

Abundant Produce Limited (ABT) June 2018 Quarterly Report and Appendix 4C

ASX Announcement

27 July 2018

Highlights

- **ABT subsidiary Abundant Natural Health making great progress in China – all six SKUs of ActiveLyc^o™ infused face products and magnesium body and salt skin ranges accepted by JD Global, with a supply agreement signed with cross-border distribution specialist Jatenergy.**
- **Three leading Australian women football players signed as ambassadors for Abundant Natural Health.**
- **Abundant Natural Health signed contract with Busan University in South Korea to develop organic probiotic strain for lactic acid production.**
- **Appointment of Seona Wallace as a Non-Executive Director**

Overview

Plant intellectual property developer Abundant Product Ltd (ASX: ABT, “Abundant” or “the Company”) is pleased to provide an update on its activities for the quarter ending 30 June 2018.

Abundant Produce CEO, Tony Crimmins, commented:

“We have worked diligently this quarter to further develop our business model to deliver a consistent and an increasingly diverse revenue stream. It has been an exciting period for us and we achieved a key milestone with the approved sale of our ANH range on JD Global’s cross border platform, JD.hk. We believe this will bring a notable lift to our brand profile and sales. Importantly the approval provides a green light to our products as we push into China.”

“Looking forward, we are poised for growth and heightened market awareness and presence. With the relaunch of our Magnesium Sports Spray and Magnesium Ache Relief Gel scheduled for September 2018, and our retail rollout plan to pharmacy groups within Australia commencing in the current quarter, we are making material progress in delivering leading scientific expertise and knowledge into commercially valuable consumer products.”

During the quarter, the Company made a material investment of time and resources in developing long term relationships, especially in China, that will drive sales growth in the future.

The key contributors to the Company's net operational cash outflow of \$867k were R&D costs which rose as ABT invested in developing new production techniques and products, and supportive administrative expenses which are key to delivering sales growth in both Australia and China.

Lower staff costs assisted cashflows as ANH has contracted retail advisors (HealthOne), reflected in admin costs and reducing the immediate need to increase ANH headcount. Lower production costs also aided ABT's cash position as the Company previously invested in inventory which it is now in the process of selling.

Abundant Natural Health Pty Ltd (ANH)

ANH's SALES AND PRODUCT UPDATE

During the quarter, JD Global approved the sale of ANH's range of ActiveLyco™ infused face products and magnesium enriched nutraceuticals to Chinese consumers on JD Global's cross border platform, JD.hk.

JD Global is China's largest online retailer and its biggest overall retailer as well as the country's biggest internet company by revenue. It has approximately 293 million annual active customers, an unrivalled nationwide fulfilment network with 486 warehouses and net revenue of US\$55.7 billion in 2017.

JD Global's approval is part of the recently announced International Supply Agreement between ANH and Jatenergy Limited (JAT). This agreement led to a further benefit flowing to Abundant from April, namely JAT's Cooperation Letter of Intent with large (annual revenue circa US\$1 billion) Chinese retailer Shanghai Dragon Corporation (SDC), under which JAT and SDC agreed to work together to bring Australian products to Chinese consumers.

ELITE ATHLETES SIGNED AS AMBASSADORS

During May, ANH signed its first ambassadors, elite Australian international female footballers Lisa De Vanna, Chloe Logarzo and Caitlin Foord, to promote the Company's Cucumber Infusion Magnesium Sport Spray and Ache Relief Gel for an initial period of 12 months.

The Magnesium Sports Spray and Ache Relief Gel are infused with cucumber juice, which makes them high in several acids. This aids skin penetrating enabling the 99.9% pure, highly concentrated magnesium to quickly penetrate the skin, delivering fast relief.

BUSAN UNIVERSITY TO DEVELOP PROBIOTICS FOR SKIN CARE AND NUTRACEUTICALS

In May, ANH signed a contract with Busan University to further improve its probiotic culture to produce organic acid.

Along with the University of Sydney, The University of New South Wales (UNSW) and Chonnam National University (CNU) in South Korea, Busan University represents the fourth university to join ANH's collaboration program for advanced cosmetic active chemicals. These university partnerships allow the Company to tap into the expertise and innovation of third-party research houses to reduce risk and deliver profits as the technology is unique and ultimately 100%-owned by the Company.

Busan University will use ANH's cucumber juice, derived from pregnant cucumbers, to make lactic acid which will deliver natural magnesium actives in their purest form.

