

31 May 2018

Company Announcements Office
Australian Securities Exchange
10th Floor
20 Bond Street
SYDNEY NSW 2000

ANNOUNCEMENT NUMBER 341

Via: ASX Online

Number of Pages: 27 (including this page)

ASX Code: 1AG

Dear Sir

Appendix 4D & Half Year Report for the Period ended 31 March 2018

Please find enclosed Appendix 4D as required under ASX Listing Rule 4.2A.3 and a copy of the Half Year Report for the activities of Alterra Limited for the period ended 31 March 2018.

Yours faithfully



Andrew McBain
Managing Director

Details of Reporting Period

The reporting period is from 1 October 2017 through to 31 March 2018.

Results for Announcement to the Market

		Half year to March 2018 \$'000	Half year to March 2017 \$'000
Revenue from ordinary activities	Down 2.6%	1,355	1,392
Profit / (loss) before income tax from continuing operations	Up 118.9%	115	(608)
Profit / (loss) before income tax from discontinued operations	Up 109.2%	272	130
Profit / (loss) before income tax from all operations	Up 180.8%	387	(466)
Profit after tax attributable to members	Down 44.4%	338	608
EBITDA	Up 37.0%	777	567
EBITDA from continuing operations	Up 15.3%	505	438

Operational Highlights

The March 2018 half-year saw the Company complete a scoping study in relation to the WA Dairy project in Dandaragan, Western Australia whilst continuing to manage its agri-forestry operations. A comprehensive update in relation to the dairy project was provided to the ASX on 23 February 2018. The Company has also been reviewing several other potential agri-business transactions.

Dividends

No dividends have been paid or declared since the start of the financial period and the directors do not recommend the payment of a dividend in respect of the financial period.

Net Tangible Assets per Security

Net tangible assets per ordinary share is \$0.04 as at 31 March 2018 (as at 31 March 2017 - \$0.06).

Net assets per ordinary share is \$0.08 as at 31 March 2018 (as at 31 March 2017 - \$0.09).

The results should be read in conjunction with the Interim Financial reports for the period lodged with the ASX on 31 May 2018.



Andrew McBain
Managing Director

Date: 31 May 2018



Alterra Limited

ABN 20 129 035 221

**Interim Financial Report
For the Half-Year Ended 31 March 2018**

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COMPANY DIRECTORY

ABN 20 129 035 221

Directors

Mr ANDREW MCBAIN, Managing Director
Mr TREVOR STONEY, Chairman & Non-Executive Director
Mr NEIL MCBAIN, Non-Executive Director

Company Secretary

Mr ANTHONY FITZGERALD

Principal & Registered Office

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Auditors

HLB MANN JUDD
LEVEL 4, 130 STIRLING STREET
PERTH WA 6000

Share Registry

AUTOMIC PTY LTD
LEVEL 2, 267 ST GEORGES TERRACE
PERTH WA 6000

Solicitors

BELLANHOUSE LEGAL
LEVEL 19, ALLUVION
58 MOUNTS BAY ROAD
PERTH WA 6000

Bankers

COMMONWEALTH BANK OF AUSTRALIA
150 ST GEORGES TERRACE
PERTH WA 6000

Securities Exchange Listing

AUSTRALIAN SECURITIES EXCHANGE
(HOME EXCHANGE: PERTH, WA)
ASX CODE: 1AG

DIRECTORS' REPORT

Your Directors submit the interim financial report of Alterra Limited for the half-year ended 31 March 2018.

DIRECTORS

The names of Directors who held office during or since the end of the period and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Mr Andrew McBain - Managing Director
Mr Trevor Stoney - Non-Executive Chairman
Mr Neil McBain - Non-Executive Director

COMPANY SECRETARY

Mr Anthony Fitzgerald

REVIEW OF OPERATIONS

The March 2018 half-year saw the Company complete a scoping study in relation to the WA Dairy project whilst continuing to manage its agri-forestry operations.

