

**TRUFFLE PROPERTIES LIMITED**

**ACN 116228114**

**Interim Financial Report**

**For the half-year ended 31 December 2021**

**C O N T E N T S**

Directors' Report

Auditor's Independence Declaration

Consolidated Statement of Comprehensive Income

Consolidated Statement of Financial Position

Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flows

Notes to the Financial Statements

Directors' Declaration

Independent Auditor's Review Report

# **TRUFFLE PROPERTIES LIMITED**

**ACN 116228114**

## **Interim Financial Report**

### **DIRECTORS' REPORT**

The directors present their report, together with the financial statements of Truffle Properties Limited (referred to hereafter as the 'Company') and the entities it controlled (referred to hereafter as the 'Consolidated Entity') at the end of, or during, the half year ended 31 December 2021.

#### **Directors**

The names of Directors who held office during or since the end of the half-year are:

Geoffrey Thomas Barrett  
Walter John Edwards  
Richard Ernest Hill  
Greg Martin

#### **Principal activity**

The principal activity of the Consolidated Entity is to maintain and cultivate Truffle inoculated oak and hazelnut trees on the Trufferies, for the purpose of harvesting Truffles for sale at Appadene Road, Manjimup.

#### **Review of operations**

The Manjimup region had a below average season in 2021 for truffle yields. This resulted from cooler than average temperatures during Summer and extremely wet conditions during the harvest. Oak Valley generated more than 60% of the total Western Australian harvest in 2021. The 2021 dirty truffle harvest was up 10% on the 2020 harvest. The 2020 dirty truffle harvest was 6,603,500 grams and in 2021 this increased to 7,793,740 grams. The 2021 harvest result placed the truffle business on track with the projected long term harvest yield. Despite the extremely difficult trading conditions arising from COVID-19 we managed to sell 100% of saleable truffles and recorded an operating profit for the 2021 financial year. The average price paid for fresh truffle in 2021 improved on the 2020 prices and further price improvements are anticipated for the 2022 season as the world markets continue to overcome the negative impacts of COVID-19.

The 2020/21 revenue result was also impacted by COVID-19 due to shipping restrictions to international destinations throughout the 2020 truffle harvest despite a bumper season. This resulted in surplus truffles being frozen to be sold at a lower price per gram in the 2020/21 financial year.

Excluding non-cash items the operating profit for half year ended 31 December 2021 was \$326,369 compared to \$220,615 for half year ended 31 December 2020.

#### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

**TRUFFLE PROPERTIES LIMITED**

**ACN 116228114**

**Interim Financial Report**

**DIRECTORS' REPORT**

**Auditor's declaration**

Our auditor, RSM Australia Partners, has provided the Board of Directors with an independence declaration in accordance with section 307C of the *Corporations Act 2001*. The independence declaration is included within the financial statements.

This report is signed in accordance with a resolution of the Board of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

A handwritten signature in blue ink, appearing to read 'G. Barrett', with a large, sweeping flourish extending to the left.

---

Geoffrey Thomas Barrett  
Director

Dated: 28 February 2022



**RSM Australia Partners**

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100

F +61 (0) 8 92619111

[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Truffle Properties 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:

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

RSM AUSTRALIA PARTNERS

Perth, WA  
Dated: 28 February 2022

J A KOMNINOS  
Partner

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

**TRUFFLE PROPERTIES LIMITED**

**ACN 116228114**

**Interim Financial Report**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Notes	31 Dec 2021 \$	31 Dec 2020 \$
Revenue	2	1,989,723	1,518,558
Depreciation and amortisation		(357,020)	(361,984)
Employee benefits expense		(541,701)	(371,623)
Cost of sales – Biological assets		(923,907)	(730,743)
Changes in inventories		(129,319)	(173,020)
Directors' fees		(37,500)	(37,500)
Directors' remuneration		(54,750)	(7,692)
Purchase of truffle for resale		(427,176)	(278,527)
Commission paid		(49,806)	(46,604)
Administration costs		(36)	(50,000)
Repairs and maintenance		(69,935)	(50,356)
Agricultural supplies		(124,266)	(94,598)
Truffle hunting expenses		(45,225)	(28,894)
Other expenses		(179,407)	(150,286)
Finance costs		(4,233)	(8,842)
Loss before income tax		(954,558)	(872,112)
Income tax	3	-	-
Loss after income tax		(954,558)	(872,112)
Other comprehensive income		-	-
Total comprehensive loss attributable to members of the Company for the period		(954,558)	(872,112)

