 31 December 2018 of \$614,127.

The Group has sufficient net assets to continue as going concern. However, to meet planned operational, administration and other commitments on a long term basis will require revenue generation from existing and new business streams in line with the Groups strategy.

## **d. Segment Reporting**

The Group operates in the agriculture industry in Australia. For management purposes, the Group is organised into one main operating segment which involves horticulture activities in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

## **e. Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

### *(i) Accounting for share based payments*

The values of these share based payments are based on the market values of the goods or services acquired by the share based payments. In relation to employee share options, certain assumptions and estimates are made in relation to volatility, vesting, etc.

### *(ii) Recoverability of Deferred Tax Assets*

Judgement is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in Australia. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. At balance date the net deferred tax assets are not recognised on the statement of financial position. Additionally, future changes in tax laws in Australia could limit the ability of the Group to obtain tax deductions in future periods.

# Condensed Notes to the Financial Statements

## f. New accounting standards for application in future periods

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

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

Impact of standards issued but not yet applied by the group.

AASB 16 was issued in February 2016. When applied, it will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The adoption of AASB16 in the financial year ended 30 June 2020 is expected not to have a material impact on the financial statements and the Company has not yet quantified the impact. The estimated impact is expected to be disclosed in the 30 June 2019 annual report. The Board expects the impact to be insignificant.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The group does not intend to adopt the standard before its effective date.

	31 DEC 2018 \$	31 DEC 2017 \$
<b>2. Revenue and Other Income</b>		
Revenues/Sales/Fees	-	6,268
Rent Received	-	4,500
Grants & Incentives	18,000	21,000
Interest Income	21,586	38
Other Revenue	43,485	57 830
<b>Total Revenue and Other Income</b>	<b>83,071</b>	<b>89,636</b>

Other Revenue comprises of funds received from Commonland Foundation with no obligation to repay, treated as income.

	31 DEC 2018 \$	31 DEC 2017 \$
<b>3. Other Administration Expenses</b>		
General Expenses	22,503	15,825
Insurance	7,895	1,950
Legal expenses	4,150	26,300
Monitoring, Evaluation & Learning	19,318	-
Motor Vehicle Expenses	4,338	22,474
Office Expenses	18,898	21,747
Product Development & Marketing	14,911	36,540
Regulatory Costs	49,911	9,347
Rent	6,978	7,813
Repairs and Maintenance	10,768	7,558
Staff & Contractor Costs	14,124	15,459
Travel	7,429	8,518
<b>Total Other Administration Expenses</b>	<b>181,223</b>	<b>173,531</b>

# Condensed Notes to the Financial Statements

	31 DEC 2018 \$	30 JUNE 2018 \$
<b>4. Cash and Cash Equivalents</b>		
Cash at Bank	92,392	4,470,623
Cash on Deposit	4,051,574	654,889
<b>Total Cash and Cash Equivalents</b>	<b>4,143,966</b>	<b>5,125,512</b>

	31 DEC 2018 \$	30 JUNE 2018 \$
<b>5. Trade and Other Receivables</b>		
<b>Current</b>		
GST	10,253	3,273
Accounts Receivable	3,530	8,166
Accrued Revenue	19,303	-
Loan - Employees and Associates	-	99
Other Receivables	3	3
<b>Total Current</b>	<b>33,089</b>	<b>11,541</b>

At the reporting date, none of the trade and other receivables were past due.

<b>Non-Current</b>		
Deposits Paid - Non Current	200,000	175,000
<b>Total Non-Current</b>	<b>200,000</b>	<b>175,000</b>
<b>Total Trade and Other Receivables</b>	<b>233,089</b>	<b>186,541</b>



# Condensed Notes to the Financial Statements

31 DEC 2018  
\$

30 JUNE 2018  
\$

## 6. Property, Plant & Equipment

Plant & Equipment	196,309	188,112
Less Accumulated Depreciation on Plant & Equipment	(71,630)	(57,151)
Land & Buildings	741,271	741,271
Less Accumulated Depreciation on Land & Buildings	(246,679)	(191,429)
<b>Total Property, Plant &amp; Equipment</b>	<b>619,271</b>	<b>680,803</b>

31 December 2018 Net book value	Plant and equipment \$	Capital works in progress \$	Land and buildings \$	Total \$
At beginning of the year	130,961	-	549,841	680,802
Additions	8,198	-	-	8,198
Disposals	-	-	-	-
Reclassification	-	-	-	-
Depreciation for the year	(14,479)	-	(55,250)	(69,729)
<b>At 31 December 2018</b>	<b>124,679</b>	<b>-</b>	<b>494,591</b>	<b>619,271</b>

