

# Kangaroo Island Plantation Timbers

ASX code: KPT

ABN 19 091 247 166

## Quarterly Activities Report and Appendix 4C

For the quarter ended  
**31 March 2021**

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## Highlights

### Since last 4C quarterly

- **Softwood harvest begins**
- **Logs leave island**
- **Kangaroo Island Seaport Approval Status**

### Commencement of Operations

In January 2021 harvesting of softwood logs from the fire-affected forests commenced under a contract to national operator Harvestco. On 19<sup>th</sup> February 2021 the first truck load of logs was dispatched to a mainland customer via the SeaLink ferry at Penneshaw and on 25<sup>th</sup> March 2020 the first barge of logs was dispatched from Kingscote bound for South Korea, via Port Adelaide.

The commencement of harvesting operations coincided with a strong uplift in demand for softwood timber in the domestic construction market, and hardwood chip in the export market, which has offset the adverse impact of the closure of China markets for Australian raw logs in the last quarter of calendar year 2020.

Commencement of harvesting was initially planned to coincide with the expected approval pathway for the proposed seaport at Smith Bay. The timeline had been revised after the wildfires in January 2020, based on communications with state government in which it was established the project was important for the recovery of the island economy and to assist island-based forest growers to execute a salvage strategy before decay reduced the market price below the cost of production.

By June 2020 when the Department of Planning, Transport and Infrastructure (DPTI) issued the Draft Conditions of Approval, the Company formed the view the final stage of approval was imminent, based on its understanding of the approval pathway and conversations with DPTI. It was therefore considered reasonable to proceed with detailed planning for construction of the seaport and to prepare to issue contracts for the harvest and stockpiling of logs in order to support commencement of sales immediately upon the port at Smith Bay being completed.

In the first half FY2021, while detailed construction planning was underway, and the harvest contracts were being negotiated, KIPT was advised by state government that more information was required for matters relating to road and traffic, marine pest management, and detailed engineering plans. Although the Company held the view these matters had previously been dealt with by the Draft Conditions of Approval, issued by DPTI in June 2020, further information was submitted by the Company on the 22<sup>nd</sup> December, and on the 24<sup>th</sup> December 2020, KIPT was advised by government that a further round of public information would be required.

In response to this advice, KIPT made the decision to proceed with contingency plans previously formulated to utilise the Kingscote wharf and SeaLink passenger ferry at Penneshaw as a short-term transition plan until the matter of the approval of the proposed seaport at Smith Bay could be resolved.

Although the Company maintains the existing infrastructure at Kingscote and Penneshaw does not represent a permanent replacement for its proposed development at Smith Bay, it has acted in good faith to commence negotiations with service providers out of these locations which would decrease the cost of freight and increase the throughput to a rate which could support salvage of a portion of the standing timber crop while the matter of the seaport is resolved.

# Quarterly Activities Report

## For the quarter ended 31 March 2021



Development Applications have been submitted by project partners Maritime Constructions for a modest upgrade to the existing ramp at Kingscote and T-Ports for the establishment of a log yard outside the town. A separate application by T-Ports for marine anchor points offshore from Kingscote to support its transshipment model is being considered by government.

In other news during the quarter, the Company announced on 8<sup>th</sup> March it had received a payment of \$7.8 million from its treecrop insurance policy for the fires of January 2020. The total received for the treecrop is now \$60 million against a policy limit of claims of \$65 million. Additional benefits of \$2.4 million have also been paid. The balance of the Company's claim is being progressed by the insurer.

### Covid-19

As reported previously, while KIPT acknowledges the trauma created by Covid-19 to the regional community of Kangaroo Island and national economy, neither the restrictions imposed by State and Federal governments nor the virus itself has adversely affected Company employees or operations. The Company continues to monitor government directives and health advice, and updates its protocols and procedures accordingly.

The Company's Covid-19 compliance plan extends to the construction and harvesting operations outlined above.

### Securities on issue

At quarter end and as at the date of this report, the securities on issue included:

#### Ordinary Shares on issue

|  | Number of<br>Ordinary Fully<br>paid Shares |
|--|--|
| <b>As at 31 December 2020</b>                          | <b>56,414,515</b>                          |
| Shares issued  | -  |
| <b>At 31 March 2021 and at the date of this report</b> | <b>56,414,515</b>                          |

No securities were issued during the period.

### Payments to Related Parties

During the quarter ended 31 March 2021, the Company paid \$393,000 to related parties of the entity. This amount consisted of executive and non-executive Directors' fees of \$147,000, other key management personnel and their related parties of \$246,000.

### Appendix 4C

Appendix 4C, as required by Listing Rule 4.7B, for the quarter ending 31 March 2021 is attached to this report.

### Cash and cash equivalents

The cash and cash equivalents at 31 March 2021 amounted to \$35,501,000.

### Loan facilities

At 31 March 2021, the Company had no loan facilities.

