

## SEPTEMBER 2018 QUARTERLY REPORT

### Highlights

- \$200k in cash receipts represents significant growth in market awareness and developing traction with customers
- Abundant Seeds (AS) set a daily record for seed sales of 200,000 seeds sold in one day
- Demand from farmers continues to grow, particularly in northern NSW and SA
- Progress on international tomato program with seed production scheduled to commence in Chile over summer
- \$640k received through Federal Government's R&D tax incentive scheme
- Abundant Natural Health (ANH) preparing to launch on the JD Global sales platform ahead of Chinese Singles Day sales event
- ANH products set to commence sales on two additional e-commerce platforms in China, Little Red Book and NetEase Kaola
- Magnesium range set to launch after showcasing to pharmacy wholesalers, retailers and banner groups
- ANH to showcase its range at the China International Import Expo in Shanghai in November
- \$2.7 million cash balance as at 30 September 2018

## Overview

ABT Group CEO, Tony Crimmins said:

*"Abundant delivered revenue of \$200,000 in the September quarter, a pleasing rise from the prior two quarters. We achieved this growth through further establishment of our skincare and nutraceutical brands in the domestic market and growth of our seed business, particularly in northern NSW and the Adelaide basin. We expect to deliver continued growth in revenue as international sales develop for both ANH and AS.*

*"We earned an R&D return of \$640,000, which augmented our revenue growth to leave ABT with a stronger cash position compared to the prior quarter. Next month we expect an Export Marketing Development Grant (EMDG) and an Innovation grant from the NSW government.*

*"Looking forward, we remain poised for further business development and revenue growth heading into Chinese Singles Day and the holiday season."*

## Abundant Seeds (AS)

### Domestic sales continue to increase

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Abundant Seeds saw continued growth in sales during the quarter, achieving a new daily record number of cucumber seeds sold - more than 200,000 seeds in just one day.

AS grew sales particularly strongly in northern NSW and South Australia, attracting feedback from farmers that the Company's seed is superior to imported competitors.

Cucumber seed demand increased from growers directly who are seeking alternatives better suited to Australian conditions, largely in northern NSW around the Woolgoolga and mid-north coast area. Winter trials undertaken in the area indicated that Abundant Seeds' variety was a better-suited option against extreme cold stress and root disease. Producers involved in these trials are now seeking Abundant seeds for spring and summer production, so AS expects demand to continue to rise.

Demand also increased for the Company's mini cucumber varieties in South Australia, as well as with the introduction of some Lebanese crops in the Virginia region on Adelaide's outskirts. Growers reported exceptional plant vigor and high quality fruit.

In 2019, AS anticipates further trials with growers and increase in seed demand for crops including cucumbers and tomatoes. Completing trials in key growing areas will allow AS to target additional growing areas in Queensland and Victoria for trials from now through to spring 2019.

### International program

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Abundant's international tomato program continues to develop - with further varieties scheduled for trial and assessment in 2019, current co-hybrid assessments of five crossed varieties is planned for November.

Production in Chile is scheduled to commence over the summer months of hybrid seed ACC 101 to cater for international demand for mini cucumber seeds. Parental seed increases of winter variety ACL 516 is also scheduled to ensure production of hybrids in Australia can keep up with demand, as the Company expects strong domestic demand for this winter variety in the coming 12 months. Both of these varieties are scheduled for planting in Chile early November with an expected early 2019 harvest.

## Working with indigenous communities

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During the quarter, AS supplied cucumber and tomato seeds for the Manungurra Indigenous project in Tennant Creek in Australia's Northern Territory. With now the second round of planting and production underway, AS is eager to see the results of its Miranda Tomato growing in the harsh Australian conditions. The program focuses on children's education, awareness and production skills in remote indigenous communities, and AS plans to continue its support.

## Disease packages and IP library

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During the quarter AS completed disease packaging on leading cucumber varieties for 2018. Further variety testing and resistance screening is scheduled for 2019. Production of seed for tomato variety testing is underway to facilitate testing completion in mid 2019. A disease marker testing program has also been established to assist with selection and improve the breeding program. Selections of 15+ high quality hybrid varieties for extra seed production into 2019 will enable larger scale trials for growers and distributors domestically.

## Abundant Natural Health (ANH)

### Sales and Product update

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ANH has worked with online retail giant JD Global for the past nine months to enable the launch of its full product range on the sales platform. ANH has reached the final stages of clearance through Chinese regulations and expects the full product launch to be selling ahead of Double 11 (Chinese Singles Day) in November.

Progress with JD Global followed the execution of an agreement with agreement with Hong Kong-based Fohun International Ltd to range ANH's products on two additional e-commerce platforms, Xiaohongshu ("Little Red Book") and NetEase Kaola ("Kaola") earlier in the quarter.

