



**17 July 2018**

**ASX:AS1 Quarterly Update and Appendix 4C  
for the period ending 30 June 2018**

Angel Seafood Holdings Ltd (the Company/Angel) is pleased to provide the following quarterly update and Appendix 4C for the period ending 30 June 2018.

**Company Operational Highlights:**

- On the 21<sup>st</sup> March 18 the Company announced it would sell 40,000Doz for the last two quarters of the financial year. The Company has achieved over 71,800Doz for this period. This 80% jump in anticipated sales has come at an average price close to 84-cents/oyster (5% higher than budgeted). This sales volume is testament to the great work of the Angel Team, the strong Domestic Market and the ability to grow oysters in our high performing waters.
- The Company achieved Export Status for its newly purchased facility in Port Lincoln. The Board is currently looking at opportunities to best utilise this facility.
- The Company recently announced an increase in its available debt facilities with the NAB. This facility will allow the Company to finance any opportunities that the Board considers appropriate.

**Specific Quarterly Commentary**

The Company's quarterly result is in line with Board expectations. Full details are included on pages 4-8 of this announcement.

Key areas for comment in the quarterly include:

- Total cash outflows for the quarter were 5.8% lower than forecast in the previous quarterly announcement to the market.
- Total sales receipts from customers increased by 195% to \$499,000 for the quarter.
- The Company continued to invest in property, plant and equipment (\$1,084,000) to ensure it is best prepared to scale up production as Angel's oysters in the water continue to be readied for market. This investment included:
  - o The settlement and expansion of the Company's now accredited Export Facility in Port Lincoln
  - o The purchase of an additional 0.5Ha of Coffin Bay Water
  - o The final payment for the shed and facilities at Haslam
  - o Finalisation of the planning and preparation for the Coffin Bay Facility improvements.

- Estimated cash outflows for the next quarter are in line with Board expectations. The following is noteworthy:
  - o There is a significant allocation for spat procurement within the planned product manufacturing and operating costs.
  - o Staff costs are consistent with the previous quarters expenditure reflecting the new staff that have been hired to manage the increase scale of the business.
  - o Planned capex of \$3,500,000 includes:
    - Settlement of Cowell Acquisition Assets (\$2,700,000)
    - Expansion and improvements to the Coffin Bay Facility
    - Movement of leases at Coffin Bay
    - Purchase and down payments for new equipment including:
      - Oyster Graders for Coffin Bay
      - Further Oyster Barge
      - Cool room and Lean-to at Cowell
      - New baskets to handle increasing numbers of oysters

### **Operations Commentary**

The Company has continued to deliver in line with its prospectus planned outcomes.

Key achievements for the past quarter included:

- Sales for the quarter were \$499,000; a 195% increase on the previous quarter, with the majority occurring in May & June. Pricing was strong with all oysters being sold into a buoyant domestic market. The sales represent approx 49,000 Dozen for the quarter exceeding the internal management budget by close to 300%.
- The Company welcomed new staff to the business including a specialist 'Spat Manager' who comes to Angel from the spat hatchery sector.
- The Company built and commissioned an in-house designed and purpose built spat grader. This key asset not only saves time and money in the handling of spat but has also increased Angel's overall spat survivability percentage.
- The Company has increased its water holdings in both Cowell and Coffin Bay. Angel now has enough water in Coffin Bay to ensure a cash flow positive through the cycle once stock numbers reach maturity.
- The Company achieved full AQIS approvals for export of Oysters and other seafood from its Port Lincoln Facility. This was achieved just three months after possession of the site.
- The Company received approval to relocate 2.25Ha of water in Coffin Bay to the Central Zone; one of Coffin Bay's best performing zones.
- The Company received 9Ha of additional water from the SA Government as part of a 'Public Call' for new oyster water leases.
- Subsequent to closing the quarter the NAB increased the available debt facility to the Company by \$2,000,000. The facility is undrawn, but now totals \$2,800,000.

## The Quarter Ahead

- Sales to date for July continue to show a strengthening trend.
- The Company has commenced preparing for the oysters to come out of winter; the focus for Angel is ensuring it will have sufficient supply to meet the Spring and early Summer domestic demand.
- Current water leases at Cowell and Coffin Bay are full of stock.
- As the Company's spat on hand and new spat mature it is intended they will be transferred to Angel's additional water assets. These assets should include the relocated water leases in Coffin Bay (2.25Ha) and the refurbished water-leases (5Ha) in Cowell. This 7.25Ha of water is earmarked to be ready towards the end of this quarter or early in the next quarter.
- The Company intends to commission new key oyster handling machinery to cope with the anticipated increase in production. The highlight of this is the dual-graders that will be installed in the Coffin Bay processing facility.