The accompanying notes form part of these financial statements

**TRUFFLE PROPERTIES LIMITED**

**ACN 116228114**

**Interim Financial Report**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2021**

	Notes	31 Dec 2021	30 Jun 2021
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		242,386	265,267
Trade and other receivables		263,820	682,422
Stock on hand		-	129,319
Biological assets	4	-	923,907
<b>TOTAL CURRENT ASSETS</b>		<b>506,206</b>	<b>2,000,915</b>
<b>NON-CURRENT ASSETS</b>			
Investment property - Land	5	1,421,148	1,421,148
Property, plant, and equipment		5,406,469	5,542,500
Intangible assets	6	5,219,559	5,375,051
<b>TOTAL NON-CURRENT ASSETS</b>		<b>12,047,176</b>	<b>12,338,699</b>
<b>TOTAL ASSETS</b>		<b>12,553,382</b>	<b>14,339,614</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		692,152	305,775
Provision		42,156	25,323
<b>TOTAL CURRENT LIABILITIES</b>		<b>734,308</b>	<b>331,098</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables		-	37,500
Interest bearing liabilities		400,000	900,000
Deferred tax liabilities		1,065,813	1,065,813
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,465,813</b>	<b>2,003,313</b>
<b>TOTAL LIABILITIES</b>		<b>2,200,121</b>	<b>2,334,411</b>
<b>NET ASSETS</b>		<b>10,353,261</b>	<b>12,005,203</b>
<b>EQUITY</b>			
Issued capital		10,250,092	10,250,092
Accumulated losses		(3,278,824)	(1,626,882)
Revaluation reserve		3,381,993	3,381,993
<b>TOTAL EQUITY</b>		<b>10,353,261</b>	<b>12,005,203</b>

The accompanying notes form part of these financial statements

**TRUFFLE PROPERTIES LIMITED****ACN 116228114****Interim Financial Report****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	<b>Issued Capital Ordinary \$</b>	<b>Revaluation Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2021</b>	10,250,092	3,381,993	(1,626,882)	12,005,203
Loss for the half year	-	-	(954,558)	(954,558)
<b>Total comprehensive loss attributable to members of the Company</b>	-	-	(954,558)	(954,558)
<b>Transactions with owners in their capacity as owners</b>				
Dividends paid	7	-	(697,384)	(697,384)
<b>Balance at 31 December 2021</b>	10,250,092	3,381,993	(3,278,824)	10,353,261

	<b>Issued Capital Ordinary \$</b>	<b>Revaluation Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2020</b>	10,250,092	3,381,993	(1,908,550)	11,723,535
Loss for the half-year	-	-	(872,112)	(872,112)
<b>Total comprehensive loss attributable to members of the Company</b>	-	-	(872,112)	(872,112)
<b>Balance at 31 December 2020</b>	10,250,092	3,381,993	(2,780,662)	10,851,423

The accompanying notes form part of these financial statements

**TRUFFLE PROPERTIES LIMITED**

**ACN 116228114**

**Interim Financial Report**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	3,332,232	1,762,775
Payments to suppliers	(2,197,117)	(903,995)
Interest paid	(4,233)	(8,842)
Payment of directors fees	(37,500)	-
	<hr/>	<hr/>
Net cash provided by operating activities	1,093,382	849,938
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for non-current assets	(65,497)	(92,970)
	<hr/>	<hr/>
Net cash used in investing activities	(65,497)	(92,970)
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(500,000)	-
Payment unfranked dividend to shareholders	(550,766)	-
	<hr/>	<hr/>
Net cash used in financing activities	(1,050,766)	-
	<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents held	(22,881)	756,968
Cash and cash equivalents at beginning of period	265,267	(29,792)
	<hr/>	<hr/>
Cash and cash equivalents at end of period	242,386	727,176
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements



**TRUFFLE PROPERTIES LIMITED**

**ACN 116228114**

**Interim Financial Report**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

Truffles Properties Limited (the Company) is an unlisted public company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2021 comprises the Company and its subsidiary (together referred to as the Consolidated Entity).

The interim financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

The interim financial report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by the Consolidated Entity during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies applied by the Consolidated Entity in this consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2021. Except as mentioned below, there were no other new accounting policies adopted in the reporting period.

*New and Revised Accounting Standards*

In the current half-year, the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Any new and revised Accounting Standards or interpretations that are not yet mandatory have not been early adopted by the Consolidated Entity.

