



## Quarterly Activities Report for the Period Ended June 30, 2017

Roto-Gro International Limited (**ASX: RGI** or the “**Company**”) is pleased to provide its quarterly activities report for the period ended June 30, 2017.

### Quarter Highlights

- The Company completes initial delivery of Roto-Gro units pursuant to agreement with EuroAg Corporation
- The Company establishes pilot facilities for its customers in both the medical cannabis and hydroponic - vertical farming markets
- Roto-Gro World Wide (Canada) Inc. executes a Heads of Agreement with Amfil Technologies Inc.
- The Company assists emerging cannabis cultivators in Canada with their build-out designs and installation specifications in connection with their licensing applications to Health Canada
- The Company initiates discussions with leading nutrient companies for the purpose of entering into white label agreements
- The Company offers facility planning services including site selection, and floorplan and mechanical design services
- The Company commences the development of a program to impart its growing management expertise to newly licensed and established growers

### Operational Overview

As announced to ASX on 10 July 2017, Roto-Gro World Wide (Canada) Inc., a wholly owned subsidiary of Roto-Gro International Limited (**ASX:RGI** or the “**Company**”) completed the initial delivery of Roto-Gro units pursuant to its agreement with EuroAg Corporation. Following the end of the quarter, the Company made further deliveries to other Roto-Gro hydroponic garden system pilot facilities in both the medical cannabis and hydroponic - vertical farming markets. The

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#### Directors

Michael Carli (Managing Director)  
Steve Brockhurst (Non-Executive Director)  
David Palumbo (Non-Executive Director)  
Michael Slater (Director)

#### Company Secretary

David Palumbo





establishment of these pilot facilities is critically important to the Company's commitment to ensure that its customers realize maximum crop yields and to optimise build-out efficiency for full-scale operations.

As a result of an up-scaled manufacturing schedule, the Company now has completed units in inventory in order to facilitate shorter delivery times and for support, maintenance, consumables and critical spares.

### Strategic Partnerships

During the quarter, Roto-Gro World Wide (Canada) Inc. executed a Heads of Agreement with Amfil Technologies Inc. ("Amfil"), the owner of rights to "GROzone" antimicrobial systems. The Heads of Agreement contemplates the proposed integration of Amfil's proprietary "GROzone" antimicrobial system with the Roto-Gro hydroponic garden system to provide an enhanced cultivation solution for medical cannabis and hydroponic - vertical farming industries.

To date, the discussions with Amfil have resulted in several opportunities for the Company to assist emerging cannabis cultivators in Canada with their build-out designs and installation specifications in connection with their licensing applications to Health Canada (the department of the government of Canada responsible for national public health). The Company is confident that the issuance of licenses by Health Canada to applicants whom the Company has assisted will result in substantial orders of Roto-Gro units in the short term.

Following the end of the quarter, the Company opened dialogues with several prominent nutrients manufacturers for the purpose of executing a "white label" agreement for nutrients for the Roto-Gro system. Such an agreement will facilitate the Company's commitments to support its customers' cultivation management needs following the installation of Roto-Gro units at their facilities. The Company is committed to the continuous engagement and retention of its customers throughout the lifecycle of their growing operations, and sees a valuable revenue stream in providing both Roto-Gro branded nutrients (under its ROTO-BLOOM registered trademark) and supporting its proprietary software cultivation management system (under its iGROW registered trademark).

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## Design Services & Growing Management

In connection with the sales of the Roto-Gro system, the Company has been assisting both its existing customers and potential customers with the selection of their sites, building floorplan layouts, and their mechanical (HVAC, plumbing and fire) and electrical designs for their new facilities. The involvement of the Company with its customers and potential customers during the earliest stages of their planning ensures that the Roto-Gro system will be a critical component in a grower's long-term plans. Assisting with such designs from the outset of an application for governmental licensing allows the Company to ensure that its customers' facilities are built-out in order to optimise operational efficiency and to maximise crop yield. These services also provide the Company with invaluable data to forecast and manage future demand for the Roto-Gro system. In addition to these site-selection and design services, the Company is currently developing a service to impart its growing management expertise to both its current and prospective customers. Over the course of nearly two decades, the Roto-Gro system has grown a wide array of vegetables, fruits, herbs and lawful cannabis. The expertise and data garnered over the years strengthens the Company's assurance to maximise its customers' crop yields.

Managing Director, Michael Carli, states, "We are very pleased with the Company's progress to date. We have made great strides to position ourselves for sustainable growth as a result of our discussions with potential strategic partners. The Company's ability to generate new revenue will be enhanced by these synergistic opportunities. Our reputation in the medical cannabis and hydroponic-vertical farming marketplaces is rapidly growing as a result of not only the unique Roto-Gro growing system but our facility design and cultivation expertise. This has bolstered our core business and provided opportunities to execute long-term renewable contracts. At the same time, we have continued to streamline our systems and have increased our production to accommodate our sales pipeline. We also continue to work with growers across the globe to test different growing mediums and enhancements to the Roto-Gro system. Ultimately, these efforts will support our objective to drive both our revenue and shareholder value".

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# ROTOGRO

## For more information please contact

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## About Roto-Gro International Limited

Roto-Gro International Limited is an Australia-based company with a worldwide exclusive licence to manufacture and distribute the Roto-Gro System (an advanced, automated rotary hydroponic vertical farming system) to medical cannabis producers, distributors and resellers, and a worldwide licence to distribute the Roto-Gro System for all other purposes including pharmaceuticals, health and nutrition supplements, nutraceuticals and perishable foods.

The Company is also focused on expanding into industry synergistic opportunities, exploring strategic partnerships and complimentary acquisitions in related markets.

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## 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**

ROTO-GRO INTERNATIONAL LIMITED

**ABN**

84 606 066 059

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

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(501)	(599)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(79)	(148)
(f) administration and corporate costs	(102)	(384)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – Deposits received	55	55
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(627)</b>	<b>(1,073)</b>

<b>2. Cash flows from investing activities</b>		
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 (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	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	3,553
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	(106)	(469)
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	<b>Net cash from / (used in) financing activities</b>	<b>(106)</b>	<b>3,084</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	2,848	134
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(627)	(1,073)
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)	(106)	3,084

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	53	23
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>2,168</b>	<b>2,168</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	2,168	2,848
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>2,168</b>	<b>2,848</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
35
-

6.1 includes directors' 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
25
-

7.1 includes payments to Mining Corporate Pty Ltd for company secretarial services

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.		
N/A		

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(300)
9.3 Advertising and marketing	(30)
9.4 Leased assets	-
9.5 Staff costs	(150)
9.6 Administration and corporate costs	(80)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(560)</b>


10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A



### 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: 31 July 2017

Print name: Stephen Brockhurst

### 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.