



**Australian  
Agricultural  
Projects Ltd**

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**MARKET UPDATE  
QUARTER ENDED 30 JUNE 2019**

**ANNOUNCEMENT**

**31 JULY 2019**

The Company is pleased to present its report for the quarter ended 30 June 2019 and advises:

- The 2019 harvest yielded a total of 644,300 litres which compares with 429,300 litres in 2018. This result was above orchard management expectations due principally to higher fruit levels which was offset by oil accumulation being marginally lower than the long term average. While this result reflects an “on” year at the orchard, the Company is pleased with this result given that nearly 40% of the orchard is either impaired or has been recently replanted and was therefore non-producing this season.
- All test results received to date have confirmed the oil as extra virgin and will therefore be supplied to Boundary Bend under the olive oil supply agreement.
- Work has commenced on the third and final tranche of the replanting programme with the removal of the last of the barnea trees which had deteriorated to the point where they were not expected to yield a commercial crop.
- The Company remains concerned with the ongoing high spot price of temporary water but is encouraged by the significantly lower pricing of medium term water allocation leases. The Company is awaiting further water allocation announcements before finalising the water strategy for the next twelve months but the Company's expectation is that total water costs will be lower this season than for last season.

**Quarterly cash flow**

The Company incurred a net operating deficit for the June 2019 quarter of \$518,000 as the costs associated with the annual harvest were incurred in May and June. The receipts of \$277,000 include the last instalment from the sale of the 2018 harvest. The full year operating deficit of \$728,000 (2018: surplus of \$538,000) reflects the low cash receipts flowing from the historically poor 2018 harvest combined with the greater cost of water which in itself was \$516,000 greater than the 2018 cost.

The Company entered into a short term, unsecured funding arrangement in order to bring forward cash flows to provide sufficient headroom to commence the third tranche of the replanting programme. It is budgeted that this facility will be repaid within the next ten months from the proceeds of the 2019 harvest.

The Company anticipates that it will report surplus operating cash flows over the next twelve months with surplus available cash being applied to the last tranche of the replanting programme.

**AUTHORISED BY:**

**Paul Challis**

***Managing Director***

**Enquiries may be directed to:**

Paul Challis – Managing Director

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## 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 2019**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	277	2,204
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(419)	(1,780)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(218)	(551)
(f) administration and corporate costs	(56)	(260)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(102)	(341)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(518)</b>	<b>(728)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(140)
(b) businesses (see item 10)	-	-
(c) investments	(145)	(1,068)
(d) intellectual property	-	-
(e) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(145)</b>	<b>(1,208)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	675	2,010
3.6	Repayment of borrowings	(36)	(136)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>639</b>	<b>1,874</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	(315)	(277)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(518)	(728)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(145)	(1,208)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	639	1,874
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>(339)</b>	<b>(339)</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	156	177
5.2 Call deposits	-	-
5.3 Bank overdrafts	(495)	(492)
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>(339)</b>	<b>(315)</b>

**6. Payments to directors of the entity and their associates**

<b>Current quarter \$A'000</b>
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- 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

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The amount includes payment for:

- Salary and superannuation      38
- Secretarial services              10

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

<b>Current quarter \$A'000</b>
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- 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

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- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other - Overdraft

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.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
3,600	3,600
-	-
500	495

**Loan facility**

- Lender: CBA
- Interest Rate Variable base rate less a margin of 2.81%
- Secured

**Seasonal overdraft facility**

- Lender CBA
- Interest Rate 9.06% pa
- Secured

**9. Estimated cash outflows for next quarter**

**\$A'000**

9.1 Research and development

9.2 Product manufacturing and operating costs

9.3 Advertising and marketing

9.4 Leased assets

9.5 Staff costs

9.6 Administration and corporate costs

9.7 Other- Finance payments including principal  
reductions

- Replanting costs

**9.8 Total estimated cash outflows**

**Note:** Cash inflows from customers for the next quarter are expected to exceed \$1m

-

(363)

-

-

(154)

(42)

(237)

(159)

**(955)**

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.

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Sign here: .....  
**Managing Director**

Date: **31 July 2019**

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.