

ASX Announcement: 28 October 2016

TasFoods Limited (ASX: TFL)

Appendix 4C for the quarter ended 30 September 2016

TasFoods Limited (TasFoods) is pleased to release its Appendix 4C for the quarter ended 30 September 2016 (the quarter).

The closing cash balance as at 30 September 2016 was \$13.546 million, a reduction of \$2.869 million since 30 June 2016. The application of funds can be primarily attributed to operating and investing activities (\$1.210 million and \$1.269 million, respectively).

Cash flows from operating activities reflect the continued operations of Meander Valley Dairy and the first full quarter of ownership of Nichols Poultry Pty Ltd (Nichols Poultry) and Shima Wasabi Pty Ltd (Shima Wasabi), after both companies were acquired on 15 June 2016. Operational funding levels increased during the quarter ended 30 September 2016 as a result of a focus on building the platform on which to achieve increased capacity and future sales growth of each business unit.

Cash flows associated with operating activities also include payments associated with the development of an integrated marketing and branding strategy. This strategy has resulted in the development of a new master brand, the Tasmanian Food Co. The first product offering under the Tasmanian Food Co master brand, being fresh goat milk, was launched on 24 October 2016. TasFoods is now developing packaging under the Tasmanian Food Co master brand for all remaining product offerings.

Cash flows associated with investing activities are predominantly attributed to the completion of the new Meander Valley Dairy factory, based in Launceston. The dairy factory redevelopment was complete on-time and on-budget in October 2016, with production commencing in late-October 2016.

Outlook

TasFoods focus in the final quarter of the 2016 financial year, being the quarter ending 31 December 2016, will be the continued integration and generation of production efficiencies across the group, whilst delivering premium product offerings to the market to meet the increased customer demand during the festive season.

The executive and management team will continue to build the platform on which to deliver future capacity and sales growth.

The quarter ending 31 December 2016, will realise the completion of several significant projects, including the relocation of the Meander Valley Dairy factory and the finalisation of the development and trialling of a new free range chicken raising system at Nichols Poultry.

It will also see the beginning of the expansion of Shima Wasabi, through the commencement of construction of the second greenhouse which is anticipated to be finalised in the 2017 financial year.

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")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,957	9,176
1.2 Payments for		
(a) research and development	(13)	(18)
(b) product manufacturing and operating costs	(5,516)	(7,164)
(c) advertising and marketing	(120)	(267)
(d) leased assets	(34)	(85)
(e) staff costs	(2,301)	(3,589)
(f) administration and corporate costs	(193)	(699)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	29
1.5 Interest and other costs of finance paid	(15)	(21)
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	(30)	(260)
Miscellaneous	52	52
1.9 Net cash from / (used in) operating activities	(1,210)	(2,172)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,269)	(1,947)
(b) businesses (see item 10)	-	(10,088)
(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	-	(202)
2.6 Net cash from / (used in) investing activities	(1,269)	(12,237)
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	(31)	(1,661)
3.5 Proceeds from borrowings	81	81
3.6 Repayment of borrowings	(89)	(4,516)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(39)	25,156

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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	16,063	2,799
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,210)	(2,172)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,269)	(12,237)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(39)	25,156
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	13,546	13,546

5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	14,039	16,211
5.2	Call deposits	200	220
5.3	Bank overdrafts	(808)	(568)
5.4	Other – cash paid on to credit card for future use	115	200
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,546	16,063

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

102

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.

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

510

510

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 the 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 30 September 2016, Nichols also entered into two further asset purchase finance arrangements with the CBA. The total asset purchase liabilities at 30 September 2016 amounted to \$510,052, 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 remains undrawn at 30 September 2016. This facility is secured.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(205)
9.2 Product manufacturing and operating costs	(5,617)
9.3 Advertising and marketing	(177)
9.4 Leased assets	(65)
9.5 Staff costs	(2,879)
9.6 Administration and corporate costs	(193)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(9,136)

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.



28/10/2016

Sign here:

Date:

Managing Director and CEO

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.