

30 November 2016

Company Announcements Office  
Australian Securities Exchange  
10<sup>th</sup> Floor  
20 Bond Street  
SYDNEY NSW 2000

**Announcement Number 317**

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Dear Sir or Madam

**Alterra Limited (formerly Carbon Conscious Limited) Appendix 4E Final Report and Accounts for the year ended 30 September 2016**

The Directors of Alterra Limited (the Company) are pleased to present to the market the Preliminary Final Report (ASX Appendix 4E) for the financial year ended 30 September 2016.

A copy of the report can also be found on the Company's recently updated website [Alterra.com.au](http://Alterra.com.au).

**Yours faithfully**



**Andrew McBain**  
**Executive Director**



# **ALTERRA LIMITED**

**(formerly Carbon Conscious Limited)**

ABN 20 129 035 221

ASX Preliminary Final Report  
Appendix 4E

30 September 2016

Lodged with the ASX under Listing Rule 4.3A

## Results for Announcement to the Market

		<b>Consolidated</b>	
		<b>2016</b>	<b>2015</b>
		<b>\$'000</b>	<b>\$'000</b>
Revenue from ordinary activities	Up 7 %	2,890	2,699
(Loss) / profit before income tax from continuing operations	Down 276%	(-283)	161
Profit before income tax from all operations	Up 10%	291	265
Profit after tax attributable to members	Up 232%	302	91

In the 2016 financial year, the Company received revenue and incurred expenses associated with long term contracts to manage carbon plantations on behalf of clients in Australia and in relation to dairy operations in Australia.

The EBITDA profit for 2016 is \$1.14 million up from \$1.04 million in 2015.

The Company considers EBITDA to be the best measure of the existing business profitability due to the nature of the carbon plantation business, which includes long term management fees, land and forestry right assets and significant non-cash expense items which are deducted to achieve the net profit. For example, amortisation of forestry rights expense (non-cash) was \$745,232 in 2016.

The Company is pleased to confirm:

- Liabilities were reduced to \$0.43 million compared to \$2.57 million in 2015;
- Debt was reduced by \$1.89 million during the year to \$0.12 million;
- Net assets have increased to \$12.56 million versus \$12.19 million in 2015;
- Cash and receivables have increased to \$2.51 million from \$0.98 million in 2015.

## 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.

## Review of Operations

The year to September 2016 saw the Company embark on some significant changes within the business whilst continuing to manage its core agri-forestry operations in Australia including:

- Continuation of Carbon Farming Initiative (“CFI”) projects in Australia
- Change of name to Alterra Ltd
- Sale of NZ assets for NZ\$3.6 million (AU\$3.2million)
- Closure of NZ business
- Repayment of remaining debt
- Commencement of Dairy Project in WA

### Ongoing CFI Project Management

Alterra continues to manage approximately 18,000 hectares of agri-forestry projects in Western Australia to generate Australian Carbon Credit Units (ACCUs), and Voluntary Carbon Offsets. The Company have existing contracts for ACCUs out until 2027 which generate management fees of circa \$2.7 million per annum.

Field work which included tree measurements and plantation monitoring and FullCAM modelling, informed the Company's ongoing development of growth models, and supported Offset Reports to the Clean Energy Regulator. ACCUs were generated by both CFI projects with some delivered against an Emissions Reduction Fund Carbon Abatement Contract and others transferred to a client.

### Change of Name

At the AGM of the Company held on 29 February 2016, shareholders overwhelmingly supported the change of name to Alterra Ltd, to better reflect the Company's long term ambitions in agribusiness. Alterra began trading under the new code 1AG from 29 March 2016.

### Sale of NZ Assets

As announced by the Company on 4 April 2016, Alterra's New Zealand assets consisting of land, plantations, forestry rights and NZU's were sold for NZ\$3.6 million(AU\$3.2million). Settlement occurred on 1 April 2016 and the majority of funds were repatriated back to Australia. The Company no longer has any active business in New Zealand.

