

Kiland Limited (formerly Kangaroo Island Plantation Timbers Ltd)

ACN 091 247 166

Results for Announcement to the Market Appendix 4D

Current reporting period: Half-year ended 31 December 2021

Previous corresponding reporting period: Half-year ended 31 December 2020

Results for Announcement to the Market

	Percentage Change %	Amount \$'000
Revenue – continued operations	1,325% increase	1,026
Loss after tax – continued operations	35% increase	(3,486)
Net loss attributable to members	35% increase	(3,486)

Dividends paid or proposed

No dividends have been paid or proposed during the period.

Brief explanation of revenue and net loss

Loss from continuing operations increased by \$906,000, primarily due to increased cost of sales as the Kiland Limited (formerly Kangaroo Island Plantation Timbers Limited) (“Company”) and its controlled entities (“Group”) began to clear the tree-crop, partly offset by sales of salvaged timber and lower wharf development costs. A summary of the major charges is set out below:

	2021 Income / (expense) \$'000s	2020 Income / (expense) \$'000s	(Increase) / decrease in losses \$'000s
Sales, other income and finance income has increased	1,026	72	954
Cost of sales have increased	(1,482)	-	(1,482)
Forestry expenses have decreased	(1,173)	(1,206)	33
Wharf development costs have decreased	(75)	(661)	586
Administrative and other expenses have increased	(2,589)	(1,652)	(937)
Income tax benefit has decreased	807	867	(60)
Net comprehensive loss has increased	(3,486)	(2,580)	(906)

Net tangible asset (NTA) backing

	Half-year Ended 31 December 2021	Half-year Ended 31 December 2020
Net tangible asset backing per security	\$1.53	\$2.09

The decrease is mainly due to reductions in the fair value of the tree-crop and plantation land (to allow for reversion costs) and the impairment of the wharf asset to net realisable value, following the Group's decision to convert its land for more traditional agricultural use.

Details of entities over which control has been gained or lost during the period

The Group has not gained or lost control of any entities during the half-year ended 31 December 2021.

Details of associates or joint ventures

Not applicable.

Review dispute or qualification

The Group is not aware of any review, dispute or qualification for the accounts for the half-year ended 31 December 2021. The half-year financial report should be read in conjunction with the annual report for the year ended 30 June 2021.

kiland

Kiland Limited

**(formerly Kangaroo Island
Plantation Timbers Ltd)**

Interim Financial Report

For the half year ended 31 December 2021

ABN 19 091 247 166

www.kiland.com.au

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Directors' Report

For the half-year ended 31 December 2021.

Your Directors submit their report for the half-year ended 31 December 2021 for Kiland Limited (formerly Kangaroo Island Plantation Timbers Limited) ("Company") and its controlled entities ("Group").

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are as below.

Director	Position	Appointed	Last elected or re-elected at AGM	Resigned
James Davies	Executive Chair	13 July 2021	25 October 2021	-
Paul McKenzie	Non-Executive Director	29 April 2005	25 October 2021	-
Mitchell Taylor	Non-Executive Director	13 July 2021	25 October 2021	-
Keith Lamb	Managing Director	15 October 2018	-	25 October 2021
Shauna Black	Executive Director	17 March 2015	21 November 2019	25 October 2021
Gregory Boulton AM	Non-Executive Director	1 November 2016	28 October 2020	21 September 2021

Directors were in office for the entire period, other than as set out in the table above.

Interests in the shares and performance rights of the Company and related bodies corporate

As at the date of this report, the interests of the directors, either directly or indirectly, in the shares of Kiland Limited were:

Interest in ordinary shares

	Opening interest at 1 July 2021	Net changes during the period	Appointment / (resignation) of director	Closing interest at date of this report
James Davies ⁽¹⁾	-	150,000	-	150,000
Paul McKenzie ⁽²⁾	2,789,860	-	-	2,789,860
Mitchell Taylor ⁽³⁾	-	-	15,916,041	15,916,041
Keith Lamb ⁽⁴⁾	22,000	-	(22,000)	-
Shauna Black ⁽⁵⁾	421,670	(200,000)	(221,670)	-
Gregory Boulton ⁽⁶⁾	193,730	-	(193,730)	-
Total	3,427,260	(200,000)	15,478,641	18,705,901

(1) Mr James Davies acquired 150,000 shares on market, the shares are held by Tian Xia Pty Ltd

(2) Mr McKenzie's shareholdings comprise:

- a. 2,132,500 (2021: 2,132,500) held by Aminac Pty Ltd ATF Aminac Superfund, of which Mr McKenzie is the Managing Director; and
- b. 657,360 (2021: 657,360) held by Alke Pty Ltd ATF The McKenzie Family Trust No 2, of which Mr McKenzie is the Managing Director.

(3) Shareholding of Samuel Terry Asset Management Pty Ltd, of which Mr Taylor is a related party.

(4) Mr Lamb's shares were held directly. Mr Lamb resigned as a director on 25 October 2021.

(5) Ms Black's shareholdings comprised:

- a. 66,670 (2020: 66,670) held directly; and
- b. 355,000 (2020: 355,000) held by Black Stump Regional Pty Ltd ATF the Taybric Family Trust, of which Ms Black has effective control.

On 16 September 2021, Ms Black sold 200,000 shares held by Black Stump Regional Pty Ltd ATF the Taybric Family Trust. Ms Black resigned as a director on 25 October 2021.

(6) Mr Boulton's 193,730 shares (2020: 193,730) are held by G Boulton Pty Ltd ATF the Greg Boulton Family Superannuation Fund. Mr Boulton resigned as a director on 21 September 2021.

Directors' Report continued

For the half-year ended 31 December 2021

Interest in Performance Rights

	Opening interest at 1 July 2021	Performance rights granted	Performance rights lapsed	Closing interest at date of report
Non-Executives				
Paul McKenzie	282,112	752,500	(282,112)	752,500
Mitchell Taylor	-	-	-	-
Gregory Boulton	282,112	-	(282,112)	-
Executive Directors				
James Davies	-	2,150,000	-	2,150,000
Keith Lamb	1,128,448	-	(1,128,448)	-
Shauna Black	282,112	-	(282,112)	-
Total	1,974,784	2,902,500	(1,974,784)	2,902,500

All directors 1 July 2021 performance rights lapsed on 13 September 2021, as resolved by the Board.

The issue of new performance rights were approved by the Shareholders on 25 October 2021.

Performance Rights Plan

On 13 September 2021, the Group announced that the Board had determined that the Performance Rights Plan approved by Shareholders on 21 November 2019 should be withdrawn. A new Performance Rights Plan ("Plan") was approved by Shareholders at the 25 October 2021 Annual General Meeting.

Under the Plan (and the previous plan), the Board can issue performance rights to executive and non-executive directors as remuneration for additional duties performed and to incentivise them to align their interests more closely with those of shareholders.

