

## Company Update and Appendix 4C – Quarterly Operational Report

### ASX Announcement

29 January 2018

### Highlights

- Cash flow for the quarter was \$82,000 with significant growth on the September quarter (\$6,000). Receipts reflect actual sales in the September quarter (\$40,000) and ongoing growth in sales in the December quarter.
- There was an upswing in total expenditure, lifting from \$287,000 to \$672,000 (234%) in the December quarter.
  - The \$672,000 included a significant amount of one-off costs. These included:
    - Costs associated with the October capital raising of \$200,000.
    - Expenses relating to hiring of new team members for Abundant Natural Health and Abundant Seeds.
    - Some up front and non-recurring costs associated with the five new products being released by Abundant Natural Health. These include one-off set up costs.
  - In addition to these one-off costs, Abundant Produce Limited is rapidly building its resource in the natural health division. Expenditure included the employment of new team members and a build-up of initial product inventory, which was budgeted.
- The oversubscribed capital raising in October closed at \$3.3 million (\$3.106 million net of costs), facilitating an increase of available funds at bank from \$834,000 to \$3,268,000 end December.
- In addition, we submitted applications with the Government for an Export Markets Development Grant of approximately \$50,000 as well as a R&D tax rebate of approximately \$250,000, which we anticipate receiving in the next 30 days.

Abundant Produce Limited (ASX: ABT) is pleased to provide its December 2017 quarterly report.

### Abundant Natural Health (ANH)

#### **ANH'S SALES UPDATE: CHINESE MARKET AND E-COMMERCE**

Following the launch of our Tomato Infusion Face Cream announced on 6 July 2017, sales of circa \$120,000 have been generated through our Chinese distribution network, with \$11,145 from e-commerce sales, to December 2017.

Commenting on the results, ANH CEO Shanan Birkin said, "We are delighted with the strong interest received in our Tomato Infusion Face Cream since its July launch and our Lips Alive lip balm launched in mid-December. Equally, we anticipate significant interest and excitement from consumers around our new lines coming out this month. Sales will be supported by our purpose-built e-commerce website, which was launched on the back of our positioning on Tmall in China as announced on 31 October 2017. The new site has also vastly improved the shopping experience for our customers."

Ms Birkin further commented, “ANH anticipates strong sales in 2018 with the introduction of our five new natural products complementing our face cream. Importantly, we expect to shortly announce details after negotiations are finalised with leading distributors in Australia and China to carry all six product lines further developing the Group’s brand value and awareness.”

## **NEW PRODUCT LINES**

Since the December launch of Lips Alive, we are releasing a further four new lines comprising:

- Tomato Infusion Eyes Alive (released 20/01/18 at RRP\$78.00)
- Mag Ache Relief Gel (release date 27/01/18 at RRP\$35.00)
- Mag Sports Spray (release date 27/01/18 at RRP\$38.00)
- Salt Soothing Gel (release date 27/01/18 at RRP\$35.00)

## **USER REPORTS ON NEW CREAM LINES**

ANH CEO Mrs Shanan Birkin commented that, “We have received an extremely positive reaction from consumers with some outstanding endorsements for various products. This consumer feedback is very important to our learning and future development of pure natural cosmetics. Highlighting this, the Tomato Infusion Face Cream, Tomato Infusion Lips Alive and Mag Sports Spray all achieved between 80-100% positive feedback.”

We will continue to test the market to gain invaluable consumer feedback on our products, which will not only improve product quality but also enhance and build customer loyalty and a stronger brand.

## **THE PRODUCT ROADMAP**

Following the new product release, we have six products in market, constituting a complete suite in the face range and the commencement of both the body (magnesium) range with two products and the salt range with the first product released in that suite.

With these signature products, there is significant momentum to leverage and build upon for future releases and strong sales momentum.

## **MARKETING UPDATE**

In the period October to December 2017, website traffic doubled to 3,300. Our Facebook following increased by more than 1,000% from 22 to 232, while our Instagram following also jumped sharply from 91 to 1,149. This level of brand interaction and interest was sparked through blog articles and vlogs in December, active promotion via follow up social media posts and the successful launch of our exciting new consumer website [www.abundantnaturalhealth.com](http://www.abundantnaturalhealth.com).

## **Abundant Seeds (AS)**

### **SALES UPDATE**

Sales achieved for the branded seed lines reached \$17,285. This was enhanced with the acquisition and employment of dedicated Sales and Operations Manager, Sarah Pearson.

### **SEED PRODUCTION**

Quality seeds have been produced and are currently being prepared for shipping back to Australia, with a focus on male seeds for mini cucumber variety and an increase in the Lebanese variety ACL 516. Once disease packaging is complete, production and increase of seed numbers will be assisted by impending crop production at AS’s research facility in Cobbitty.

**DOUBLE HAPLOID BREEDING**

Implementation of new Phenome One Breeding software will support and improve all stages of the breeding process, from crossing to selections to evaluations. In line with this, database construction is almost complete, with estimated changeover happening in the first week of February. This breeding software underpins our Double Haploid programme and will assist in its progression to world-class standard.

**ASTA CONFERENCE**

Next week in San Diego, Graham Brown and Sarah Pearson will be attending the 2018 ASTA Conference, with a multitude of meetings booked with industry service providers as well as distributors from around the world, including commercial distributors and home garden market seedling distributors. We will also use this opportunity to have follow up meetings in person with the breeding software company and Eurofins – our new disease packaging provider.

**Summary**

ABT Group CEO Tony Crimmins said, “The success of our capital raising cemented our ability to fund new product lines for Abundant Natural Health, targeted a dramatic increase in the retail distribution network and provided investor confidence in our company. This will result in increased sales revenue over the coming quarter both in Australia and China. We also anticipate increased sales for Abundant Seeds with the appointment of Sarah Pearson and the completion of disease packaging this quarter.”

— — —

**For more information, please contact:**

**Jayne Gerrie**

Investor Relations Officer

Abundant Produce Limited

+61 2 9571 8300

[admin@abundantproduce.com](mailto:admin@abundantproduce.com)

## 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**

Abundant Produce Limited

**ABN**

46 606 255 887

**Quarter ended ("current quarter")**

31 December 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year To Date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	82	88
1.2	Payments for		
	(a) research and development	(61)	(152)
	(b) product manufacturing and operating costs	(288)	(332)
	(c) advertising and marketing	(31)	(37)
	(d) leased assets	-	-
	(e) staff costs	(122)	(139)
	(f) administration and corporate costs	(252)	(554)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	6
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	161
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(672)</b>	<b>(959)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(3)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year To Date (6 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	(3)
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(3)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	3,106	3,106
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	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	834	1,124
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(672)	(959)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,106	3,106

Consolidated statement of cash flows		Current quarter \$A'000	Year To Date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>3,268</b>	<b>3,268</b>

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	3,268	834
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,268</b>	<b>834</b>

**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

75

-

Consulting fees only paid during the quarter – no directors' fees were paid

**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. <b>Financing facilities available</b> <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	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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.		

--


9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	200
9.2 Product manufacturing and operating costs	300
9.3 Advertising and marketing	75
9.4 Leased assets	-
9.5 Staff costs	60
9.6 Administration and corporate costs	100
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>735</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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:

  
(Director)

Date: 29 January 2018

Print name: Tony Crimmins

### **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.