### Repayment of Debt

As announced by the Company on 14 April 2016, Alterra repaid its remaining bank debt on 13 April 2016 – 3 years ahead of schedule. The Company is debt free with at the date of this report circa \$2.4 million in cash and receivables as well as continuing contracted revenue in Australia out till 2027.

### Dairy Project

During January-April 2016, various works were undertaken at the Capel Farm site to assess its potential under System-5 dairy. International System-5 dairy management and engineering consultants were teamed with local construction and environmental engineering consultants to conduct extensive site assessments and develop high level designs. The Capel Farm site was ultimately unsuitable for the Company's objectives and Alterra decided to exit its position and focus on conducting feasibility studies on a number of green field sites. The Company is now primarily focussed on one site and is in discussions with various stakeholders including landholders, government agencies and potential customers while conducting the next stage of feasibility.

During 2016, international and Eastern Australian dairy markets deteriorated in response to an oversupply of milk. In Western Australia, there has been some negative sentiment resulting from several farmers not having their contracts renewed by local processors. However, with a different market pricing structure (fixed price multi-year contracts), WA farmers were largely sheltered from the international downturn in 2016.

Alterra's base case strategy is to develop a large scale System-5 farming operation to supply milk to local processors and the WA market. It is the Company's view that over the medium to long term, the supply side will come under pressure in WA as some farmers continue to exit the industry due to various issues including but not limited to; uncompetitive cost structures, requirements for CAPEX investment to replace aging infrastructure, competition for land and increased land prices, the age of farmers and in many cases, limited succession opportunities. In addition, the Company believes there will continue to be growing demand from Asia to compete for access to production.

The Company is of the view that that there are productivity and market advantages to be gained from System-5 farming because it enables the efficient production of relatively high volume and consistent quality milk to be produced in consistent monthly volumes throughout the year.

Given the structure of the WA market and the characteristics of System-5 production, the initial key agreement to be reached, from Alterra's perspective, is an off-take agreement with a local processor. An agreement for offtake will not be finalised until a site has been selected by the Company, and development of a selected site will not occur until an off-take agreement is finalised.

Alterra understands that a majority of existing WA dairy farmers will undertake contract renewal discussions during 2017, and with a potential positive movement of the international and Eastern Australian dairy markets on the horizon, opportunities may present to secure long term off-take agreements.

The mega-trend of increased demand for Australian dairy into Asia continues to excite us and the Company remains focussed on the objective of developing a cost and quality leading dairy project that supports long term domestic and export opportunities.

There are a number of areas to work through before a final investment decision can be made. Key activity and decision milestones for 2017 will include Board consideration of a reviewed detailed business case and of a potential site. Should the outcome of the Board review be positive, then the Company will seek finalisation of land and water access requirements, environmental management requirements, arrangements for power development, and development of facility designs and engineering plans with the intention to complete a finalised bankable feasibility study by the end of 2017. A large component of this work has already been commenced by the Company over the last few months and a more detailed outline of project timeframes will be made public once a decision has been made as to committing resources to the next stage as outlined above.

**Preliminary Statement of Comprehensive Income**  
**For the year ended 30 September 2016**

	Note	2016 \$	2015 \$
Revenue	3	2,899,834	2,698,685
Operating expenses		(999,721)	(447,107)
Administrative expenses		(303,812)	(264,297)
Marketing expenses		(213,084)	(65,097)
Employee benefits expense		(772,919)	(766,733)
Occupancy expenses		(71,633)	(173,960)
Finance expenses		(68,150)	(229,752)
Depreciation and amortisation expenses		(781,382)	(877,038)
Share based payments		(93,671)	(56,472)
Other costs	4	121,261	343,245
<b>(Loss) / profit before income tax</b>		<b>(283,277)</b>	<b>161,474</b>
Income tax benefit / (expense)	5	100,452	(160,444)
<b>Profit from continued operations</b>		<b>(182,825)</b>	<b>1,030</b>
Profit after tax from discontinued operations		485,031	90,180
<b>Net profit attributable to members</b>		<b>302,206</b>	<b>91,210</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign controlled entities		(34,873)	16,981
<b>Total comprehensive income attributable to members of the parent entity</b>		<b>267,333</b>	<b>108,191</b>
Basic and diluted earnings per share (cents per share)	6	0.22	0.08
Basic and diluted earnings per share from discontinued operations (cents per share)	6	0.35	(0.10)

The accompanying notes form part of these financial statements.