If the performance conditions and any other vesting conditions are met, an equivalent number of shares will be issued, that rank equally with all other existing shares in all respects.

A Plan participant must not dispose of any shares acquired under the Plan before the end of the restriction period (if any) which are subject to the Plan rules and the terms of the specific offer from time to time.

Valuation and Recognition of Remuneration

Under AASB 2 *Share-Based Payment* the fair value of any share-based remuneration is determined at the grant date and then recognised as an expense over the relevant vesting period. Performance rights are normally valued based on the Company's share price at the Grant Date and an assessed probability of achievement. Vesting conditions that are market-based (such as achievement of a particular share price) are included in the fair value assessment. The directors have used an adapted Monte Carlo valuation method to value the performance rights

Remuneration expense is then recognised over the relevant term of the performance rights, on the basis that the recipient must be employed by the Group at the time a performance condition is met in order for the rights to vest. Amounts recognised as remuneration expense are not reversed through profit and loss if the rights do not vest because of a failure to meet a market-based performance condition. However, the value of performance rights that have lapsed or expired is transferred from the share-based payment reserve to accumulated profit.

The Performance Rights expire over terms of between one and three years after approval or if they are replaced with new Performance Rights.

Directors' Report continued

For the half-year ended 31 December 2021

Performance Rights approved and issued on 25 October 2021

At the 25 October 2021 General Meeting, shareholders approved the issue on 1 July 2021 of a total of 2,902,500 Performance Rights, with an expiry date of 25 October 2024.

The total valuation of these performance rights of \$1,416,760 will be expensed from the date of grant (25 October 2021) to the date of expiry (25 October 2024).

In the half-year ended 31 December 2021, \$86,609 was recognised as an expense in relation to these rights.

The 25 October 2021 Performance Rights were issued in four tranches with different share price performance conditions as shown below:

- the one-month Volume-Weighted Average Price (VWAP) of the Group's Shares is achieved at the one year anniversary date of the date on which the ASX share price for the Company's shares was first at the relevant price hurdle, subject to the value of the Company's shares traded in the 12 months to the anniversary date exceeding \$2 million.

One month VWAP	James Davies Rights	Paul McKenzie Rights	Total Rights	Total Valuation \$
\$1.50 or above	750,000	262,500	1,012,500	607,978
\$1.75 or above	325,000	113,750	438,750	221,212
\$2.00 or above	750,000	262,500	1,012,500	427,560
\$2.25 or above	325,000	113,750	438,750	160,010
Total	2,150,000	752,500	2,902,500	1,416,760

The Directors have employed an independent consultant to value the performance rights using a Monte Carlo model. The Performance Rights calculated with the following inputs:

- Valuation date of 25 October 2021;
- A share price of \$1.195, being the closing share price as at 25 October 2021;
- A risk-free rate of 0.660%, based on the yield of Australian 3-year government bonds as at 25 October 2021;
- A volatility of 45.0% based on analysis of the historical volatility of ASX: KIL up to 25 October 2021, rounded to one decimal place and reflecting the period for which performance is measured; and
- A strike price of \$nil.

One month VWAP	Shares to be issued	Grant date to 31 Dec 2021 \$	6 months to 30 Jun 2022 \$	6 months to 31 Dec 2022 \$	6 months to 30 Jun 2023 \$
\$1.50 or above	1,012,500	37,167	100,405	102,069	100,405
\$1.75 or above	438,750	13,523	36,532	37,138	36,532
\$2.00 or above	1,012,500	26,137	70,610	71,780	70,610
\$2.25 or above	438,750	9,782	26,425	26,863	26,425
Total	2,902,500	86,609	233,972	237,850	233,972

Directors' Report continued

For the half-year ended 31 December 2021

One month VWAP	Shares to be issued	6 months to 31 Dec 2023 \$	6 months to 30 Jun 2024 \$	6 months to 31 Dec 2024 \$	Total valuation \$
\$1.50 or above	1,012,500	102,069	100,960	64,903	607,978
\$1.75 or above	438,750	37,138	36,734	23,615	221,212
\$2.00 or above	1,012,500	71,780	71,000	45,643	427,560
\$2.25 or above	438,750	26,863	26,571	17,081	160,010
Total	2,902,500	237,850	235,265	151,242	1,416,760

Performance Rights approved on 28 October 2020 and issued on 1 July 2021

At the 28 October 2020 General Meeting, shareholders approved the issue on 1 July 2021 of a total of 2,256,896 Performance Rights, with an expiry date of 30 June 2022. These Rights were resolved by the Directors to have expired unvested on 13 September 2021.

The total valuation of these performance rights of \$1,900,808 was to have been expensed from the date of grant (28 October 2020) to the date of expiry (30 June 2022).

In the year ended 30 June 2021, \$740,848 was recognised as an expense in relation to these rights.

In the period ended 31 December 2021, an expense of \$995,197 was recognised immediately on expiry of the rights on 13 September 2021.

The 1 July 2021 Performance Rights were issued in three tranches with different share price performance conditions as shown below:

- the Volume-Weighted Average Price (VWAP) of the Group's Shares exceeds the relevant price, based on the most recently-traded 1,000,000 shares.

Last 1,000,000 Shares Traded VWAP	Keith Lamb Rights	John Sergeant Shauna Black Paul McKenzie Greg Boulton Rights (each)	Total Rights	Total Valuation \$
\$1.31 or above	376,149	94,037	752,297	690,608
\$1.57 or above	501,533	125,383	1,003,065	832,545
\$1.83 or above	250,766	62,692	501,534	377,655
Total	1,128,448	282,112	2,256,896	1,900,808

The Directors have employed an independent consultant to value the performance rights using a trinomial lattice model. The performance rights are calculated with the following inputs:

- Valuation date of 28 October 2020;
- A share price of \$1.095, being the closing share price as at 28 October 2020;
- A risk-free rate of 0.105%, based on the yield of Australian 2-year government bonds as at 28 October 2020;
- A volatility of 88.1% based on analysis of the historical volatility of ASX: KIL for a 1-year period up to 28 October 2020, rounded to one decimal place and reflecting the period for which performance is measured; and
- A strike price of \$nil.

Directors' Report continued

For the half-year ended 31 December 2021

Last 1,000,000 Shares Traded VWAP	Shares to be issued	Grant Date to 31 Dec 2020 \$	6 months to 30 Jun 2021 \$	6 months to 31 Dec 2021 \$	6 months to 30 Jun 2022 \$	Total valuation \$
\$1.31 or above	752,297	72,457	204,918	208,315	204,918	690,608
\$1.57 or above	1,003,065	87,349	247,034	251,128	247,034	832,545
\$1.83 or above	501,534	39,623	112,058	113,916	112,058	377,655
Total	2,256,896	199,429	564,010	573,359	564,010	1,900,808

Performance Rights approved and issued on 30 June 2020

On 30 June 2020, shareholders approved the issue of a total of 2,256,896 Performance Rights, with an expiry date of 29 June 2021. These Rights were resolved by the Directors to have expired unvested on 29 June 2021.