The Company believes the most suitable measure of its sustainable profitability is EBITDA which reflects the underlying cash-flow of the business as opposed to NPAT which includes significant non-cash items such as amortisation on forestry rights. We are pleased to confirm that the EBITDA profit for the March 2018 half year was \$505,000 up 15% versus the same period in March 2017 being an EBITDA profit \$438,000.

Ongoing CFI Project Management

Alterra continues to manage approximately 18,000 hectares of agri-forestry projects in Western Australia on behalf of clients to generate carbon credits or ACCUs. The Company has commenced its 2018 science and CFI project field work which include tree measurements and monitoring. ACCUs from the current work are expected to be generated by November 2018 for transfer to clients. Alterra has existing contracts in Australia with blue chip counter parties out until 2027 generating management fees of circa \$2.5 million per annum.

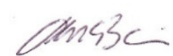
Dairy and Other Opportunities

The Company made a detailed update to ASX on 23 February 2018 outlining its progress with the WA Dairy project. In summary; a scoping study has been completed at the Dambadgee Springs property and the project metrics look attractive from an investment perspective; however, access to water and a long-term milk off-take agreement are critical in order for the project to proceed and will be the focus of the Company in relation to advancing the project. The Company has also been reviewing other potential agri-business opportunities and will continue to do so.

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

The lead auditor's independence declaration for the period ended 31 March 2018 is set out on page 5.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001.



Andrew McBain
Managing Director
Perth
Dated 31 May 2018

AUDITOR'S INDEPENDENCE DECLARATION



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Alterra Limited for the half-year ended 31 March 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

A handwritten signature in blue ink, appearing to read 'M R Ohm', written over a light blue horizontal line.

**Perth, Western Australia
31 May 2018**

**M R Ohm
Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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HLB Mann Judd (WA Partnership) is a member of  HLB International, a world-wide organisation of accounting firms and business advisers

**Alterra Limited
Interim Financial Report for the Half-Year Ended 31 March 2018**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 MARCH 2018

	Note	Half-Year to 31 March 2018 \$	Half-Year to 31 March 2017 \$
Revenue	2a	1,354,940	1,392,400
Other income		62,045	-
Operating expenses		(189,516)	(331,619)
Administrative expenses		(99,361)	(104,457)
Business development expenses		(70,943)	(28,355)
Employee benefits expense		(385,590)	(334,671)
Occupancy expense		(32,060)	(34,207)
Financing expenses		(42,629)	(4,522)
Depreciation and amortisation expense	2b	(360,051)	(1,050,699)
Share-based payments		(121,713)	(112,406)
Profit / (loss) before income tax benefit		115,122	(608,536)
Income tax expense	3	(49,041)	1,074,072
Profit from continuing operations		66,081	465,536
Discontinued operations			
Profit after tax from discontinued operations	14	272,014	142,412
Profit attributable to members of the parent entity		338,095	607,948
Other comprehensive income			
Exchange difference on translating foreign controlled entities net of income tax		-	(9,863)
Exchange fluctuations on translation of foreign operations transferred to the statement of comprehensive income		(272,746)	-
Loss on revaluation of listed entities		(31,946)	-
Other comprehensive income / (loss) for the period		(304,692)	(9,863)
Total comprehensive income attributable to members of the parent entity		33,403	598,085
Basic earnings per share (cents per share) from continuing operations	4	0.05	0.33
Diluted earnings per share (cents per share) from continuing operations	4	0.05	0.33
Basic earnings per share (cents per share) from discontinued operations	4	0.19	0.10
Diluted earnings per share (cents per share) from discontinued operations	4	0.19	0.10

