



**Australian
Agricultural
Projects Ltd**

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**MARKET UPDATE
QUARTER ENDED 31 DECEMBER 2019**

ANNOUNCEMENT

31 JANUARY 2020

The Company is pleased to present its report for the quarter ended 31 December 2019 and advises:

- Orchard management's assessment of the November flowering and subsequent fruit set is, with the exception of the Picual variety, consistent with that of an off year in the biennial cycle of the orchard. The Picual variety, despite having an unusually long and prolific flowering period, has set very little fruit. As a consequence, the expectation is that this season's oil yields will be lower than last season, and depending upon the performance of the Picual variety, may be in the region of the yields achieved in 2018. This assessment incorporates the impact of the replanting programme which has the effect of reducing the number of commercially bearing trees by around 40%.
- Some initial preparations have been made for the next phase of the replanting programme which is due to be completed in March 2021. There are no new trees due to be planted this year although there is ongoing maintenance and training of those areas that have already been replanted. Orchard management are satisfied with the progress of these areas and are confident that they will enter commercial production in the anticipated three-year timeframe.
- Water remains available to the orchard although allocations in the region remain low and prices remain at historically high levels. The Company is closely managing its water acquisition and usage with a view of ensuring that the total water cost is appropriate for the value of the expected oil production. Management continues to hold the view that water prices will reduce in the longer term and note that the long-term forecast is for rainfall to be close to historical averages which should reduce the pressure on the supply of water in the wider irrigation system.
- The orchard has not been impacted by the recent fires in Victoria.

Quarterly cash flow

The cash receipts for the December quarter amounted to \$1,007,000 which largely represented the proceeds from the sale of oil under the Olive Oil Supply Agreement. The operating surplus of \$243,000 for the past quarter (year to date \$605,000) is in line with management's expectations and is consistent with the cash cycle of the business.

The payments in relation to property, plant and equipment all relate to costs associated with the replanting programme. The repayment of borrowings noted at 3.6 of the Appendix 4C are all scheduled payments required under equipment purchase agreements and reduction in short term finance facilities.

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")

31 December 2019

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,007	2,014
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(435)	(777)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(159)	(307)
(f) administration and corporate costs	(79)	(139)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(91)	(186)
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	243	605
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(84)	(201)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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)	-	-
2.6	Net cash from / (used in) investing activities	(84)	(201)
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	-	-
3.6	Repayment of borrowings	(189)	(326)
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	(189)	(326)
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	(231)	(339)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	243	605
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(84)	(201)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(189)	(326)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	(261)	(261)

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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	190	221
5.2 Call deposits	-	-
5.3 Bank overdrafts	(451)	(452)
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(261)	(231)

6. Payments to directors of the entity and their associates

**Current quarter
\$A'000**

- 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

45

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The amount includes payment for:

- Salary and superannuation 38
- Secretarial services 7

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

**Current quarter
\$A'000**

- 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

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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	3,600
8.2 Credit standby arrangements	-	-
8.3 Other - Overdraft	500	451
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	Variable base rate less a margin of 2.81%
• Secured	
Overdraft facility	
• Lender	CBA
• Interest Rate	8.93% pa
• Secured	

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(599)
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	(129)
9.6 Administration and corporate costs	(43)
9.7 Other- Finance payments (including debt reduction)	(269)
- Replanting costs	(137)
9.8 Total estimated cash outflows	(1,177)
Note: Cash inflows from customers for the next quarter are expected to exceed \$1m	

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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:
(Director/~~Company secretary~~)

Date: **31 January 2020**

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.

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