



15 October 2018

Q1 FY2019 Activities Update & Appendix 4C

Extensive capital investment program now largely complete; well positioned to maximise sales and leverage scale benefits

Angel Seafood Holdings Ltd (ASX: AS1) (the “Company” or “Angel”) is pleased to provide the following quarterly update and Appendix 4C for the period ending 30 September 2018.

A record quarter of sales

Sales for the quarter were over \$1.1 million, which is an increase of 121% on the previous quarter, and represents over 107,000 Dozen Oysters. Cash receipts from customers totalled \$849,000 (up 70% on the previous quarter), with the remainder of the quarter’s sales to appear as cash in the next quarter.

There continues to be very strong demand for Angel’s oysters, and all available produce is being sold. Given the current record prices being experienced in the domestic market, as well as the strong demand, Angel will continue to focus its efforts on selling domestically.

Total cash outflows for the quarter were marginally lower than forecast.

Adding scale in the business through the acquisition of high-quality water assets; investment in infrastructure now largely complete

The Company settled on its acquisition of water holdings in Cowell early in the quarter. This increased Angel’s owned water holdings in Cowell by 100%, up to 15.4Ha. It is expected that Angel’s water holdings in Cowell alone will provide 13 million oysters per annum to the Company’s finishing water in Coffin Bay.

In addition, Angel added a further 1Ha of prime oyster conditioning water to its Coffin Bay water holdings. This acquisition doubled Angel’s existing holding in the central zone of Coffin Bay, and increased the Company’s total holding in Coffin Bay to 6.75Ha. This was a pivotal acquisition of high quality water that allows Angel to build greater scale in its operations.

Angel’s investment in infrastructure has created significant capacity and scale in the business. The Company has executed its growth strategy ahead of its Prospectus plans, and is pleased to say that its investment program based on the Prospectus is now largely complete. The focus is now largely on maximising sales and leveraging scale benefits.

Any further major capital expenditure would only be expected to expand the business beyond the aims stated in the Company’s Prospectus.

Over the quarter, Angel increased its available debt facilities with NAB. This facility will allow the Company to finance any opportunities that the Board considers appropriate.

Port Lincoln processing facility now operational; commenced export samples

Angel announced the acquisition of a purpose built processing facility in Port Lincoln over the quarter. Whilst some improvements are still ongoing, redevelopment of the facility is now largely complete, and AQIS accreditation has been received. The facility opens up the export market and provides a viable, long term growth opportunity for the Company.

Over the quarter Angel also commenced sending export samples to various Asian and Middle Eastern markets in preparation for the 2019 export season, which is expected to commence in Q4 FY19. The samples have been very well received and feedback to date has been positive.

Outlook

Sales to date for October continue to show a strengthening trend in volumes. Angel has recently confirmed December 2018 orders, and once again demand will outstrip the Company's ability to supply into this peak period.

Current water leases at Cowell and Coffin Bay remain full of stock, and the Company is well positioned to continue to grow its production following the significant capital investment program that is now largely complete. Additionally, mortality levels are tracking favourably compared to budget, allowing oyster stocks to improve over the quarter with many of these to be sold leading up to the Christmas peak period.

In terms of water holdings, Angel is pleased to confirm that water lease improvements and relocations are all tracking on time and slightly under budget. Also, the Company has entered early stage negotiations to further expand its water holdings, which will allow continued scale increases. Angel will keep the market informed as and when there are any updates on this.

Further Information

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

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Image Below – Relocation of Beacon Lease (Coffin Bay) is well underway (note current flow in an ebbing tide)



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.

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 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	849	849
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(494)	(494)
(c) advertising and marketing	(1)	(1)
(d) leased assets	(38)	(38)
(e) staff costs	(376)	(376)
(f) administration and corporate costs	(103)	(103)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(4)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(160)	(160)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3,615)	(3,615)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(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 (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(3,615)	(3,615)

3.	Cash flows from financing activities		
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	316	316
3.6	Repayment of borrowings	(51)	(51)
3.7	Transaction costs related to loans and borrowings	(10)	(10)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	255	255

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	3,957	3,957
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(160)	(160)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,615)	(3,615)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	255	255

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	N/A	N/A
4.6	Cash and cash equivalents at end of quarter	437	437

5.	Reconciliation of cash and cash equivalents 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	437	652
5.2	Call deposits	-	3,306
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	437	3,958

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	(131)
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 (including superannuation) of \$36,000 and Commercial Salaries (including superannuation) of \$95,000.		

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. Financing facilities available <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	2,800	313
8.2 Credit standby arrangements	-	-
8.3 Other (Credit Cards)	30	7
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 \$2,800,000. Drawn down amounts are subject to an interest rate of 5.52% PA. The loan is secured by Company assets.

8.2 Credit card limit at quarter end totalled \$30,000 with a balance of \$7,000

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(371)
9.3 Advertising and marketing	(14)
9.4 Leased assets	(27)
9.5 Staff costs	(359)
9.6 Administration and corporate costs	(109)
9.7 Other (provide details if material) – Cap Ex	(958)
9.8 Total estimated cash outflows	(1,838)

9.7 Cap Ex includes payments to complete facility improvements at Cowell and Coffin Bay, additional oyster baskets to cater for expansion and payments to receive a new oyster tender.

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. There are currently 1,000,000 Performance Shares and 4,000,000 Performance Rights on issue, following conversion of 500,000 Performance Shares during the quarter.

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 and in the Remuneration Report in the Financial Report for the period ended 30/6/18, which was released on 30/8/18. As announced on 20/9/18, the performance milestone for the first tranche of 500,000 of the Performance Shares, which was due for completion by 30/9/18, was satisfactorily achieved and 500,000 Performance Shares were converted to ordinary shares. The 500,000 converted ordinary shares are also subject to escrow until 21/2/20. No other relevant performance milestones arose during the quarter and no other 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: 15 October 2018

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.