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	31 March 2018 \$	30 September 2017 \$
Current Assets			
Cash and cash equivalents		1,495,792	843,355
Trade and other receivables	5	749,849	970,381
Income tax refundable		154,582	108,750
Inventories		265,671	-
Other assets		19,985	72,304
Other financial assets		151,877	183,266
Total Current Assets		2,837,756	2,178,056
Non-Current Assets			
Intangibles	6	5,094,641	5,437,078
Inventories	7	185,931	291,885
Investment property	8	4,428,518	4,428,518
Property, plant and equipment	9	145,045	147,580
Deferred tax asset	3	247,794	301,167
Trade and other receivables	5	243,972	257,078
Total Non-Current Assets		10,345,901	10,863,306
Total Assets		13,183,657	13,041,362
Current Liabilities			
Trade and other payables	10	165,603	204,609
Provision for income tax		41,499	-
Interest-bearing liabilities	11	44,555	40,530
Total Current Liabilities		251,657	245,139
Non-Current Liabilities			
Interest-bearing liabilities	11	1,771,213	1,790,552
Total Non-Current Liabilities		1,771,213	1,790,552
Total Liabilities		2,022,870	2,035,691
Net Assets		11,160,787	11,005,671
Equity			
Issued capital	12	14,254,212	14,254,212
Reserves		1,359,603	1,542,582
Accumulated losses		(4,453,028)	(4,791,123)
Total Equity		11,160,787	11,005,671

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 MARCH 2018

	Issued capital	Accumulated losses	Revaluation Reserve	Share- based payment reserve	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 October 2016	13,984,212	(2,752,422)	-	1,050,012	271,421	12,553,223
Profit attributable to members	-	607,948	-	-	-	607,948
Foreign currency translation differences	-	-	-	-	(9,863)	(9,863)
Total comprehensive income for the year	-	607,948	-	-	(9,863)	598,085
Share-based payments	-	-	-	112,406	-	112,406
Equity issued net of costs	270,000	-	-	-	-	270,000
Balance at 31 March 2017	<u>14,254,212</u>	<u>(2,144,474)</u>	<u>-</u>	<u>1,162,418</u>	<u>261,558</u>	<u>13,553,714</u>
Balance at 1 October 2017	14,254,212	(4,791,123)	79,442	1,190,394	272,746	11,005,671
Profit attributable to members	-	338,095	-	-	-	338,095
Loss on revaluation of listed entities	-	-	(31,946)	-	-	(31,946)
Realisation of foreign currency translation reserve	-	-	-	-	(272,746)	(272,746)
Total comprehensive income for the year	-	338,095	(31,946)	-	(272,746)	33,403
Share-based payments	-	-	-	121,713	-	121,713
Balance at 31 March 2018	<u>14,254,212</u>	<u>(4,453,028)</u>	<u>47,496</u>	<u>1,312,107</u>	<u>-</u>	<u>11,160,787</u>

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 MARCH 2018

	Half-Year to 31 March 2018 \$	Half-Year to 31 March 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,445,777	1,333,523
Payments to suppliers and employees	(849,427)	(712,832)
Interest received	13,868	8,685
Interest paid	(39,663)	(8,256)
Net cash used in discontinued operations	(732)	(21,461)
Net cash provided by operating activities	569,823	599,659
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(22,589)	(4,463,048)
Proceeds from sale of land	116,000	410,000
Proceeds from the sale of plant and equipment	6,750	91
Net cash provided by / (used in) investing activities	100,161	(4,052,957)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of shares	-	72,670
Proceeds from/(repayment) of bank bill facilities	-	2,100,000
Repayment of finance leases	(17,547)	(17,547)
Net cash provided by / (used in) financing activities	(17,547)	2,155,123
Net increase / (decrease) in cash and cash equivalents	652,437	(1,298,174)
Cash and cash equivalents at beginning of half-year	843,355	1,886,519
Cash and cash equivalents at end of half-year	1,495,792	588,345

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 MARCH 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134 'Interim Financial Reporting', Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The interim financial statements comprise the condensed interim financial statements for the Group. For the purposes of preparing the interim financial statements, the company is a for-profit entity.

The interim report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide a full understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 September 2017 and any public announcements made by Alterra Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 September 2017.

The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

The interim financial statements were authorised for issue on 31 May 2018.

