



**Australian
Agricultural
Projects Ltd**

ABN: 19 104 555 455

Head Office

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**MARKET UPDATE
QUARTER ENDED 30 JUNE 2016**

ANNOUNCEMENT

29 JULY 2016

The Company is pleased to present its quarterly cash report to 30 June 2016 and advises:

- The 2016 harvest was completed last month and as previously reported, the total orchard yield amounted to 845,900 litres. This result was ahead of management's expectations despite the harvest period being impacted by greater than average rainfall.
- All of the oil has been tested as extra virgin and has been accepted by Boundary Bend Olives under the Olive Oil Supply Agreement. As with past years, this will see the proceeds for the sale of the oil being remitted over the next ten months. The oil being sold is still under the fixed price portion of the supply agreement and it is expected the bulk of the 2017 harvest will also be at this fixed price. It is likely a small portion of the 2017 harvest will be at the variable price derived from the farm gate value of the oil sold by Boundary Bend Olives in a packaged format. It is too early to determine if this will be a higher or lower price than the current fixed price.
- The opening price for this season's temporary water rights are below that for the same time last year albeit on very small volumes and the principal dams that supply the irrigation system that the orchard uses are experiencing significant inflows. The expectation is that the overall cost of water for the coming season will be less than last season.
- The lease at the Braeside premises, the location where the business' bottling plant was located prior to the sale of the Redisland brand, was terminated on 30 June. This has eliminated an ongoing lease commitment and will result in further cashflow savings for the Company.

Quarterly cash flow

The Company incurred a net operating deficit for the quarter of \$594,000. Most of the costs associated with the annual harvest were incurred in this quarter while the receipts of just \$543,000 include the last instalment of the sale of the previous year's harvest. The operating cashflow for the full 12 months amounted to a surplus of \$369,000, more than the \$199,000 for the previous year as a consequence of the greater 2015 harvest.

During the quarter the Company reduced its outstanding commercial bill and hire purchase liabilities by a further \$41,000 with a year to date total reduction of \$388,000. The expenditure on non-current assets represents the purchase of a new tractor and this was financed by a new hire purchase contract.

The Company's working capital position at 30 June 2016 reflects the cyclical nature of its operations. The expectation for the next 12 months is that the business will operate in a similar manner to the previous year with operating cash surpluses in the first three quarters and then a deficit in the fourth quarter resulting in an overall operating cash surplus. This view is supported by the receipt during July of the partial proceeds from the sale of the oil produced from the 2016 harvest (an amount of \$380,000).

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 admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005, 17/12/2010.

Name of entity

AUSTRALIAN AGRICULTURAL PROJECTS LIMITED

ABN

19 104 555 455

Quarter ended ("current quarter")

30 JUNE 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	543	4,636
1.2 Payments for		
(a) staff costs	(319)	(756)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital (including orchard management, water and administration costs)	(721)	(3,107)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	1
1.5 Interest and other costs of finance paid	(97)	(405)
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net operating cash flows	(594)	369

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(594)	369
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(153)	(162)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
Net investing cash flows	(153)	(162)
1.14 Total operating and investing cash flows	(747)	207
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	153	153
1.18 Repayment of borrowings and costs	(41)	(388)
1.19 Dividends paid	-	-
1.20 Other	-	-
Net financing cash flows	112	(235)
Net increase (decrease) in cash held	(635)	(28)
1.21 Cash at beginning of quarter/year to date	177	(430)
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	(458)	(458)

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000				
1.24	Aggregate amount of payments to the parties included in item 1.2	(48)				
1.25	Aggregate amount of loans to the parties included in item 1.11	-				
1.26	Explanation necessary for an understanding of the transactions					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Executive Directors' remuneration</td> <td style="text-align: right;">(38)</td> </tr> <tr> <td>Secretarial Services</td> <td style="text-align: right;">(10)</td> </tr> </table>		Executive Directors' remuneration	(38)	Secretarial Services	(10)	
Executive Directors' remuneration	(38)					
Secretarial Services	(10)					

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Refer below	-
3.2	Credit standby arrangements	Refer below	-

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

The financing facilities of the Company at 30 June 2016 comprised:

	Amount available \$A'000	Amount used \$A'000
Bank overdraft limit	495	500
Bank bills	2,205	2,205
	2,700	2,705

Note:

The Company operates a seasonal overdraft facility where the limit available fluctuates between nil and \$500,000. As at 30 June 2016 the limit is \$500,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	37	177
4.2 Deposits at call	-	-
4.3 Bank overdraft	(495)	-
4.4 Other	-	-
Total: cash at end of quarter (item 1.22)	(458)	177

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	NIL	NIL
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: **29 July 2016**
(Managing Director)

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.