

**TASFOODS LIMITED**  
**(FORMERLY ONCARD INTERNATIONAL LIMITED)**

**(ACN 084 800 902)**  
**AND CONTROLLED ENTITIES**

**APPENDIX 4E**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**TASFOODS LIMITED**  
**(FORMERLY ONCARD INTERNATIONAL LIMITED)**  
**(ACN 084 800 902)**  
**AND CONTROLLED ENTITIES**

**Preliminary Final Report**

Prepared in accordance with ASX Listing Rule 4.3A

**1. Reporting period and previous corresponding period**

Reporting period: - the year ended 31 December 2015

Previous corresponding period: - the year ended 31 December 2014

**2. Results for announcement to the market**

|                                                                       | 2015        | 2014                       | \$                                  | %                        |
|-----------------------------------------------------------------------|-------------|----------------------------|-------------------------------------|--------------------------|
|                                                                       | \$          | \$                         | Increase /<br>(Decrease)            | Increase /<br>(Decrease) |
| 2.1 Revenue from ordinary activities                                  | 2,472,851   | 1,312,880                  | 1,159,971                           | 88%                      |
| 2.2 Loss from continuing activities after tax attributable to members | (2,095,222) | (2,410,058)                | 314,836                             | 13%                      |
| 2.3 Net (loss)/profit for the period attributable to members          | (4,204,936) | 11,941,933                 | 16,146,869                          | (135%)                   |
| (Loss)/profit before tax                                              | (4,112,311) | 19,010,585                 | 23,122,896                          | (122%)                   |
| 2.4 Dividends (distributions)                                         |             | <b>Amount per security</b> | <b>Franking amount per security</b> | <b>Franked %</b>         |
| Special interim dividend (paid)                                       |             | 9.0¢                       | 0.0¢                                | 0%                       |
| 2.5 Record date for determining entitlements to the dividend          |             |                            | Not applicable                      |                          |

**2.6 Commentary on "Results for Announcement to the Market"**

A brief explanation of any of the figures in 2.1 to 2.4 above, necessary to enable the figures to be understood, is contained in points 3 to 5 below.

### 3. Statement of profit or loss and other comprehensive income with notes

The losses for the year ended 31 December 2015 from continuing operations were \$2,095,222, and arose largely from the Corporate Head Office. This loss was after recording interest income of \$701,095 and other income of \$750,000 from settlement of litigation in relation to a claim for breach of agreement for the acquisition of assets from the owners of the Van Diemens' Land Company. The Head Office loss also included costs relating to a bonus paid to the former CEO of \$850,000, equity based payments to directors and executives of \$217,000 and legal and other costs of \$1,072,220 arising from Corporate activity. These costs related to, amongst other matters, the acquisition of Meander Valley Dairy, The Van Diemens' Land Company, the share buy-back, special dividend payment and share purchase plan.

Profit for the year includes the results of the Meander Valley Dairy Business for the period from the acquisition of the assets of the business in September 2015. The business contributed revenues of \$789,887 and a net profit before tax of \$47,405.

Refer to the attached Financial Statements for the year ended 31 December 2015 for further details.

### 4. Statement of financial position with notes

The net assets of the Group amount to \$5,550,504 at 31 December 2015, compared to \$57,358,556 at 31 December 2014. The variance arises due largely to the share buy-back and dividend payment made during the year, providing \$49,528,520 to shareholders. The Company raised \$1,918,408 from a share purchase plan during the year. Refer to the attached Financial Statements for the year ended 31 December 2015 for further details.

### 5. Statement of cash flows with notes

Cash outflows for the year amounted to \$52,493,451, largely due to the share buy-back and dividend distribution during the year. Refer to the attached Financial Statements for the year ended 31 December 2015 for further details.

### 6. Statement of retained earnings / changes in equity

Refer to the attached Financial Statements for the year ended 31 December 2015 for details.

### 7. Dividends

| Type            | Record Date | Payment date  | Amount per security | Franking | Franked amount per security at 30% |
|-----------------|-------------|---------------|---------------------|----------|------------------------------------|
| Special interim | 23 Feb 2015 | 20 March 2015 | 9.0¢                | 0.0%     | 0.0 ¢                              |

The Company does not propose to pay an ordinary dividend for the 2015 year.