30 June 2018 Net book value	Plant and equipment \$	Capital works in progress \$	Land and buildings \$	Total \$
At beginning of the year	147,965	-	652,834	800,799
Additions	23,919	9,479	20,843	54,241
Disposals	(531)	-	-	(531)
Reclassification	-	(9,479)	9,479	-
Depreciation for the year	(40,392)	-	(133,315)	(173,707)
<b>At 30 June 2018</b>	<b>130,961</b>	<b>-</b>	<b>549,841</b>	<b>680,802</b>

31 DEC 2018  
\$

30 JUNE 2018  
\$

## 7. Trade and Other Payables

### Current

Accounts Payable	26,241	138,055
Accruals	100,366	190,253
Employee Liabilities	12,417	12,823
GST	-	715
Share Applications Refundable	11,960	19,960
<b>Total Current</b>	<b>150,984</b>	<b>361,806</b>

<b>Total Trade and Other Payables</b>	<b>150,984</b>	<b>361,806</b>
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# Condensed Notes to the Financial Statements

31 DEC 2018      30 JUNE 2018  
\$                      \$

## 8. Borrowings and other financial liabilities

### Current

Shareholder Loan	-	917,295
Insurance Premium Funding	28,042	-
Amounts received from share subscriptions	-	24,000
<b>Total Current</b>	<b>28,042</b>	<b>941,295</b>

### Non-Current

Shareholder Loan	817,295	-
<b>Total Non-Current</b>	<b>817,295</b>	<b>-</b>

<b>Total Borrowings and other financial liabilities</b>	<b>845,337</b>	<b>941,295</b>
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31 DEC 2018      30 JUNE 2018  
\$                      \$

## 9. Issued Capital

Share Capital	(7,173,887)	(7,173,887)
Capital Raising Costs	507,793	507,793
<b>Total Issued Capital</b>	<b>(6,666,094)</b>	<b>(6,666,094)</b>

### (a) Issued and Paid up Capital

	<b>31 Dec 2018 Number</b>	<b>31 Dec 2018 \$</b>
<b>Issued Capital</b>		
Ordinary Shares (opening)	70,579,249	6,666,094
Fully Paid Issued Shares	-	-
Less: Transaction Costs	-	-
<b>Total issued Capital</b>	<b>70,579,249</b>	<b>6,666,094</b>

### (b) Movement in Ordinary Shares on issue

	<b>No. of Shares</b>	<b>Issue Price</b>	<b>Total</b>
Opening Balance as at 1 July 2018	<b>70,579,249</b>		<b>6,666,094</b>
Shares Issued	-	-	-
Less: Transaction Costs	-	-	-
Balance as at 31 December 2018	<b>70,579,249</b>		<b>6,666,094</b>
Opening Balance as at 1 July 2017	<b>45,279,249</b>		<b>2,137,887</b>
IPO Shares Issued	25,000,000	0.20	5,000,000
Share issue (in lieu of services)	300,000	0.12	36,000
Less: Transaction Costs	-		(507,793)
Balance as at 30 June 2018	<b>70,579,249</b>		<b>6,666,094</b>

# Condensed Notes to the Financial Statements

## 10. Option Reserve

	31 December 2018 \$	30 June 2018 \$
Balance at beginning of year	604,325	-
Options issued	-	604,325
Balance at end of year	604,325	604,325

The Share option reserve represents the fair value of share options granted. The estimate of fair value of the services received is based on the Black-Scholes model.

	31 DEC 2018 \$	30 JUNE 2018 \$
<b>11. Accumulated Profits/Losses</b>		
Accumulated profit/losses at the beginning of the financial year	(2,611,432)	(1,315,113)
Net profit/loss attributable to members of the Group	(614,127)	(1,296,319)
Accumulated profits/losses at the end of the financial year	(3,225,559)	(2,611,432)

## 12. Commitments for expenditure and contingencies

	31 December 2018 \$	30 June 2018 \$
Not longer than one year	17,138	141,668
Longer than one year, but not longer than five years	-	477,703
Longer than five years	935,742	148,879
	<b>952,880</b>	<b>768,250</b>
Operating Lease Commitment	9,072	-

Commitments for expenditure in 2019 half year within one year represent remaining funds due for the greenhouse purchased on 24 June 2016, being 10% of purchase price of \$121,680 USD. Exchange rate used \$0.71AUD:\$1USD. (Exchange rate June 2018 \$0.73AUD:\$1USD)