# Quarterly Activities Report

For the quarter ended 31 March 2021



Signed on authority of the Board of Kangaroo Island Plantation Timbers Ltd

Ms Vicky Allinson  
Company Secretary  
Date: 30 April 2021

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## Appendix 4C

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

**Name of entity**

KANGAROO ISLAND PLANTATION TIMBERS LIMITED

**ABN**

19 091 247 166

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

31 MARCH 2021

| Consolidated statement of cash flows                             | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--|----------------------------|---------------------------------------|
| <b>1. Cash flows from operating activities</b>                   |                            |                                       |
| 1.1 Receipts from customers                                      | 11                         | 32                                    |
| 1.2 Payments for   |                            |                                       |
| (a) research and development                                     | -                          | (9)                                   |
| (b) product manufacturing and operating costs – plantation costs | (612)                      | (1,736)                               |
| (c) advertising and marketing                                    | -                          | -                                     |
| (d) leased assets  | -                          | -                                     |
| (e) staff costs  | (373)                      | (1,108)                               |
| (f) administration and corporate costs                           | (298)                      | (539)                                 |
| 1.3 Dividends received (see note 3)                              | -                          | -                                     |
| 1.4 Interest received  | 8                          | 50                                    |
| 1.5 Interest and other costs of finance paid                     | -                          | -                                     |
| 1.6 Income taxes paid – R&D Refund                               | -                          | 43                                    |
| 1.7 Government grants and tax incentives                         | 1,128                      | 1,196                                 |
| 1.8 Other (provide details if material)                          |                            |                                       |
| Insurance Proceeds   | 7,812                      | 32,412                                |
| Wharf Development  | (96)                       | (615)                                 |
| <b>1.9 Net cash from / (used in) operating activities</b>        | <b>7,580</b>               | <b>29,726</b>                         |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| <b>2.</b>                            | <b>Cash flows from investing activities</b>   |                            |                                       |
| 2.1                                  | Payments to acquire:  |                            |                                       |
|                                      | (a) entities  | -                          | -                                     |
|                                      | (b) businesses  | -                          | -                                     |
|                                      | (c) property, plant and equipment   | (746)                      | (2,775)                               |
|                                      | (d) investments   | -                          | -                                     |
|                                      | (e) intellectual property   | -                          | -                                     |
|                                      | (f) other non-current assets  | -                          | -                                     |
| 2.2                                  | Proceeds from disposal of:  |                            |                                       |
|                                      | (a) entities  | -                          | -                                     |
|                                      | (b) businesses  | -                          | -                                     |
|                                      | (c) property, plant and equipment   | 71                         | 71                                    |
|                                      | (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)   | -                          | -                                     |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b>                                   | <b>(675)</b>               | <b>(2,704)</b>                        |
| <b>3.</b>                            | <b>Cash flows from financing activities</b>   |                            |                                       |
| 3.1                                  | Proceeds from issues of equity securities (excluding convertible debt securities)       | -                          | -                                     |
| 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 | -                          | -                                     |
| 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 - Unmarketable parcel buyback   | -                          | (42)                                  |
| <b>3.10</b>                          | <b>Net cash from / (used in) financing activities</b>                                   | <b>-</b>                   | <b>(42)</b>                           |

| Consolidated statement of cash flows |  | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--------------------------------------|--|----------------------------|---------------------------------------|
| <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 period                             | 28,596                     | 8,521                                 |
| 4.2                                  | Net cash from / (used in) operating activities (item 1.9 above)              | 7,580                      | 29,726                                |
| 4.3                                  | Net cash from / (used in) investing activities (item 2.6 above)              | (675)                      | (2,704)                               |
| 4.4                                  | Net cash from / (used in) financing activities (item 3.10 above)             | -                          | (42)                                  |
| 4.5                                  | Effect of movement in exchange rates on cash held                            | -                          | -                                     |
| <b>4.6</b>                           | <b>Cash and cash equivalents at end of period</b>                            | <b>35,501</b>              | <b>35,501</b>                         |

|            |   |                                    |                                     |
|------------|---|------------------------------------|-------------------------------------|
| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>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<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
| 5.1        | Bank balances   | 35,501                             | 28,596                              |
| 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>35,501</b>                      | <b>28,596</b>                       |

**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
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

| Current quarter<br>\$A'000 |
|----------------------------|
| 262                        |
| 131                        |

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

6.1 payments relate to:

- Executive & Non-Executive Directors' fees \$147k; and
- KMP salaries and fees \$115k
- Other Related Parties \$Nil

6.2 payments relate to:

- KMP salaries and fees \$131k; and
- Other Related Parties \$Nil

**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.*

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

| Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|-------------------------------------|
| -  | -                                   |
| -  | -                                   |
| -  | -                                   |
| -  | -                                   |

7.5 **Unused financing facilities available at quarter end**

|   |
|---|
| - |
|---|

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.

|  |
|--|
|  |
|--|

| 8. Estimated cash available for future operating activities                       | \$A'000   |
|---|---|
| 8.1 Net cash from / (used in) operating activities (Item 1.9)                     | 7,580   |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6)                           | 35,501  |
| 8.3 Unused finance facilities available at quarter end (Item 7.5)                 | -   |
| 8.4 Total available funding (Item 8.2 + Item 8.3)                                 | 35,501  |
| 8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b> | Positive cashflow as a result of insurance payments |

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: n/a see 8.5

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: n/a see 8.5

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: n/a see 8.5



**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.

30 April 2021

Date: .....

By authority of the Board

Authorised by: .....

(Name of body or officer authorising release – see note 4)

**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.