Reporting Basis and Conventions

The interim report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. Cost is based on the fair value of the consideration given in exchange for assets.

Comparative Figures

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

Significant Accounting Judgements and Key Estimates

The preparation of interim financial reports 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. Actual results may differ from the estimates.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 September 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNT POLICIES (continued)

Adoption of new and revised Accounting Standards

In the half-year ended 31 March 2018, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 October 2017.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Consolidated Entity accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 March 2018. As a result of this review, the Directors have determined that the following Standards and Interpretations will not have a material effect on the application of future periods:

- AASB 15 Revenue from contracts with Customers
- AASB 16 Leases

Other than the above, there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Group and therefore no material change is necessary to the Group accounting policies.

2 (a). REVENUE

	Half-Year to 31 March 2018 \$	Half-Year to 31 March 2017 \$
The following revenue items are relevant in explaining the financial performance for the half-year:		
Carbon sales	6,311	4,935
Cattle Sales	-	122,221
Land license / management fees	1,229,481	1,208,847
Lease income	105,000	-
Interest received	13,137	8,685
Other income	1,011	47,712
	<u>1,354,940</u>	<u>1,392,400</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 (b). DEPRECIATION AND AMORTISATION EXPENSE

	Half-Year to 31 March 2018	Half-Year to 31 March 2017
	\$	\$
Depreciation on Plant and Equipment	17,614	18,970
Amortisation of Forestry Rights	282,995	1,163,736
Amortisation of Dairy Development Model	59,442	-
Impairment of Land	-	(132,007)
	<u>360,051</u>	<u>1,050,699</u>

3. INCOME TAX

	Half-Year to 31 March 2018	Half-Year to 31 March 2017
	\$	\$
The prima facie tax on (loss) / profit before income tax from continuing operations is reconciled to the income tax benefit as follows:		
Profit / (loss) before tax	<u>115,122</u>	<u>(608,536)</u>
Income tax using the domestic tax rate of 27.5% (2017: 30%)	31,658	(182,561)
Non-deductible expenses	34,280	401,979
Benefit of deferred tax assets not previously recognised	28,934	(1,293,490)
Underprovision of R&D in previous year	(45,831)	-
	<u>49,041</u>	<u>(1,074,072)</u>
Income tax benefit from discontinued operations	-	(12,906)
Income tax expense / (benefit)	<u>49,041</u>	<u>(1,086,978)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. INCOME TAX (continued)

	Balance 30 September 2017	Recognised in Income	Balance 31 March 2018
Deferred tax liability / asset	\$	\$	\$
Tax losses	1,073,504	(68,448)	1,005,056
Other timing differences	(772,337)	15,075	(757,262)
Net deferred tax asset / (liability)	301,167	(53,373)	247,794

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

4. EARNINGS PER SHARE

	Half-Year to 31 March 2018 Cents per share	Half-Year to 31 March 2017 Cents per share
Basic and diluted earnings per share from continuing operations	0.05	0.33
Basic and diluted earnings per share from discontinued operations	0.19	0.10
The earnings and weighted average number of Ordinary Shares used in the calculation of basic earnings per share is as follows:		
Profit for the year after income tax from continuing operations	66,081	465,536
Profit for the year after income tax from discontinued operations	272,015	142,412
	No.	No.
Weighted average number of Ordinary Shares outstanding during the year used in calculating basic and diluted EPS	143,599,988	139,545,043

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. TRADE AND OTHER RECEIVABLES

	31 March 2018	30 September 2017
	\$	\$
<u>Current</u>		
Trade receivables	110,347	178,206
Accrued income	563,190	599,863
Employee loans	26,212	26,212
Land debtors	50,100	166,100
	<u>749,849</u>	<u>970,381</u>
<u>Non-current</u>		
Employee loans	126,872	139,978
Land debtors	117,100	117,100
	<u>243,972</u>	<u>257,078</u>

Employee loans refer to unsecured monies loaned on 25 January 2017 by Alterra to its key management personnel for purchasing shares in the Company via the exercising of options. The loans are on commercial terms and conditions.