In the year ended 30 June 2021, \$831,445 was recognised as an expense in relation to these rights.

The 30 June 2020 Performance Rights were issued in three tranches with different share price performance conditions as shown below:

- the Volume-Weighted Average Price (VWAP) of the Group's Shares exceeds the relevant price, based on the most recently-traded 1,000,000 shares

Last 1,000,000 Shares Traded VWAP	Keith Lamb Rights	John Sergeant Shauna Black Paul McKenzie Greg Boulton Rights (each)	Total Rights	Total Valuation \$
\$1.25 or above	376,149	94,037	752,297	340,791
\$1.50 or above	501,533	125,383	1,003,065	362,106
\$1.75 or above	250,766	62,692	501,534	145,445
Total	1,128,448	282,112	2,256,896	848,342

The Directors have employed an independent consultant to value the performance rights using a trinomial lattice model. The performance rights are calculated with the following inputs:

- Valuation date of 30 June 2020;
- A share price of \$0.80, being the closing share price as at 30 June 2020;
- A risk-free rate of 0.250%, based on the yield of Australian 2-year government bonds as at 30 June 2020;
- A volatility of 85.7% based on analysis of the historical volatility of ASX::KIL for a 1 year period up to 30 June 2020, rounded to one decimal place and reflecting the period for which performance is measured; and
- A strike price of \$nil.

Last 1,000,000 Shares Traded VWAP	Shares to be issued	6 months 31 Dec 2020 \$	6 months 30 Jun 2021 \$	Total Valuation \$
\$1.25 or above	752,297	168,523	172,268	340,791
\$1.50 or above	1,003,065	179,064	183,042	362,106
\$1.75 or above	501,534	71,923	73,522	145,445
Total	2,256,896	419,510	428,832	848,342

Directors' Report continued

For the half-year ended 31 December 2021

Review and results of operations

Loss from continuing operations increased by \$906,000, primarily due to increased cost of sales as the Group has begun to clear the tree-crop, partly offset by sales of salvaged timber and lower wharf development costs. A summary of the major charges is set out below:

	2021 Income / (expense) \$'000s	2020 Income / (expense) \$'000s	(Increase) / decrease in losses \$'000s
Sales, other income and finance income has increased	1,026	72	954
Cost of sales have increased	(1,482)	-	(1,482)
Forestry expenses have decreased	(1,173)	(1,206)	33
Wharf development costs have decreased	(75)	(661)	586
Administrative and other expenses have increased	(2,589)	(1,652)	(937)
Income tax benefit has decreased	807	867	(60)
Net comprehensive loss has increased	(3,486)	(2,580)	(906)

Appointment of property manager for agricultural estate

On 7 January 2022, following a public tender process, the Company announced that it had selected AAGIM Investment Management Pty Ltd ("AAGIM") as Property Manager for its Kangaroo Island agricultural estate.

Kiland's wholly owned subsidiary Kangaroo Island Land Assets Limited, which holds or will hold all of Kiland's agricultural properties, has entered into the Property Management Agreement with AAGIM.

Upon appointment AAGIM will develop a Master Plan for Kangaroo Island Land Assets Limited to be approved by Kiland. The Master Plan will include a multi-year operational plan and detailed funding requirements.

The Board looks forward to working with AAGIM to transform the Company's portfolio of high rainfall, high production assets into a top tier institutional-grade agricultural estate. The terms of the Property Management Agreement incentivise AAGIM and ensure alignment of interest with Kiland shareholders

Kiland Executive Chairman James Davies said:

"AAGIM are the right partner for this project. We look forward to working with Marcus and his team in developing a top tier institutional grade agricultural estate. The terms of the Property Management Agreement incentivise AAGIM and ensure alignment of interest with Kiland shareholders."

AAGIM CEO Marcus Elgin said:

"We are pleased to be appointed Property Manager and look forward to leveraging our extensive transformational agriculture experience to develop Kangaroo Island Land Assets Limited's portfolio of high rainfall, high production assets into an institutional grade estate."

Founded in 1997, AAGIM is a leading private account and direct investment manager focused on the Australian farmland sector. AAGIM has managed assets in sheep for meat and wool, dairy, beef, row crops and permanent plantings since 2005 for family offices, institutions and sovereign funds.

Over the past 11 years AAGIM have managed over 100,000 hectares of forestry-to-agriculture farmland improvement including tree removal, land improvement, farm design and management of ongoing agricultural operations.

Conditional sale of pontoon

The Company's wholly owned subsidiary KI Seaport Pty Ltd has entered into a conditional sale agreement for its pontoon asset for net cash proceeds of USD4.30 million (AUD5.92 million equivalent at the 31 December 2021 exchange rate). The carrying value of the pontoon asset was AUD5.86 million at 31 December 2021.

Directors' Report continued

For the half-year ended 31 December 2021

The sale is subject to numerous conditions including completion of necessary port and safety clearance works required for the pontoon to be towed. The buyer has lodged a 15% deposit which will be held by an escrow agent until completion.

Share buy-backs

The Board seeks to achieve a more efficient capital structure for the Company:

- 8 August 2021, the Company announced an on-market buy-back of up to a maximum 5,648,035 shares (10% of shares on issue). The on-market share buy-back closed and 5,647,022 shares were cancelled on 29 August 2021; and
- 8 November 2021, the Company issued an off-market share buy-back offer up to a maximum of 11,297,071 shares (approximately 22% of shares on issue). The off-market share buy-back closed on 13 December 2021. The total number of shares bought back was 4,558,111 (approximately 9% of issued capital) for \$6,107,869. The shares were cancelled on 13 December 2021.

Return of Forestry Development Fund Grant

The Company announced that it had secured a \$5 million Forestry Development Fund grant from the Australian Commonwealth Government on 22 December 2020. The grant was to support development of a biomass pellet mill on Kangaroo Island. To date the Company has received \$2.6 million in grant funds.

The change in the Company's strategy to revert its estate to an agricultural enterprise does not include the development of the pellet mill. Given this, the Australian Commonwealth Government has informed the Company that its application no longer aligns with the requirements of the grant program and the funds received to date are to be repaid. Kiland will repay the \$2.6 million to the Australian Commonwealth Government in full.

COVID-19

As reported previously, while the Company acknowledges the trauma created by COVID-19 to the regional community of Kangaroo Island and national economy, neither the restrictions imposed by State and Federal governments nor the virus itself has adversely affected Company employees or operations. The Company continues to monitor government directives and health advice, and updates its protocols and procedures accordingly. The Company's COVID-19 compliance plan extends to the operations outlined above.

