



**Australian
Agricultural
Projects Ltd**

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**MARKET UPDATE
QUARTER ENDED 31 MARCH 2023**

ASX ANNOUNCEMENT

28 APRIL 2023

Australian Agricultural Projects Ltd (ASX: **AAP**) (**Company**) is pleased to present its report for the quarter ended 31 March 2023 and advises:

- Preparations for the annual harvest have been completed and we are pleased to report that we have inducted a full harvest crew. This is a positive result given the current tight labour market in the region. The annual harvest will commence as scheduled next week. The orchard team report:
 - the volume of fruit on the trees is consistent with expectations;
 - the initial testing of the refurbished picking heads in the harvesters indicated that we should achieve an improved rate of fruit removal;
 - that the oil content in the fruit is lower than historical averages as a consequence of the late flowering experienced in November; and
 - estimates of total oil production are centered on 750,000 litres although the final result may vary considerably as a consequence of the final oil content in the fruit.

We expect harvest will be completed in mid-June and we will report the final harvest result shortly thereafter.

- All oil from the 2022 harvest has now been delivered with proceeds from the last two shipments to be receipted in the June quarter. This is slightly later than in previous years as a result of the production of some virgin olive oil due to unfavourable harvest conditions last year. The expectation is that all of the 2023 harvest will be provided to Cobram Estate Limited under the existing Olive Oil Supply Agreement,
- The Company has assessed that approximated 5,400 of the trees planted in March 2022 required replanting as a consequence of the flooding late last year. Of these, 1,400 were replanted this month with the balance deferred as a consequence of undersized nursery stock. We expect these to be planted next spring provided there has been sufficient growth in the nursery. The balance of the trees planted in March 2022 are growing as expected and should enter commercial production in 2025.
- The Company is considering a proposal to restructure the two managed investment schemes it operates. If adopted, the final proposal will need to be put to growers in the schemes for approval which could possibly be in the first half of the next financial year. The main objective of the restructure is to significantly reduce the compliance costs of the two projects. At the same time, this would also simplify the administrative operations of the Company.

Quarterly cash flow

The cash receipts for the March quarter amounted to \$1,146,000 (year to date: \$3,093,000) which principally comprises the proceeds from the sale of oil from the previous year's harvest. The quarterly operating surplus of \$302,000 (year to date: \$587,000) is largely in line with management's expectations. This result is consistent with the business cycle that generally sees the proceeds from the sale of the previous year's harvest received in the first ten months of the financial year and then two months of negative operating cash flows which include the cost of the annual harvest.

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.

AUTHORISED BY:

Paul Challis
Managing Director

Enquiries may be directed to:

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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 MARCH 2023

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	1,146	3,093
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(511)	(1,554)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(144)	(440)
(f) administration and corporate costs	(45)	(217)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	4
1.5 Interest and other costs of finance paid	(146)	(299)
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	302	587
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 (9 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	(180)	(191)
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	(180)	(16)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	517	68
4.2 Net cash from / (used in) operating activities (item 1.9 above)	302	587
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 (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(180)	(16)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	639	639

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	639	517
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)	639	517

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

- | | Current quarter
\$A'000 |
|---------------------------------------------------------------------------------------------|------------------------------------|
| 6.1 Aggregate amount of payments to related parties and their associates included in item 1 | 45 |
| 6.2 Aggregate amount of payments to related parties and their associates included in item 2 | - |

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	6

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

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	6,659
7.2 Credit standby arrangements	-	-
7.3 Other	502	2
7.4 Total financing facilities	7,534	6,661

7.5 **Unused financing facilities available at quarter end** 873

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 – 6.53% pa as at 31 March 2023
- Matures 30 April 2025
- Secured

Shareholder Loan Facility

- Amount \$1,839,000 limit – drawn to \$1,466,000
- Lender Various shareholders
- Interest Rate 7.66% pa (weighted average)
- Matures \$339,000: October 2023, \$500,000: October 2024, balance: October 2025
- Unsecured

Asset Finance Facility

- Amount \$501,885 – drawn to \$1,885
- 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)	302
8.2 Cash and cash equivalents at quarter end (Item 4.6)	639
8.3 Unused finance facilities available at quarter end (Item 7.5)	873
8.4 Total available funding (Item 8.2 + Item 8.3)	1,512
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: n/a

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: n/a

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: n/a

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: 28 April 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.