

TasFOODS LTD

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ABN 53 084 800 902 ACN 084 800 902

ASX Announcement: 27 April 2018

TasFoods Limited

Business Update and Appendix 4C for the quarter ended 31 March 2018

TasFoods Limited (TasFoods), specialist producer of premium Tasmanian food products, is pleased to release its Business Update and Appendix 4C Cash Flow Statement for the quarter ended 31 March 2018 (Q1 2018).

Business Update

Financial Performance

Q1 2018 has commenced strongly with unaudited performance against Q1 2017 showing significant improvements.

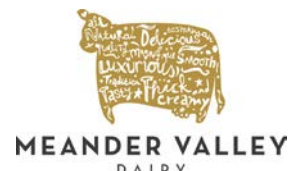
Key financial highlights include:

- Revenue for Q1 2018 was 29% higher than Q1 2017, predominantly driven by increases in the segments of dairy (70%) and poultry (17%).
- Gross profit margins improved considerably across all segments due to targeted efficiency measures and capital investment in production automation in late 2017.
- An 80% improvement in EBITDA for Q1 2018 over Q1 2017.

| | Q1 2018 (\$'000) | Q1 2017 (\$'000) | Growth |
|---------------------|---------------------|---------------------|--------|
| Revenue | 9,287 | 7,177 | 29% |
| Gross Profit | 2,474 | 1,589 | 56% |
| Gross Profit Margin | 27% | 22% | |
| EBITDA | (237) | (1,172) | 80% |

Pyengana Dairy Milk Ranging

In Q1 2018, TasFoods was informed it had been successful in ranging 5 new fresh milk product lines under the Pyengana Dairy brand in Tasmanian Coles and



Woolworth stores and expanded ranging of existing Meander Valley Dairy and Robur Farm Dairy products into Tasmanian Coles stores from Q2 2018.

Director changes

On 13 March 2018, TasFoods announced the appointment of Alexander (Sandy) Beard as a Non-Executive Director. Sandy is the CEO of CVC Limited (a substantial shareholder of TasFoods) and has extensive experience across a broad range of businesses, including food manufacturing.

At the same time, TasFoods announced the resignation of Tony Robinson, a long-standing member of the TasFoods board.

Share Placement and Share Purchase Plan

In December 2017, TasFoods announced a placement of ordinary shares to institutional and sophisticated investors at \$0.18 per share. A Share Purchase Plan (SPP) for retail investors at \$0.17 per share was also announced at this time. In Q1 2018, the SPP was finalised with 7,794,180 shares being issued to existing shareholders. At a General Meeting held in February, shareholders approved a second tranche of the share placement and issue of shares for the SPP shortfall resulting in a further 15,081,636 shares being issued. The total capital raised in Q1 2018 was \$4.0 million (before costs).

Funds received under the placements and SPP are intended to be used to expand production capacity and for general working capital purposes.

Quarterly Cash Flow

At the conclusion of Q1 2018 TasFoods held a strong cash position of \$10.6 million, leaving the company well positioned to consider opportunities that will further advance its strategic direction and priorities.

During Q1 2018, TasFoods reported a net increase in cash held of \$1.379 million.

Key results from the Q1 2018 quarterly cash flow include:

- Cash receipts from customers for the quarter of \$9.5 million, 12% greater than Q4 2017 and 26% higher than Q1 2017;
- Q1 2018 resulted in negative operating cash flows of \$1.402 million. This result was impacted by an increase in trade creditors of \$0.98 million at the end of Q4 2017 being paid down in Q1 2018. After adjusting for this item, net operating cash outflows for the quarter reduced to \$0.42 million;
- Cash outflows of \$0.59 million associated with expenditure on infrastructure and equipment related to upgrades to plant and equipment to improve efficiency and increase productivity. These included the relocation of the Pyengana milk bottling line to the Meander Valley Dairy (MVD) factory (to increase scale of the MVD factory site and increase the useful shelf-life of product), installation and commissioning of a homogeniser at the MVD factory in preparation for the launch of new product lines in Q2 2018 and

the commencement of the factory upgrade at Nichols Poultry to enhance air chill capacity; and

- Receipt of cash from financing activities totalling \$3.785 million (after costs), from the issue of ordinary shares under the second tranche of the placement to institutional and sophisticated investors. The retail investor Share Purchase Plan and issue of shares arising from the SPP shortfall.

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

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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")

31 March 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 | 9,483 | 9,483 |
| 1.2 Payments for | | |
| (a) research and development | (18) | (18) |
| (b) product manufacturing and operating costs | (7,447) | (7,447) |
| (c) advertising and marketing | (165) | (165) |
| (d) leased assets | (27) | (27) |
| (e) staff costs | (2,985) | (2,985) |
| (f) administration and corporate costs | (298) | (298) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 9 | 9 |
| 1.5 Interest and other costs of finance paid | (27) | (27) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other: | | |
| Miscellaneous | 73 | 73 |
| 1.9 Net cash from / (used in) operating activities | (1,402) | (1,402) |

| | | |
|--|-------|-------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (592) | (592) |
| (b) businesses (see item 10) | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| | (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 | - | - |
| 2.6 | Net cash from / (used in) investing activities | (592) | (592) |

| | | | |
|-----------|---|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 4,000 | 4,000 |
| 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 | (215) | (215) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | (413) | (413) |
| 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 | 3,372 | 3,372 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 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 | 9,226 | 9,226 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,402) | (1,402) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (592) | (592) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 3,372 | 3,372 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of quarter | 10,604 | 10,604 |

| | | | |
|------------|---|----------------------------|-----------------------------|
| 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 | 6,135 | 8,835 |
| 5.2 | Call deposits | 5,179 | 825 |
| 5.3 | Bank overdrafts | (716) | (436) |
| 5.4 | Other | 6 | 2 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 10,604 | 9,226 |

| | | |
|----------------|--|----------------------------|
| 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 | 125 |
| 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 | |
| Not applicable | | |

| | | |
|-----------|--|------------------------------------|
| 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 | 2,063 | 2,063 |
| 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.

TasFoods total of loan facilities at 31 March 2018 amounted to \$2.06 million, which are secured over the assets financed and funded insurance policies. Interest rates on these liabilities range between 2.38% and 6.61%, with the average interest rate being 5.26%.

Nichols Poultry Pty Ltd has access to a \$2.0 million facility with the ANZ which remained undrawn at 31 March 2018. This facility is secured.

| | | |
|------------|---|-----------------|
| 9. | Estimated cash outflows for next quarter | \$A'000 |
| 9.1 | Research and development | (20) |
| 9.2 | Product manufacturing and operating costs | (6,995) |
| 9.3 | Advertising and marketing | (268) |
| 9.4 | Leased assets | (69) |
| 9.5 | Staff costs | (3,211) |
| 9.6 | Administration and corporate costs | (235) |
| 9.7 | Other (provide details if material) | |
| 9.8 | Total estimated cash outflows | (10,798) |

| 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.



Sign here:

Managing Director and CEO

Date: 27 April 2018

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.