	31 March 2018	30 September 2017
	\$	\$
Loan balance at beginning of period	166,190	-
Loans advanced during the period	-	202,500
Repayments received	(13,106)	(36,310)
Interest charged	5,382	7,908
Interest received	(5,382)	(7,908)
Loan balance at end of period	<u>153,084</u>	<u>166,190</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. INTANGIBLES

	31 March 2018	30 September 2017
	\$	\$
Dairy Development Costs	356,652	356,652
Less: accumulated amortisation	(59,442)	-
Forestry Rights	14,177,854	14,177,854
Less: accumulated amortisation	(9,380,423)	(9,097,428)
	<u>5,094,641</u>	<u>5,437,078</u>

The Dairy Development costs are being amortised over 3 years.

7. INVENTORIES

	31 March 2018	30 September 2017
	\$	\$
<u>Current</u>		
Wheat	97,671	-
Australian Carbon Credit Units	150,500	-
Plantations under Voluntary Scheme	17,500	-
	<u>265,671</u>	<u>-</u>
<u>Non-current</u>		
Plantation under Voluntary Scheme	38,700	-
Plantations under CER Scheme	129,601	274,255
Seed Stock	17,630	17,630
	<u>185,931</u>	<u>291,885</u>
Total Inventories	<u>451,602</u>	<u>291,885</u>

Plantation inventory has been separated into the three categories in March 2018, Australian Carbon Credit Units, Plantations under Voluntary Scheme and Plantations under CER Scheme. At September 2017, these were all classified under Plantations and have been disclosed under Plantations under CER Scheme above.

8. INVESTMENT PROPERTY

	31 March 2018	30 September 2017
	\$	\$
Investment property at cost	<u>4,428,518</u>	<u>4,428,518</u>
	<u>4,428,518</u>	<u>4,428,518</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. PROPERTY, PLANT & EQUIPMENT

	31 March 2018	30 September 2017
	\$	\$
Property, plant & equipment	145,045	147,580

Property, plant & equipment are recorded at cost, less any impairment losses.

10. TRADE & OTHER PAYABLES

	31 March 2018	30 September 2017
	\$	\$
Trade payables	5,111	40,643
Employee benefits accrual	98,961	98,102
GST payable	47,282	40,116
Sundry payables and accruals	14,249	25,748
	165,603	204,609

11. INTEREST-BEARING LIABILITIES

	31 March 2018	30 September 2017
	\$	\$
<u>Current Liabilities</u>		
Lease liabilities	44,555	40,530
	44,555	40,530
<u>Non-Current Liabilities</u>		
Bank loan	1,750,000	1,750,000
Lease liabilities	21,213	40,552
	1,771,213	1,790,552

During March 2017, the Group secured debt financing of \$2.1 million for a period of 2 years to assist with the purchase of its Dambadgee property. The outstanding loan of \$1.75 million was renegotiated in March 2018 for a 3-year period with a repayment date of March 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. ISSUED CAPITAL

	31 March 2018 \$	30 September 2017 \$
143,599,988 (30 Sept 2017: 143,599,988) fully paid Ordinary Shares	14,254,212	14,254,212

	31 March 2018 No.	31 March 2018 \$	30 September 2017 No.	30 September 2017 \$
Movement in Ordinary Shares on issue				
At beginning of the financial year	143,599,988	14,254,212	137,599,988	13,984,212
Issued 31 January 2017	-	-	6,000,000	270,000
At 31 March	143,599,988	14,254,212	143,599,988	14,254,212

13. OPTIONS

	31 March 2018 No.	31 March 2018 Weighted average exercise price	30 September 2017 No.	30 September 2017 Weighted average exercise price
Movement in Options over Ordinary Shares on issue				
At beginning of the half-year	12,000,000	\$0.105	14,000,000	\$0.115
Granted during the period	4,000,000	\$0.035	-	
Expired during the period	(3,000,000)	\$0.045	-	
Cancelled during the period	-	-	(2,000,000)	\$0.175
At 31 March	13,000,000	\$0.09	12,000,000	\$0.105

