



Company Update & Appendix 4C – Quarterly Operational Report for Abundant Produce Limited (ABT)

ASX Announcement

23rd April 2018

Highlights

- **Cash flow for the quarter was \$147,000 compared to a cash outflow last quarter of \$672,000.**
- **Total expenditure \$683,000 compared to a budget of \$735,000.**
- **Grants and Rebates received including R&D Tax Incentive of \$648,000, TechVouchers NSW from the NSW Government to fund a \$20,000 project in collaboration with the University of NSW (UNSW), an Export Markets Development Grant (EMDG) return of over \$50,000 and an Innovations Connections grants from the Australian Government to fund a \$110,000 project.**
- **Sales, Marketing and Distribution Agreement signed with HealthOne for a bricks and mortar presence in Australia and an International Supply Agreement signed with Jatenergy Limited (JAT) to tap into its vast consumer network in China.**
- **Seed sales increased domestically and internationally with the implementation of new software delivering greater efficiencies.**

Abundant Natural Health Pty Ltd (ANH)

ANH'S SALES AND PRODUCT UPDATE

ANH introduced five new natural products in January 2018 complementing its signature launch product, ActiveLyco™ face cream. The addition of new products in the ActiveLyco™ range combined with the new salt and magnesium range has enhanced ANH's product offering and continues to excite existing and new customers in the growing natural skin care market. Sales of \$123,000 have been achieved over the quarter with the Face Cream and Magnesium Sports Spray being the standout performers.

DISTRIBUTION AGREEMENTS

Integral to our sales strategy, was the signing of a Sales, Marketing and Distribution Agreement with Australia's fastest growing healthcare commercial partner, HealthOne, for an initial period of nine months with several alternatives to extend. This Agreement provides a bricks and mortar presence with HealthOne taking ANH's products into Australian independent pharmacies and gift outlets.

Further expanding the distribution channel, ANH entered into an International Supply Agreement with China-Australia cross border specialist, JAT, for a period of 24 months from commencement with two 24 month options to renew. JAT will promote ANH's products to its vast consumer network in the Chinese market.

Subsequent to this Agreement, JAT announced that it had entered into a “Cooperation Letter of Intent” with Shanghai Dragon Corporation (SDC) under which both parties agreed to work together to bring Australian products to Chinese consumers.

JAT will be responsible for supplying ANH’s products while SDC arranges the import, provision of a sales platform and selling of the goods in China.

We believe these agreements will be instrumental in significantly driving sales over the next quarter and, at the same time, will lay the foundation to grow brand awareness in the developing natural skin care space in the key Australian and Chinese markets.

GRANTS AND REBATES

Fundamental to our business is research and development. The State and Federal Governments have recognised ABT’s innovative work through the TechVoucher and Boosting Business Innovation Programme as well as Innovation Connections, which have helped us accelerate our research and scale up both locally and internationally.

We are privileged to have access to the best high tech equipment and technical expertise through our collaborations with The University of NSW and The University of Sydney here in Australia and Chonnam National University in Korea.

During the quarter, we received the following grants and incentives:

- R&D Tax Incentive from the Australian Government of \$648,000 up from the previous estimate of \$250,000 with internal adjustment.
- TechVouchers NSW from the NSW Government to fund a \$20,000 project in collaboration with the University of NSW (UNSW).*
- Export Markets Development Grant (EMDG) return of over \$50,000 from the Federal Government’s Austrade.
- Innovations Connections grants from the Australian Government to fund a \$110,000 project for a new graduate and R&D for future products.*

* (Projects funded 50/50 by the NSW or Australian Government and ABT).

These government backed initiatives effectively promote innovation and collaboration between our business and the research sector.

Mrs Shanan Birkin, ANH CEO, said, “We continue to build ANH’s brand by investing in product development and research, enhancing the online experience, refining our packaging and listening to our customers to further enhance our brand appeal and customer satisfaction.”

She added, “We have also been working with community groups to tell our story and build awareness around our unique, science and research-backed natural skincare products.”

Abundant Seeds (AS)

GLOBAL MEETINGS

AS's Research Director, Mr Graham Brown, and Sales and Operations Manager, Miss Sarah Pearson, attended The American Seed Trade Association (ASTA) Vegetable & Flower Seed Conference in San Diego from 27 to 30 January 2018. Mr Brown and Miss Pearson held 22 one-on-one meetings with key industry personnel to increase relationships with distributors, discuss current and potential new opportunities, develop a greater understanding of the industry and look at improvements to AS's business operations.

As a result of these meetings, further opportunities have developed for larger scale trials in existing and new locations throughout the USA and Middle East as well as highlighting areas for process improvement in disease testing.