The agreement will see Fohun responsible for operating an ANH flagship store until 2020 to directly sell ANH products to Little Red Book and Kaola.. Fohun will create a store service team and be responsible for store licencing, maintaining and promoting the store.

In January 2018, ANH secured a coveted place at the China International Import Exhibition in Shanghai in November, which is open to only 160 companies representing products from Australia. The exhibition is the largest and first of its kind, with an expected 500,000 traders to visit. ANH will exhibit its full product range for the five-day trade exhibition, empowering ANH to further enhance its Chinese marketing and coinciding with the expected launch on JD.com.



ANH continued to work with its healthcare commercial partner HealthOne and its Asian marketing team, Health888, to open up access to a Daigou (personal shopper) network in Australia and key independent pharmacies. ANH will market directly to the Daigous and independents to further enhance its reach into the Chinese market, aiming to attract consumers through traceability and assurance of its Australian-made quality products.

During the quarter, ANH presented its magnesium range to pharmacy wholesalers, retailers and banner groups having earlier completed a retail plan and strategy for HealthOne to introduce the range into the Australian market. ANH is in the process of completing three wholesaler agreements for nationwide distribution of the range, with stocking in retail outlets expected in Q3 and Q4 of FY19.

ANH commenced the Therapeutic Goods Administration (TGA) approval process in coordination with Baxter Laboratories for its magnesium range and is in the process of seeking organic certification for raw materials, natural certification for all products and moving toward clinical trials for the Company's salt product and future salt range.

Research and Development (R&D) and formulations for the Company's product pipeline continued. ANH plans to add another four products to the Magnesium range in FY19: Mg Soap, Mg Remedial Bath Dosages, Mg Hand Cream and Mg Foot Lotion. ANH has developed organic Mg citrate and Mg lactate to infuse its products with more magnesium in the more effective way, delivering higher effectiveness to customers.

ANH continued its partnership with Chonnam National University to broaden its product range - upcycling waste material into Mannose and Green Tea Oil. Mannose is a type of sugar which reinforces moisture barriers preventing water loss in skin, therefore fining out wrinkles and aging affects. Green Tea Oil can fight bacteria and the effects of sun damage on skin. ANH will continue to develop these key ingredients to expand its product range.



## Corporate

### Cash boost

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Abundant received a cash injection of more than \$639,000 from the Australian Federal Government following its successful application for a rebate through the research and development tax incentive scheme.

This material funding boost brings the value of non-dilutive, equity and debt-free funding that Abundant has secured since FY16 to nearly \$1.5 million.

The Company has identified scope to continue extending its partnerships with government and academic bodies. This will see Abundant leverage these partners' financial backing and technological prowess to drive ABT shareholder value.

### Manager Appointments

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During the quarter, ANH recruited internal marketing executive, Liz McPherson, to manage its social/digital marketing, coordinate direction from the HealthOne Retail Plan, and to further develop its Chinese marketing plan through digital app marketing and managing in addition to marketing the brands' message in a global marketplace. ANH plans to expand its marketing arm so that its marketing to China can be done in-house, with a view to expand the online marketing arm into Europe and US.

ANH also appointed Frank Lucien as Chief Technical Operator. Mr Lucien manages production, quality assurance, packaging of raw material and formulations of new products. The engagement of a CTO is paramount for ANH to deliver quality products that are assured and meet worldwide regulations.

In July, ABT announced the appointment of Brett Crowley as Company Secretary with immediate effect. He took over the role from Nicholas Falzon.



## Share registry address

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During the quarter, Abundant's share registry Automic relocated its Sydney head office to:

Level 5  
126 Phillip Street  
Sydney NSW 2000

Additionally, its correspondence address changed to:

GPO Box 5193  
Sydney NSW 2000

All other contact information for Automic remains the same.

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 September 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year To Date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	200	200
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(76)	(76)
(c) advertising and marketing	(42)	(42)
(d) leased assets	-	-
(e) staff costs	(216)	(216)
(f) administration and corporate costs	(375)	(375)
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	640	640
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>131</b>	<b>131</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	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year To Date (3 months) \$A'000</b>
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	-	-

<b>3. Cash flows from financing activities</b>		
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	-	-

<b>4. 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	2,552	2,552
4.2 Net cash from / (used in) operating activities (item 1.9 above)	131	131
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)	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year To Date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,683</b>	<b>2,683</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,683	2,552
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,683</b>	<b>2,552</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**

17

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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**

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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.		

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9. <b>Estimated cash outflows for next quarter</b>	\$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	225
9.6 Administration and corporate costs	350
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>825</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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: 17 October 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.

## **ABUNDANT PRODUCE LTD**

ABN 46 606 255 887

ASX CODE: ABT

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