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black and Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. OPTIONS (continued)

The following table lists the inputs to the model used:

	6 months ended 31 March 2018			6 months ended 30 September 2017		
	6c shares	15c shares	3.5c shares	6c shares	15c shares	17.5c shares
Volatility (%)	100	100	100	100	100	100
Risk-free interest rate (%)	2	2	2	2	2	2
Expected life of option (years)	0.44	1.14	1.84	0.44	1.14	1.66
Exercise price (cents)	6	15	3.5	6	15	17.5
Weighted average share price at grant date (cents)	0.052	0.042	0.042	0.052	0.042	0.011
Discount for lack of marketability (%)	30	30	30	30	30	30

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. DISCONTINUED OPERATIONS

On 1 April 2016, the Group had sold all the land, forestry rights and plantations held in New Zealand. Carbon Conscious New Zealand Ltd was deregistered on 6 November 2017.

Results for Carbon Conscious New Zealand Ltd and its subsidiaries have been classified as discontinued operations for the period.

Financial performance and cashflow information for the discontinued operation:

	Half-year to 31 March 2018	Half-year to 31 March 2017
	\$	\$
Revenue	-	196,659
Gain on foreign exchange	272,746	-
Expenses	(732)	(67,153)
Profit before tax from discontinued operations	272,014	129,506
Income tax benefit / (expense)	-	12,906
Profit after tax from discontinued operations	272,014	142,412
<i>Cash flows from discontinued operations</i>		
Net cash flows used in operating activities	(731)	(21,461)
Net cash flows from discontinued operations	(731)	(21,461)

15. SEGMENT REPORTING

The Group has two reportable segments, as described below, which are the Group's strategic divisions. These divisions offer different products and services, and are managed separately as they require different expertise, and marketing strategies. For each of the strategic divisions, the Managing Director and Board of Directors review internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- Plantations – includes the development and management of agri-forestry projects in Western Australia to produce carbon credits or ACCUs on behalf of customers and the Company.
- Dairy – includes dairy scoping study, silage production trials and the general development of the Dambadgee Springs property in Western Australia purchased for the development of a dairy project.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. SEGMENT REPORTING (continued)

Information regarding the results of each reportable segment is included below. Performance is measured on net profit before taxation as detailed in the management reports presented to the CEO and Board of Directors.

Half-Year ended 31 March 2018	Plantations	Dairy	Corporate / other	Consolidated
	\$	\$	\$	\$
Revenue				
Sales to external customers	1,235,792	-	-	1,235,792
Other revenues from external customers	1,011	105,000	-	106,011
Interest revenue	-	4,433	8,704	13,137
Total segment revenue	1,236,803	109,433	8,704	1,354,940
Expenses				
Other income	(62,045)	-	-	(62,045)
Cost of sales	162,083	27,433	-	189,516
Interest expense	-	39,678	2,951	42,629
Depreciation and amortisation	293,368	66,683	-	360,051
Other costs	908	54	708,705	709,667
Total segment expenses	394,314	133,848	711,656	1,239,818
Net profit / (loss) before tax	842,489	(24,415)	(702,952)	115,122
Income tax expense	-	-	(49,041)	(49,041)
Net profit / (loss) after tax from continuing operations	842,489	(24,415)	(751,993)	66,081
Segment assets				
Current assets	823,061	190,984	1,823,711	2,837,756
Non-current assets	4,223,229	4,533,566	1,589,105	10,345,901
Total segment assets	5,046,290	4,724,550	3,412,816	13,183,657
Segment liabilities				
Current liabilities	11,311	17,974	222,372	251,657
Non-current liabilities	-	1,771,213	-	1,771,213
Total segment liabilities	11,311	1,789,187	222,372	2,022,870
Net segment assets	5,758,079	2,935,363	3,190,444	11,160,787
Cash flow information				
Net cash flow from operating activities	1,071,156	121,458	(622,060)	570,554
Net cash flow from investing activities	(1,071,156)	(121,458)	1,300,790	108,176
Net cash flow from financing activities	-	-	(17,547)	(17,547)
Net decrease in cash	-	-	661,183	661,183
Cash at beginning of half-year	-	-	834,609	834,609
Cash at end of half-year	-	-	1,495,792	1,495,792

