

January 31 2018

December Quarterly Report and Appendix 4C

Highlights:

- **The company successfully listed on the Australian Stock Exchange on December 7th 2017, raising AU\$5 million**
- **International marketing and sales:**
 - **3 demo systems installed in Almeria, Spain**
 - **Installation of a demo system at a Herbs organic farm and sale completed of one hybrid system, both in Israel**
- **Successful completion of the irrigation by condensation (IBC) proof of concept in December 2017**
- **New appointments: Chief Financial Officer, 3 new Board Directors, a Technical field installation team and Technical manager**

ROOTS Sustainable Agricultural Technologies (ASX: ROO, the "Company" or "ROOTS") is pleased to provide its quarterly update for the three months ending 31 December 2017.

Financials

The Company's cash balance as at 31 December 2017 was US\$3.13million.

Going forward, the Company expects that the cash burn rate will be in line with expectations as it continues to invest in demo and pilot installation globally, in product engineering scale-up development and in its commercialisation efforts. The Appendix 4C attached to this report contains the Company's cash flow statement for the quarter.

Operational updates during the quarter

In October 2017, ROOTS signed an Memorandum of Understanding (MOU) with Adema in Spain. The MOU details the main activities to be signed as a binding agreement, being the supervision of up to four demo installations in Spain, and business development to help ROOTS establish a dealership in Spain.

ROOTS appointed Mr. Moshe Hukaylo as the company's CFO in November 2017 to oversee the financial management of ROOTS. Mr Hukaylo is a CPA with a MBA and has over 20 years of experience in all areas of financial and business management. He has previously served as CFO in affiliates of international corporates (Pfizer & Merck Serono) and brings with him a broad knowledge base and expertise in escorting these organisations through their growth phases.

ROOTS also had the following updates to its Board of Directors; two former directors Mr. Tal Youdim and Mr. Eran Fridman resigned for the board, and Mr. Adam Blumenthal joined the Board as an independent director. Ms. Tal Misch Vered and Mr. Graeme Smith both joined the Board as external Board members. Mr. Eran Fridman continues to serve as an observer on the Board.



The company established an audit committee, headed by Ms. Tal Misch Vered and with two additional members: Adam Blumenthal and Graeme Smiths.

The company also established a remuneration committee, headed by Ms. Tal Misch Vered with two additional members: Mr. Graeme Smith and Mr. Boaz Wachtel.

Outlook

ROOTS looks forward to the launch of its technology in at least two additional global territories.

The Company is progressing with its engineering development in scaling up ground source heat exchange and root zone pipes on site installation tools.

Following the success of the IBC proof of concept, the company will seek to develop a field semi-commercial pilot system towards the end of 2018. At the same time, the company will start testing the viability of cooling and heating open field trees in both Israel and Australia.

-ENDS-

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About Roots Sustainable Agricultural Technologies Ltd:

Israeli-based, Roots Sustainable Agricultural Technologies Ltd. is developing and commercialising disruptive, modular, cutting-edge technologies to address critical problems being faced by agriculture today, including plant climate management and the shortage of water for irrigation.

Roots has developed proprietary know-how and patents to optimise performance, lower installation costs, and reduce energy consumption to bring maximum benefit to farmers through their two-in-one root zone heating and cooling technology and off the grid irrigation by condensation technology.

Roots is a graduate company of the Office of the Israeli Chief Scientist Technological Incubator program. More information www.Rootssat.com

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

Roots Sustainable Agricultural Technologies Ltd

ARBN

619 754 540

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(78)	(192)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(11)	(22)
	(d) leased assets	-	-
	(e) staff costs	(120)	(339)
	(f) administration and corporate costs	(14)	(45)
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	62	62
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(160)	(536)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(37)	(45)
	(b) businesses (see item 10)	-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	(11)
	(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	(37)	(56)

3.	Cash flows from financing activities		
3.1	Proceeds from issue of shares	3,700	3,700
3.2	Proceeds from issue of convertible loan converted to CDIs	-	900
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(666)	(982)
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	3,034	3,619

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	295	102
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(160)	(536)

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(37)	(56)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,034	3,619
4.5	Effect of movement in exchange rates on cash held	-	3
4.6	Cash and cash equivalents at end of quarter	3,132	3,132

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	3,132	295
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)	3,132	295

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	(29)
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	
6.1 Salaries and wages paid to Directors and/or Director related entities	\$29,000

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	(3)
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	
7.1 Vendor invoices paid to related parties	\$3,000

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.

N/A

9. Estimated cash outflows for next quarter

\$A'000

9.1	Research and development	(314)
9.2	Product manufacturing and operating costs	(204)
9.3	Advertising and marketing	(212)
9.4	Leased assets	-
9.5	Staff costs	(135)
9.6	Administration and corporate costs	(99)
9.7	Other (provide details if material)	(154)
9.8	Total estimated cash outflows	(1,117)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)

Acquisitions

Disposals

10.1	Name of entity	N/A	N/A
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:



(Company secretary)

Date: 31 January 2018

Print name: Sarah Smith

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.