Shares on issue

At 31 December 2021 and as at the date of this report the ordinary shares on issue were as follows:

	No of Ordinary Fully paid Shares
As at 1 July 2021	56,480,359
Share buy-backs	(10,205,133)
At 31 December 2021	46,275,226
At the date of this report	46,275,226

Events after balance date

Other than the appointment of the property manager for the agricultural estate disclosed in the Review and results of operations above, there have been no significant events after the balance date.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$'000 (where rounding is applicable) under the option available to the company under ASIC Corporations Instrument 2016/191. The company is an entity to which the Class Order applies.

Directors' Report continued

For the half-year ended 31 December 2021

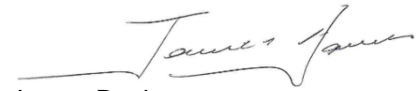
Dividends

No dividends have been declared or paid in this financial period.

Auditor independence and non-audit services

The directors have received the auditor's independence declaration, which is included on page 11 of this report and forms part of this report.

Signed in accordance with a resolution of the directors.



James Davies
Executive Chairman

Dated this 27th day of February 2022

Auditor's Independence Declaration

To the Directors of Kiland Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Kiland Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 27 February 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2021

	Notes	Consolidated	
		31 December 2021 \$'000	31 December 2020 \$'000
Sales		969	-
Cost of sales		(1,482)	-
Gross profit / (loss)		(513)	-
Other income	4	43	30
Finance income		14	42
Forestry expenses		(1,173)	(1,206)
Wharf development costs		(75)	(661)
Administrative and other expenses	4	(2,589)	(1,652)
Profit / (loss) before income tax		(4,293)	(3,447)
Income tax benefit / (expense)	5	807	867
Net profit / (loss) for the period		(3,486)	(2,580)
Profit / (loss) for the period attributable to members of the parent		(3,486)	(2,580)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period net of tax		-	-
Total comprehensive profit /(loss) for the period attributable to members of the parent		(3,486)	(2,580)
Basic and diluted earnings per share	6	EPS in cents (6.56)	EPS in cents (4.57)

The above 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

		Consolidated	
	Notes	31 December 2021 \$'000	30 June 2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	17,238	32,735
Trade and other receivables	8	262	150
Other current assets		79	146
		<u>17,579</u>	<u>33,031</u>
Assets classified as held for sale	9	5,865	5,000
Total current assets		<u>23,444</u>	<u>38,031</u>
Non-current assets			
Property, plant and equipment	10	51,887	51,917
Biological assets	11	-	-
Other non-current assets		4	4
Total non-current assets		<u>51,891</u>	<u>51,921</u>
TOTAL ASSETS		<u>75,335</u>	<u>89,952</u>
LIABILITIES			
Current liabilities			
Trade and other payables		3,832	2,242
Employee benefits		86	189
Total current liabilities		<u>3,918</u>	<u>2,431</u>
Non-current liabilities			
Deferred tax liabilities	5	454	1,261
Total non-current liabilities		<u>454</u>	<u>1,261</u>
TOTAL LIABILITIES		<u>4,372</u>	<u>3,692</u>
NET ASSETS		<u>70,963</u>	<u>86,260</u>
EQUITY			
Contributed equity	12	77,798	90,691
Reserves	13	9,324	9,905
Accumulated profits/(losses)		<u>(16,159)</u>	<u>(14,336)</u>
TOTAL EQUITY		<u>70,963</u>	<u>86,260</u>

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

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2021

	Notes	Consolidated	
		31 December 2021 \$'000	31 December 2020 \$'000
Cash flows from operating activities			
Receipts from customers and other income		900	21
Payments to suppliers and employees		(4,004)	(2,109)
Payment to wharf development suppliers		(123)	(519)
Interest received		14	42
Tax refund		-	43
Government grant		1,443	68
Insurance recovery		-	24,600
Net cash flows (used in)/from operating activities		(1,770)	22,146
Cash flows from investing activities			
Purchase of plant and equipment		(235)	(33)
Purchase of wharf development assets		(629)	(1,996)
Proceeds from the sale of plant and equipment		30	-
Net cash flows from/(used in) investing activities		(834)	(2,029)
Cash flows from financing activities			
Payments for share buy-back costs		(75)	-
Payments for share buy-backs		(12,818)	(42)
Net cash flows (used in)/from financing activities		(12,893)	(42)
Net increase/(decrease) in cash and cash equivalents		(15,497)	20,075
Cash and cash equivalents at beginning of period		32,735	8,521
Cash and cash equivalents at end of period	7	17,238	28,596

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2021

	Issued Capital \$'000	Treasury Shares \$'000	Property, plant & equipment Revaluation Reserve \$'000	Option Reserve \$'000	Accumulated Profits/ (Losses) \$'000	Total \$'000
Balance at 1 July 2020	91,119	(450)	11,958	-	10,726	113,353
Loss for the period	-	-	-	-	(25,966)	(25,966)
Other comprehensive income	-	-	(2,721)	-	-	(2,721)
Total comprehensive income	-	-	(2,721)	-	(25,966)	(28,687)
Shares issued	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-
Net shares issued	-	-	-	-	-	-
Unmarketable parcel buy-back	-	(42)	-	-	-	(42)
Share-based payments	64	-	-	1,572	-	1,636
Share issue costs	-	-	-	-	-	-
Performance rights lapsed	-	-	-	(904)	904	-
Transaction with owners	64	(42)	-	668	904	1,594
Balance at 30 June 2021	91,183	(492)	9,237	668	(14,336)	86,260
Balance at 1 July 2021	91,183	(492)	9,237	668	(14,336)	86,260
Loss for the period	-	-	-	-	(3,486)	(3,486)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(3,486)	(3,486)
Share buy-backs	-	(12,818)	-	-	-	(12,818)
Share buy-back costs	(75)	-	-	-	-	(75)
Share-based payments	-	-	-	1,082	-	1,082
Performance rights lapsed	-	-	-	(1,663)	1,663	-
Transactions with owners	(75)	(12,818)	-	(581)	1,663	(11,811)
Balance at 31 December 2021	91,108	(13,310)	9,237	87	(16,159)	70,963

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

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2021

1. Corporate information

The financial report of Kiland Limited (“the Company”) and its controlled entities (“the Group” or “Consolidated Entity”) for the half-year ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 27 February 2021. Kiland Limited is a company incorporated and domiciled in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

2. Basis of preparation and accounting policies

(a) Basis of preparation

This general purpose financial report for the half-year ended 31 December 2021 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include full note disclosures of the type normally included within the annual financial report. Accordingly, it should be read in conjunction with the Kangaroo Island Plantation Timbers Ltd annual report for the year ended 30 June 2021 and any public announcements made by Kiland Limited during the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and ASX Listing Rules.

Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New or amended accounting standards and interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

(b) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates, and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Refer to Notes 3, 8, 9, 10 and 11 for further details.

