



WATTLE HEALTH AUSTRALIA QUARTERLY ACTIVITIES AND CASHFLOW STATEMENT

- **Wattle Health Australia (WHA) contracted sales for the quarter circa \$3.75 million.**
- **Net increase in cash from \$50.7 million to \$52.05 million resulting from the consolidation of Corio Bay Dairy Group.**
- **Commencement of the construction of Australia's first dedicated organic nutritional dairy spray dryer.**
- **WHA anticipates on current projections to be cash flow positive by the end of CY19.**

30 October 2018: Wattle Health Australia Limited (ASX:**WHA**) is pleased to announce our quarterly activities and cashflow statement for the first quarter of the 2019 financial year. This quarter continued the company's strategy of becoming Australia's first truly vertically integrated organic nutritional dairy company.

Over the next 12 months WHA will release a range of products using only Australian certified organic fresh milk from farms controlled by the largest and only organic co-op, Organic Dairy Farmers of Australia.

FINANCIAL

WHA during the quarter achieved contracted sales of circa \$3.75 million with sales commencing in the lucrative Indian market of WHA's natural baby food range.

WHA also during the quarter achieved first sales in China for its now registered natural baby food range, whole and skim milk powder with delivery expected to be completed in November 2018.

Little Innoscents (**LI**) continues to grow its distribution network and sales and we anticipate sales to increase by circa 30% for FY19 compared to FY18.



Corio Bay Dairy Group Pty Ltd (**CBDG**), a joint venture between WHA, ODFA and Niche Dairy Pty Ltd (**ND**), continues to refine the construction budget and has managed to reduce the construction cost by circa 10% without changing the scope or quality of the construction. WHA are confident in finding additional savings during the construction process.

WHA without the consolidation of CBDG projects on current business plans to be in a cash flow positive position by the end of CY19 with arrangements with CBDG and the current sales pipeline (not including SAMR approved products) placing the business in a very strong financial position.

Cash at the bank at the end of the quarter increased to \$52.05 million from \$50.7 million with no debt. The increase in cash is due to the consolidation of the WHA and CBDG accounts, due to the fact that during the quarter we obtained both shareholder and board control of CBDG.

WHA expenditure was in line with the budgeted estimates released in the last quarterly on 27 July 2018, with the increased expenditure being a result of the consolidation of CBDG accounts for the first time.

SAMR

WHA submitted its application with the State Administration of Market Regulation (SAMR) for its infant formula range in October 2017.

WHA can confirm it has received no further requests for information in regard to its application.

WHA at all times has complied with all requirements required by SAMR. WHA remains confident in obtaining registration of our infant formula range, but are unable to give a time frame on achieving registration.



END

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Wattle Health Australia Limited

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