*Basis of preparation*

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

As disclosed in the financial statements, the Consolidated Entity incurred a net loss of \$954,558 for the period ended 31 December 2021, and had net current liabilities of \$228,102 as at 31 December 2021. Notwithstanding this, the Board believes that it is appropriate to prepare the financial statements on the going concern basis after consideration of the following factors:

- The Consolidated Entity has net assets of \$10,353,261;
- The Consolidated Entity had net cashflow inflow from operating activities of \$1,093,382 for the period ended 31 December 2021;
- As at 31 December 2021, the Consolidated Entity has unutilised bank overdraft facility of \$200,000; and
- As at 31 December 2021, the Consolidated Entity has unutilised bank loan facility of \$1,000,000 available for drawdown if required.

**TRUFFLE PROPERTIES LIMITED**

**ACN 116228114**

**Interim Financial Report**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT)**

Accordingly, the Board believes that it is reasonably foreseeable that the Consolidated Entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

*Estimates*

The preparation of the financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated financial report, the significant judgments made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2021. During the six months ended 31 December 2021 management made no major reassessments of its estimates.

**TRUFFLE PROPERTIES LIMITED**

**ACN 116228114**

**Interim Financial Report**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

**NOTE 2: REVENUE**

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$</b>	<b>\$</b>
Truffle income	1,685,221	1,279,999
Management fee from a related party	240,895	149,822
Freight collected	-	6,256
Government grants	-	66,547
Miscellaneous income	2,727	13,932
Fuel tax grants	1,120	280
Gain on fx conversion	59,760	1,722
	<u>1,989,723</u>	<u>1,518,558</u>

**NOTE 3: INCOME TAX**

No income tax is payable by the Consolidated Entity due to tax losses being incurred in the current period.

**NOTE 4: BIOLOGICAL ASSETS**

The biological assets consist of un-harvested truffles at the end of the financial year and are measured at fair value, less costs to sell at the point of harvest.

**NOTE 5: INVESTMENT PROPERTY AND OAK AND HAZELNUT TREES**

*Independent valuation*

Investment property and oak and hazelnut trees were revalued by an independent licensed valuer in April 2020. The independent valuation was made on the basis of the current market.

**NOTE 6: INTANGIBLES**

	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$</b>	<b>\$</b>
Rights to truffle income	3,964,153	3,964,153
Less: Accumulated amortisation	(2,176,882)	(2,021,390)
	<u>1,787,271</u>	<u>1,942,763</u>
Goodwill on acquisition	3,432,288	3,432,288
<b>Total intangibles</b>	<u>5,219,559</u>	<u>5,375,051</u>

**TRUFFLE PROPERTIES LIMITED**

**ACN 116228114**

**Interim Financial Report**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

**NOTE 7: DIVIDENDS**

Dividends paid during the financial half-year were as follows:

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	\$	\$
Final dividend for the year ended 30 June 2021 of 10 cents per ordinary share	<u>697,384</u>	<u>Nil</u>

On 15 September 2021 the directors declared a final dividend for the year ending 30 June 2021 of 10 cents per ordinary share, in which \$550,766 was paid before 31 December 2021.

**NOTE 8: CONTINGENT LIABILITIES**

There were no known material contingent liabilities at the half year reporting date.

**NOTE 9: COMMITMENTS**

There has been no significant change in commitments since the issue of the 30 June 2021 annual report.

**NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Consolidated Entity up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

**TRUFFLE PROPERTIES LIMITED**

**ACN 116228114**

**Interim Financial Report**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that, in the opinion of the Directors:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give 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
- 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.

A handwritten signature in blue ink, appearing to read 'Geoffrey Thomas Barrett', is written over a horizontal line.

Geoffrey Thomas Barrett  
Director

Dated: 28 February 2022



**RSM Australia Partners**

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100  
F +61(0) 8 92619111

[www.rsm.com.au](http://www.rsm.com.au)

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
TRUFFLE PROPERTIES LIMITED**

We have reviewed the accompanying half-year financial report of Truffle Properties Limited which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of 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.

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

The directors of the company 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 is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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

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

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Truffle Properties Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

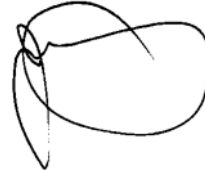
### *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 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 the *Corporations Regulations 2001*.

A handwritten signature of 'RSM' in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to be 'J A Komninos'.

Perth, WA  
Dated: 28 February 2022

J A KOMNINOS  
Partner