### 8. Details of any dividend distribution reinvestment plan

Not applicable

### 9. Net tangible assets

|                                         | 2015   | 2014   | %<br>Increase /<br>(Decrease) | %<br>Increase /<br>(Decrease) |
|-----------------------------------------|--------|--------|-------------------------------|-------------------------------|
| Net tangible asset backing per security | 12.3 ¢ | 32.9 ¢ | (20.6 ¢)                      | 62.6%                         |

#### 10. Entities over which control has been gained or lost

During the year the company disposed of its interest in the following companies: -

| Name of entity                                      | Date of loss of control | Contribution to profit from ordinary activities |             |
|-----------------------------------------------------|-------------------------|-------------------------------------------------|-------------|
|                                                     |                         | 2015                                            | 2014        |
| OnCard Consulting Services Shanghai Ltd;            | 1 June 2015             | (584,054)                                       | (2,976,951) |
| Yin Chang Information Technology Shanghai Co., Ltd; | 1 June 2015             | (509,168)                                       | (2,863,046) |
| Shanghai Yifutong Network Technology Co., Ltd;      | 1 June 2015             | -                                               | -           |
| Beijing All Payments Company Ltd;                   | 1 June 2015             | (8,647)                                         | (105,197)   |

The losses contributed above form part of the losses noted in Note 4(b) to the financial statements.

#### 11. Details of any associates and joint venture entities

| Name of entity                   | Ownership |       | Contribution to profit from ordinary activities |       |
|----------------------------------|-----------|-------|-------------------------------------------------|-------|
|                                  | 2015      | 2014  | 2015                                            | 2014  |
| Beijing All Payments Company Ltd | -         | 80.2% | (8)                                             | (19)  |
| Shanghai Smart Service Co., Ltd  | -         | 50%   | -                                               | 1,815 |

The Group disposed of its interest in Beijing All Payments Company Ltd on 1 June 2015. The interest in Shanghai Smart Service Co., Ltd was disposed of during the previous year.

#### 12. Other significant information

During the year the Board undertook a strategic review of the Asian Loyalty and Payment Solutions businesses. As a result of the review the Board decided to discontinue the operations. Consequently, the Chinese entities were disposed of, resulting in a loss of \$768,953, being largely cash foregone to enable a quick disposal of the entities. All results from these businesses are included in discontinued operations.

The Company also distributed funds derived from the sale of the interest in the SmartPASS business in 2014 to shareholders through a share buy-back and dividend distribution during the year.

Subsequently, the Company has acquired the assets of the Meander Valley Dairy business for \$2.1 million, including the issue of 1,666,667 ordinary shares in the Company to the vendors, providing \$300,000 of the purchase consideration.

During the year the Company changed its name from OnCard International Limited to TasFoods Limited.

#### 13. Accounting standards used for foreign entities

Not applicable.

#### **14. Commentary on results for the year**

The Group's focus moving forward is on building an integrated business based on premium branded food products primarily sourced from Tasmania. The Meander Valley Dairy business was acquired during the year and the business contributed \$47,405 to profits in the 3 months it was operated by the Group.

The Group continues to operate the MarketSmart payment solutions business in Australia and this contributed \$133,642 to profit during the year.

Head office contributed a loss of \$2,276,769 to the Group. This loss included a number of one off costs, including a bonus paid to the former CEO of \$850,00 and legal costs of \$806,908. This was related largely to legal matters arising from the aborted acquisition of assets of The Van Diemens' Land Company.

The discontinued operations - payment card and loyalty scheme operations in Asia - contributed a loss for the year of \$2,107,322. The discontinued operations included the Chinese entities that were disposed of during the year at no consideration (note 10 above). The Hong Kong entities are in the process of being deregistered, and OnCard Pte Ltd in Singapore is in the process of being liquidated.

Refer to the attached Financial Statements for the year ended 31 December 2015 for more details.

#### **15. Status of audit**

The Preliminary Financial Report is based upon financial statements that are in the process of being audited.

