



**Australian
Agricultural
Projects Ltd**

ABN: 19 104 555 455

Head Office

Suite 2, 342 South Road
Hampton East VIC 3188

P: 0417 001 446

F: + 61 3 9532 1556

E: admin@voopl.com.au

**MARKET UPDATE
QUARTER ENDED 30 JUNE 2018**

ANNOUNCEMENT

27 JULY 2018

The Company is pleased to present its report for the quarter ended 30 June 2018 and advises:

- The 2018 harvest yielded a total of 429,300 litres. Despite light crops being experienced across the whole region, this result was still below management's estimate due largely to the lower than expected fruit volumes, especially in the barnea variety. As a consequence of the reduced harvest yield, the management fees generated by the Company will also be reduced and the Company will record a loss in its accounts for the 2018 financial year.
- All of the oil produced has been accepted by Boundary Bend under the olive oil supply agreement. The pricing for this oil is now determined by the retail price based formula in the agreement and while the final price will not be determined until the end of the 2018/9 financial year, present indications are that it should be approximately 10% greater than past years. This price increase will reduce the financial impact of the reduced harvest volumes.
- Work at the orchard has commenced on the second tranche of the replanting programme which, in the autumn of 2019, will see around one hundred hectares of the barnea variety replaced with high density plantings of different varieties. The expectation is that these plantings will enter commercial production in the 2022 harvest.
- The Company is awaiting further water allocation announcements before finalising the water strategy for the next twelve months. Water volumes within the irrigation system are as expected although current spot prices are significantly greater than at the same time last year.

Quarterly cash flow

The Company incurred a net operating deficit for the June 2018 quarter of \$325,000 (June 2017: deficit of \$467,000) as the costs associated with the annual harvest were incurred in May and June. The receipts of \$476,000 include the last instalment from the sale of the 2017 harvest as well as final settlement of the 2017 third party harvest and processing fees. The full year operating surplus of \$538,000 (2017: surplus of \$364,000) reflects the lower than budgeted operating costs arising from the shorter harvest and historically low water prices.

The Company has restructured its banking facilities which will allow for the funding of the current tranche of the replanting programme. This has seen the long term debt facilities increase by \$1.395m to a total of \$3.6m. As at 30 June 2018, these additional funds had not been accessed.

The Company anticipates that the lower than normal proceeds from the sale of the 2018 harvest in conjunction with the replanting programme will result in less flexibility within operating cash flows over the next twelve month period and the 2018/19 budgets have been cast with this in mind. The expectation is that the 2019 harvest will provide an improved financial result and cash flows.

AUTHORISED BY:

Paul Challis
Managing Director

Enquiries may be directed to:

Paul Challis – Managing Director

E: paul.challis@voopl.com.au

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

AUSTRALIAN AGRICULTURAL PROJECTS LIMITED

ABN

19 104 555 455

Quarter ended ("current quarter")

30 JUNE 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	476	3,530
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(446)	(1,756)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(214)	(626)
(f) administration and corporate costs	(51)	(254)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(90)	(356)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(325)	538
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(173)	(814)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	5
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(173)	(809)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	428
3.6 Repayment of borrowings	(35)	(134)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(35)	294

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	256	(300)
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(325)	538
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(173)	(809)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(35)	294
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	(277)	(277)

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	198	256
5.2 Call deposits	-	-
5.3 Bank overdrafts	(475)	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(277)	256

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
48
-

The amount includes payment for:

- Salary and superannuation 38
- Secretarial services 10

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	3,600	2,205
8.2 Credit standby arrangements	-	-
8.3 Other - Overdraft	500	475
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facility	
• Lender:	CBA
• Interest Rate	5.0%
• Secured	
Overdraft facility	
• Lender	CBA
• Interest Rate	9.31% pa
• Secured	

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(338)
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	(133)
9.6 Administration and corporate costs	(18)
9.7 Other- Finance payments	(113)
9.8 Total estimated cash outflows	(602)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

Date: **27 July 2018**

Managing Director

Print name: **Paul Challis**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.