SALES UPDATE

Domestic cucumber seed sales have increased along the Eastern Seaboard of NSW and in Adelaide, SA. We believe sales have increased due to farmers' concerns about disease from imported varieties and their ability to fully adapt to local conditions.

The Australian Federal Government is undertaking an extensive review of the biosecurity risk of imported seeds primarily in the area of seed-borne pathogens. AS is in a position to capitalise on the Government's proposed additional risk management measures for imported seeds, with its Australian owned and developed, higher yield seeds that produce quality fruit and add more profit to the farmer and better produce and value to the Australian consumer. Furthermore, our seeds are developed to withstand the Australian climate where imported seeds do not take into account our harsh conditions.

This year, we will commence the sale of our tomato seeds to the domestic market, which produce beautiful yields of tasty cherry type tomatoes. AS's objective is to produce this seed in Australia so that we are 100% Australian from concept all the way to the consumer's table. With consumer's becoming more and more educated and interested in the origin of their food, our tomato seed sales should flourish from our new drive into the domestic market.

Internationally, we now have our tomato sweetness and colour traits firmly implanted into our major distributors varieties. Further successful trials will allow direct incorporation into the current sales of this major distributors market. The benefit to AS is that our traits are incorporated into a whole portfolio of tomato varieties and sales become apparent immediately rather than waiting for the market to accept our new variety. We have also dispatched new cucumber varieties to our distributor to test in the Middle East.

We have successfully implemented new and improved software for cucumber and tomato selection, which has allowed us to accelerate our selection process and improve our varieties with greater efficiency and speed, not only for present vegetable lines but also for our capsicum eggplant range.

Group CEO, Mr Tony Crimmins, commented that, "AS continues to supply ANH with its source product, which is intrinsic to its success. Importantly, we are working hard to develop new IP for vegetable seed and varieties and lifestyle nutraceuticals. With both companies working synergistically, ANH leverages the deep scientific knowledge within AS to ensure we achieve the best possible outcome for all stakeholders."

Overview

ABT Group CEO, Mr Tony Crimmins, commented that, “We are particularly pleased with our progress this quarter. After launching five new natural products in January, we have secured highly experienced partners to promote and distribute ANH’s products in our key target markets of Australia and China. Our seed business is also expanding with increased sales both here in Australia and globally. We’re confident that our 100% Australian owned seeds from our plant breeding programme will continue to attract local farmers that are concerned about disease and adaptability associated with imported seeds.”

For more information, please contact:

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Abundant Produce Limited

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About Abundant Produce Limited

Abundant Produce Limited (ASX: ABT) develops agricultural intellectual property, creating superior seeds and now producing skin care products based on natural vegetable extracts. Based in Sydney and Cobbitty (at the University of Sydney’s Plant Breeding Institute), Abundant breeds superior vegetable seeds for food producers, and vegetable plants for their active extracts. Abundant specialises in breeding hybrid greenhouse vegetables with better yield, disease resistance, temperature tolerance, taste, texture, colour and shape, developing innovative products to target demand for highly productive food crops that thrive in low-tech conditions.

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 March 2018

| 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 | 156 | 244 |
| 1.2 Payments for | | |
| (a) research and development | (44) | (196) |
| (b) product manufacturing and operating costs | (151) | (483) |
| (c) advertising and marketing | (48) | (85) |
| (d) leased assets | - | - |
| (e) staff costs | (229) | (368) |
| (f) administration and corporate costs | (211) | (765) |
| 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 | 672 | 833 |
| 1.8 Other (provide details if material) | 2 | 2 |
| 1.9 Net cash from / (used in) operating activities | 147 | (812) |
| 2. Cash flows from investing activities | | |
| 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 (9 months) \$A'000 |
|--|------------------------------------|--|
| (d) intellectual property | - | - |
| (e) other non-current assets | - | - |
| 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 | - | (3) |

| | | |
|---|----------|----------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | - | 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) | - | - |
| 3.10 Net cash from / (used in) financing activities | - | (3,106) |

| | | |
|--|-------|-------|
| 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 | 3,268 | 1,124 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | 147 | (812) |
| 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 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year To Date (9 months) \$A'000 |
|---|--|------------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of quarter | 3,415 | 3,415 |

| 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 | 3,415 | 3,268 |
| 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) | 3,415 | 3,268 |

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 |
|------------------------------------|
| 43 |
| - |

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. 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 | - | - |
| 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. | | |

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| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|------------|
| 9.1 Research and development | 241 |
| 9.2 Product manufacturing and operating costs | 66 |
| 9.3 Advertising and marketing | 16 |
| 9.4 Leased assets | - |
| 9.5 Staff costs | 109 |
| 9.6 Administration and corporate costs | 131 |
| 9.7 Other (provide details if material) | - |
| 9.8 Total estimated cash outflows | 563 |

| 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:


(Director)

Date: 20 April 2014

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.