#### **16. Dispute or qualification of reviewed accounts**

Based on discussion with our auditors, BDO East Coast Partnership, the Company is not aware of any issue that will cause the independent audit report to be subject to a modified opinion, emphasis of matter or other matter paragraph.

#### **17. Annual General Meeting Date**

To Be Advised.

Rob Woolley

Chairman

29 February 2016

**TASFOODS LIMITED**

**(formerly ONCARD INTERNATIONAL LIMITED)**  
**ACN 084 800 902**

**Financial Report for the Year Ended**  
**31 December 2015**

**TASFOODS LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

|                                                                                | <b>Note</b> | <b>2015</b><br>\$  | <b>2014</b><br>\$ |
|--------------------------------------------------------------------------------|-------------|--------------------|-------------------|
| <b>Revenue from continuing operations</b>                                      | <b>2</b>    | <b>1,019,390</b>   | 450,750           |
| Other income                                                                   | <b>2</b>    | <b>1,453,461</b>   | 862,130           |
| Raw materials used                                                             |             | <b>(510,322)</b>   | -                 |
| Employment & contractor expense                                                |             | <b>(1,999,723)</b> | (2,046,680)       |
| Occupancy costs                                                                |             | <b>(104,494)</b>   | (67,504)          |
| Depreciation and amortisation                                                  |             | <b>(15,693)</b>    | (8,400)           |
| Travel & accommodation                                                         |             | <b>(50,666)</b>    | (55,784)          |
| Legal and professional fees                                                    |             | <b>(1,279,576)</b> | (455,969)         |
| Impairment expense                                                             |             | -                  | (601,686)         |
| Other expenses                                                                 |             | <b>(607,599)</b>   | (464,161)         |
| <b>Loss before income tax</b>                                                  |             | <b>(2,095,222)</b> | (2,387,304)       |
| Income tax expense                                                             |             | -                  | (22,754)          |
| <b>Net Loss after tax for the year from continuing operations</b>              |             | <b>(2,095,222)</b> | (2,410,058)       |
| Net (Loss)/Profit after tax for the year from discontinued operations          | <b>4</b>    | <b>(2,107,322)</b> | 14,348,152        |
| <b>Net (Loss)/Profit for the year</b>                                          |             | <b>(4,202,544)</b> | 11,938,094        |
| <b>Other Comprehensive income</b>                                              |             |                    |                   |
| <i>Items that may be reclassified to profit or loss in the future:</i>         |             |                    |                   |
| Exchange differences on translation of discontinued operations                 |             | <b>(8,268)</b>     | (423,975)         |
| Other comprehensive loss net of tax                                            |             | <b>(8,268)</b>     | (423,975)         |
| <b>Total comprehensive income</b>                                              |             | <b>(4,210,812)</b> | 11,514,119        |
| Net Profit/(Loss) for the period is attributable to:                           |             |                    |                   |
| Non-controlling interest                                                       |             | <b>2,392</b>       | (3,839)           |
| <b>Owners of TasFoods Limited</b>                                              |             | <b>(4,204,936)</b> | 11,941,933        |
|                                                                                |             | <b>(4,202,544)</b> | 11,938,094        |
| Total comprehensive income for the year is attributable to:                    |             |                    |                   |
| Non-controlling interest                                                       |             | <b>2,392</b>       | (3,839)           |
| <b>Owners of TasFoods Limited</b>                                              |             | <b>(4,213,204)</b> | 11,517,958        |
|                                                                                |             | <b>(4,210,812)</b> | 11,514,119        |
| Basic (loss)/earnings per share (cents per share)                              | <b>8</b>    | <b>(4.36)</b>      | 6.67              |
| Diluted (loss)/earnings per share (cents per share)                            | <b>8</b>    | <b>(4.36)</b>      | 6.67              |
| Basic (loss)/earnings per share from continuing operations (cents per share)   | <b>8</b>    | <b>(2.17)</b>      | (1.35)            |
| Diluted (loss)/earnings per share from continuing operations (cents per share) | <b>8</b>    | <b>(2.17)</b>      | (1.35)            |

