

Plant breeding update and Appendix 4C – quarterly report



ASX Announcement

30th Jan 2017

Highlights

- Finalising agreement with a major vegetable seed distributor to sell Abundant's cucumbers in the Middle East and Asia Minor.
- Seed production in Australia and Chile set to increase stock levels for popular cucumber varieties, and new tomato lines undergoing trials and testing.
- Continuing development of our vegetable portfolio, including eggplant (aubergine), peppers (capsicum) and red chili's.
- Corporate cash balance of approximately \$1.7 million at 31st December 2016, having maintained operational cash burn to less than \$150,000 per month with the majority of costs associated with plant breeding which is recoverable from the Australian Government R&D assistance scheme.

Abundant Produce Ltd (ASX: ABT), Australia's only listed plant breeding company, is pleased to present its December 2016 quarterly report on business progress.

Business Development Update

Abundant's business model is centred around developing vegetable plant IP (intellectual property) then earning royalties for each seed sold by distributors. Abundant has been negotiating with one of the four major international seed houses for some time, and have successfully navigated their cucumber testing regime. As such, we expect to enter into a formal distribution agreement with regard to the Middle East and Asia Minor, in the near future. The distributor may elect to source seeds from Abundant, or produce their own seeds using our parental stock, or use a combination of the two in order to bring product quickly to market. In preparation Abundant is producing seeds in Australia and overseas to supply this contract.

Analysts value the 2016 global vegetable seed market at USD 8.77 billion, growing at 8% annually and projected to reach USD 14 billion by 2022. Primary drivers for this growth are demand for nutritional food, and innovative new, improved varieties... the types that Abundant is developing.

Chilean Production

Producing seeds in Chile provides Abundant with seed stock ready to sell to global distributors. Chilean production is cost effective, the environment is relatively disease free, and seeds can be readily shipped to our customers anywhere in the world.

Parental lines being grown in Chile will be ready in March this year, assisting Abundant to generate cash flows more quickly than would otherwise be the case. Abundant staff will visit Chile to see what further production can be achieved with other varieties.

ASTA Conference

This month, Abundant staff are attending the American Seed Trade Association's 56th Vegetable and Flower Seed Conference, for four days of networking with nearly 900 seed industry professionals from more than 20 countries. Meetings are being arranged with distributor representatives, promoting Abundant cucumbers and tomatoes.

This follows our attendance at the Asia and Pacific Seed Association (APSA) conference in Seoul last year, which generated strong interest from distributors, potentially opening up new markets for Abundant in India and Asia Minor.

New Taste Tomatoes for Australia

We are delighted to announce that we have commenced initial trials with a major Australian distributor. During these trials our tomatoes will compete head-to-head with a range of other varieties being offered to Coles and Woolworths. These trials will, of course, be extensive and take some time to complete but the potential returns are substantial.

Completed Greenhouses Mean More Plant IP

The new greenhouses are now fully operational and this allows us to develop more plant IP within existing cucumber and tomato crops and together with the hiring of two new plant breeders -- to accelerate eggplant, capsicum and chilli breeding programs. These programs had been paused temporarily while we acquired the necessary space and human expertise. We now have the resources in place for our Chief Scientist Dr Nabil Ahmad to develop more plant IP whilst continuing to improve what we already have: better cucumbers, tastier tomatoes, and more uniform vegetables with Abundant yield and the ability to withstand a harsh and changing environment.

Corporate cash flow

The Company's cash balance on 31st December 2016, was \$1.682 million. Management continues to focus on spending on Plant IP development and marketing of Abundant seed; budgeting to maintain quarterly operational cash burn to only \$450,000 maximum spend. During the September quarter, Abundant lodged its Research and Development Expenditures and management expects to receive a return of approximately \$200,000 rebate in the March 2017 quarter.

For more information, please contact:

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Chief Executive Officer

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About Abundant Produce Ltd

Abundant Produce Ltd (ASX: ABT) is Australia's only listed agricultural intellectual property development house. Based in Sydney and Cobbitty, New South Wales, the Company breeds superior vegetable seeds at the University of Sydney's Plant Breeding Institute, Cobbitty.

Abundant Produce specialises in breeding hybrid greenhouse vegetables with better yield, disease resistance, temperature tolerance, taste, texture, colour and shape. The Company develops innovative products that target the gap in the market 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 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	22	40
1.2 Payments for		
(a) research and development	(68)	(205)
(b) product manufacturing and operating costs	(13)	(15)
(c) advertising and marketing	(19)	(19)
(d) leased assets	-	-
(e) staff costs	(19)	(19)
(f) administration and corporate costs	(205)	(337)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	4
1.5 Interest and other costs of finance paid	-	-
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	(302)	(551)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(153)	(279)
(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	-	-
	(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	(153)	(279)

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	-	-
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	-	-

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	2,137	2,512
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(302)	(551)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(153)	(279)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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	Cash and cash equivalents at end of quarter	1,682	1,682

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	182	338
5.2	Call deposits	1,500	1,799
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)	1,682	2,137

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
123
-

Directors fees & consulting fees

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	190
9.2 Product manufacturing and operating costs	10
9.3 Advertising and marketing	20
9.4 Leased assets	-
9.5 Staff costs	30
9.6 Administration and corporate costs	200
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	450

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:


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(Director)

Date: 30 January 2017

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.