

Appendix 4D

Half-yearly report
RLF AgTech Limited
ABN 43 622 055 216

1. Company details

Name of entity: RLF AgTech Limited
ABN: 43 622 055 216
Reporting period: For the half-year ended 31 December 2021
Previous period: For the half-year ended 31 December 2020

2. Results for announcement to the market

	31 Dec 2021	31 Dec 2020	% change
Revenues from ordinary activities	3,297,191	2,281,561	+45%
Loss from continuing operations after tax attributable to the owners of RLF AgTech Limited	(2,893,326)	(941,659)	+154%
Loss for the half-year attributable to the owners of RLF AgTech Limited	(3,426,932)	(1,233,577)	+130%

3. Net tangible assets per security

	31 Dec 2021 Cents	31 Dec 2020 Cents
Net tangible (liability)/asset per ordinary security	<u>0.02</u>	<u>(0.01)</u>

4. Dividends

No dividends were paid during the current or previous financial years and no dividends have been declared subsequent to the financial year end and up to the date of this report.

5. Dividend reinvestment plans

There are no dividend or distribution reinvestment plans in operation.

6. Foreign entities

The Company's had applied the International Financial Reporting Standards to its wholly owned foreign entities.

7. Gain or loss of control over entities

There were no entities over which control was gained or lost during the half-year ended 31 December 2021.

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

9. Attachments

Details of attachments (if any):

The Interim Report of RLF AgTech Limited for the half-year ended 31 December 2021 is attached.

10. Signed



Ken Hancock
Managing Director
Perth
Date: 13 April 2022



HALF-YEAR END FINANCIAL REPORT 31 DEC 21
ABN 43 622 055 216

HALF-YEAR FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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CORPORATE DIRECTORY

Directors

Mr Don McLay	Non-Executive Chairman
Mr Ken Hancock	Managing Director
Mr Gavin Ball	Executive Director
Mr Lu Sen	Executive Director
Ms Liza Carpene	Non-Executive Director
Mr Paul McKenzie	Non-Executive Director

Company Secretary

Ben Donavon

Principal and Registered Office

61 Dowd Street
Welshpool, Western Australia 6106
Telephone: +61 8 9334 8700
Website: www.rlfagtech.com

Auditor

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

Share Registry

Registry Direct
Level 3, 162 Collins Street
Melbourne, Victoria, 3000
Email: registry@registrydirect.com.au

Securities Exchange Listing

RLF AgTech Ltd is proposing to be listed on the Australian Securities Exchange in April 2022

Proposed ASX Code

RLF - ordinary shares

DIRECTORS' REPORT

The Directors of RLF AgTech Ltd present their report on RLF AgTech Ltd ("Company" or "RLF AgTech") and the entities it controlled ("Consolidated Entity" or "Group") at the end of, or during, the half-year ended 31 December 2021.

Directors

The names and details of the Directors in office during the half-year ended 31 December 2021 and until the date of this financial report are as follows. The Directors were in office for the entire period unless otherwise stated.

Mr Don McLay – appointed on 1 August 2021

Mr Ken Hancock

Mr Gavin Ball

Mr Lu Sen

Ms Liza Carpene – appointed on 15 December 2021

Mr Paul McKenzie – appointed on 15 December 2021

Principal Activities

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

Review of Operations

Operating Result

The loss from continuing operations for the half-year ended 31 December 2021 after providing for income tax amounted to \$2,893,326 (2020: \$941,659).

Key Highlights

During the half year ended 31 December 2021, the Company achieved the following:

- The Group had recorded its highest increase in sales for the half-year ended being 45% up from the half-year ended 31 December 2020.
- The Group commenced its staff recruitment in China for additional sales personnel to achieve its target growth in sales for the financial year ending 30 June 2022.
- The Company's preparation to list on the ASX in early 2022 with a minimum subscription of \$7,000,000 or maximum subscription of \$10,000,000 at listing price of \$0.20 per share.
- Incorporation of RLF Carbon Pty Ltd for research and development into the reduction of carbon emissions for its growers using RLF products.
- Completion of funding from Convertible Notes of \$3,000,000 (before costs) which will be converted into shares for noteholders at the Company's IPO in early 2022.
- Completion of the acquisition of RLF IP Co Pty Ltd ("RLF IP Co") and RLF Distribution Co Pty Ltd ("RLF Distribution Co") from Rural Liquid Fertilisers Pty Ltd ("RLF Australia") and RLF Global Pty Ltd ("RLF Global").
- Approval from its shareholders to consolidate its issued capital and change of name from "Rural Liquid Fertilisers Asia Ltd" to "RLF AgTech Ltd".
- Strengthening of RLF AgTech's board by the appointment of 3 experienced Non-Executive Directors.
- Appointment of a new Chief Financial Officer, complementing the executive team in Australia and China.