3. Fair value measurement of non-financial instruments

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as at 31 December 2021:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2021				
Property, plant and equipment				
Land held for production in Australia	-	-	49,010	49,010
Land and buildings	-	-	2,400	2,400
	-	-	51,410	51,410
Biological assets				
Standing timber	-	-	-	-

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2021

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2021				
Property, plant and equipment				
Land held for production in Australia	-	-	49,010	49,010
Land and buildings	-	-	2,412	2,412
	-	-	51,422	51,422
Biological assets				
Standing timber	-	-	-	-

Land held for production in Australia / Land and buildings (Level 3)

The fair value of the agricultural land assets and buildings thereon, as well as other land and buildings owned by the Group, was calculated by an independent expert, JLL Valuation Advisory - Agribusiness, in their report dated 30 June 2021. The directors have reviewed the basis of the valuation and made enquiries of third parties and believe that the valuation still represents the fair value of the assets at 31 December 2021.

The valuation was carried out in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*. This valuation method has been used by JLL as it provides the best estimate of a price reasonably obtainable in the property market at the report date. The fair value valuation has been prepared using a 'Summation Approach' whereby the land value has been assessed as a rate per hectare which is summated with the added value of any structural improvement. The independent expert has assessed the rate per hectare for the productive component of the land (exclusive of remnant vegetation and water bodies) as in the range of \$3,500 to \$4,500 per hectare. The land's location, rainfall, physical attributes, location of amenities and improvements all influence where in this range a particular is valued.

Biological assets (Level 3)

The fair value of the Group's biological assets was calculated by a director's valuation.

Owing to wildfires that started in December 2019 approximately 95% of the plantation has been damaged, leaving three plantations with limited fire damage, of which 512.5 acres is undamaged. The fair value of damaged timber plantations has been determined to be \$nil (30 June 2021: \$nil)

On 11 August 2021, the Group announced a strategy to remove the tree crop and convert its land for more traditional agricultural use. The Group will continue to pursue any salvage harvest opportunities, particularly for softwood plantations, if they present attractive risk adjusted returns to shareholders.

As a result of the agricultural strategy, the fair value of the undamaged timber resource has been determined to be \$nil (30 June 2021: \$nil).

4. Other income and expenses

	Consolidated	
	31 December 2021 \$'000	31 December 2020 \$'000
(a) Other income		
Operating leases: freehold land and buildings	18	15
Debt forgiven	-	(12)
	18	3
Insurance recoveries	-	-
Other income	25	27
	43	30

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2021

The Group leases a number of assets to third parties under operating lease arrangements.

The Group leased a property of 187.60 hectares, known as “Gosse East”, to a former director, Mr Graham Holdaway. The lease commenced on 30 June 1999 for a term of 25 years. Mr Holdaway resigned from the Board on 6 May 2020.

Owing to the impacts of wildfires, the Company forgave lease payments relating to the period following the fires. The contractual annual rental for the year ended 30 June 2020 was \$25,144, of which \$13,259 was forgiven and \$11,885 was unpaid at 30 June 2020.

The lease over Gosse East was terminated on 17 December 2020. No rental was charged for the half-year ended 31 December 2021 and the \$11,885 owed at 30 June 2020 was forgiven.

	Consolidated	
	31 December 2021 \$'000	31 December 2020 \$'000
(b) Administrative and other expenses		
Directors' fees and remuneration	370	391
Directors' performance rights	1,082	619
Total directors' remuneration	1,452	1,010
Other share-based payments	-	-
ASX / Share registry fees / ASIC fees	65	50
Audit and tax fees	71	36
Legal fees	158	10
Professional fees	405	207
Depreciation	235	144
Other corporate expenses	203	195
	2,589	1,652

5. Income tax

	Consolidated	
	31 December 2021 \$'000	31 December 2020 \$'000
a) Income tax expense / (benefit)		
The major components of income tax expense are:		
Deferred income tax	(807)	(867)
Income tax expense / (benefit) reported in profit or loss	(807)	(867)
Profit / (loss) before tax	(4,293)	(3,447)
At the statutory income tax rate of 25% (2020: 30%)	(1,073)	(1,034)
Non-deductible expenses	238	167
Adjustments in respect of prior year	28	-
Income tax expense/(benefit) reported in income statement	(807)	(867)

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2021

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
Property, plant & equipment	-	-	-	-	-	-
Assets classified as held for sale	5,338	5,321	-	-	5,338	5,321
Biological assets	-	-	-	-	-	-
Capital raising costs	88	111	-	-	88	111
Trade and other receivables	-	-	(9,360)	(11,421)	(9,360)	(11,421)
Trade and other payables	33	56	-	-	33	56
Tax losses	3,447	4,672	-	-	3,447	4,672
Net deferred tax assets/(liabilities)	8,906	10,160	(9,360)	(11,421)	(454)	(1,261)

6. Earnings per share

The following reflects the income and share data used in the total operation's basic and diluted earnings per share computations:

a) Earnings used in calculating earnings per share

	Consolidated	
	31 December 2021 \$'000	31 December 2020 \$'000
Net profit / (loss) attributable to ordinary equity holders of the parent	(3,486)	(2,580)

b) Weighted average number of shares

	No.	No.
Weighted average number of ordinary shares for basic earnings per share	53,149,565	56,264,204
Effect of dilution:		
Share options and performance rights	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	53,149,565	56,264,204

c) Basic and diluted earnings per share

	Consolidated	
	31 December 2021 EPS in cents	31 December 2020 EPS in cents
Basic and diluted earnings per share	(6.56)	(4.57)

There are no instruments excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented.

There have been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2021

7. Cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December 2021.

	Consolidated	
	31 December	30 June
	2021	2021
	\$'000	\$'000
Cash at bank and in hand	17,238	32,735

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

At 31 December 2021 \$2,571,250 (30 June 2021: \$1,127,500, 31 December 2020: \$Nil) in grant monies received from the Commonwealth government's Forestry Recovery Development Fund is held in a restricted bank account. The grant was to support development of a biomass pellet plant on Kangaroo Island, capable of accepting the fire-damaged logs and any other logs that cannot be sold into export markets.

The change in the Group's strategy to revert its estate to an agricultural enterprise does not include the development of the pellet mill. Given this, the Australian Commonwealth Government has informed the Group that its application no longer aligns with the requirements of the grant program and the funds received to date are to be repaid. Kiland will repay the \$2.6 million to the Australian Commonwealth Government in full.

8. Current assets – Trade and other receivables

	Consolidated	
	31 December	30 June
	2021	2021
	\$'000	\$'000
Trade receivables (a)	262	43
Insurance proceeds receivable	-	-
Sundry Debtors	-	107
Carrying amount of trade and other receivables	262	150

(a) Trade receivables are non-interest bearing and generally on 30-day terms.

9. Assets classified as held for sale

	Consolidated	
	31 December	30 June
	2021	2021
	\$'000	\$'000
Wharf asset – floating pontoon	5,865	5,000
	5,865	5,000

The Group has entered into a conditional sale agreement for its floating pontoon asset for net cash proceeds of USD4.30 million (AUD5.92 million equivalent at the 31 December 2021 exchange rate).