On 29 July 2016, the Group entered into a contract to acquire land from Buntine Holdings Pty Ltd with a deferred consideration element. The details are

- Price of the land was \$323,879.13
- Deposit of \$50,000 paid on 29 July 2016 in the form of 1,000,000 shares at 0.05c each
- Partial payment of \$150,000 was made on 13 August 2018
- Remaining consideration to be paid in full no later than 8 years from 23 March 2016
- Interest to be paid on this outstanding amount of \$123,879 at the annual rate of the RBA base rate plus 2.5%. This has been treated as operational expense as Right of access and use.
- The land has not been accounted for in fixed assets

# Condensed Notes to the Financial Statements

## Commitments for expenditure and contingencies (cont.)

During the period, the Group renegotiated a loan agreement with Commonland, placing the previous facility due within five years. The details are

- Loan amount \$811,863
- Repayment due in full 9 February 2026
- No interest payable

Commitments for expenditure in 2019 half year over five years represent deferred consideration of purchase of Kulinbah East Block from Buntine Holdings Pty Ltd and the Commonland loan agreement.

Operating Lease commitments represent funds due for rent of the Williams Community Resource Centre, being \$208 per week for six months, commenced 1 September 2018, and land from Kingdale Nominees Pty Ltd, being \$2,000 per annum, commencing 2 July 2018 and ending 30 June 2020. Amounts incurred have been recognised as Rent expense.

Other than the interests disclosed above there were no further commitments and contingencies as at 31 December 2018.

## 13. Basic and Diluted Earnings/(Loss) per Share

	31 December 2018 \$	31 December 2017 \$
Basic profit (loss) per share (cents)	(0.87)	(1.35)
Diluted profit (loss) per share (cents)	(0.87)	(1.35)
Loss attributable to members of Wide Open Agriculture Ltd	(614,127)	(612,006)
Weighted average number of share outstanding	70,579,249	45,279,247
Weighted average number of shares & options outstanding	70,579,249	45,279,247

## 14. Significant Events After the Reporting Date

### Issue of Unlisted Options

The Group issued 900,000 Unlisted Options in the capital of the Group on 11 January 2019. These options were listed under a new class with an exercise price of 25 cents and an expiry date of 8 January 2023.

A further 300,000 Unlisted Options in the capital of the Group were issued on 5 February 2019. These options were listed under the same class as the options issued 11 January 2019, with an exercise price of 25 cents and expiry date of 8 January 2023.

# Directors Declaration

Wide Open Agriculture Ltd

For the 6 months ended 31 December 2018

The directors of the company declare that:

1. The consolidated financial statements and notes are in accordance with the Corporations Act 2001 and:
  - comply with Accounting Standard AASB134 Interim Financial Reporting; and
  - give a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the period ended on that date
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director: Ben Cole



Sign date: 28 February 2019

28 February 2019

Board of Directors  
Wide Open Agriculture Limited  
Suite 39, 1 Freshwater Parade  
CLAREMONT WA 6010

Dear Sirs

**RE: WIDE OPEN AGRICULTURE LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Wide Open Agriculture Limited.

As Audit Director for the review of the financial statements of Wide Open Agriculture Limited for the half year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**Samir Tirodkar**  
**Director**

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WIDE OPEN AGRICULTURE LIMITED**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Wide Open Agriculture Limited, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Wide Open Agriculture Limited ("the consolidated entity"). The consolidated entity comprises both Wide Open Agriculture Limited ("the Company") and the entities it controlled during the half year.

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

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

### *Auditor's Responsibility*

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

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

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

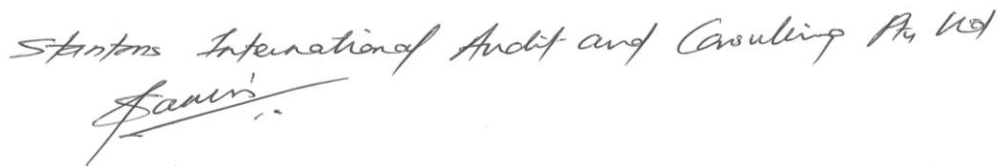
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Wide Open Agriculture Limited on 28 February 2019.

*Conclusion*

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

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

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

A handwritten signature in black ink, appearing to read 'Samir', is written over a faint, larger handwritten signature that reads 'Stantons International Audit and Consulting Pty Ltd'.

**Samir Tirodkar**  
**Director**

West Perth, Western Australia  
28 February 2019