

MARCH 2019 QUARTERLY REPORT

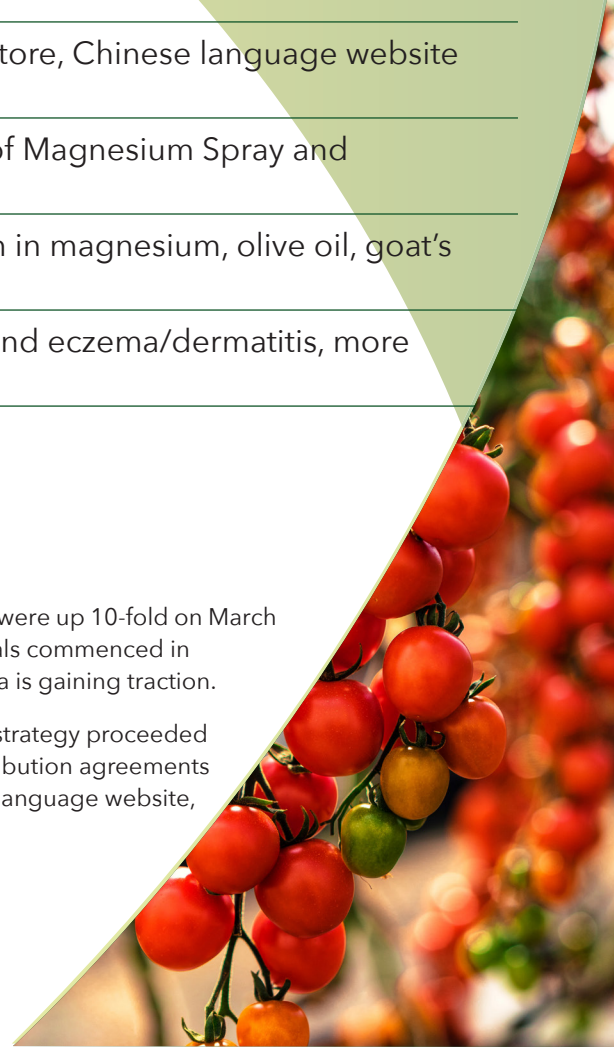
Highlights

- Seed sales up on March Quarter 2018, market penetration in Victoria gaining traction
- New trials commencing in Australia and Canada
- 300,000 ACL 516 cucumber seeds in inventory, ready for winter season sales
- Storm damage urgent repairs completed, remaining damage being assessed by insurer
- Storm damage R&D delays of approximately six months
- Abundant Natural Health placement in 500 stores across Australia, targeting 2,000 stores over a 12-month period
- Launch of Abundant Natural Health WeChat store, Chinese language website and associated Chinese media
- Therapeutic Goods Administration approval of Magnesium Spray and Magnesium Gel for pain relief
- New product launch: Exfoliating Body Bar rich in magnesium, olive oil, goat's milk and Jojoba beads
- New salt lotion in development for psoriasis and eczema/dermatitis, more products in the pipeline

Overview

Seed sales, which have been very low in March Quarters to date, were up 10-fold on March Quarter 2018 (and over 20-fold on March Quarter 2017). New trials commenced in Australia and the United States, and market penetration in Victoria is gaining traction.

Implementation of Abundant Natural Health's revised marketing strategy proceeded ahead of schedule in the March quarter with three domestic distribution agreements driving shelf placement in Australia, and the launch of a Chinese language website, together with associated social media.



ABUNDANT SEEDS

The number of seeds ordered in the March Quarter 2019 was up 10-fold year-on-year (and over 20-fold on March Quarter 2017), but down 50% on December Quarter 2018, reflecting the seasonality of seed sales.

Sales were spread across New South Wales, South Australia and Victoria with multiple new growers in Melbourne's outskirts indicating increasing traction in that region.

Abundant Seeds continues its strategy of reinforcing word-of-mouth positive feedback from early adopting growers with a content driven, brand awareness campaign targeting horticultural industry publications and websites.

