



**Australian
Agricultural
Projects Ltd**

ABN: 19 104 555 455

Head Office

Suite 5, 342 South Road
Hampton East VIC 3188

P: + 61 417 001 446

F: + 61 3 9532 1556

E: admin@voopl.com.au

**MARKET UPDATE
QUARTER ENDED 30 JUNE 2020**

ANNOUNCEMENT

31 JULY 2020

The Company is pleased to present its report for the quarter ended 30 June 2020 and advises:

- The 2020 harvest was completed in June 2020 and yielded a total of 241,700 litres which compares with 644,300 litres in 2019. This result was below management expectations and, while disappointing, initial enquiries have confirmed that our experience is consistent with the general industry result which has seen low oil production across all parts of Australia.

This year's orchard result was largely driven by three factors:

- this being the point in the replanting programme where the orchard has the lowest number of productive trees;
 - the poor fruit set, especially in the picual variety, after what was a lengthy flowering; and
 - it being an "off" year in the biennial cycle of orchard production.
- The oil will be supplied to Boundary Bend under the olive oil supply agreement in continued support of the Redisland and Cobram Estate brands.
 - The orchard has responded well after harvest with sufficient new growth from last season to support crop levels consistent with an "on" year at the orchard. The recently planted portions of the orchard continue to develop to expectations with the first tranche of the replants, those planted in March 2018, expected to produce a commercial crop next harvest.
 - The Company continues to monitor the water markets and is pleased that spot prices for temporary water are much lower than at the same time last year due to the expectation of greater allocations following recent rains. The Company has a strategy that utilises carry over water, lease entitlements and purchases on the spot market in order to meet the orchard's needs. We are confident that sufficient water will be available to the orchard this season.

Quarterly cash flow

The Company incurred a net operating deficit for the June 2019 quarter of \$608,000 as the costs associated with the annual harvest were incurred in May and June. The receipts of \$333,000 include the last instalment from the sale of the 2019 harvest and the full year operating surplus of \$102,000 (2019: deficit of \$728,000) reflects the cash receipts flowing from the sale of the 2019 harvest

The Company expects the cash operating cashflows for the next 12 months will be less than the last year as a consequence of the lower 2020 harvest. The Company's current cashflow forecast budget includes completion of the original replanting programme over the next twelve months and maintains flexibility and access to sufficient resources to ensure the orchard continues to be well managed. The Company will continually review this forecast to ensure the Company has sufficient headroom to its operating cash requirements.

During the June quarter, the Company also completed the placement of the balance of the share entitlement offer. This resulted in total funds raised from the offer amounting to \$1,490,000 (net of costs) which is reflected in the strong post harvest cash position for the Company.

AUTHORISED BY:

Paul Challis

Managing Director

Enquiries may be directed to:

Paul Challis – Managing Director

E: paul.challis@voopl.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

AUSTRALIAN AGRICULTURAL PROJECTS LIMITED

ABN

19 104 555 455

Quarter ended ("current quarter")

30 JUNE 2020

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	333	3,329
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(428)	(1,775)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(209)	(674)
(f) administration and corporate costs	(264)	(463)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(90)	(365)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	50	50
1.9 Net cash from / (used in) operating activities	(608)	102
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(73)	(384)
(d) investments		
(e) intellectual property		
(f) 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) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) 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	(73)	(384)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	358	1,524
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(22)	(34)
3.5	Proceeds from borrowings	42	80
3.6	Repayment of borrowings	(151)	(869)
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	227	701

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	534	(339)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(609)	102
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(73)	(384)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	227	701
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	80	80

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	102	534
5.2	Call deposits	-	-
5.3	Bank overdrafts	(22)	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	80	534

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
38

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The amount in item 6.1 includes payment for:

Salary and superannuation	38
---------------------------	----

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	3,630	3,630
7.2 Credit standby arrangements	-	-
7.3 Other - Overdraft	500	22
7.4 Total financing facilities	4,130	3,652

7.5 **Unused financing facilities available at quarter end** 492

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing 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 7.68% pa
- Secured

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(608)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	80
8.3 Unused finance facilities available at quarter end (Item 7.5)	492
8.4 Total available funding (Item 8.2 + Item 8.3)	572
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.94

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The negative cash flows experienced in this June quarter are in line with management expectations as it incurred its annual harvest costs in May and June. The Company expects that its future operating cashflows will continue in the same cycle as previous years where the proceeds from the sale of the harvest are received across the first ten months of the year commencing July and will be sufficient to fund the operating costs of the business.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company has no current plans to raise further cash in order to fund its operations. The Company notes that it has recently completed a share rights issue and has more total available funding (Item 8.4 above) as at the end of June 2020 than in previous years.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes As noted in 1 above, the Company will commence receiving the proceeds from the sale of the recent harvest commencing in July and combined with its current available funding, will be able to continue its operations and meet its business objectives.

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.

Date: 31 July 2020

Authorised by: Paul Challis
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.