



**Australian
Agricultural
Projects Ltd**

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**MARKET UPDATE
QUARTER ENDED 30 JUNE 2017**

ANNOUNCEMENT

31 JULY 2017

The Company is pleased to present its report for the quarter ended 30 June 2017 and advises:

- The 2017 harvest was completed late last month as previously reported and while the volume of fruit harvested was a pleasing 4,800 tonne (approx), the oil produced amounted to just 710,400 litres. The oil yield (volume of oil produced to weight of fruit) was below management's expectation but is consistent with the experience of other orchards in the region and is principally the consequence of the late season.
- In addition to our own harvest, we also provided contract harvest and processing services to other orchards in the region. This is a year by year proposition dependent upon both our own and their annual fruit production.
- The oil produced is all of excellent quality and will be sold under the olive oil supply agreement with Boundary Bend. The volume available for sale practically fills the fixed price component of the supply agreement. Future production will be subject to adjustment by the retail price based formula in the supply agreement.
- The Company has carried over approximately a third of next season's water requirement from last season. We are awaiting further allocation announcements before finalizing the water strategy for the next twelve months. We anticipate the new filtration and irrigation control system to be installed in the September financial quarter.
- At the orchard level, work has commenced on the first tranche of the replanting programme in anticipation of up to 20,000 trees being planted in Spring 2018.

Quarterly cash flow

The Company incurred a net operating deficit for the quarter of \$467,000 (June 2016: deficit of \$594,000) as the bulk of the costs for the annual harvest were incurred in May and June. The receipts of \$463,000 include the last instalment from the sale of the 2016 harvest as well as part payment of the contract harvest and processing fees. The full year operating surplus of \$364,000 was in line with management's expectations.

The cash position at 30 June 2017 reflects the cyclical nature of the Company's operations. The expectation for the next twelve months is for the same cash flow cycle as last year albeit total receipts will be lower as a consequence of the lower harvest.

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

19 104 555 455

Quarter ended ("current quarter")

30 June 2017

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	463	4,010
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(441)	(2,196)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(356)	(803)
(f) administration and corporate costs	(46)	(282)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(87)	(365)
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	(467)	364
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(60)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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) 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	-	(60)

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	-	60
3.6 Repayment of borrowings	(42)	(206)
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	(42)	(146)

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	209	(458)
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(467)	364
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(60)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(42)	(146)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	(300)	(300)

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	193	209
5.2 Call deposits	-	-
5.3 Bank overdrafts	(493)	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(300)	209

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
48
-

The amount includes payment for:

- Salary and superannuation 38
- Secretarial services 10

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

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	2,205	2,205
8.2 Credit standby arrangements	-	-
8.3 Other - Overdraft	500	493
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	30 day bank bill rate plus 4%
• Secured	
Seasonal overdraft facility	
• The Company operates a seasonal overdraft facility where the limit available fluctuates between nil and \$500,000.	
• 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	(595)
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	(154)
9.6 Administration and corporate costs	(40)
9.7 Other- Finance payments	(97)
9.8 Total estimated cash outflows	(886)
It is expected that operating cash inflows, existing cash balances and the harvest overdraft facility will exceed this amount.	

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:

Managing Director

Date: **31 July 2017**

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.