**Preliminary Consolidated Statement of Financial Position**  
**As at 30 September 2016**

	Note	2016 \$	2015 \$
<b>Current Assets</b>			
Cash and cash equivalents	10	1,886,519	386,831
Trade and other receivables		625,320	595,473
Income tax refundable		74,767	419,273
Investments		28,824	20,324
Inventories		108,000	-
Other assets		258,401	226,406
<b>Total Current Assets</b>		<b>2,981,831</b>	<b>1,648,307</b>
<b>Non-Current Assets</b>			
Intangible assets		3,923,174	4,301,852
Property, plant and equipment		5,782,873	8,506,213
Inventories		294,622	299,184
<b>Total Non-Current Assets</b>		<b>10,000,669</b>	<b>13,107,249</b>
<b>TOTAL ASSETS</b>		<b>12,982,500</b>	<b>14,755,556</b>
<b>Current Liabilities</b>			
Trade and other payables		160,605	469,891
Interest-bearing liabilities		42,888	813,963
<b>Total Current Liabilities</b>		<b>203,493</b>	<b>1,283,854</b>
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities		81,083	1,196,580
Deferred tax liability		144,701	82,904
<b>Total Non-Current Liabilities</b>		<b>225,784</b>	<b>1,279,484</b>
<b>TOTAL LIABILITIES</b>		<b>429,277</b>	<b>2,566,338</b>
<b>NET ASSETS</b>		<b>12,553,223</b>	<b>12,192,218</b>
<b>Equity</b>			
Issued capital	11	13,984,212	13,984,212
Reserves		1,321,433	1,262,634
Accumulated losses		(2,752,422)	(3,054,628)
<b>TOTAL EQUITY</b>		<b>12,553,223</b>	<b>12,192,218</b>

The accompanying notes form part of these financial statements.

**Preliminary Consolidated Statement of Changes in Equity**  
**For the year ended 30 September 2016**

	Issued Capital	Retained Earnings	Option Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 October 2014	13,392,896	(3,145,838)	899,869	289,313	11,436,240
Profit attributable to members	-	91,210	-	-	91,210
Foreign currency translation differences	-	-	-	16,981	16,981
Total comprehensive income for the year	-	91,210	-	16,981	108,191
Shares issued during the year	655,360	-	-	-	655,360
Share based payments	-	-	56,471	-	56,471
Transaction costs on shares issued during the year	(64,044)	-	-	-	(64,044)
<b>Balance at 30 September 2015</b>	<b>13,984,212</b>	<b>(3,054,628)</b>	<b>956,340</b>	<b>306,294</b>	<b>12,192,218</b>
Balance at 1 October 2015	13,984,212	(3,054,628)	956,340	306,294	12,192,218
Profit attributable to members	-	302,206	-	-	302,206
Foreign currency translation differences	-	-	-	(34,873)	(34,873)
Total comprehensive loss for the year	-	302,206	-	(34,873)	267,333
Share based payments	-	-	93,672	-	93,672
<b>Balance at 30 September 2016</b>	<b>13,984,212</b>	<b>(2,752,422)</b>	<b>1,050,012</b>	<b>271,421</b>	<b>12,553,223</b>

The accompanying notes form part of these financial statements.

