



**Australian
Agricultural
Projects Ltd**

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**MARKET UPDATE
QUARTER ENDED 31 DECEMBER 2022**

ANNOUNCEMENT

24 JANUARY 2023

Australian Agricultural Projects Ltd (ASX: **AAP**) (**Company**) is pleased to present its report for the quarter ended 31 December 2022 and advises:

- Further heavy rain during the quarter resulted in flood waters continuing to impact the orchard until the second half of December. In general, the orchard was not severely impacted but some small areas of mature trees (less than 2% of the total orchard area) were underwater for an extended period of time. The majority of these trees will recover but there has been a handful of tree deaths. A greater impact was experienced in the trees that were replanted in March 2022. It is expected that in the region of 10% (5,000 to 6,000) of these trees will need to be replanted and this is planned for March of this year. While frustrating, the impact on future orchard production is expected to be minimal.
- Orchard operations continued to be delayed during the quarter due to the extended wet conditions. With the current drier weather, the orchard team have worked extended hours to bring the orchard maintenance back on schedule. Orchard irrigation commenced in December on the drier parts of the orchard and the fertigation plan will be revisited in the coming weeks.
- A positive consequence of the heavy rain has meant that irrigation water is plentiful and very cheap. This is the first season in the orchard's history where there has been water allocated to low security water entitlements, confirmation there is a surplus of water in the system. Orchard management expects water prices to remain depressed until the end of next season (June 2024) after which they are expected to trend upwards towards the longer term average price of \$175 to \$200 per megaliter.
- The orchard flowering during November 2023 was impacted by the unseasonably cold weather. This resulted in a later than normal flowering over a much longer period. Orchard management's assessment of the eventual fruit set is consistent with this being an "on" year at the orchard although patchy in some areas where harvested late at the end of the last harvest. The late flowering is an indicator that oil accumulation in the fruit is likely to be below average. As a consequence, the assessment of the 2023 oil production has been reduced to be in the region of 700,000 to 800,000 litres compared to 752,900 litres in the last "on" season.
- The majority of the oil produced last harvest has been collected and approximately 50,000 litres remain in the tanks. This oil has been sold and is expected to be collected next month.

Quarterly cash flow

The cash receipts for the December 2022 quarter amounted to \$1,213,00 compared to \$1,381,000 for the same period in 2021. The operating surplus for the past quarter of \$232,000 (YTD: surplus of \$285,000) is in line with management's budgets and the Company continues to forecast an operating surplus through the March 2023 quarter.

The payments to related parties of the Company set out in section 6 of the attached Appendix 4C relate to salary and superannuation entitlements paid to the Managing Director during the quarter along with contract secretarial fees to a firm associated with a member of the Board.

This announcement was authorised for release by the Board of Directors of the Company.

Enquiries may be directed to:
Paul Challis – Managing Director
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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")

31 DECEMBER 2022

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	1,213	1,947
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(610)	(1,043)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(146)	(296)
(f) administration and corporate costs	(112)	(172)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(115)	(153)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (Government grants)		
1.9 Net cash from / (used in) operating activities	232	285
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
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		
3.5	Proceeds from borrowings	-	175
3.6	Repayment of borrowings	(6)	(11)
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	(6)	164

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	291	68
4.2	Net cash from / (used in) operating activities (item 1.9 above)	232	285
4.3	Net cash from / (used in) investing activities (item 2.6 above)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6)	164
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	517	517

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	517	291
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	517	291

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
47
-

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	39
Secretarial fees	8

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	7,032	6,834
7.2 Credit standby arrangements	-	-
7.3 Other	507	7
7.4 Total financing facilities	7,539	6,841

7.5 **Unused financing facilities available at quarter end** 698

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.

Bank Loan Facility

- Amount \$5,192,500
- Lender: NAB
- Interest Rate Variable – 6.39% pa as at 31 December 2022
- Matures 30 April 2025
- Secured

Shareholder Loan Facility

- Amount \$1,839,000 limit – drawn to \$1,641,000
- Lender Various shareholders
- Interest Rate 7.66% pa (weighted average)
- Matures 31 October 2023
- Unsecured

Asset Finance Facility

- Amount \$507,211 – drawn to \$7,211
- Lender NAB / Equipment providers
- Interest Rate 3.75% pa (weighted average)
- Matures 30 April 2025
- Secured

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	232
8.2 Cash and cash equivalents at quarter end (Item 4.6)	517
8.3 Unused finance facilities available at quarter end (Item 7.5)	698
8.4 Total available funding (Item 8.2 + Item 8.3)	1,215
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	n/a

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:

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:

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:

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: 24 January 2023

Authorised by: The Board of Directors.

(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.