The sale is subject to numerous conditions including completion of necessary port and safety clearance works required for the pontoon to be towed. The buyer has lodged a 15% deposit which will be held by an escrow agent until completion.

The increase in wharf assets during the period is due to storage, insurance and related costs relating to the floating pontoon totalling \$865,000 (year ended 30 June 2021: capitalised costs of \$2,998,000 before an impairment charge of \$13,242,000). The wharf asset is not operational and is held for sale and therefore no depreciation has been charged during the period (June 2020: \$nil).

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2021

10. Non-current assets – Property, plant and equipment

a) Reconciliation of carrying amounts at the beginning and end of the period

	Freehold Land & Buildings \$'000	Plant and equipment \$'000	Wharf Asset \$'000	Total \$'000
Half-year ended 31 December 2021				
At 1 July 2021 net of accumulated depreciation and impairment	51,422	495	-	51,917
Additions	-	205	-	205
Depreciation charge for period	(12)	(223)	-	(235)
At 31 December 2021 net of accumulated depreciation & impairment.	51,410	477	-	51,887
Cost or fair value	51,422	1,458	-	52,880
Accumulated depreciation	(12)	(981)	-	(993)
Net carrying amount at 31 December 2021	51,410	477	-	51,887
Year ended 30 June 2021				
At 1 July 2020 net of accumulated depreciation and impairment	59,280	334	15,244	74,858
Additions	33	436	2,998	3,467
Disposals	(29)	-	-	(29)
Revaluation	(7,862)	-	(13,242)	(21,104)
Adjustment in accumulated depreciation in relation to disposal/revaluation	16	-	-	16
Depreciation charge for year	(16)	(275)	-	(291)
Transfer to assets classified as held for sale	-	-	(5,000)	(5,000)
At 30 June 2021 net of accumulated depreciation and impairment	51,422	495	-	51,917
At 30 June 2021				
Cost or fair value	51,422	1,283	-	52,705
Accumulated depreciation and impairment	-	(788)	-	(788)
Net carrying amount at 30 June 2021	51,422	495	-	51,917

At 31 December 2021, the Board and Audit Committee have reviewed the key inputs and have concluded that there are no indicators that a revaluation of the Group's freehold land and buildings is required.

11. Biological assets

	Consolidated	
	31 December 2021 \$'000	30 June 2021 \$'000
Opening balance at 1 July	-	5,942
Add plantings:	-	39
Add fair value adjustment:	-	-
Fair value gain / (loss)	-	(5,981)
Closing balance	-	-
Plantation timber at cost	25,217	25,217
Accumulated fair value gain / (loss)	(25,217)	(25,217)
Total biological assets	-	-
Classified as non-current	-	-

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2021

On 11 August 2021, the Group announced a strategy to remove the tree crop and convert its land for more traditional agricultural use. The Group will continue to pursue any salvage harvest opportunities, particularly for softwood plantations, if they present attractive risk adjusted returns to shareholders.

As a result of the agricultural strategy, the biological assets, previously valued at \$5.9 million, were determined to have fair value of nil as at 30 June 2021.

12. Contributed equity

a) Issued and paid-up capital

	Consolidated	
	31 December 2021 \$'000	30 June 2021 \$'000
Ordinary shares fully paid	77,798	90,691

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

a) Movements in shares on issue

	31 December 2021		30 June 2021	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of financial year	56,480,359	90,691	56,463,788	90,669
Share buy-backs	(10,205,133)	(12,818)	(49,273)	(42)
Share-based payment (Note 14)	-	-	65,844	64
Share issue / buy-back costs, net of tax	-	(75)	-	-
End of the financial year	46,275,226	77,798	56,480,359	90,691

13. Reserves

	Consolidated	
	31 December 2021 \$'000	30 June 2021 \$'000
Share-based payments reserve (a)	87	668
Property, plant and equipment reserve (b)	9,237	9,237
	9,324	9,905

(a) Share-based payments reserve

	Consolidated	
	31 December 2021 \$'000	30 June 2021 \$'000
Opening balance	668	-
Movement:		
Performance rights issued on 25 October 2021	87	-
Performance rights issued on 1 July 2021	995	741
Performance rights issued on 1 July 2021 lapsed	(1,663)	(73)
Performance rights issued on 30 June 2020	-	831
Performance rights issued on 30 June 2020 lapsed	-	(831)
Closing balance	87	668

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2021

Further details can be found in Note 14. The share-based payments reserve records the fair value at grant date of options and performance rights issued to directors, employees and other parties that has been recognised as an expense at the reporting date. It also reflects the value of performance rights that are on issue but have not yet converted into shares.

14. Share-based payments

Recognised share-based payment expenses

The expense recognised for services received during the period is shown in the table below:

	Consolidated 31 December 2021 \$'000	31 December 2020 \$'000
Performance rights ^(a)	1,082	619
Expense arising from equity-settled share-based payment transactions	-	-
Paid to employees under Executive & Employee Share Plan	-	-
Total expense from share-based payment transactions	1,082	619

Performance rights

During the period, \$1,081,806 (31 December 2020: \$618,939) of Directors' remuneration related to performance rights. The performance rights issued have been valued in accordance with AASB 2 *Share-based payments*:

- 1) Performance Rights dated 30 June 2020 valued at \$848,342:
 - i. \$419,510 recognised in the six-month period ended 31 December 2020; and
 - ii. \$428,832 recognised in the six-month period ended 30 June 2021.
- 2) Performance Rights dated 1 July 2021 valued at \$1,900,808:
 - i. \$199,430 recognised from the grant date of 28 October 2020 to 31 December 2020;
 - ii. \$564,010 recognised in the six-month period ended 30 June 2021;
 - iii. \$573,358 recognised in the six-month period ended 31 December 2021; and
 - iv. \$564,010 to be recognised in the six-month period ended 30 June 2022.

These performance rights were cancelled on 13 September 2021 and therefore a cost of \$995,197 was immediately recognised with respect to the period ended 31 December 2021.