*The above statement should be read in conjunction with the accompanying notes.*

**TASFOODS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

|                                        | Note | 2015<br>\$       | 2014<br>\$        |
|----------------------------------------|------|------------------|-------------------|
| <b>Current Assets</b>                  |      |                  |                   |
| Cash and cash equivalents              |      | 2,798,864        | 55,331,183        |
| Trade and other receivables            |      | 1,718,070        | 258,800           |
| Other financial assets                 |      | -                | 2,754,432         |
| Other current assets                   |      | 100,810          | 250,628           |
| <b>Total Current Assets</b>            |      | <b>4,617,744</b> | <b>58,595,043</b> |
| <b>Non-Current Assets</b>              |      |                  |                   |
| Property, plant and equipment          |      | 229,901          | 52,126            |
| Intangible assets – goodwill           | 5    | 1,879,400        | -                 |
| <b>Total Non-Current Assets</b>        |      | <b>2,109,301</b> | <b>52,126</b>     |
| <b>Total Assets</b>                    |      | <b>6,727,045</b> | <b>58,647,169</b> |
| <b>Current Liabilities</b>             |      |                  |                   |
| Trade and other payables               |      | 989,639          | 745,779           |
| Current tax payable                    |      | -                | 6,924             |
| Provisions                             |      | 186,902          | 535,910           |
| <b>Total current liabilities</b>       |      | <b>1,176,541</b> | <b>1,288,613</b>  |
| <b>Total Liabilities</b>               |      | <b>1,176,541</b> | <b>1,288,613</b>  |
| <b>Net Assets</b>                      |      | <b>5,550,504</b> | <b>57,358,556</b> |
| <b>Equity</b>                          |      |                  |                   |
| Contributed equity                     | 6    | 6,617,922        | 38,515,577        |
| Reserves                               | 7    | 583,711          | 374,979           |
| (Accumulated losses)/Retained earnings |      | (1,651,129)      | 18,265,367        |
| <b>Total parent entity interest</b>    |      | <b>5,550,504</b> | <b>57,155,923</b> |
| Non – controlling interest             |      | -                | 202,633           |
| <b>Total Equity</b>                    |      | <b>5,550,504</b> | <b>57,358,556</b> |

*The above statement should be read in conjunction with the accompanying notes.*



**TASFOODS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

|                                                              | Contributed<br>Equity | Reserves       | Retained<br>Earnings/<br>Accumulated<br>Losses | Non-<br>Controlling<br>Interest | Total             |
|--------------------------------------------------------------|-----------------------|----------------|------------------------------------------------|---------------------------------|-------------------|
|                                                              | \$                    | \$             | \$                                             | \$                              | \$                |
| <b>At 1 January 2014</b>                                     | <b>39,671,577</b>     | <b>798,954</b> | <b>6,323,434</b>                               | <b>206,472</b>                  | <b>47,000,437</b> |
| Profit / (Loss) for the year                                 | -                     | -              | 11,941,933                                     | (3,839)                         | 11,938,094        |
| Other comprehensive income                                   | -                     | (423,975)      | -                                              | -                               | (423,975)         |
| Total comprehensive income for the year                      | -                     | (423,975)      | 11,941,933                                     | (3,839)                         | 11,514,119        |
| <b>Transactions with owners in their capacity as owners:</b> |                       |                |                                                |                                 |                   |
| Purchase of shares under the share buy-back scheme           | (1,156,000)           | -              | -                                              | -                               | (1,156,000)       |
| <b>As at 31 December 2014</b>                                | <b>38,515,577</b>     | <b>374,979</b> | <b>18,265,367</b>                              | <b>202,633</b>                  | <b>57,358,556</b> |
| <b>At 1 January 2015</b>                                     | <b>38,515,577</b>     | <b>374,979</b> | <b>18,265,367</b>                              | <b>202,633</b>                  | <b>57,358,556</b> |
| Profit / (Loss) for the year                                 | -                     | -              | (4,204,936)                                    | 2,392                           | (4,202,544)       |
| Other comprehensive income                                   | -                     | (8,268)        | -                                              | -                               | (8,268)           |
| Total comprehensive income for the year                      | -                     | (8,268)        | (4,204,936)                                    | 2,392                           | (4,210,812)       |
| <b>Transactions with owners in their capacity as owners:</b> |                       |                |                                                |                                 |                   |
| Disposal of non-controlling interest                         | -                     | -              | -                                              | (205,025)                       | (205,025)         |
| Dividends paid                                               | -                     | -              | (15,711,560)                                   | -                               | (15,711,560)      |
| Issue of shares                                              | 1,918,408             | -              | -                                              | -                               | 1,918,408         |
| Purchase of shares under the share buy-back scheme           | (33,816,063)          | -              | -                                              | -                               | (33,816,063)      |
| Share based payments                                         | -                     | 217,000        | -                                              | -                               | 217,000           |
| <b>As at 31 December 2015</b>                                | <b>6,617,922</b>      | <b>583,711</b> | <b>(1,651,129)</b>                             | <b>-</b>                        | <b>5,550,504</b>  |

