

ASX Announcement: 25 January 2017

TasFoods Limited (ASX: TFL)

Appendix 4C for the quarter ended 31 December 2016

TasFoods Limited (TasFoods) is pleased to release its Appendix 4C for the quarter ended 31 December 2016 (Q4 2016).

The closing cash balance as at 31 December 2016 was \$11.349 million, a reduction of \$2.197 million since 30 September 2016. The application of funds can be primarily attributed to operating and investing activities (\$0.982 million and \$1.195 million, respectively).

Cash receipts from customers increased by 3% to \$7.132 million in Q4 2016, whilst operating cash outflows (excluding research and development and advertising and marketing expenditure) declined by 4% as compared to Q3 2016 (quarter ended 30 September 2016).

The reduction in operating cash outflows has been aided by the consolidation and integration of operational administrative functions across the group and establishment of shared service divisions. The consolidation of shared service functions was a key focus of the executive and senior management team in Q4 2016 to ensure administrative efficiency across the group.

Operating expenditure associated with research and development increased in Q4 2016, which is the result of undertaking trial work on a number of projects including the ethical free-range chicken growing system.

Furthermore, Q4 2016 saw the culmination of the integrated branding and marketing strategy, with the finalisation of the concepts for the branding and packaging for each business and product line. This new brand hierarchy will see the Tasmanian Food Co as the endorsing master brand to each of the existing brands within the TasFoods stable. Existing and new product lines will be launched under this new brand hierarchy in Q1 2017, which the team at TasFoods is excited to release. Detailed information regarding the new branding and packaging hierarchy will be outlined in TasFoods 2016 annual report.

Cash flows associated with investing activities are aligned with the growth strategy of the business and include capital expenditure associated with:

- the completion of the Meander Valley Dairy factory, located in Launceston, which commenced production in October 2016;
- the commencement of the new greenhouse development at Shima Wasabi, located in Port Sorell;
- the construction of the ethical free-range chicken raising system at Nichols Poultry, located at Sassafras; and
- the acquisition of equipment to enhance and improve production efficiencies.

Funding of the above investing activities have presently been met from cash reserves of the business. TasFoods is currently in discussions with financial providers to fund each of these projects.

Outlook

TasFoods focus in the first quarter of the 2017 financial year, Q1 2017 (being the quarter ending 31 March 2017), will be the launch of new product offerings to the market under the recently completed integrated branding and packaging strategy. These product offerings include:

- expansion of existing Meander Valley Dairy lines;
- new goat dairy products under the Robur Farm Dairy brand;
- premium ethical free range chicken under the Nichols Ethical Free-Range brand.

In addition, the existing product lines of Meander Valley Dairy, Nichols Poultry and Shima Wasabi will also be released with new packaging under the new branding hierarchy in Q1 2017.

During Q1 2017, the executive and senior management team will continue to build the platform on which to deliver future capacity and sales growth and generate process efficiencies within the production facilities, whilst ensuring supply of premium Tasmanian made products to the market.

Q1 2017 will also see progress on the expansion of Shima Wasabi, through the construction of the second greenhouse which is on schedule and due to be finalised in Q2 2017, being the quarter ending 30 June 2017.

Forward-looking Statements

The Appendix 4C contains certain forward-looking statements that are based upon information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be

significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of TasFoods. These factors may cause actual results to differ materially from those expressed in the Appendix 4C contained in this announcement.

TasFoods Contacts

Jane Bennett
Managing Director and CEO
+61 3 6331 6983

Janelle O'Reilly
Company Secretary
+61 3 6331 6983

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

TasFoods Limited

ABN

53 084 800 902

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7,132	16,308
1.2 Payments for		
(a) research and development	(122)	(140)
(b) product manufacturing and operating costs	(4,860)	(12,025)
(c) advertising and marketing	(232)	(498)
(d) leased assets	(89)	(175)
(e) staff costs	(2,648)	(6,238)
(f) administration and corporate costs	(164)	(862)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	34
1.5 Interest and other costs of finance paid	(21)	(42)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other:		
Amount Received in compensation from the owners of The Van Diemens Land Company	-	1,250
Legal expenditure in relation to the above matter	-	(576)
Expenditure incurred in the course of identifying, pursuing and acquiring businesses	-	(260)
Miscellaneous	18	70
1.9 Net cash from / (used in) operating activities	(982)	(3,154)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment	(1,367)	(3,313)	
(b) businesses (see item 10)	179	(9,909)	
(c) investments	-	-	
(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 – Acquisition of goat herd and breeding stock	(2)	(204)	
Other – Acquisition of wasabi biological assets	(5)	(5)	
2.6 Net cash from / (used in) investing activities	(1,195)	(13,431)	
3. Cash flows from financing activities			
3.1 Proceeds from issues of shares	-	31,252	
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	(2)	(1,662)	
3.5 Proceeds from borrowings	83	163	
3.6 Repayment of borrowings	(101)	(4,617)	
3.7 Transaction costs related to loans and borrowings	-	-	
3.8 Dividends paid	-	-	

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(20)	25,136

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	13,546	2,799
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(982)	(3,154)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,195)	(13,431)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(20)	25,136
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	11,349	11,349

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	11,618	14,039
5.2	Call deposits	202	200
5.3	Bank overdrafts	(508)	(808)
5.4	Other – cash paid on to credit card for future use	37	115
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,349	13,546

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

153

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

The aggregate amount of payments to directors of the entity noted above in item 6.1 includes payments to Ms Jane Bennett in her capacity as Managing Director and Chief Executive Officer. Amounts reflect that director fees paid to Mr Rob Woolley this quarter were attributable to services for this quarter and last quarter due to the timing of invoices.

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

-

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

Not applicable

8. Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	512	512
8.2 Credit standby arrangements	2,000	-
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.		

As part of the acquisition of Nichols Poultry Pty Ltd (Nichols), TasFoods Limited became ultimately responsible for the liabilities of Nichols at the date of acquisition, which included asset purchase liabilities with Australia and New Zealand Banking Group Limited (ANZ) and the Commonwealth Bank of Australia Limited (CBA). During the quarter ended 31 December 2016, Nichols also entered into two further asset purchase finance arrangements with the ANZ. The total asset purchase liabilities at 31 December 2016 amounted to \$512,428, which are secured over the assets financed. Interest rates on these asset purchase liabilities range between 3.94% and 13.04%, with the average interest rate being 6.34%.

Nichols also has access to a \$2.0 million facility with the ANZ which remained undrawn at 31 December 2016. This facility is secured.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(2)
9.2 Product manufacturing and operating costs	(5,610)
9.3 Advertising and marketing	(180)
9.4 Leased assets	(51)
9.5 Staff costs	(2,421)
9.6 Administration and corporate costs	(219)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(8,483)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	Nil during quarter	Nil during quarter
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:



Managing Director and CEO

Date: 25 January 2017

Print name: Jane Bennett

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.