DIRECTORS' REPORT

Strong demand in RLF products in China with increase in sales

The Group recorded its highest increase in revenues for the half-year ended being 45% up from the half-year ended 31 December 2020. This increase comes after the decrease in sale levels during the pandemic. The increase in revenues for the current half-year ended is a signal of the business that it is beginning to operate at pre-pandemic levels. To support and grow the business further in China, the Group had commenced recruitment of an additional 25 sales personnel during the current half-year end to achieve its target growth in sales for the financial year ending 30 June 2022.

Revenue cycles and non-operational expenditure

The Company has a revenue cycle that is shaped by seasonal demand which is generally typical of agriculture companies. Approximately one-third of sales occur between the months July to December, with the remaining two-thirds of sales occurring between January and June. The following table details the actual percentages for the financial year end 30 June 2021 and comparative financial year end 30 June 2020.

First Half	FY21	FY20
Period 1 July to 31 December	27%	39%
Second half		
Period 1 January to 30 June	73%	61%

Also during the half-year ended, the Company incurred higher than normal non-operational expenditure of \$1,494,700 comprising professional fees of \$512,257 which includes legal, corporate advisory, accounting and marketing fees in relation to the IPO and share based payments of \$982,443.

RLF AgTech listing in early 2022

The Company received approval of its In-Principle application with the ASX during the half-year and its prospectus was in near completion at the end of December 2021. The Company is anticipating to raise a minimum of \$7,000,000 or maximum of \$10,000,000 at a listing price of \$0.20 per share.

Net Zero initiative – Soil Carbon scheme

The Company had created a wholly owned subsidiary, RLF Carbon Pty Ltd, as it looks to allocate a portion of funding into research and development in the areas of reducing farm emissions and the generation of Australia Carbon Credit Units (ACCU) using its technology.

Convertible Note Funding

The Company successfully completed a convertible note raising in October 2021 of \$3,000,000 (before costs). Each note has a face value of \$1 and this entitles noteholders to convert their note holding into shares if the Company lists on the ASX or if the business was sold to a third party. More information about the terms and conditions of the convertible notes is detailed in this financial report.

Acquisition of RLF IP Co and RLF Distribution Co

In preparation of listing on the ASX, the Company successfully completed the acquisition of RLF IP Co and RLF Distribution Co from RLF Australia and RLF Global during the current half-year ended. This acquisition meant the Company had 100% ownership of IP and distribution rights of RLF products. In Australia the Company signed an exclusive distribution agreement whereby the licensed distributor in Australia pays a royalty to RLF Agtech for the sale of RLF products into the Australian market. In addition to this revenue stream RLF Agtech will directly manage and earn revenue from product sales into all customers in the emerging carbon markets in Australia. With full ownership of RLF IP and distribution rights, the Company

DIRECTORS' REPORT

is put into a strong market position to grow its existing products and extend its customer base on a global scale. The consideration of RLF IP Co and RLF Distribution Co was as follows:

- \$2,000,000 cash was paid to RLF Australia;
- 43,125,000 RLF AgTech shares were issued to RLF Australia and RLF Global and;
- 24,375,000 deferred consideration RLF AgTech shares were issued to RLF Australia and RLF Global and these are subject to financial performance milestones.

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

Other Corporate activities

The Company had appointed Mr Donald McLay on 1 August 2021 as Non-Executive Chairman and Ms Liza Carpena and Mr Paul McKenzie as Non-Executive Directors on 15 December 2021. Both Ms Carpena and Mr McKenzie had also been appointed as Chairperson of the Remuneration Committee and Audit and Risk Committee respectively. The new Directors of the Company bring a high level of expertise and knowledge with ASX and agriculture companies and will strengthen the Board's current skillset. In addition, the Company appointed Mrs Su-Mei Sain as Chief Financial Officer ("CFO") who has knowledge and experience in listed entities in particular high growth start-up companies. The Company has granted all Non-Executive Directors and the CFO incentive options as well performance rights to the Executive Directors to align the objectives and strategy of the Group.

Dividends

No dividends were paid or proposed to be paid to members during the half-year ended 31 December 2021.

Significant Changes in the State of Affairs

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

- Consolidation of issued capital where for every 9 shares held will be consolidated to 5 shares.
- Change of company name from "Rural Liquid Fertilisers Asia Ltd" to "RLF AgTech Ltd".
- The Company to acquire 100% of RLF IP Co and RLF Distribution Co from RLF Australia and RLF Global in consideration of shares and cash.

During the half-year ended 31 December 2021, the Company entered into a Convertible Note Subscription Deed ("the Deed") for \$3,000,000 with various noteholders (before costs). These Convertible Notes ("Note") had a face value of \$1 and a 24 month redemption period with the following terms:

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

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

DIRECTORS' REPORT

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

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

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

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

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

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

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

On 16 December 2021, the Company entered into a working capital facility of \$250,000 with Omega Investments Pty Ltd ("Omega"). The term of this loan is as follows:

- Guarantor required which was provided by RLF Australia Pty Ltd.