*The above statement should be read in conjunction with the accompanying notes.*

**TASFOODS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

|                                                                        | <b>Note</b> | <b>2015</b><br>\$   | <b>2014</b><br>\$ |
|------------------------------------------------------------------------|-------------|---------------------|-------------------|
| <b>Cash flows from operating activities</b>                            |             |                     |                   |
| Receipts from customers (inclusive of GST)                             |             | <b>659,081</b>      | 2,999,849         |
| Payments to suppliers and employees (inclusive of GST)                 |             | <b>(5,692,696)</b>  | (6,657,403)       |
| Interest received                                                      |             | <b>709,161</b>      | 883,788           |
| Income taxes paid in overseas jurisdictions                            |             | <b>3,195</b>        | (10,263)          |
| Net cash used in operating activities                                  |             | <b>(4,321,259)</b>  | (2,784,029)       |
| <b>Cash flows from investing activities</b>                            |             |                     |                   |
| Loans advanced to other entities                                       |             | -                   | (47,936)          |
| Payments for property, plant & equipment                               |             | <b>(20,162)</b>     | -                 |
| Payments for intangible assets                                         |             | -                   | (205,488)         |
| Payments for purchase of financial assets                              |             | -                   | (2,754,432)       |
| Proceeds from disposal of financial assets                             |             | <b>2,750,975</b>    | -                 |
| Profits repatriated from equity accounted investments                  |             | -                   | 3,855,265         |
| Proceeds from disposal of equity accounted investment                  |             | -                   | 36,680,036        |
| Net cash used in business combination                                  | <b>10</b>   | <b>(1,800,000)</b>  | -                 |
| Settlement of litigation claim                                         |             | <b>(250,000)</b>    | -                 |
| Net cash foregone from disposal of subsidiaries                        | <b>4</b>    | <b>(943,790)</b>    | -                 |
| Net cash (used in)/provided by investing activities                    |             | <b>(262,977)</b>    | 37,527,445        |
| <b>Cash flows from financing activities</b>                            |             |                     |                   |
| Proceeds from issue of shares                                          |             | <b>1,842,000</b>    | -                 |
| Cost of issuing shares                                                 |             | <b>(223,592)</b>    | -                 |
| Payments made to buy back shares                                       |             | <b>(33,816,063)</b> | (1,156,000)       |
| Dividends paid to equity holders                                       |             | <b>(15,711,560)</b> | -                 |
| Net cash used in financing activities                                  |             | <b>(47,909,215)</b> | (1,156,000)       |
| <b>Net (decrease)/increase in cash held</b>                            |             | <b>(52,493,451)</b> | 33,587,416        |
| Cash and cash equivalents at the beginning of the year                 |             | <b>55,331,183</b>   | 21,667,632        |
| Effects of exchange changes on the balances held in foreign currencies |             | <b>(38,868)</b>     | 76,135            |
| Cash and cash equivalents at the end of the year                       |             | <b>2,798,864</b>    | 55,331,183        |

*The above statement should be read in conjunction with the accompanying notes.*

**TASFOODS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**1. BASIS OF PREPARATION**

The preliminary financial statements cover *TasFoods Limited* and its *controlled entities* as a Group for the financial year ended 31 December 2015. The preliminary financial statements are presented in Australian Dollars, which is the functional and presentation currency of TasFoods Limited. The consolidated entity is a for-profit entity.