## Further Information

Any questions or requests for further information should be directed via email to:

[chairman@angelseafood.com.au](mailto:chairman@angelseafood.com.au)

## Forward Looking Statements

This announcement may contain certain "forward-looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, variations in spat supply, production estimates and growth and mortality rates from those assumed, as well as the impact of governmental regulation.

The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

## Image Below –

Shows the upgrades underway over the last Quarter at Cowell. These upgrades allow access to the lease even in the highest of tides.



## 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**

Angel Seafood Holdings Ltd

**ABN**

38 615 035 366

**Quarter ended ("current quarter")**

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	499	1,494
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(220)	(1,405)
(c) advertising and marketing	(3)	(51)
(d) leased assets	(26)	(123)
(e) staff costs	(408)	(1,251)
(f) administration and corporate costs	(93)	(676)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	14
1.5 Interest and other costs of finance paid	(16)	(51)
1.6 Income taxes paid	1	1
1.7 Government grants and tax incentives	-	6
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(257)</b>	<b>(2,042)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,134)	(3,028)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	(8)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	50	106
	(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</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,084)</b>	<b>(2,930)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	8,000
3.2	Proceeds from issue of convertible notes	-	500
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(728)
3.5	Proceeds from borrowings	-	545
3.6	Repayment of borrowings	(61)	(738)
3.7	Transaction costs related to loans and borrowings	-	(5)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(61)</b>	<b>7,574</b>

<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	5,360	1,356
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(257)	(2,042)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,084)	(2,930)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(61)	7,574

<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	N/A	N/A
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>3,958</b>	<b>3,958</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	652	652
5.2	Call deposits	3,306	3,306
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,958</b>	<b>3,958</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	(97)
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	
6.1 Directors Fees of \$32,877 (including superannuation), Commercial Salaries (including superannuation) of \$60,225 and consulting fees of \$3,600.		

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	
N/A		

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	800	Nil
8.2 Credit standby arrangements	-	-
8.3 Other (Credit Card)	30	8
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.		

8.1 Loan Facility is provided by National Australia Bank Limited with a facility limit of \$800,000. Drawn down amounts are subject to an interest rate of 5.52% PA. The loan is secured by Company assets.

8.3 Credit card limit at quarter end totalled \$30,000 with a balance of \$8,000.

8.1 Subsequent to the recording date - Additional Loan Facility

The company has been granted an additional \$2 million facility with the National Australia Bank Limited which was approved on 11 July 18. Total facility limit is now \$2,800,000. The funds available under the new facility can be drawn by the company as required with draw down amounts subject to an interest rate of 5.52% PA. The new facility is also secured by Company assets.

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(573)
9.3 Advertising and marketing	(14)
9.4 Leased assets	(27)
9.5 Staff costs	(426)
9.6 Administration and corporate costs	(91)
9.7 Other (provide details if material) – Cap Ex	(3,500)
<b>9.8 Total estimated cash outflows</b>	<b>(4,631)</b>

9.7 Cap Ex includes the \$2,700,000 final payment to complete the Cowell water acquisition as announced in the Company Prospectus and on 10 July 18 to the ASX.

9.8 The Board is of the opinion that total estimated cash outflows are more than sufficiently covered by planned sales, cash on hand and available debt facilities.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	N/A	N/A
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

### Other – Performance Shares & Performance Rights

1,500,000 Performance Shares and 4,000,000 Performance Rights were on issue at the time of listing of the Company on the ASX on 21/2/18.

These Performance Shares and Performance Rights are subject to escrow for a period of 24 months from the date of official listing on 21/2/18. Each Performance Share converts into one ordinary share subject to the completion of performance milestones as set out in section 16.3 of the Replacement Prospectus dated 13/12/17 (Replacement Prospectus).

The performance milestones and conversion rate for Performance Rights are set out in section 16.4 of the Replacement Prospectus. No relevant performance milestones arose during the quarter and no Performance Shares or Performance Rights were converted or redeemed during the period.

### 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: .....  
(Director/Company secretary)

Date: 17/07/18

Print name: Christine Manuel

### 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.