**Preliminary Consolidated Statement of Cash Flows**  
**For the year ended 30 September 2016**

	Note	2016 \$	2015 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		3,022,642	3,048,645
Payments to suppliers and employees		(3,041,975)	(1,774,449)
Income tax refund received		419,273	-
Interest received		16,302	7,352
Interest paid		(142,797)	(248,932)
<b>Net cash flows generated by operating activities</b>	10	<b>273,445</b>	<b>1,032,616</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment		(122,145)	-
Proceeds from sale of intangible assets		312,122	-
Proceeds from the sale of plant and equipment		1,932,161	289,968
Proceeds from sale of available-for-sale investments		985,987	-
<b>Net cash flows generated by investing activities</b>		<b>3,108,125</b>	<b>289,968</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from the issue of shares		-	655,360
Costs on the issue of shares		-	(64,044)
Repayment of convertible notes		(200,000)	(1,100,000)
Repayment of bank bill facilities		(1,743,500)	(755,000)
Repayment of finance leases		61,619	14,876
<b>Net cash flows used by financing activities</b>		<b>(1,881,881)</b>	<b>(1,302,281)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,499,688</b>	<b>73,776</b>
Cash and cash equivalents at beginning of year		386,831	313,055
<b>Cash and cash equivalents at end of year</b>	10	<b>1,886,519</b>	<b>386,831</b>

The accompanying notes form part of these financial statements.

**Notes to the Preliminary Consolidated Financial Statements**  
**For the year ended 30 September 2016**

**1. BASIS OF THE PREPARATION OF THE PRELIMINARY FINAL REPORT**

The preliminary final report has been prepared in accordance with the ASX Listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The accounting policies have been consistently applied, unless otherwise stated.

**2. DIVIDENDS**

The directors recommend that no dividend be paid for the year ended 30 September 2016, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

**3. REVENUE**

	<b>2016</b>	<b>2015</b>
	\$	\$
Voluntary carbon sales	18,154	23,523
Land license / management fees	2,374,777	2,334,976
Carbon Credit Sales	-	268,772
Cattle Sales	293,800	-
Milk Sales	160,337	-
Interest received	15,273	7,352
Other income	37,493	64,062
<b>Total revenue</b>	<b>2,899,834</b>	<b>2,698,685</b>

Revenue relating to New Zealand Carbon Credit Units in the prior period is included under discontinued operations.

**Notes to the Preliminary Consolidated Financial Statements**  
**For the year ended 30 September 2016**

**4. OTHER COSTS**

	<b>2016</b>	<b>2015</b>
	\$	\$
Write down of Plantation Inventory <sup>[i]</sup>	(63,114)	(168,009)
Impairment of Land <sup>[i]</sup>	(58,147)	(175,236)
Write down of Plantation Inventory <sup>[i]</sup>	<u>(121,261)</u>	<u>(343,245)</u>

<sup>[i]</sup> Plantation inventory comprising trees at cost and land associated with the plantation inventory has been adjusted to reflect the current economic benefit in an uncertain carbon market.

**5. INCOME TAX**

The Company has recognised an income tax benefit in 2016 of \$100,452 (2015: Tax expense of \$160,444). Income tax relating to New Zealand operations is included in the discontinued operations.

**6. EARNINGS PER SHARE (EPS)**

	<b>2016</b>	<b>2015</b>
	¢	¢
Basic and dilutive earnings per share (cents per share)	0.22	0.08
Basic and dilutive earnings per share from discontinued operations (cents per share)	0.35	(0.10)
	\$	\$
Profit for the year	<u><b>267,333</b></u>	<u><b>108,191</b></u>
Profit for the year after income tax from discontinued operations	<u><b>485,031</b></u>	<u><b>90,180</b></u>
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares used in the calculation of basic EPS	137,599,988	116,295,461

**Notes to the Preliminary Consolidated Financial Statements  
For the year ended 30 September 2016**

**7. DISCONTINUED OPERATIONS**

During the year, the Group had sold all of the land, forestry rights and plantations held in New Zealand. The sale was completed on 1 April 2016 with funds being received by the Group on 4 April 2016.

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

	<b>2016</b>	<b>2015</b>
Carbon Credit Sales	232,424	373,593
Interest	1,029	-
<b>Revenue</b>	233,453	373,593
Profit from Sale of Assets	571,756	-
	97,015	2,618,954
Assets		
	82,451	(148,381)
Net Assets		

**8. SEGMENT REPORTING**

The Group is managed primarily on the basis of two reportable segments being plantation and dairy.