The preliminary financial statements have been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The accounting policies and methods of computation are the same as those adopted in the Annual Financial Report for the year ended 31 December 2014.

It is recommended that the preliminary financial statements be read in conjunction with any public announcements made by TasFoods Limited in accordance with the continuous disclosure obligations of the ASX listing rules.

During the year the Company changed its name from OnCard International Limited to TasFoods Limited.

**2. REVENUE AND OTHER INCOME**

|                                           | 2015<br>\$       | 2014<br>\$ |
|-------------------------------------------|------------------|------------|
| <b>Revenue from Continuing Operations</b> |                  |            |
| Sales Revenue                             | <u>1,019,390</u> | 450,750    |
|                                           | <u>1,019,390</u> | 450,750    |
| <b>Other income</b>                       |                  |            |
| Interest received                         | 706,918          | 862,130    |
| Settlement on legal matter (1)            | 750,000          | -          |
| Fair value loss on financial assets       | <u>(3,457)</u>   | -          |
| <b>Total other income</b>                 | <u>1,453,461</u> | 862,130    |

- (1) During the year the Company entered into an agreement to acquire the assets of The Van Diemen's Land Company ("VDL"). As part of the agreement the Company paid a non-refundable deposit of \$500,000. Subsequent to signing the agreement the Company received notice that the owners of VDL intended to terminate the agreement as it did not consider it possible that all conditions precedent would be satisfied. The Company subsequently came to an agreement with the owners of VDL under which the Company received compensation of \$1,250,000 in full and final settlement of the matter, consisting of \$500,000 refund of deposit and \$750,000 costs reimbursement.

**3. EXPENSES**

|                                                                            | 2015<br>\$       | 2014<br>\$ |
|----------------------------------------------------------------------------|------------------|------------|
| Profit before income tax expense includes the following specific expenses: |                  |            |
| Employee benefits expense from continuing operations:                      |                  |            |
| Salaries and wages                                                         | 554,331          | 1,785,340  |
| Share based payments                                                       | 217,000          | -          |
| Superannuation expense (defined contribution)                              | 41,110           | 82,163     |
| Cash bonus                                                                 | 850,000          | -          |
| Termination payments                                                       | 1,444            | 376,135    |
| Other termination payments                                                 | -                | 520,000    |
| Total employee benefits                                                    | <u>1,662,995</u> | 2,243,638  |
| Employee benefits from discontinued operations                             | <u>851,049</u>   | -          |

**TASFOODS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**4 DISCONTINUED OPERATIONS**

**(a) Description**

On 20 January 2015, the Company announced that the Board, having received and considered the results of the strategic review, had decided to close the Chinese business operations on the basis that the Directors believed: -

- The businesses are likely to require material ongoing investment to make them profitable, and
- The potential returns are uncertain, may not materialise for some time and are unlikely to be material.

On 1 June 2015, the Company entered into contracts to sell the following entities and as such has reported in the financial statements for the year ended 31 December 2015: -

- OnCard Consulting Services Shanghai Ltd;
- Yin Chang Information Technology Shanghai Co., Ltd;
- Shanghai Yifutong Network Technology Co., Ltd;
- Beijing All Payments Company Ltd;

Furthermore, the Company has taken the decision to cease all remaining operations in Asia, and is undertaking steps to de-register or liquidate the following entities: -

- OnCard Limited;
- OnCard China (HK) Limited;
- OnCard Rewards Limited
- Consolidated Payment Services Ltd;
- Payment Services China Limited;
- Payment Services China Number 2 Limited;
- OnCard Pte Ltd;

Accordingly, the results of these entities have been disclosed within discontinued operations.

In addition, the Company disposed of its interest in the SmartPASS joint venture in September 2014, and the equity accounted results of this operation have also been disclosed in discontinued operations.

