

**JATENERGY LIMITED**

ABN 31 122 826 242

ASX CODE: JAT**AUSTRALIAN REGISTERED OFFICE**

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ASX ANNOUNCEMENT

27th April 2018

March 2018 Appendix 4C & Sales Update – Quarterly Report

Jatenergy (JAT or Company) is pleased to provide its third quarter report for the year ending June 2018.

The March quarter was transformative for JAT, culminating in the March General Meeting at which shareholders voted to approve the change in the nature of JAT's business activities. JAT is now entirely focussed on the development of its Fast Moving Consumer Goods trading business which takes advantage of the China Australia Free Trade Agreement, Chinese consumer appetite for wholesome Australian products, and JAT's abilities to navigate China's complex distribution systems and regulatory regime.

Shareholders approved the acquisition of 51% of Golden Koala Group Pty Ltd ("Golden Koala"), an Australian dairy products brand. In conjunction with 100% owned Cobbitty Country Pty Ltd, Golden Koala is part of JAT's strategic move to develop its own brands for cross-border sale and export to China. This strategy offers higher margins, security of supply, and control over pricing and brand development.

Finally, approval was given for the issue of shares to raise capital to fund the business expansion required to take full advantage of the Golden Koala acquisition.

During the quarter, JAT management achieved significant milestones in securing extensive distribution channels for Golden Koala and other JAT products:

- Shanghai Dragon Corporation (SDC) appointed JAT as its sole Australian agent with regard to the China International Import Expo (CIIE), to be held in Shanghai in November 2018. In addition to assisting third party Australian brands, JAT intends to set up a high visibility presence for Golden Koala's range of milk products at the expo.
- NetEase Kaola, one of China's largest cross-border e-commerce platforms, invited Golden Koala to establish a flagship presence to showcase and sell Australian dairy products direct to Chinese consumers. Kaola is one of China's leading platforms for baby products.
- Jiangsu Jbingo International Co., Ltd (Jbingo) has agreed to distribute Golden Koala's full range of products to Chinese platforms and territories for both online and offline sales. Jbingo is a major business-to-business (B2B) distributor in



China selling to leading Chinese B2B maternal and baby platforms.

Subsequent to the end of the quarter:

- JAT and SDC agreed to work together to bring Australian products to Chinese consumers, and to co-develop own-brands for the Chinese market. SDC is a large, state controlled, publicly listed business, annual sales in excess of AUD 1 billion, and over 4,000 retail outlets.
- JD Global approved the sale of Golden Koala's Australian dairy products on JD Global's cross border platform: JD.hk. JD is China's largest retailer by revenue, with over 266 million annual active users.

The Directors note that revenue was lower in the quarter as management focussed their efforts on developing the own-brand opportunities as outlined above. Sales are likely to remain low during the current quarter and until the abovementioned strategies start to achieve their very substantial potential.

Anthony Crimmins
Executive Chairman

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

Jatenergy Limited

ABN

31 122 826 242

Quarter ended ("current quarter")

31 March 2018

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	281	1,882
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,098)	(3,762)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(253)	(668)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,070)	(2,549)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(14)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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 (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(14)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	5,363	8,202
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)	-	-
3.10	Net cash from / (used in) financing activities	5,363	8,202

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	2,438	92
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,070)	(2,549)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(14)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,363	8,202

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	5,731	5,731

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	5,731	2,438
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)	5,731	2,438

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**

83

-

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. Financing facilities available <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. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	700
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	-
9.6 Administration and corporate costs	300
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	1,000

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



Date: 24th April 2018

(Director)

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.

