



**Australian
Agricultural
Projects Ltd**

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**MARKET UPDATE
QUARTER ENDED 31 MARCH 2022**

26 APRIL 2022

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

- Harvest is scheduled to commence in the first week of May 2022. The orchard team have confirmed that the volume of fruit is in line with expectations and, while the total yield will be less than last year, it is expected to be at least twice that of the last “off” year harvest (2020). This is consistent with:
 - the orchard being in an “off” year as part of its biennial cycle; and
 - the first two tranches of the newly planted trees entering commercial production. The trees planted in 2018 and 2019 have all set fruit consistent with expectations and will be a significant contributor to the harvest total.

The growing conditions this season have remained reasonably stable, and we have not been impacted by any significant weather events. We expect harvest will be completed in early June and we will report the final harvest result shortly thereafter.

- The final tranche of the replanting programme was completed in early April 2022 with over 56,000 trees being planted. These trees were planted on the same basis as the 2018 and 2019 replanting and the orchard team is confident that the trees will produce their first commercial harvests in 2025.
- The Company has received an offer of finance from the National Australia Bank which has the effect of completely refinancing the existing syndicated loan and providing an equipment financing facility. The offer is conditional upon receiving a valuation of the orchard satisfactory to the bank and this report is expected to be supplied to the bank next week. Indications are that this refinance should be settled in May 2022. In summary, the offer of finance is for an initial three-year term and will result in a significant cost saving for the Company.

Quarterly cash flow

The cash receipts for the March 2022 quarter amounted to \$1,350,000 (year to date: \$4,095,000) which principally comprises the proceeds from the sale of oil from the previous year’s harvest. The quarterly operating surplus of \$341,000 (year to date: \$1,195,000) 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 the following two months of negative operating cash flows which include the cost of the annual harvest.

During the March 2022 quarter, the Company invested \$558,000 in replanting olive trees and \$107,000 on orchard vehicles and this is reflected in section 2 of the Appendix 4C. The Company also received \$143,000 during the three-month period in settlement of the sale of water rights first announced on 25 January 2022.

The payments to related parties of the Company set out in section 6 of the 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 MARCH 2022

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	1,350	4,095
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(664)	(1,733)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(137)	(490)
(f) administration and corporate costs	(63)	(227)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(145)	(450)
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	341	1,195
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(107)	(107)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets – Bearer Plants	(558)	(558)
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	8	8
(d) investments		
(e) intellectual property		
(f) other non-current assets – Water rights	143	143
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	(514)	(514)

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	-	1
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(1)	(1)
3.5 Proceeds from borrowings	-	50
3.6 Repayment of borrowings	(5)	(315)
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)	(265)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	730	135
4.2 Net cash from / (used in) operating activities (item 1.9 above)	341	1,195

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(514)	(514)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6)	(265)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	551	551

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	551	730
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)	551	730

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	46
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

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
Secretarial fees	8

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	6,659	6,659
7.2 Credit standby arrangements	-	-
7.3 Other	-	-
7.4 Total financing facilities	6,659	6,659

7.5 Unused financing facilities available at quarter end

-

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.

Syndicated Loan facility – to be repaid from the proposed bank facility noted below

- Amount \$5,192,500
- Lender: Various syndicate members
- Interest Rate 9.0% pa
- Matures August 2022 (option to extend to August 2023)
- Secured

Shareholder Loan Facility

- Amount \$1,466,000
- Lender Various shareholders
- Interest Rate 7.66% pa (weighted average)
- Matures October 2023
- Unsecured

Proposed Bank Loan Facility

- Amount \$5,192,500
- Lender NAB
- Interest Rate 3.39% pa
- Matures 30 April 2025
- To be secured

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	341
8.2 Cash and cash equivalents at quarter end (Item 4.6)	551
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	551
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: 26 April 2022

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.