DIRECTORS' REPORT

- Term Date – 30 months from the commencement date or at any other time by written agreements between the Company and Omega.
- Interest rate – 8% per annum
- Interest Repayments – Monthly in arrears based on the outstanding facility balance.
- Repayment – Repayment of the outstanding facility balance will be made on the Term Date.
- Security – The Guarantor, agrees to provide a cash deposit as a guarantee to Omega in the amount of the outstanding facility balance and that this cash deposit security will be paid on signing of this document. The cash deposit security will be released back to the Guarantor once the facility has been repaid and extinguished.

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

After Balance Date Events

The Company is in preparation of listing on the Australian Securities Exchange ("ASX") and had received approval of its prospectus from ASIC on 24 February 2022. The Company is offering the public 35,000,000 shares at an issue price of \$0.20 each to raise \$7,000,000 (before costs of the Offer) (Minimum Subscription). Oversubscriptions of a further 15,000,000 Shares at an issue price of \$0.20 each to raise a further \$3,000,000 (before costs of the Offer) may also be accepted (Maximum Subscription). The Company has since closed its offer to the public, raising \$8,502,000 by the issue of 42,510,000 shares at \$0.20 per share before costs. The Company has also received an ASX letter of approval on 5 April 2022 to quote its securities and as per the conditions of this letter, it has issued 184,933,278 shares to its holders on 13 April 2022 consisting of:

- 120,049,523 existing shares on issue;
- 42,510,000 shares at \$0.20 as per the public offer; and
- 22,373,755 shares at \$0.20 on conversion of its convertible notes.

The Company has a planned date to list on or around 20 April 2022.

Apart from the above, there has been no matter or circumstance that has arisen since 31 December 2021 that has significantly affected, or may significantly affect:

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

Likely Developments and Expected Results of Operation

The Company will continue to increase its sales of fertiliser products in China and look to expand its business internationally. The Company is also looking into research and development projects to potentially reduce carbon emissions for its growers with RLF products.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 30 of the interim financial report.

DIRECTORS' REPORT

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



Ken Hancock
Managing Director
13 April 2022

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

		31 December 2021 \$	Unaudited 31 December 2020 \$
	Notes		
Revenue			
Sales		3,297,191	2,281,561
Operating costs		(1,913,626)	(1,136,786)
Gross profit/(loss)		1,383,565	1,144,775
Other Revenue			
Other income		3,582	33,779
Expenses			
Operating expenses		(990,274)	(791,093)
Administration expenses		(718,182)	(479,377)
Professional fees		(512,257)	(206,756)
Corporate and compliance costs		(22,972)	-
Wages and Directors fees		(878,538)	(525,476)
Depreciation and amortisation expense	4	(86,573)	(102,723)
Share based payments	11	(982,443)	-
Finance costs		(89,234)	(14,788)
Total Expenses		(4,280,473)	(2,120,213)
Profit/(Loss) before income tax			
Income tax expense		-	-
Profit/(Loss) for the period		(2,893,326)	(941,659)
Other comprehensive income for the half-year			
Items that may be classified to profit or loss			
Exchange differences on translation of foreign operations		(533,606)	(291,918)
Total Comprehensive profit/(loss) for the period attributable to the members of RLF AgTech Ltd		(3,426,932)	(1,233,577)
Loss per share for the period attributable to the Members of RLF AgTech Ltd			
Basic loss per share	16	(2.16)	(0.86)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

		31 December 2021 \$	30 June 2021 \$
	Notes		
CURRENT ASSETS			
Cash and cash equivalents		2,004,850	2,075,038
Trade and other receivables	2	471,729	1,290,183
Inventory		3,489,793	2,506,704
Other current assets		43,339	43,340
TOTAL CURRENT ASSETS		6,009,711	5,915,265
NON-CURRENT ASSETS			
Right-of-use assets	3	531,380	662,661
Intangible assets	5	6,111,195	4,943
Property, plant and equipment	4	535,439	566,580
TOTAL NON-CURRENT ASSETS		7,178,014	1,234,184
TOTAL ASSETS		13,187,725	7,149,449
CURRENT LIABILITIES			
Trade and other payables	6	1,769,386	2,971,420
Contract liabilities		2,272,797	215,701
Convertible Note	8	2,380,644	-
Lease liabilities		180,961	277,124
Borrowings	7	250,000	400,000
Provisions		97,699	-
Income tax payable		9,448	9,448
TOTAL CURRENT LIABILITIES		6,960,935	3,873,693
NON-CURRENT LIABILITIES			
Trade and other payables	6	3,180,959	2,577,750
Borrowings	7	400,000	-
Lease liabilities		392,660	282,234
Provisions		59,818	-
TOTAL NON-CURRENT LIABILITIES		4,033,437	2,859,984
TOTAL LIABILITIES		10,994,372	6,733,677
NET ASSETS		2,193,353	415,772
EQUITY			
Share capital	9	6,863,653	2,559,429
Reserves	10	5,498,670	5,131,987
Accumulated losses		(10,168,970)	(7,275,644)
TOTAL EQUITY		2,193,353	415,772

