



# ASX ANNOUNCEMENT

**JATENERGY LIMITED**  
ABN 31 122 826 242

**ASX CODE:** JAT

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26<sup>th</sup> July 2018

## **June 2018 Appendix 4C & Sales Update – Quarterly Report**

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

In the June quarter JAT continued its rapid transformation to Fast Moving Consumer Goods trading, securing in-house branded products, and distribution agreements covering those products. By the end of the quarter JAT had received initial orders for the new in-house brands from major Chinese buyers.

Significant milestones were achieved in each of the ‘four pillar’ strategic areas the Company is pursuing to drive business growth.

1. **PRODUCTS.** *In-house products offering security of supply, control over positioning and pricing, and higher margins.*
  - JAT broadened its in-house product range substantially by agreeing (subject to shareholder approval) to purchase 51% of SUNNYA PTY LTD, a brand owner and exporter with a portfolio of infant and children health products already selling into China, including NEURIO – Lactoferrin Milk Powder, DHA Algae Oil Softgel, and Probiotics Liquid, and RAICARE Goat Premium Infant Formula.
  - GOLDEN KOALA’s preparations for the new English language label GOLDEN KOALA milk products were completed and multi-container orders were placed with manufacturers, destined for cross-border distribution.
  - The Chinese label formulation for GOLDEN KOALA Premium Infant products was finalised, a key milestone in the CFDA approval process for domestic Chinese distribution.
  - JAT and SHANGHAI DRAGON CORPORATION agreed to co-develop JAT’s COBBITTY COUNTRY brand for a planned range of in-house products, which will include milk products, biscuits, toothpaste, soap, and other high volume FMCGs.
2. **CROSS-BORDER.** *Online sales to Chinese consumers from offshore platforms, helping to establish brand presence and drive sales.*
  - JD GLOBAL, China’s largest retailer by revenue, approved the sale of Golden Koala’s range of (English language packaged) Australian dairy products online to Chinese consumers via JD Global’s cross border platform: JD.hk.
  - JAT entered into a distribution agreement with CYCLONE E-COMMERCE CO., LTD, a distributor based in Hangzhou



City, Zhejiang. Part of London based GINGKO INTERNATIONAL LIMITED group, CYCLONE utilizes proprietary cross-border e-commerce platforms and bonded warehouses to deliver global products to Chinese consumers, and supplies products to HIPAC, MOMTIME and other maternal and baby platforms and to O2O experience stores and micro-marts.

3. DISTRIBUTION. *High volume wholesaling to daigou groups and Chinese distribution channels, online and offline.*

- JAT expanded its distribution capacity substantially by agreeing (subject to shareholder approval) to purchase a controlling interest in GREEN FOREST INTERNATIONAL PTY LTD, a significant Sydney based wholesaler, distributor and exporter selling to more than 50 shops and pharmacies in Hong Kong and over 200 gift shops, duty free stores and Daigou warehouses in Australia, and Chinese TAOBAO and WECHAT and other online platforms.
- JAT signed a distribution agreement with AUSTRALIAN HUIBAO INTERNATIONAL GROUP LIMITED, which operates a 'Community O2O' business in five regions of China: Shiyao, Beijing, Xi'an, Tianjin, and Changsha. HUIBAO's Community O2O business utilises mobile apps to promote, sell (via a mobile payment gateway) and deliver products to consumers.

4. RETAIL. *Chinese retail presence, expanding brand penetration and a combination of high sales volumes and margins.*

- JAT commenced planning for a cornerstone retail outlet, 'JAT MATERNITY AND CHILDREN' in Hui Yue Kid's City, part of the SHENG RUN GROUP's massive Hui Yue Shopping Mall in Zhengzhou, the capital city of Henan province, home to around 100 million people.
- SHANGHAI DRAGON CORPORATION agreed to set aside space within approximately 4,000 of SDC's retail stores for JAT speciality shops.

Pleasingly, the implementation of these integrated strategies is already having an impact on sales. Orders for new in-house products commenced during the quarter:

- SHENG RUN GROUP subsidiary, ZHENGZHOU QAF TRADING CO., LTD placed its first order: for a pallet (960 tins) of NEURIO – Lactoferrin Milk Powder.
- SHANGHAI DRAGON CORPORATION placed its first order: for a shipping container of Australian oats for sale in its network of retail stores across China.
- HUIBAO placed its first order: for a pallet (960 tins) of NEURIO – Lactoferrin Milk Powder.
- CYCLONE agreed to purchase 300,000 tins of NEURIO – Lactoferrin Milk Powder from JAT over a 12 month period.



As Directors foreshadowed in the March Quarter Report, revenue remained low in the June quarter as management focussed their efforts on putting in place the elements necessary to drive sales, particularly of in-house branded products. These efforts are expected to flow into revenue increasingly over the next few quarters and the Board expects that the current financial year (ending June 2019) will benefit from the transformative efforts undertaken over the year ending June 2018.

## 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	
<b>ABN</b>	<b>Quarter ended ("current quarter")</b>
31 122 826 242	30 June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	320	2,202
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(446)	(4,208)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(620)	(1,288)
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(746)</b>	<b>(3,295)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(14)
(b) businesses (see item 10)	(1,166)	(1,166)
(c) investments	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
(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	(120)	(120)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,286)</b>	<b>(1,300)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	498	8,700
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>498</b>	<b>8,700</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	5,731	92
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(760)	(3,309)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,286)	(1,300)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	498	8,700

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 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>4,183</b>	<b>4,183</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	4,183	5,731
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>4,183</b>	<b>5,731</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	317
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	

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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.		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
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)	
<b>9.8 Total estimated cash outflows</b>	<b>1,000</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	Golden Koala Group Pty Ltd	
10.2 Place of incorporation or registration	Victoria, Australia	
10.3 Consideration for acquisition or disposal	1,166	
10.4 Total net assets	NIL	
10.5 Nature of business	Fast moving consumable goods	

## 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: 26<sup>th</sup> July 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.