



28 July 2017

## **WATTLE HEALTH AUSTRALIA FY17 3RD QUARTER CASH FLOW STATEMENT**

Wattle Health Australia Limited (ASX:WHA) whole of life Australian Made nutritional company, today released its Appendix 4C cash flow statement for the third quarter.

During the third quarter, WHA made strong progress in elevating their brand awareness and sales, including signing key supply agreements with:

- Mum and Baby Chain Retailer Baby Mode Australia Pty Ltd.
- Southern China's largest mother and baby retailer, Aiyingdao Zhuhai Business Chain Limited.
- Malaysian distributor, Abby Healthcare (M) SDN. BHD.
- Australian leading wholesaler and distributor, Metcash Limited.

Sales from these supply agreements were not received during the third quarter, but post quarter sales from 1 July to 25 July are in excess of AU \$200,000.

WHA anticipate continued growth in the upcoming quarter from the current suppliers and from other opportunities the company is currently exploring.

Post third quarter WHA announced:

- The strategic holding in Blend & Pack Pty Ltd
- Heads of Agreement with Organic Dairy Farmers of Australia Limited

These significant transactions, once final due diligence is completed and transaction is finalised, will secure WHA's supply chain and allows the company to become one of the few vertically integrated nutritional dairy product companies in Australia.



This will also allow the company to maintain its China Inspection Quarantine (CIQ) accreditation, allowing WHA to sell Infant Formula in traditional retail channels in the largest consumer market of the world being China.

### **Baby Food Range**

During the quarter, WHA finalised the development of a baby food range that will commence production in September 2017. This will further expand the product offering which will increase brand awareness and most importantly, sales in both the domestic and international market.

WHA founder and Executive Chairman Lazarus Karasavvidis said, “We are very pleased with the progress made in the short time since listing. The third quarter was a strong quarter in delivering our main business objectives of increasing brand awareness and securing supply for our diverse range of products. We believe these initiatives will help grow the sales of the company and in turn, drive us towards setting the foundations for long-term sustainable growth.”

Lazarus Karasavvidis  
Executive Chairman  
Wattle Health Australia Limited

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## 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

Wattle Health Australia Limited

#### ABN

77 150 759 363

#### Quarter ended ("current quarter")

June 2017

| Consolidated statement of cash flows                          | Current quarter<br>(1 April – 30 June)<br>\$A | Year to date (15<br>March – 30 June)<br>\$A |
|---|---|---|
| <b>1. Cash flows from operating activities</b>                |   |   |
| 1.1 Receipts from customers                                   | 29,519.44                                     | 33,167.44                                   |
| 1.2 Payments for  |   |   |
| (a) research and development                                  | (28,122.62)                                   | (28,122.62)                                 |
| (b) product manufacturing and<br>operating costs              | (482,529.89)                                  | (657,539.98)                                |
| (c) advertising and marketing                                 | (260,246.25)                                  | (276,673.92)                                |
| (d) leased assets   | 0   | 0   |
| (e) staff costs   | (496,230.21)                                  | (506,130.21)                                |
| (f) administration and corporate costs                        | (198,932.81)                                  | (219,369.92)                                |
| 1.3 Dividends received (see note 3)                           | 0   | 0   |
| 1.4 Interest received   | 9333.03                                       | 11,282.93                                   |
| 1.5 Interest and other costs of finance paid                  | 0   | (114,331.12)                                |
| 1.6 Income taxes paid   | 86,115  | 80,066.00                                   |
| 1.7 Government grants and tax incentives                      | 0   | 0   |
| 1.8 Other – IPO Costs   | 0   | (697,456.58)                                |
| <b>1.9 Net cash from / (used in) operating<br/>activities</b> | <b>(1,341,094.31)</b>                         | <b>(2,375,107.98)</b>                       |

| <b>Consolidated statement of cash flows</b>                                     | <b>Current quarter<br/>(1 April – 30 June)<br/>\$A</b> | <b>Year to date (15<br/>March – 30 June)<br/>\$A</b> |
|---|--|--|
| <b>2. Cash flows from investing activities</b>                                  |  |  |
| 2.1 Payments to acquire:  |  |  |
| (a) property, plant and equipment   |  |  |
| (b) businesses (see item 10)  |  |  |
| (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 (provide details if material)   |  |  |
| <b>2.6 Net cash from / (used in) investing activities</b>                       | <b>0</b>   | <b>0</b>   |
| <b>3. Cash flows from financing activities</b>                                  |  |  |
| 3.1 Proceeds from issues of shares  |  | 8,000,000  |
| 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                           |  |  |

| <b>Consolidated statement of cash flows</b>                     | <b>Current quarter<br/>(1 April – 30 June)<br/>\$A</b> | <b>Year to date (15<br/>March – 30 June)<br/>\$A</b> |
|---|--|--|
| 3.8 Dividends paid  |  |  |
| 3.9 Other (provide details if material)                         |  |  |
| <b>3.1 Net cash from / (used in) financing<br/>0 activities</b> | <b>0</b>   | <b>8,000,000</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              | 7,084,548.29        | 118,561.96          |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (1,341,094.31)      | (2,375,107.98)      |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)             | 0                   | 0                   |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above)            | 0                   | 8,000,000           |
| 4.5 Effect of movement in exchange rates on cash held                           | 0                   | 0                   |
| <b>4.6 Cash and cash equivalents at end of quarter</b>                          | <b>5,743,453.98</b> | <b>5,743,453.98</b> |

| <b>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</b> | <b>Current quarter<br/>\$A</b> | <b>Previous quarter<br/>\$A</b> |
|---|--------------------------------|---------------------------------|
| 5.1 Bank balances   | 5,743,453.98                   | 7,084,548.29                    |
| 5.2 Call deposits   |                                |                                 |
| 5.3 Bank overdrafts   |                                |                                 |
| 5.4 Other (provide details)   |                                |                                 |
| <b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>5,743,453.98</b>            | <b>7,084,548.29</b>             |

**6. Payments to directors of the entity and their associates**

**Current quarter  
\$A**

6.1 Aggregate amount of payments to these parties included in item 1.2

228,612.51

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

Directors Fees

**7. Payments to related entities of the entity and their associates**

**Current quarter  
\$A**

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><br><i>Add notes as necessary for an understanding of the position</i>   | <b>Total facility amount at quarter end \$A</b> | <b>Amount drawn at quarter end \$A</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. |   |  |

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| <b>9. Estimated cash outflows for next quarter</b> | <b>\$A</b>       |
|--|------------------|
| 9.1 Research and development                       | 95,000           |
| 9.2 Product manufacturing and operating costs      | 430,000          |
| 9.3 Advertising and marketing                      | 265,000          |
| 9.4 Leased assets                                  | 0                |
| 9.5 Staff costs                                    | 365,000          |
| 9.6 Administration and corporate costs             | 120,000          |
| 9.7 Other (provide details if material)            |                  |
| <b>9.8 Total estimated cash outflows</b>           | <b>1,275,000</b> |

| 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: .....  
(Company secretary)

Date: 28 July 2017

Print name: George Karafotias

### 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.