



Murray Cod Australia Ltd

ASX:MCA

30 April 2020

Quarterly update for the 3 months ended 31 March 2020

The Board of Murray Cod Australia Ltd (MCA) is pleased to provide the following update of operational and sales progress in conjunction with the release of the MCA quarterly cashflow report.

HIGHLIGHTS:-

- **Revenue growth of 22% over March 2019 quarter**
- **Exports increased 2500% over March 2019 quarter**
- **Average sale weight of 1.79kg per fish**
- **Effect of Covid-19:**
 - **Exports have temporarily stopped**
 - **Restaurant sales have stopped**
 - **Domestic retail sales are strengthening**
- **Hatchery acquisition to add to profitability**
- **Existing hatchery production 40% above target**
- **Super-site construction is underway**
- **Significant work underway on building retail sales channels**



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Total revenue increase of 22% to March 2019 quarter

Total revenue grew 22% for the quarter ended March 2020 compared to the March 2019 quarter. This is despite a significant drop in sales during the second half of March due to COVID-19, causing changed trading conditions.

Sales had been tracking well in-line with the production and harvest of mature fish until mid-March until COVID-19 began to impact export sales, with the result that we are currently not exporting any commercial quantities of Aquana Murray cod.

Exports for the month of March 2020 were only 45% of February 2020 exports.

Acquisition of established Murray cod hatchery

MCA has acquired Murray Darling Fisheries, a fully operational hatchery based in Euberta, New South Wales as announced to the ASX on 18 March 2020. This acquisition increases MCA's fingerling production capacity by a factor of 2.5 times and consolidates MCA's position as the largest Murray cod producer in the world.

The acquisition will add to the profitability of MCA through the sales of fingerlings and larvae to NSW, Victoria and South Australian governments for their re-stocking programs.

Grow-out performance

To-date the 2020 calendar year has seen excellent growing conditions, that have allowed stock to perform well. Fish growth and health in the ponds has been in-line with expectations for this period.

Our new juvenile stocking system at smaller sizes has also been successful after this year's spawning and we now have over 750,000 small fish from the 2019 spawning now stocked out into production dams, which minimises the need for upgrading nursery systems. These fish will make up some of the capacity to stock the first stage of the super- site, expected to be completed in spring 2020.

Over the coming months we expect fish growth to slow as temperatures drop moving into winter.

Hatchery performance

Hatchery performance was 40% higher than target for the breeding season, producing 2.2 million fingerlings. This result means that MCA is well placed to supply the Company's



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increased production program, whilst still supporting state government environmental restocking programs.

Domestic sales

Domestic fish sales (as opposed to total revenue mentioned above) to the 31 March quarter were up 11% compared to prior period in 2019. However there was a sharp drop off in sales from the middle of March this year. Restaurant sales have almost completely stopped; however, we are starting to see an increase into the retail sector, which is pleasing. MCA is looking to build on our live domestic sales market.

Export performance

Prior to Covid-19, MCA was shipping weekly to Japan, Europe and the USA, with regular shipments also being made to Singapore and Hong Kong. Export sales for the 31 March quarter were 12% of total fish sales, compared to 1% for the March 2019 quarter. This drop in export sales was due to the consequences of COVID-19 on food service and export is now temporarily on hold.

MCA is currently working on using a high quality frozen product to re-enter export markets, with a focus on retail supply chains whilst restaurant demand remains low. The advantages of frozen products in terms of freight costs and logistics are significant compared to fresh fish being air freighted to export markets.

Construction has commenced on super-site

Construction of the first stage of eight ponds on the super site at Whitton, NSW has commenced. The plan caters for 35 ponds that will increase our holding capacity by approximately 2 million fish.

As previously announced, expenditure on this construction is the responsibility of the landlord. so construction will have no impact on the cash flows of MCA. Upon stocking the site, MCA would incur the capital costs of cages and the operating costs of growing the fish. Currently it is planned that the site will be stocked in spring of 2020.

Conclusion

The management and board of Murray Cod Australia are very pleased with the significant progress that has been made operationally and the continued development of our



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domestic and export sales. We look forward to a post COVID-19 market and providing future updates to shareholders on our continued progress.

Related Party Payments

During the quarter the following payments were made to related parties of the entity and their associates as disclosed in Item 6 of the Appendix 4C;

- Executive chairman and Managing Director salary and super for \$57,487;
- Non-executive director fees for \$16,462;
- Payments to Aquacomm, a related entity of Roger Commins, as a contract grower on commercial terms for fish which were on-sold by MCA, for \$104,115;
- Payments to Commins enterprises, which is a related entity of Roger Commins, for engineering and repair works on commercial terms, for \$142,052; and
- Payments to Andersons Tax and Investment Services, a related entity of Ross Anderson, for accounting and administrative services on commercial terms for \$57,638.

ENDS

This announcement was authorised for release by Ross Anderson, Executive Chairman.

For more information contact:

Ross Anderson

Murray Cod Australia

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Murray Cod Australia Limited

ABN

74 143 928 625

Quarter ended ("current quarter")

31 March 2020

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	1,138	2,915
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs		
(f) administration and corporate costs		
Total 1.2	<2,419>	<6,316>
1.3 Dividends received (see note 3)		
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	<24>	<78>
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	223
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	<1,303>	<3,251>
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses	<600>	<600>
(c) property, plant and equipment	<212>	<735>
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	(f) other non-current assets Proceeds from disposal of: (a) entities (b) businesses (c) property, plant and equipment (d) investments (e) intellectual property (f) 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)	10	10
2.6	Net cash from / (used in) investing activities	<802>	<1,325>

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	15,000
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	<448>
3.5	Proceeds from borrowings		163
3.6	Repayment of borrowings	<58>	<752>
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	<58>	13,963

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,536	2,986
4.2	Net cash from / (used in) operating activities (item 1.9 above)	<1,303>	<3,251>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	<802>	<1,325>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	<58>	13,963
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	12,373	12,373

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	12,402	14,562
5.2	Call deposits		
5.3	Bank overdrafts	<30>	<27>
5.4	Other (provide details)	1	1
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	12,373	14,536

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1 and Item 2

**Current quarter
\$A'000**

378

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

All payments at item 6.1 are made for Directors Fees or in respect of contractual arrangements on arms-length terms.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	nil	nil
7.2 Credit standby arrangements	2,600	nil
7.3 Other (Equipment Finance Facility)	1,298	1,298
7.4 Total financing facilities	3,898	1,298

7.5 **Unused financing facilities available at quarter end** 2,600

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.2 Westpac Overdraft Facility and Credit Card Facility, Variable interest rate, secured by land and water assets.

7.3 Westpac Equipment Finance Facility.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,303)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	12,373
8.3 Unused finance facilities available at quarter end (Item 7.5)	2,600
8.4 Total available funding (Item 8.2 + Item 8.3)	14,973
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	11.5

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: NA

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: NA

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: NA

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.

Date: 30th April 2020



Authorised by:

Ross Anderson Chairman

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.