



**Australian
Agricultural
Projects Ltd**

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**MARKET UPDATE
QUARTER ENDED 31 MARCH 2019**

ANNOUNCEMENT

30 APRIL 2019

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

- The replanting of 104,000 trees was completed in March. This brings to the end the second tranche of the replanting program with approximately 54 hectares remaining to be replanted in a third tranche. Those trees planted last year as part of the first tranche are growing well and management are confident that they will produce a commercial harvest in 2021.
- Harvest is scheduled to commence next week, the first week of May. As set out in the last quarterly report, the orchard team are anticipating the total oil produced will be greater than last year's harvest despite a portion of the orchard being non-producing as a consequence of the replanting programme. We expect harvest will be completed in early June and we will report the final harvest result shortly thereafter.
- Annual costs of production for the year are expected to be on budget with the exception of the cost of water. Current spot water prices in our irrigation district are currently in excess of \$600 per ML compared with \$500 at the end of December 2018 and the average price of \$158 per ML paid last year. This pricing remains well above management's internal view of the long term value of water and reflects what the Company considers to be the influence new investors and speculators are having on the market. We anticipate finalising next year's water strategy once we have some certainty about the final harvest volumes.

Quarterly cash flow

The cash receipts for the March quarter amounted to \$641,000 (year to date: \$1,927,000) which principally comprises the proceeds from the sale of oil under the olive oil supply agreement. The quarterly operating deficit of \$57,000 (year to date \$210,000) is largely in line with management expectations given the increased cost of water.

The year to date cash outflows from investing of \$923,000 reflects the bulk of the costs associated with the second tranche of the replanting programme. This was funded by the expansion of term debt with the Company's bankers.

In line with the normal business cycle, cashflows for the next quarter, which will include the cost of harvest and processing, are expected to be negative before returning to net operating surpluses as the proceeds of an improved harvest are received.

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

Quarter ended ("current quarter")

19 104 555 455	31 March 2019
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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	641	1,927
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(485)	(1,361)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(91)	(333)
(f) administration and corporate costs	(40)	(204)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(82)	(239)
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	(57)	(210)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(140)
(b) businesses (see item 10)	-	-
(c) investments	(555)	(923)
(d) intellectual property	-	-
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(555)	(1,063)

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	605	1,335
3.6	Repayment of borrowings	(35)	(100)
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	570	1,235

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	(273)	(277)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(57)	(210)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(555)	(1,063)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	570	1,235
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	(315)	(315)

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	177	215
5.2 Call deposits	-	-
5.3 Bank overdrafts	(492)	(488)
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(315)	(273)

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 | 48 |
| 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 | |

The amount includes payment for:

- Salary and superannuation 38
- Secretarial services 10

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

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	3,400
8.2 Credit standby arrangements	-	-
8.3 Other - Overdraft	500	492
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	
Seasonal 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	(367)
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	(219)
9.6 Administration and corporate costs	(34)
9.7 Other- Finance payments	(117)
9.8 Total estimated cash outflows	(737)

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: 
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Managing Director

Date: **30 April 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.