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

Attributable to equity holders of the Group in \$ dollars	Share capital	Share based payment Reserves	Group Reorganisation Reserve	Convertible Notes Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
Balance at 1 July 2021	2,559,429	1,187,362	4,968,765	-	(1,024,140)	(7,275,644)	415,772
Loss after income tax for the half-year	-	-	-	-	-	(2,893,326)	(2,893,326)
Other comprehensive loss	-	-	-	-	(533,606)	-	(533,606)
Total comprehensive loss for the period	-	-	-	-	(533,606)	(2,893,326)	(3,426,932)
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Shares issued for conversion of performance rights	544,444	-	-	-	-	-	544,444
Shares issued for payment of advisory services	187,500	-	-	-	-	-	187,500
Shares issued for consideration of RLF IP Co Pty Ltd and RLF Distribution Co Pty Ltd	3,770,052	-	-	-	-	-	3,770,052
IPO related costs	(197,772)	-	-	-	-	-	(197,772)
Convertible note – equity component	-	-	-	462,290	-	-	462,290
Issue of share-based payments	-	437,999	-	-	-	-	437,999
Total contributions by and distributions to owners	4,304,224	437,999	-	462,290	-	-	5,204,513
Balance at 31 December 2021	6,863,653	1,625,361	4,968,765	462,290	(1,557,746)	(10,168,970)	2,193,353

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Attributable to equity holders of the Group in \$ dollars	Share capital	Share based payment Reserves	Group Reorganisation Reserve	Convertible Notes Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
Balance at 1 July 2020	1,605,216	1,187,362	4,968,765	-	(580,959)	(7,694,619)	(514,235)
Loss after income tax for the half-year	-	-	-	-	-	(941,661)	(941,661)
Other comprehensive loss	-	-	-	-	(291,918)	-	(291,918)
Total comprehensive loss for the period	-	-	-	-	(291,918)	(941,661)	(1,233,579)
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Proceeds from issued capital	-	-	-	-	-	-	-
Transaction costs from issued capital	-	-	-	-	-	-	-
Issue of share based payments	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-
Balance at 31 December 2020	1,605,216	1,187,362	4,968,765	-	(872,877)	(8,636,280)	(1,747,814)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER**

	Notes	31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities			
Receipts from customers		6,007,110	4,877,955
Cash paid to suppliers and employees		(6,669,639)	(4,845,417)
Interest and other finance costs paid		(17,157)	(20,422)
Other – Related party payments		(233,000)	(86,179)
Net cash (used in) operating activities		(912,686)	(74,063)
Cash flows from investing activities			
Payments for property, plant and equipment		(14,155)	-
Payments for intangible assets – Acquisition of RLF IP Co Pty Ltd and RLF Distribution Co Pty Ltd	5	(2,059,360)	-
Net cash (used in) investing activities		(2,073,515)	-
Cash flows from financing activities			
Proceeds from issue of convertible notes	8	3,000,000	-
Transaction costs paid from issue of convertible notes		(206,381)	-
Proceeds from Borrowings	7	250,000	-
Repayment of lease liabilities		(91,870)	(131,112)
Payment of IPO related costs		(114,477)	-
Net cash provided by (used in) financing activities		2,837,272	(131,112)
Net increase/(decrease) used in cash and cash equivalents		(148,929)	(205,175)
Effects of exchange rate changes on cash and cash equivalents		78,741	26,326
Cash and cash equivalents at 1 July		2,075,038	1,052,771
Cash and cash equivalents at 31 December		2,004,850	873,922

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

RLF AgTech Ltd is an unlisted public Company limited by shares and incorporated in Australia. The nature of operations and principal activities of the Company and its controlled entities are described in the Directors' Report.

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year financial report does not include notes of the type normally included in an annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position, financing and investing activities of the Group as the full financial report. Accordingly, this half-year financial report is to be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made during the following half-year.

For the purpose of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

The consolidated half-year financial report was approved by the Board of Directors on 13 April 2022.

Basis of preparation

The consolidated general purpose financial statements have been prepared on the basis of historical cost modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2021.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2021 that have been applied by the Group. The 30 June 2021 annual report disclosed that the Group anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2021.

Use of estimates and judgements

The preparation of the half-year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense.

The judgements, estimates and assumptions applied in the half-year financial report, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2021.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. TRADE AND OTHER RECEIVABLES

	31 December 2021	30 June 2021
Current	\$	\$
Trade receivables	-	501,053
GST/VAT receivables, net	372,918	-
Note receivables	57,773	205,960
Related party trade receivables	-	310,596
Other receivables	41,038	272,574
	471,729	1,290,183

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

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

NOTE 3. RIGHT-OF-USE ("ROU") ASSETS

The Group's lease portfolio includes leases which carries an average term of 4 years.