- 3) Performance Rights dated 25 October 2021 valued at \$1,416,760:
 - i. \$86,609 recognised from the grant date of 25 October 2021 to 31 December 2021;
 - ii. \$233,972 to be recognised in the six-month period ended 30 June 2022;
 - iii. \$237,850 to be recognised in the six-month period ended 31 December 2022;
 - iv. \$233,972 to be recognised in the six-month period ended 30 June 2023;
 - v. \$237,850 to be recognised in the six-month period ended 31 December 2023;
 - vi. \$235,265 to be recognised in the six-month period ended 30 June 2024; and
 - vii. \$151,242 to be recognised in the six-month period ended 31 December 2024.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2021

	Half year	Performance Rights issued 25 October 2021 \$	Performance Rights issued 1 July 2021 \$	Performance Rights issued 30 June 2020 \$	Total Performance Rights \$
Non-Executive Directors					
Paul McKenzie	2021	22,454	142,171	-	165,707
	2020	-	24,929	52,439	77,368
Gregory Boulton ⁽¹⁾	2021	-	142,171	-	142,171
	2020	-	24,929	52,439	77,368
John Sergeant ⁽²⁾	2021	-	-	-	-
	2020	-	24,929	52,439	77,368
Executive Directors					
James Davies	2021	64,155	-	-	64,155
	2020	-	-	-	-
Keith Lamb ⁽³⁾	2021	-	568,684	-	568,684
	2020	-	99,714	209,754	309,468
Shauna Black ⁽⁴⁾	2021	-	142,171	-	142,171
	2020	-	24,929	52,439	77,368
Total	2021	86,609	995,197	-	1,081,806
	2020	-	199,430	419,510	618,940

(1) Mr Boulton resigned on 21 September 2021.

(2) Mr Sergeant resigned on 3 May 2021.

(3) Mr Lamb resigned on 25 October 2021.

(4) Ms Black resigned on 25 October 2021.

Directors Holdings of Performance rights

	Opening interest at 1 July 2021	Performance rights granted	Performance rights lapsed	Closing interest at date of report
Non-Executives				
Paul McKenzie	282,112	752,500	(282,112)	752,500
Mitchell Taylor	-	-	-	-
Gregory Boulton	282,112	-	(282,112)	-
Executive Directors				
James Davies	-	2,150,000	-	2,150,000
Keith Lamb	1,128,448	-	(1,128,448)	-
Shauna Black	282,112	-	(282,112)	-
Total	1,974,784	2,902,500	(1,974,784)	2,902,500

All directors 1 July 2021 performance rights lapsed on 13 September 2021 as resolved by the directors.

The issue of new performance rights was approved by the shareholders on 25 October 2021.

Performance Rights Plan

On 13 September 2021, the Group announced that the Board had determined that the Performance Rights Plan approved by Shareholders on 21 November 2019 should be withdrawn. A new Performance Rights Plan ("Plan") was approved by Shareholders at the 25 October 2021 Annual General Meeting.

Under the Plan (and the previous plan), the Board can issue performance rights to executive and non-executive directors as remuneration for additional duties performed and to incentivise them to align their interests more closely with those of shareholders.

If the performance conditions and any other vesting conditions are met, an equivalent number of shares will be issued, that rank equally with all other existing shares in all respects.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2021

A Plan participant must not dispose of any shares acquired under the Plan before the end of the restriction period (if any) which are subject to the Plan rules and the terms of the specific offer from time to time.

Valuation and Recognition of Remuneration

Under AASB 2 *Share-Based Payment* the fair value of any share-based remuneration is determined at the grant date and then recognised as an expense over the relevant vesting period. Performance rights are normally valued based on the Company's share price at the Grant Date and an assessed probability of achievement. Vesting conditions that are market-based (such as achievement of a particular share price) are included in the fair value assessment. The directors have used an adapted Monte Carlo valuation method to value the performance rights

Remuneration expense is then recognised over the relevant term of the performance rights, on the basis that the recipient must be in the employ of the Group at the time a performance condition is met in order for the rights to vest. Amounts recognised as remuneration expense are not reversed through profit and loss if the rights do not vest because of a failure to meet a market-based performance condition. However, the value of performance rights that have lapsed or expired is transferred from the share-based payment reserve to accumulated profit.

The Performance Rights expire over terms of between one and three years after approval or if they are replaced with new Performance Rights.

Performance Rights approved and issued on 25 October 2021

At the 25 October 2021 General Meeting, shareholders approved the issue on 1 July 2021 of a total of 2,902,500 Performance Rights, with an expiry date of 25 October 2024.

The total valuation of these performance rights of \$1,416,760 will be expensed from the date of grant (25 October 2021) to the date of expiry (25 October 2024).

In the half-year ended 31 December 2021, \$86,609 was recognised as an expense in relation to these rights.

The 25 October 2021 Performance Rights were issued in four tranches with different share price performance conditions as shown below:

- the one month volume-weighted average price (VWAP) of the Group's Shares is achieved at the one year anniversary date of the date on which the ASX share price for the Company's shares was first at the relevant price hurdle, subject to the value of the Company's shares traded in the 12 months to the anniversary date exceeding \$2 million.

One month VWAP	James Davies Rights	Paul McKenzie Rights	Total Rights	Total Valuation \$
\$1.50 or above	750,000	262,500	1,012,500	607,978
\$1.75 or above	325,000	113,750	438,750	221,212
\$2.00 or above	750,000	262,500	1,012,500	427,560
\$2.25 or above	325,000	113,750	438,750	160,010
Total	2,150,000	752,500	2,902,500	1,416,760

The Directors have employed an independent consultant to value the performance rights using a Monte Carlo model. The performance rights are all American call performance rights calculated with the following inputs:

- Valuation date of 25 October 2021;
- A share price of \$1.195, being the closing share price as at 25 October 2021;
- A risk-free rate of 0.660%, based on the yield of Australian 3-year government bonds as at 25 October 2021;
- A volatility of 45.0% based on analysis of the historical volatility of ASX: KIL up to 25 October 2021, rounded to one decimal place and reflecting the period for which performance is measured; and
- A strike price of \$nil.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2021

One month VWAP	Shares to be issued	Grant date to 31 Dec 2021 \$	6 months to 30 Jun 2022 \$	6 months to 31 Dec 2022 \$	6 months to 30 Jun 2023 \$
\$1.50 or above	1,012,500	37,167	100,405	102,069	100,405
\$1.75 or above	438,750	13,523	36,532	37,138	36,532
\$2.00 or above	1,012,500	26,137	70,610	71,780	70,610
\$2.25 or above	438,750	9,782	26,425	26,863	26,425
Total	2,902,500	86,609	233,972	237,850	233,972

One month VWAP	Shares to be issued	6 months to 31 Dec 2023 \$	6 months to 30 Jun 2024 \$	6 months to 31 Dec 2024 \$	Total valuation \$
\$1.50 or above	1,012,500	102,069	100,960	64,903	607,978
\$1.75 or above	438,750	37,138	36,734	23,615	221,212
\$2.00 or above	1,012,500	71,780	71,000	45,643	427,560
\$2.25 or above	438,750	26,863	26,571	17,081	160,010
Total	2,902,500	237,850	235,265	151,242	1,416,760

Performance Rights approved on 28 October 2020 and issued on 1 July 2021

At the 28 October 2020 General Meeting, shareholders approved the issue on 1 July 2021 of a total of 2,256,896 Performance Rights, with an expiry date of 30 June 2022. These Rights were resolved by the Directors to have expired unvested on 13 September 2021.