This strategy has extended commercial trials of Abundant seeds domestically and internationally. Trials are currently underway or commencing as follows:

- New South Wales – four growers, in northern New South Wales and in Sydney's outskirts, have commenced tomato trials.
- Queensland – a second Queensland grower is now trialling Abundant cucumbers.
- Victoria – a grower in Melbourne's outskirts is continuing mini cucumber trials and commencing tomato trials, and additional growers have purchased seed for production / trial purposes.
- Canada – Ontario trials are continuing.
- USA – a second distributor is now trialling Abundant cucumbers.
- Middle East – cucumber trials continue.

Breeding Update

Abundant has received 300,000 Semi-Multi Fruit Variety ACL 516 hybrid cucumber seeds from contract producers in preparation for winter season sales, and is providing additional Mini Cucumber ACC 101 parental seeds to contract producers to scale up production of this popular variety.

Abundant staff at Sydney University's Plant Breeding Institute have commenced harvesting and extracting hybrid seeds from tomato varieties destined for grower trials, and parent seeds for supply to contract producers.

Greenhouse Storm Damage

During the super cell storms that struck Sydney on Thursday 14th March, large hail stones punctured the plastic sheeting covering the greenhouses located at Sydney University's Plant Breeding Institute. The hail damaged plants and subsequent rainfall inundated the greenhouses.

Urgent repairs have been completed: plastic roof sheeting replaced, ensuring no further damage from rain. Quotes are being sought in conjunction with Abundant's insurers, with regard to damage to flooring and equipment.

Plant damage will affect ongoing research and development. Management estimates indicate that the research and development program may be delayed by approximately six months. Seed supply to growers has not been affected as Abundant maintains an inventory of commercial seeds and has diversified production to include off-site contract growers.

ABUNDANT NATURAL HEALTH (ANH)

Implementation of ANH's new marketing strategy proceeded ahead of schedule.

Over the March Quarter, ANH signed distribution agreements with two major Australian pharmacy distributors and a niche distributor specialising in Daigou-facing pharmacies and gift shops.

As a result, ANH products achieved placement in approximately 500 stores by quarter end, with management targeting 2,000 stores over a 12-month period. This is already impacting sales with March Quarter receipts up substantially from the December Quarter. The potential reach within these existing distribution channels alone is 5,000 plus stores across Australia over coming years.

With this shelf presence and distribution capacity in place, ANH is investing in a marketing strategy driven by key social media influencers, brand ambassadors and content driven public relations. During the quarter, ANH finalised preparations for a booth at the Royal Easter Show and a new look website, the launch of a (Chinese) WeChat store, a Chinese language website and associated Chinese media including Baidu, TikTok, Weibo, and Little Red Book.

Over the quarter, soothing and effective pain relief became the cornerstone of the ANH brand, initially through two magnesium products: a Magnesium Spray and a Magnesium Gel.

Importantly therefore, each of these received Therapeutic Goods Administration approval in March as a complementary medicine used to relieve joint aches and pains, reduce muscle inflammation after exercise, and decrease muscle soreness.

In addition, the company launched a soothing cleanser, an Exfoliating Body Bar rich in magnesium, olive oil, goat's milk and Jojoba beads.

A promising new salt lotion is also in development offering immediate and lasting relief to sufferers of psoriasis and eczema/dermatitis.

By the end of the calendar year, management is targeting a total of six to eight products for sale across Australia and into China.



†Rule 4.7B

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 2019

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	273	532
1.2 Payments for		
(a) research and development	(121)	(322)
(b) product manufacturing and operating costs	(131)	(311)
(c) advertising and marketing	(34)	(121)
(d) leased assets	-	-
(e) staff costs	(288)	(770)
(f) administration and corporate costs	(291)	(880)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	692
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(591)	(1,180)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(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.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	1,000
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	-	6
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	1,006

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	2,971	2,554
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(591)	(1180)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,006

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	2,380	2,380

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	2,380	2,971
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)	2,380	2,971

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
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	9
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Consulting fees only paid during the quarter – no directors' fees were paid		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	110
9.2 Product manufacturing and operating costs	70
9.3 Advertising and marketing	30
9.4 Leased assets	-
9.5 Staff costs	190
9.6 Administration and corporate costs	270
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	670

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:  Date: 23 April 2019
(Director)

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.

ABUNDANT PRODUCE LTD

ABN 46 606 255 887

ASX CODE: ABT

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