(a) Carrying value

	31 December 2021	30 June 2021
	\$	\$
Balance at beginning of period/full year	881,205	881,205
Accumulated depreciation	(349,825)	(218,544)
Balance at end of period/full year	531,380	662,661

Reconciliation

	31 December 2021	30 June 2021
	\$	\$
Net carrying amount as at beginning of period/full year	662,661	834,973
Depreciation expense during the period	(131,281)	(172,312)
Net carrying amount end of period/full year	531,380	662,661

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. RIGHT-OF-USE ("ROU") ASSETS (CONTINUED)

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

	31 December 2021	31 December 2020
	\$	\$
Interest expense for the half-year ended 31 December	17,095	22,213

(c) Total half-yearly cash outflows for leases

	31 December 2021	31 December 2020
	\$	\$
Repayment of lease liabilities	91,870	131,112

(d) Options to extend or terminate

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

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

	31 December 2021	30 June 2021
	\$	\$
Office equipment		
At cost	29,543	36,584
Accumulated Depreciation	(27,169)	(32,189)
	2,374	4,395
Plant and Equipment		
At cost	1,869,108	1,779,788
Accumulated depreciation	(1,346,493)	(1,230,551)
	522,615	549,237
Motor vehicles		
At cost	92,975	88,620
Accumulated depreciation	(88,326)	(84,189)
	4,649	4,431
Electronic Equipment		
At cost	33,305	76,063
Accumulated depreciation	(27,504)	(67,546)
	5,801	8,517
Total		
At cost	2,024,930	1,981,055
Accumulated depreciation	(1,489,491)	(1,414,475)
	535,439	566,580

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Motor vehicle	Office equipment	Plant & equipment	Electronic equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2021	4,431	4,395	549,237	8,517	566,580
Addition	-	-	13,159	996	14,155
Disposal	-	(434)	(567)	(2,334)	(3,335)
Depreciation expense	-	(1,763)	(65,265)	(2,103)	(69,132)
Foreign currency translation difference	217	177	26,051	725	27,170
Balance at 31 December 2021	4,648	2,374	522,615	5,801	535,438

	Motor vehicle	Office equipment	Plant & equipment	Electronic equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	7,939	7,849	695,794	11,366	722,948
Addition	-	-	-	2,385	2,385
Disposal	-	-	(110,962)	-	(110,962)
Depreciation expense	(3,508)	(3,454)	(49,165)	(4,884)	(61,011)
Foreign currency translation difference	-	-	13,570	(350)	13,220
Balance at 30 June 2021	4,431	4,395	549,237	8,517	566,580

NOTE 5. INTANGIBLE ASSETS

	31 December 2021	30 June 2021
	\$	\$
Software		
At cost	16,346	15,570
Accumulated Amortisation	(12,431)	(10,627)
	3,915	4,943
Intellectual Property and Distribution Rights (1)		
At cost	6,107,280	-
Accumulated Amortisation	-	-
	6,107,280	-

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. INTANGIBLE ASSETS (CONTINUED)

	31 December 2021 \$	30 June 2021 \$
Reconciliation		
Software		
Carrying amount at beginning of the period/year	4,943	6,630
Additions	-	550
Write offs	-	-
Amortisation	(1,108)	(2,237)
Foreign currency translation movement	80	
Carrying amount at the end of the period/year	3,915	4,943
 <i>Intellectual Property and Distribution Rights</i>		
Carrying amount at beginning of the period/year	-	-
Additions	6,107,280	-
Write offs	-	-
Amortisation	-	-
Carrying amount at the end of the period/year	6,107,280	-

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

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

- \$2,000,000 in cash was paid to RLF Australia.
- 43,125,000 ordinary Shares in the Company was issued to RLF Australia and RLF Global. The fair value of the of these shares was \$3,770,052 or \$0.0874/share. The fair valued was determined by using the Independent Experts Report prepared for the Company's Prospectus.
- Deferred consideration consisting of a total of 24,375,000 ordinary Shares in the Company to be issued to RLF Australia and RLF Global upon the Company achieving certain milestones based on financial metrics comprising 12,187,500 Class A Deferred Consideration Shares and 12,187,500 Class B Deferred Consideration Shares. The fair value of the deferred consideration shares was valued at nil for the half-year ended as the assumptions were too subjective for the current phase of the business.
- As per the Deed, the Company agreed to employ a few of RLF Australia's employees and recognised the employee entitlement balances from the date of completion. The cost of these employee entitlement balances of \$146,188 has been treated as cost to the acquisition. The remaining transaction costs of this acquisition of \$191,040 related to advisory fees (\$125,000) and legal fees (\$66,040).

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. TRADE AND OTHER PAYABLES

	31 December 2021	30 June 2021
	\$	\$
Current		
Trade payables	404,111	783,007
VAT payables, net	-	201,798
Related party trade payables	490,321	1,575,523
Other	874,954	411,092
	1,769,386	2,971,420
Non-Current		
Related party trade payables	3,180,959	2,577,750

NOTE 7. BORROWINGS

	31 December 2021	30 June 2021
	\$	\$
Current	250,000	-
Non-Current	400,000	400,000
	650,000	400,000

On 16 December 2021, the Company entered into a working capital facility of \$250,000 with Omega Investments Pty Ltd ("Omega"). The terms of this loan is as follows:

- Guarantor required which was provided by RLF Australia Pty Ltd.
- Term Date – 30 months from the commencement date or at any other time by written agreements between the Company and Omega.
- Interest rate – 8% per annum
- Interest Repayments – Monthly in arrears based on the outstanding facility balance.
- Repayment – Repayment of the outstanding facility balance will be made on the Term Date.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. BORROWINGS (CONTINUED)

- Security – The Guarantor, agrees to provide a cash deposit as a guarantee to Omega in the amount of the outstanding facility balance and that this cash deposit security will be paid on signing of this document. The cash deposit security will be released back to the Guarantor once the facility has been repaid and extinguished.