<b>Revenue by reportable segment</b>	<b>2016</b>	<b>2015</b>
Plantation	2,430,424	2,691,333
Dairy	454,137	-
Corporate	15,273	7,352
	2,899,834	2,698,685
<b>Assets by reportable segment</b>		
Plantation	10,555,681	11,230,307
Dairy	435,973	113,942
Corporate	2,561,315	792,353
	13,552,969	12,136,602
<b>Net Assets by reportable segment</b>		
Plantation	10,556,307	11,230,307
Dairy	436,581	113,942
Corporate	2,130,682	(1,732,008)
	13,123,570	9,612,241

**Notes to the Preliminary Consolidated Financial Statements**  
**For the year ended 30 September 2016**

**9. NTA BACKING**

	<b>2016</b>	<b>2015</b>
	<b>¢</b>	<b>¢</b>
Net tangible asset backing per ordinary share	6.27	5.75

**10. NOTES TO THE STATEMENT OF CASH FLOWS**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Reconciliation of cash flow from operations with profit after income tax:		
<b>Net profit after income tax</b>	302,208	151,740
<b>Non cash-flows in loss</b>		
(Profit)/loss on sale of fixed assets	(593,621)	987
Employee leave benefits	8,234	15,932
Share based payments	93,671	56,472
Depreciation and amortisation expense	787,501	889,231
Impairment of assets	(121,261)	(175,236)
Finance costs	8,834	1,228
Taxation expense /(benefit)	(10,978)	112,905
(Increase) in inventories	(167,079)	(112,782)
(Increase) in receivables	(84,890)	(240,483)
Increase/(decrease) in trade and other payables	(284,905)	177,512
Decrease/(increase) in other assets	335,731	155,110
Net cash generated in operating activities	273,445	1,032,616
<b>Reconciliation of Cash</b>		
Cash at bank and on hand	1,886,519	386,831
	1,886,519	386,831

**Notes to the Preliminary Consolidated Financial Statements**  
**For the year ended 30 September 2016**

**11. ISSUED & PAID UP CAPITAL**

	2016 No.	2016 \$	2015 No.	2015 \$
Ordinary shares fully paid				
At beginning of the financial period	137,599,988	13,984,212	104,831,988	13,392,896
Shares issued during the year	-	-	32,768,000	655,350
Share issue costs	-	-		(64,044)
At 30 September 2016	137,599,988	13,984,212	137,599,988	13,984,212

**12. EVENTS SUBSEQUENT TO REPORTING DATE**

There have been no matters or circumstances that have arisen after balance date that have significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

**13. CONTROLLED ENTITIES**

	Country of Origin	Class of Share	Percentage Owned %	
			2016	2015
Carbon Fund Australia Pty Ltd	Australia	Ord	100	100
WA2 Milk Pty Ltd (formerly Carbon Management Pty Ltd)	Australia	Ord	100	100
Capel River Dairy Pty Ltd (formerly CCF Holdings NSW Pty Ltd)	Australia	Ord	100	100
Carbon Conscious Pty Ltd	Australia	Ord	100	N/A
Carbon Conscious New Zealand Ltd	New Zealand	Ord	100	100
Carbon Conscious Holdings NZ No. 1 Ltd	New Zealand	Ord	100	100

**Notes to the Preliminary Consolidated Financial Statements  
For the year ended 30 September 2016**

**14. COMPLIANCE STATEMENT**

This report is based on financial statements to which the following applies:

- |                                     |  |                          |   |
|-------------------------------------|--|--------------------------|---|
| <input type="checkbox"/>            | The financial statements have been audited.  | <input type="checkbox"/> | The financial statements have been supplied to review.          |
| <input checked="" type="checkbox"/> | The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> | The financial statements have not yet been audited or reviewed. |



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**Andrew McBain**  
**Executive Director**

Date: 30 November 2016