ABT develops and owns its scientific IP in relation to these processes. This ensures all products are naturally derived, traceable and deliver 100% skin efficacy. The Company works with collaborators that provide ready-made products for the market.

Abundant Seeds (AS)

ISF WORLD SEED FEDERATION CONGRESS

ABT attended the ISF World Seed Federation Congress held over three days in Brisbane during June, meeting seed distributors, producers and industry-based services. This helped to increase awareness of Abundant Seeds' breeding program and increase opportunities to trial cucumber and tomato varieties in the USA, Middle East and Europe.

CO-HYBRID PROGRAM

First assessment of Abundant Seeds' international co-hybrid program was undertaken in Europe in early June and returned promising results for its tomato program anticipated for the end of 2020.

BIO-SECURITY

Abundant Seeds is seeing an increase in demand for Australian-produced seeds to counteract any import concerns amid growing concerns from farmers and the industry about biosecurity regulation and reform in Australia.

SALES

Abundant Seeds achieved an increase of more than 15% in seed sales of mini cucumbers into the home-grower market over the same period last year.

Domestic sales increased in targeted production areas of Sydney, Coffs Harbour and Adelaide, with some growers into their third or fourth season of production using seeds from Abundant.

Corporate

BOARD CHANGES

During May the Company announced the appointment of new Board member, Ms Seona Wallace. The appointment of Ms Wallace adds a new dimension to the business as she brings a broader range of perspectives to the table and develops the Company's gender balance and diversity.

Ms Wallace has established a dynamic presence and highly regarded profile over the past 20 years within the global skincare and pharmaceutical industry and as a Board Member of the Australian Self Medication Industry (ASMI).

Ms Wallace built her career and industry experience working in senior commercial roles with multinational pharmaceutical companies including Sanofi and Boehringer Ingelheim. She has been Managing Director of leading healthcare group HealthOne since April 2015 and is considered a skincare industry leader in the fields of strategy, new product launches and go-to-market planning.

CHINA INTERNATIONAL EXHIBITION (CIIE)

The Company will showcase its Abundant Seeds and ANH branded products at the China International Import Exhibition (CIIE) in Shanghai in November 2018. CIIE is designed to introduce imported products to Chinese buyers and distributors. The event signals strong Chinese government support for trade liberalisation and actively opens the Chinese market to the world.

The forum will allow the Company to build its brands in China and market its product range. The exhibition also facilitates the opportunity to meet likeminded investor groups that are seeking Australian investment and joint venture possibilities.

CIIE has 180,000 sqm of exhibition space allocated to products including: food and agricultural products, consumer electronics and home appliances, apparel, fashion and daily consumer goods, medical devices and equipment, high-end intelligent equipment and automotive products. A further 30,000 sqm has been dedicated to services including: tourism, business services, education and creative design.

GIDGET FOUNDATION AUSTRALIA

ANH supported the Gidget Foundation Australia's marquee event – the Annual Gidget Ladies' Lunch – held in conjunction with media partner, Vogue Australia, in Sydney on Friday, 4 May 2018.

Gidget Foundation Australia is a not-for-profit organisation supporting the emotional wellbeing of expectant and new parents to ensure that those in need receive timely, appropriate and supportive care.

ABT HEADQUARTER CHANGE

ABT moved its headquarters from Pyrmont to a larger 1,300sqm production and office facility in Chatswood. The larger space has created greater efficiencies and reflects the continuous growth of the company.

For more information, please contact:

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About Abundant Produce Limited

Abundant Produce Limited (ASX: ABT) develops agricultural intellectual property, creating superior seeds and 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")

30 June 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year To Date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	50	294
1.2	Payments for		
	(a) research and development	(212)	(408)
	(b) product manufacturing and operating costs	(39)	(522)
	(c) advertising and marketing	(30)	(115)
	(d) leased assets	-	-
	(e) staff costs	(166)	(534)
	(f) administration and corporate costs	(470)	(1,235)
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	-	833
1.8	Other (provide details if material)	-	2
1.9	Net cash from / (used in) operating activities	(867)	(1,679)

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 (12 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	3,415	1,124
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(867)	(1,679)
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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	2,548	2,548

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	2,548	3,415
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)	2,548	3,415

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**

22

-

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

Add notes as necessary for an understanding of the position

	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	150
9.2	Product manufacturing and operating costs	70
9.3	Advertising and marketing	30
9.4	Leased assets	-
9.5	Staff costs	165
9.6	Administration and corporate costs	350
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	765

**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: 27 July 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.