NOTE 8. CONVERTIBLE NOTE

During the half-year ended 31 December 2021, the Company entered into a Convertible Note Subscription Deed ("the Deed") for \$3,000,000 with various noteholders (before costs). These Convertible Notes ("Note") had a face value of \$1 and a 24 month redemption period with the following terms:

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

	31 December 2021 \$	30 June 2021 \$
Proceeds of issue	3,000,000	-
Accrued Interest payable	49,315	-
Less transaction costs incurred	(206,381)	-
Net proceeds of issue	2,842,934	-
Liability component at the date of issue	2,380,644	-
Equity component	462,290	-

The equity component of \$462,290 has been credited to reserves (see note 10). The liability component is measured at amortised cost. The Accrued Interest payable of \$49,315 is for the half-year ended 31 December 2021 as per the Note conditions.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. SHARE CAPITAL

	31 December 2021 No. of Shares	31 December 2021 \$	30 June 2021 No. of Shares	30 June 2021 \$
Ordinary shares fully paid	120,049,523	6,863,654	129,053,473	2,559,429
Ordinary shares fully paid				
Balance at beginning of period/year	129,053,473	2,559,429	109,659,923	1,605,216
Share placement @ 0.056 cents	-	-	19,393,550	1,015,113
Performance rights converted to shares @ 0.14 cents (1)	7,000,000	544,444	-	-
Consolidation of shares – 9:5	(60,468,236)	-	-	-
Issue of shares for payment of advisory services @ 0.14 cents (2)	1,339,286	187,500	-	-
Acquisition shares of RLF IP Co and RLF Distribution @ 0.0874 cents (3)	43,125,000	3,770,052	-	-
Capital transaction costs (4)	-	(197,722)	-	(60,900)
Balance at period/year	120,049,523	6,683,654	129,053,473	2,559,429

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

- (1) On 26 October 2021, the Directors of the Company approved the conversion of 7,000,000 performance rights to shares held by Executive Director, Mr Lu Sen, and a consultant of the Company.
- (2) The lead manager of the Company was issued shares in payment of advisory services.
- (3) The Company issued 43,125,000 shares for the acquisition of RLF IP Co and RLF Distribution Co to RLF Australia and RLF Global at \$0.0874 each. Please refer to note 5 for more detail of this transaction.
- (4) During the half-year ended 31 December 2021, the Company has capitalised its costs in relation to the preparation of an ASX listing which is expected in April 2022.

NOTE 10. RESERVES

	31 December 2021 \$	30 June 2021 \$
Share based payments Reserve	1,625,361	1,187,362
Group reorganisation Reserve	4,968,765	4,968,765
Convertible Note – Equity component (1)	462,290	-
Foreign Currency Translation Reserve	(1,557,746)	(1,024,140)
	5,498,670	5,131,987

- (1) As per note 8, this reserve balance represents the equity component of the Convertible Note.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. SHARE BASED PAYMENTS

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

Options

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

- (1) The 11,666,666 options in series 1 which vested immediately on grant date and will be issued on ASX quotation to Directors under the Employee Incentive Securities Plan. During the half-year ended 31 December 2021, the terms in series 1 were modified to reflect the Company's preparation of its ASX listing in early 2022 but this did not affect the fair value of the options. The changes in terms of the options are reflected in the Black-Scholes option pricing model table below. All other terms and conditions of the Company remain.
- (2) The 2,777,778 options in series 2 was issued to a corporate advisory consultant ("consultant") of the Company on 25 November 2019. To satisfy the grant of the initial options, it was conditional upon the Company listing on the ASX in 2020 which did not occur. The initial options were not issued and the Company did not recognise a fair value expense for the financial year ended 30 June 2020. During the half year ended 31 December 2021, the option terms in series 2 have been modified as the Company is in preparation of an ASX listing in early 2022. The options will be issued on ASX quotation and the changes have been reflected in the Black-Scholes option pricing model table below. These options are not conditional upon ASX listing but all other terms and conditions of the Company remain.
- (3) The 1,250,000 options in series 3 which vested immediately on grant date and will be issued on ASX quotation to a Director under the Employee Incentive Securities Plan.
- (4) The 1,000,000 options in series 4 which vested immediately on grant date and will be issued on ASX quotation to a Director under the Employee Incentive Securities Plan.
- (5) The 1,000,000 options in series 5 which vested immediately on grant date and will be issued on ASX quotation to a Director under the Employee Incentive Securities Plan.
- (6) The 1,000,000 options in series 6 which vests 6 months from the commencement date of employment, were issued on grant date to the Chief Financial Officer and issued on ASX quotation under the Employee Incentive Securities Plan.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. SHARE BASED PAYMENTS (CONTINUED)

