

**ASX ANNOUNCEMENT:** 30 August 2016

TasFoods Limited (ASX: TFL)- Half year results for period ended 30 June 2016

**Investing for future growth**

The half year period to 30 June 2016 was one of expansion for TasFoods Limited (the Company). It focused on establishing a strong foundation to deliver the Company's strategy of building a stable of high value food brands, predominantly sourced from Tasmania, that have a capacity to grow and supply domestic and export markets.

Rob Woolley, Chairman of TasFoods commented, "It has been an important period of growth for TasFoods. We have acquired two premium food businesses ideally suited to our long-term acquisition strategy: Nichols Poultry and Shima Wasabi."

These purchases add to the Company's September 2015 acquisition of the Meander Valley Dairy for a consideration of \$2.1 million.

Net assets of the Company rose to \$35.9 million and total revenue was \$2.0 million. Meander Valley Dairy contributed \$0.96 million in revenue, or 48 per cent, doubling its revenue year on year.

The net loss for the half year of \$1.7 million, was due to expenditure associated with acquisitions (both identification and completion) and the development of an integrated brand and marketing strategy.

Additionally, the Company invested in key employees to integrate and consolidate recent acquisitions. This included a Quality Assurance Manager to work across the group, developing and implementing standards to a premium level, in line with the Company's value proposition.

On 25 May 2016, TasFoods issued a capital raising to assist with proposed acquisitions and associated assets, as well as additional working capital. On 15 June 2016, TasFoods completed its capital raising under the prospectus issued and raised \$25,394,250 (before costs), issuing 101,577,000 shares at an issue price of \$0.25 each.

On the same day, TasFoods completed its acquisition of 100% of the shares in Nichols Poultry Pty Ltd (Nichols). The consideration payable to acquire Nichols and associated net assets was \$9.37 million.

Nichols includes the Nichols Poultry branded processing business and facility, as well as related plant and equipment, and approximately 91 hectares of land on which a processing facility, feed mill and an electricity generating wind turbine are located.

Also on 15 June 2016, the acquisition of Shima Wasabi Pty Ltd (Shima) was completed. Under the terms of the agreement, the Company acquired all of the issued shares in Shima for a consideration of \$2.76 million (plus GST), and was subject to certain adjustments. Shima is located on the North-West coast of Tasmania and distributes wasabi throughout Australia.

In June 2016, in support of its goal to effectively expand into new product categories, TasFoods purchased 500 goats, 10 bucks and related plant and equipment from Cosy Goats in Tasmania, as part of a strategic decision to invest into a supply of goat milk that was previously purchased. TasFoods intention is to develop its own dairy goat standards, and subsequently, to assist other farms to become future suppliers of goat milk for TasFoods' own premium line of goat produce.

## **Outlook**

TasFoods' CEO, Jane Bennett said the Company's focus in the second half of the financial year will be one of integration and consolidation, applying core competencies within the Company to recent acquisitions.

"This accompanies a continued focus on underlying growth and sustainability of its three operational business segments, Meander Valley Dairy, Nichols Poultry and Shima Wasabi", Ms Bennett outlined.

TasFoods will be relocating its dairy operations in 2016. By the end of the calendar year, the move of the Meander Valley Dairy to a new and redeveloped factory in Launceston will be complete – and will significantly improve processing capacity. TasFoods is looking to use this increased capacity to further develop its products and complement its existing range of premium cream, butter and dairy products.

Nichols continues to work towards improving efficiency and consistency in processing activities to further increase the value of existing chicken sold. TasFoods recently announced that it is developing and trialling a new free range chicken raising system, based on a European system, with the intent to develop a free range product offering.

TasFoods is also developing prominent and factual on-pack branding of market-leading attributes of Nichols chicken including antibiotic free, chlorine free and free from added water – a point of difference that many suppliers in the market are not offering.

To enable Shima to meet existing market demands for fresh wasabi in Australia, TasFoods has put in a development application to build a second greenhouse to grow wasabi, with the aim to complete building in approximately 12 months. Shima is also building up stock levels of powdered wasabi to distribute to the retail market as the only 100% completely natural wasabi with no additives. Shima continues to exercise controlled harvesting to maximise the quality and quantity of its produce and ensure the needs of its premium market are met.

"The Company is in a strong position to exploit any opportunities for mergers and acquisitions as they arise, and the Senior Management and Board will continue to evaluate opportunities presented that are in line with our Tasmanian sourced premium food proposition."

"Following three acquisitions in under 12 months, TasFoods will be using the coming year to invest in its marketing, strategy and value proposition to develop a uniform brand and business, focused on growth and profitability. Innovation in product marketing, packaging and design will be key, and will seek to capitalise on the natural attributes of the Tasmanian agricultural environment."

"TasFoods will continue to place our customers' evolving needs at the centre of our innovation, as we continue to invest in the future growth of TasFoods", Bennett said.