The total valuation of these performance rights of \$1,900,808 was to have been expensed from the date of grant (28 October 2020) to the date of expiry (30 June 2022).

In the year ended 30 June 2021, \$740,848 was recognised as an expense in relation to these rights. This was less than the valuation of \$763,439 attributable to the year ended 30 June 2021, owing to the resignation of Mr Sergeant as a director on 3 May 2021.

In the period ended 31 December 2021, an expense of \$995,197 was recognised immediately on the expiry of the rights on 13 September 2021. This was less than the valuation of \$1,137,369 attributable to the year ended 30 June 2022, owing to the resignation of Mr Sergeant as a director on 3 May 2021.

The 1 July 2021 Performance Rights were issued in three tranches with different share price performance conditions as shown below:

- the volume-weighted average price (VWAP) of the Group's Shares exceeds the relevant price, based on the most recently-traded 1,000,000 shares.

Last 1,000,000 Shares Traded VWAP	Keith Lamb Rights	John Sergeant Shauna Black Paul McKenzie Greg Boulton Rights (each)	Total Rights	Total Valuation \$
\$1.31 or above	376,149	94,037	752,297	690,608
\$1.57 or above	501,533	125,383	1,003,065	832,545
\$1.83 or above	250,766	62,692	501,534	377,655
Total	1,128,448	282,112	2,256,896	1,900,808

The Directors have employed an independent consultant to value the performance rights using a trinomial lattice model. The performance rights are all American call performance rights calculated with the following inputs:

- Valuation date of 28 October 2020;

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2021

- A share price of \$1.095, being the closing share price as at 28 October 2020;
- A risk-free rate of 0.105%, based on the yield of Australian 2-year government bonds as at 28 October 2020;
- A volatility of 88.1% based on analysis of the historical volatility of ASX: KIL for a 1-year period up to 28 October 2020, rounded to one decimal place and reflecting the period for which performance is measured; and
- A strike price of \$nil.

Last 1,000,000 Shares Traded VWAP	Shares to be issued	Grant Date to 31 Dec 2020	6 months to Jun 2021	6 months to Dec 2021	6 months to 30 Jun 2022	Total Valuation
		\$	\$	\$	\$	\$
\$1.31 or above	752,297	72,457	204,918	208,315	204,918	690,608
\$1.57 or above	1,003,065	87,349	247,034	251,128	247,034	832,545
\$1.83 or above	501,534	39,623	112,058	113,916	112,058	377,655
Total	2,256,896	199,429	564,010	573,359	564,010	1,900,808

Performance Rights approved and issued on 30 June 2020

On 30 June 2020, shareholders approved the issue of a total of 2,256,896 Performance Rights, with an expiry date of 29 June 2021. These Rights were resolved by the Directors to have expired unvested on 29 June 2021.

In the year ended 30 June 2021, \$831,445 was recognised as an expense in relation to these rights, which was less than the valuation of \$848,342, owing to the resignation of Mr Sergeant as a director on 3 May 2021.

The 30 June 2020 Performance Rights were issued in three tranches with different share price performance conditions as shown below:

- the volume-weighted average price (VWAP) of the Group's Shares exceeds the relevant price, based on the most recently-traded 1,000,000 shares

Last 1,000,000 Shares Traded VWAP	Keith Lamb Rights	John Sergeant Shauna Black Paul McKenzie Greg Boulton Rights (each)	Total Rights	Total Valuation
				\$
\$1.25 or above	376,149	94,037	752,297	340,791
\$1.50 or above	501,533	125,383	1,003,065	362,106
\$1.75 or above	250,766	62,692	501,534	145,445
Total	1,128,448	282,112	2,256,896	848,342

The Directors have employed an independent consultant to value the performance rights using a trinomial lattice model. The performance rights are all American call performance rights calculated with the following inputs:

- Valuation date of 30 June 2020;
- A share price of \$0.80, being the closing share price as at 30 June 2020;
- A risk-free rate of 0.250%, based on the yield of Australian 2-year government bonds as at 30 June 2020;
- A volatility of 85.7% based on analysis of the historical volatility of ASX: KIL for a 1 year period up to 30 June 2020, rounded to one decimal place and reflecting the period for which performance is measured; and
- A strike price of \$nil.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2021

Last 1,000,000 Shares Traded VWAP	Shares to be issued	6 months 31 Dec 2020 \$	6 months 30 Jun 2021 \$	Total Valuation \$
\$1.25 or above	752,297	168,523	172,268	340,791
\$1.50 or above	1,003,065	179,064	183,042	362,106
\$1.75 or above	501,534	71,923	73,522	145,445
Total	2,256,896	419,510	428,832	848,342

15. Commitments

Commitments

	Consolidated Lease Commitments		Consolidated Other Commitments	
	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
Due no later than one year	-	26	-	-
Later than one year but no later than 2 years	-	1	-	-
Later than 2 years but no later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Total	-	27	-	-

The Group leased two offices during the period, one of which has now ceased. There are no other commitments at 31 December 2021 or 30 June 2021.

AASB 16 Leases

The Group has elected to account for its leases using the practical expedients method, due to the short-term nature of the lease terms. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases and low value leases are recognised as an expense in profit or loss on a straight-line basis over the lease terms.

16. Contingent assets and liabilities

The Group notes a contingent asset, being an additional \$4 million (30 June 2021: \$4 million) tree crop insurance claim, which may be receivable, given ambiguity in the wording of its insurance policy concerning the interaction of \$5 million per-event excesses and the overall limit of claims, which is \$65 million. This additional amount has not been recognised in the Group's accounts.

The Directors are not aware of any other matter or circumstance not otherwise dealt with in the report or consolidated financial statements that have significantly affected, or may significantly affect, the operations of the consolidated entity.

17. Operating segments

The Directors have considered the requirements of AASB 8 *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that there are no separately identifiable segments.

18. Events after balance date

Other than the appointment of the property manager for the agricultural estate disclosed in the Directors' Report, the Group is not aware of any significant events occurring after the balance date.

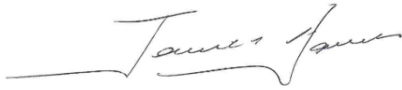
Directors' Declaration

In accordance with a resolution of the directors of Kiland Limited, I state that:

In the opinion of the directors:

- a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - i) 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;
 - ii) Complying with Accounting Standards AASB 134 Interim Financial Reporting; and
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



James Davies
Executive Chairman

Dated this 27th day of February 2022

Independent Auditor's Review Report

To the Members of the Board of Kiland Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Kiland Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, 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 accompanying half-year financial report of Kiland Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Kiland 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 the *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 (including Independence Standards)* (the Code) 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.

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 internal 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

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 Group'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.

Report on other legal and regulatory requirements

Form and content of this section of the auditor's review report will vary depending on the nature of the auditor's other reporting responsibilities.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

I S Kemp
Partner – Audit & Assurance

Adelaide, 27 February 2022