The Options granted during the half-year ended 31 December 2021, were priced using a Black-Scholes option pricing model using the inputs below:

	Series 1 (original terms)	Series 1 (modified terms)	Series 2 (original terms)	Series 2 (modified terms)
Grant date share price	\$0.14	\$0.14	\$0.14	\$0.14
Exercise price	\$0.30	\$0.54	\$0.30	\$0.54
Expected volatility	90%	50%	90%	50%
Option life (years)	3	5	3	5
Dividend yield	0%	0%	0%	0%
Interest rate	1.4%	1.32%	1.4%	1.32%

	Series 3 to Series 6
Grant date share price	\$0.14
Exercise price	\$0.54
Expected volatility	50%
Option life (years)	5
Dividend yield	0%
Interest rate	1.32%

Performance Rights

During the half-year ended 31 December 2021, the Company issued 6,000,000 performance rights to the Directors of the Company. The performance rights are subject to vesting conditions where they can be converted into AgTech shares. The performance rights have been issued in 2 equal tranches being 3,000,000 each and the terms are as follows:

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

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. SHARE BASED PAYMENTS (CONTINUED)

The total share based payments expense required for the half-year ended 31 December 2021 was:

	31 December 2021	31 December 2020
	\$	\$
Directors	856,007	-
Employees	2,229	-
Consultants and third parties	124,207	-
	982,443	-

NOTE 12. KEY MANAGEMENT PERSONNEL NON-CASH COMPENSATION

During the half-year ended 31 December 2021, options were issued to the following Directors and Key Management Personnel ("KMP"):

	Grant Date	No. of performance rights	No. of Options	Share Based Payments \$
Management				
Don McLay	2 Nov 2021	-	1,250,000	20,893
Ken Hancock	5 Nov 2021	2,000,000	-	111,673
Gavin Ball	8 Nov 2021	2,000,000	-	111,673
Lu Shen	8 Nov 2021	2,000,000	-	111,673
Liza Carpena	29 Nov 2021	-	1,000,000	16,714
Paul McKenzie	3 Nov 2021	-	1,000,000	16,714
Su-Mei Sain	7 Dec 2021	-	1,000,000	2,229
		6,000,000	4,250,000	391,569

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13. RELATED PARTY TRANSACTIONS

Key management personnel

Ken Hancock	Director of Rural Liquid Fertilisers Asia Ltd
Gavin Ball	Director of Rural Liquid Fertilisers Asia Ltd
Lu Shen (Mike)	Director of Rural Liquid Fertilisers Asia Ltd

Other related entities

Alan Roy Hancock	Father of Kenneth Hancock
RLF Global Pty Ltd	Kenneth Graeme Hancock, Alan Roy Hancock and Gavin Neil Ball are directors of this entity
Rural Liquid Fertilisers Pty Ltd	Kenneth Graeme Hancock and Alan Roy Hancock are directors of this entity.
Rural Liquid Fertilisers (Thailand) Co., Limited	This entity is 49% owned by the Group
Capital Corporation (Holdings) Pty Ltd	Gavin Neil Ball is the director of this company

(a) Transactions with related parties:

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

Other related parties	31 December 2021 \$	30 June 2021 \$
<u>Sale of goods:</u>		
Sale of goods to RLF Australia	103,197	15,111
<u>Purchase of goods:</u>		
Purchase of goods from RLF Australia	43,688	83,293
<u>Fees Charged between Related Parties:</u>		
Manufacturing fee charged by RLF Australia	231,198	632,068
Research & Development Fees charged by RLF Australia	185,608	401,737
Royalty fee charged by RLF Global	-	-
Distribution fee charged by RLF Global	93,211	311,004
Marketing service fee charged by RLF Global	-	-
Director fee charged by Capital Corporation (Holdings) Pty Ltd	90,000	60,000
Rental charged by RLF Australia	19,800	36,000
Marketing service charged by Magicorp	3,689	408
Marketing service charged by Sourcefit Inc	6,621	9,561

Balances outstanding relating to the transactions above are disclosed in Note 6.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts receivable from related parties:

Other receivables	31 December 2021 \$	30 June 2021 \$
(i) Loans to other related parties:		
Beginning of the year	-	176,500
Loan offset against related party payables	-	176,500
Loan advances received	-	-
Loan repayments made	-	-
End of the year	-	-
(ii) Trade receivables:		
Beginning of the period/year	310,596	310,596
Amounts off-set (1)	(326,062)	-
Amounts paid	-	-
Foreign currency translation difference	15,466	-
End of the period/year	-	310,596

(c) Amounts payable to related parties:

Other payables	31 December 2021 \$	30 June 2021 \$
(ii) Trade payables:		
Beginning of the period/year	3,563,425	2,577,750
Amounts incurred	777,012	985,675
Amounts off-set (1)	(326,062)	-
Amounts paid (1)	(242,915)	-
Foreign currency translation difference	(9,784)	-
End of the period/year	3,761,677	3,563,425

- 1) As part of the restructure and acquisition of RLF IP Co and RLF Distribution Co that completed during the half-year end, the Group had the following amounts offset and paid to RLF Australia and RLF Global:
 - i) The Group offset invoices payable to RLF Australia and RLF Global from 1 July 2021 to 13 December 2021 against invoices receivable from these related parties. The total amount offset was \$326,062.
 - ii) The Group paid to RLF Australia and RLF Global of outstanding invoices that were incurred pre-acquisition in the amount of \$233,002, Magiccorp and Sourcefit of \$9,913.

