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# TasFOODS LTD

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ABN 53 084 800 902 ACN 084 800 902

**ASX Announcement:** 30 October 2017

TasFoods Limited

## **Business Update and Appendix 4C for the quarter ended 30 September 2017**

TasFoods Limited (TasFoods), producer of premium Tasmanian food products, is pleased to submit its Business Update and Appendix 4C Cash Flow Statement for the quarter ended 30 September 2017 (Q3 2017).

### ***Business Update***

Throughout the quarter, TasFoods continued building a stable of high-value food brands that capitalise on the natural attributes of the Tasmanian agricultural environment.

The strategy was progressed in Q3 2017 with the announcement that TasFoods had entered into a Business Purchase Agreement to acquire the assets of Pyengana Dairy. The acquisition was completed in early October 2017 (Q4 2017).

Pyengana Dairy is a leading Australian producer of traditional cloth-matured cheddar cheese. It also produces fresh bottled milk under the Real Milk brand, which is supplied to major retail chains, independent retail outlets and cafes across Tasmania.

The acquisition of Pyengana will deliver synergies within the TasFoods Group due to the complementary nature of its products with existing Meander Valley Dairy products and distribution networks.

Other achievements during the Q3 2017 include:

Expansion of distribution – Nichols Ethical Free Range chicken distribution expanded into Victoria and distribution of Robur Farm Dairy goat milk products expanded into Victoria and New South Wales.

Recognition of premium quality – Robur Farm Dairy's wasabi chev and goat milk were awarded gold medals in the Royal Adelaide Show. Meander Valley Dairy's commitment to quality was further recognised at the Hobart Fine Food Awards, receiving gold in the dairy product category and also being awarded the Richard Langdon award for best in show for its double cream product.

Growth of goat herd – the kidding season at Robur Farm commenced during the quarter with 355 kids, 180 of which are female doelings, being born. These



doelings will form part of the milking herd in 2019 and will provide greater access to quality milk supply. The number of kids will increase in Q4 2017 as there are still 285 goats to kid.

Export accreditation – Meander Valley Dairy factory finalised an export accreditation for its Launceston factory.

### ***Quarterly Cash Flow***

Key results from the Q3 2017 quarterly cash flow include:

- Consistent growth of sales revenue with sales revenue (unaudited) for the quarter, 4% higher than Q2 2017 and 10% higher than the prior year comparative period of Q3 2016;
- Cash receipts from customers for the quarter were \$7.2 million, 4% greater than Q3 2016 and consistent with Q2 2017;
- The closing cash balance as at 30 September 2017 was \$9 million;
- Production and manufacturing costs were consistent with Q2 2017, while staffing expenditure declined by 6% in comparison to Q2 2017. Targeted expenditure reductions within the Group are continuing, as a result of increased automation within the production facilities and efficiency improvements;
- Administrative and corporate costs rose to \$0.7 million in the quarter due to the payment of the annual insurance premiums for the TasFoods Group; and
- Cash outflows of \$0.77 million associated with expenditure on investment activities include final payments for the second greenhouse at Shima Wasabi, which was completed on time and on budget at the end of Q2 2017, and infrastructure and equipment upgrades to increase efficiency and productivity.

### ***Outlook***

During the final quarter of 2017, TasFoods will continue its focus on delivering revenue growth and creating operational efficiencies. This will be done in conjunction with maintaining product quality at a standard expected of its premium Tasmanian products.

Specific areas of focus for Q4 2017 will be:

- Completing the acquisition of Pyengana Dairy and integrating its operations into the TasFoods Group structure to deliver identified synergies, while ensuring product quality is maintained and customer orders are fulfilled;

- Continuing growth of revenue through the expansion of the distribution channels and market presence of Nichols Ethical Free-Range chicken, Robur Farm Dairy and Shima Wasabi products in markets outside Tasmania;
- Growing revenue by expanding the product range offering of existing brands to existing and new customers; and
- Continuing investment in mechanisation of our food processing facilities to deliver production efficiencies.

### ***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***

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Managing Director and CEO  
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Company Secretary  
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## 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")**

30 September 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	7,208	21,932
1.2 Payments for		
(a) research and development	(20)	(168)
(b) product manufacturing and operating costs	(5,089)	(15,131)
(c) advertising and marketing	(83)	(516)
(d) leased assets	(57)	(114)
(e) staff costs	(2,275)	(7,057)
(f) administration and corporate costs	(706)	(1,316)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	47	63
1.5 Interest and other costs of finance paid	(51)	(81)
1.6 Income taxes paid	-	(13)
1.7 Government grants and tax incentives	-	-
1.8 Other:		
Miscellaneous	33	132
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(993)</b>	<b>(2,269)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(697)	(2,096)
(b) businesses (see item 10)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(c) investments	-	-
	(d) intellectual property	(33)	(33)
	(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	(40)	(40)
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(770)</b>	<b>(2,169)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
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	490	2,582
3.6	Repayment of borrowings	(341)	(486)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>149</b>	<b>2,096</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>4.</b>	<b>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	10,621	11,349
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(993)	(2,269)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(770)	(2,169)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	149	2,096
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>9,007</b>	<b>9,007</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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,161	3,765
5.2	Call deposits	5,325	6,980
5.3	Bank overdrafts	(481)	(124)
5.4	Other	2	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>9,007</b>	<b>10,621</b>

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	61
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	
Not applicable		

<b>7. 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	

Not applicable

<b>8. Financing facilities available</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	2,747	2,747
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.

During the quarter ended 30 September 2017, TasFoods Limited entered into an insurance premium funding arrangement via Macquarie Pacific Funding.

The total of the loan facilities at 30 September 2017 amounted to \$2.747 million, which are secured over the assets financed and funded insurance policies. Interest rates on these liabilities range between 2.38% and 13.04%, with the average interest rate being 5.61%.

Nichols Poultry Pty Ltd also has access to a \$2.0 million facility with the ANZ which remained undrawn at 30 September 2017. This facility is secured.

<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	(7,020)
9.3 Advertising and marketing	(134)
9.4 Leased assets	(66)
9.5 Staff costs	(2,908)
9.6 Administration and corporate costs	(280)
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>(10,408)</b>

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: 30 October 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.