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. SEGMENT REPORTING (continued)

Half-year ended 31 March 2017

	Plantations	Dairy	Corporate / other	Consolidated
	\$	\$	\$	\$
Revenue				
Sales to external customers	1,213,782	122,221	-	1,336,003
Other revenues from external customers	47,712	-	-	47,712
Interest revenue	-	-	8,685	8,685
Total segment revenue	1,261,494	122,221	8,685	1,392,400
Expenses				
Cost of sales	199,463	132,156	-	331,619
Interest expense	-	-	4,522	4,522
Depreciation and amortisation	1,041,382	9,317	-	1,050,699
Other costs	197	2,636	611,263	614,096
Total segment expenses	1,241,042	144,109	615,785	2,000,936
Net profit / (loss) before tax	20,452	(21,888)	(607,100)	(608,536)
Income tax benefit / (expense)	-	-	1,074,072	1,074,072
Net profit / (loss) after tax from continuing operations	20,452	(21,888)	466,972	465,536
Segment assets				
Current assets	955,523	55,001	662,396	1,672,920
Non-current assets	8,068,182	4,860,690	1,328,568	14,257,440
Total segment assets	9,023,705	4,915,691	1,990,964	15,930,360
Segment liabilities				
Current liabilities	10,916	22,985	196,976	230,877
Non-current liabilities	15,320	2,150,449	-	2,165,769
Total segment liabilities	26,236	2,173,434	196,976	2,396,646
Net segment assets	8,997,469	2,742,257	1,793,988	13,533,714
Cash flow information				
Net cash flow from operating activities	937,795	51,676	(381,812)	599,659
Net cash flow from investing activities	(937,795)	(51,676)	(3,063,485)	(4,052,956)
Net cash flow from financing activities	-	-	2,155,123	2,155,123
Net decrease in cash	-	-	(1,298,174)	(1,298,174)
Cash at beginning of half-year	-	-	1,886,519	1,886,519
Cash at end of half-year	-	-	588,345	588,345

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. CONTINGENT LIABILITIES

The Consolidated Entity currently has no contingent liabilities.

17. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no significant events subsequent to the reporting date.

18. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability inputs to the measurement as follows:

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

The following table show the levels within the hierarchy of financial assets and liabilities measured at fair value in a recurring basis as at 30 September 2017 and 31 March 2018.

	Six months to 31 March 2018 Fair Value \$	Year to 30 September 2017 Fair Value \$	Fair Value Hierarchy
Available-for-sale financial assets	<u>151,877</u>	<u>183,266</u>	<u>Level 1</u>

The Group also has a number of financial instruments which are not measured at fair value in the statement of financial position.

The carrying amounts of these financial assets and liabilities are considered to be a reasonable approximation of their fair value.

DIRECTORS' DECLARATION

The Directors of Alterra Limited declare that:

1. The financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 31 March 2018 and its performance for the half-year 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 made pursuant to s.303(5) of the Corporations Act 2001.



Andrew McBain
Managing Director

Perth
Dated 31 May 2018



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Alterra Limited

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Alterra Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 March 2018, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Alterra 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 March 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 the *Corporations Regulations 2001*.

Directors' responsibility for the interim financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim 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 interim 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 March 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 the

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Alterra Limited

Interim Financial Report for the Half-Year Ended 31 March 2018



company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
31 May 2018

A handwritten signature in blue ink, appearing to read 'M R Ohm'.

M R Ohm
Partner