Related party balances are comprised of related party loans and no specific terms and conditions have been attached to the above transactions. No interest is charged to or from related parties.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13. RELATED PARTY TRANSACTIONS (CONTINUED)

Other than as disclosed above and elsewhere in the financial report, above, there were no other related party transactions for the half-year ended 31 December 2021.

NOTE 14. EVENTS OCCURRING AFTER THE REPORTING DATE

The Company is in preparation of listing on the Australian Securities Exchange ("ASX") and had received approval of its prospectus from ASIC on 24 February 2022. The Company is offering the public 35,000,000 shares at an issue price of \$0.20 each to raise \$7,000,000 (before costs of the Offer) (Minimum Subscription). Oversubscriptions of a further 15,000,000 Shares at an issue price of \$0.20 each to raise a further \$3,000,000 (before costs of the Offer) may also be accepted (Maximum Subscription). The Company has since closed its offer to the public, raising \$8,502,000 by the issue of 42,510,000 shares at \$0.20 per share before costs. The Company has also received an ASX letter of approval on 5 April 2022 to quote its securities and as per the conditions of this letter, it has issued 184,933,278 shares to its holders on 13 April 2022 consisting of:

- 120,049,523 existing shares on issue;
- 42,510,000 shares at \$0.20 as per the public offer; and
- 22,373,755 shares at \$0.20 on conversion of its convertible notes.

The Company has a planned date to list on or around 20 April 2022.

NOTE 15. SEGMENT INFORMATION

The Directors (who are identified as the Chief Operating Decision Maker (CODM)) assess performance and determine the allocation of resources based on the internal reports which are organised in one operating segment for the manufacturing and sale of liquid fertilisers in mainland China and Asia. As a result, there is only one operating segment and the statement of profit or loss and other comprehensive income and the statement of financial position is reflective of this operating segment.

Major customers

During the half-year ended 31 December 2021 approximately 15% (2021: 5%) of the Group's external revenue was derived from sale of goods to one customer.

Disaggregation of Revenue

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

	Sales of liquid fertiliser	Total
2021	\$	\$
Timing of revenue recognition	3,297,191	3,297,191
Over time	-	-
	3,297,191	3,297,191
2020		
Timing of revenue recognition	2,281,561	2,281,561
Over time	-	-
	2,281,561	2,281,561

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16. LOSS PER SHARE

(a) Reconciliation of loss used in calculating Loss Per Share

Basic loss per share

Loss attributable to the ordinary equity holders used in calculating basic loss per share

31 December 2021 \$	31 December 2020 \$
(2,893,326)	(941,661)

(b) Weighted average number of shares used as the Denominator

Ordinary shares used as the denominator in calculating basic loss per share

31 December 2021 Number	31 December 2020 Number
134,203,095	109,659,923

(c) Loss per share

Basic loss per share

31 December 2021 Cents	31 December 2020 Cents
(2.16)	(0.86)

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

NOTE 17. CONTROLLED ENTITIES

Name of entity	Country of incorporation	Class of Shares	2021	2020
RLF IP Co Pty Ltd*	Australia	Ordinary	100%	-
RLF Distribution Co Pty Ltd*	Australia	Ordinary	100%	-
International Agri Investments Pty Ltd	Australia	Ordinary	100%	100%
RLF Carbon Pty Ltd**	Australia	Ordinary	100%	-

*As per note 5 of this report, RLF IP Co and RLF Distribution Co was acquired from RLF Australia and RLF Global during the half-year ended 31 December 2021.

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

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The interim consolidated financial statements and condensed notes for the half-year ended 31 December 2021 as set out on pages 9 to 28 are in accordance with the Corporations Act 2001 and other professional reporting requirements including:
 - (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - (b) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (c) complying with International Financial Reporting Standards as disclosed in Note 1.
2. In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to be 'Ken Hancock', with a long horizontal flourish extending to the right.

Ken Hancock
Managing Director
13 April 2022

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of RLF AgTech Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully,


HALL CHADWICK WA AUDIT PTY LTD
Chartered Accountants


CHRIS NICOLOFF CA
Director

Dated at Perth this 13th day of April 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RLF AGTECH LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of RLF AgTech Limited ("the Company") and its subsidiaries ("the Controlled Entities") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

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 RLF AgTech Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of RLF AgTech Limited financial position as at 31 December 2021 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the Directors for the Financial Report

The directors of RLF AgTech 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 and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2021 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*.

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.



HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF CA
Director

Dated this 13th day of April 2022
Perth, Western Australia