**(b) Financial Performance and cash flow information**

|                                                                                     | <b>2015</b>        | <b>2014</b>  |
|-------------------------------------------------------------------------------------|--------------------|--------------|
|                                                                                     | <b>\$</b>          | <b>\$</b>    |
| Revenue                                                                             | <b>201,385</b>     | 2,284,231    |
| Share of profits of investments accounted for using the equity method               | -                  | 1,815,194    |
| Expenses                                                                            | <b>(1,549,521)</b> | (18,595,612) |
| <b>(Loss)/Profit before income tax</b>                                              | <b>(1,348,136)</b> | (14,496,187) |
| Income tax expense                                                                  | <b>9,767</b>       | (7,049,984)  |
| <b>Net (Loss)/Profit after tax for the year from discontinued operations</b>        | <b>(1,338,369)</b> | (21,546,171) |
| (Loss)/Gain on disposal of discontinued operations after income tax (refer c below) | <b>(768,953)</b>   | 35,894,323   |
| <b>Net (Loss)/Profit for the year</b>                                               | <b>(2,107,322)</b> | 14,348,152   |
| Basic (loss)/earnings per share (cents per share)                                   | <b>8 (2.19)</b>    | 8.02         |
| Diluted (loss)/earnings per share (cents per share)                                 | <b>8 (2.19)</b>    | 8.02         |

**TASFOODS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**4. DISCONTINUED OPERATIONS (CONT'D)**

|                                                | 2015<br>\$         | 2014<br>\$  |
|------------------------------------------------|--------------------|-------------|
| Net cash outflow from ordinary activities      | <b>(1,542,318)</b> | (1,626,851) |
| Net cash inflow from investing activities      | -                  | 1,572,153   |
| Net cash outflow from financing activities (1) | <b>(943,790)</b>   | -           |

Note 1: Net cash outflow from financing activities includes cash paid to the purchaser and the cash foregone on the disposal of these operations.

**(c) Details of the sale of the discontinued operations**

|                                                    | 2015<br>\$       | 2014<br>\$ |
|----------------------------------------------------|------------------|------------|
| Disposal proceeds and tax withheld (1)             | -                | 40,322,323 |
| Disposal costs and payments to purchaser           | <b>(444,729)</b> | -          |
|                                                    | <b>(444,729)</b> | 40,322,323 |
| Cash                                               | <b>499,224</b>   | -          |
| Trade receivables                                  | <b>1,000</b>     | -          |
| Other current assets                               | <b>137,000</b>   | -          |
| Equity accounted investments                       | -                | 4,428,000  |
| Other payables                                     | <b>(108,000)</b> | -          |
| Outside equity interest                            | <b>(205,000)</b> | -          |
| Carrying amount of net assets at date of disposal  | <b>324,224</b>   | 4,428,000  |
| (Loss) Gain on disposal of discontinued operations | <b>(768,953)</b> | 35,894,323 |

- (1) The sale of the Company's interest in Shanghai Smart Service Co., Ltd was contracted in Chinese Renminbi (RMB). The Company received cash proceeds of RMB189 million, translated into AUD36,699,029 at AUD 1: RMB 5.15, with RMB21 million (AUD3,623,294) tax withheld and paid to the Chinese tax authorities.

**TASFOODS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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**5. INTANGIBLE ASSETS – GOODWILL**

|                            | 2015<br>\$       | 2014<br>\$ |
|----------------------------|------------------|------------|
| <b>Carrying Value</b>      |                  |            |
| Goodwill on acquisition    | 1,879,400        | -          |
| Total net carrying amounts | <u>1,879,400</u> | <u>-</u>   |

Goodwill is subject to annual impairment testing. The balance relates to the Meander Valley Dairy Business

***Recoverable amount of goodwill***

The recoverable amount of the Meander Valley Dairy cash-generating unit (CGU) is determined based on a value in use calculation which uses, in accordance with AASB 136, pre-tax cash flow projections based on financial budgets approved by the Board covering a five-year period.

**6. CONTRIBUTED EQUITY**

|                                             | <b>NUMBER OF SHARES</b> |             | <b>SHARE CAPITAL</b> |                   |
|---------------------------------------------|-------------------------|-------------|----------------------|-------------------|
|                                             | 2015<br>#               | 2014<br>#   | 2015<br>\$           | 2014<br>\$        |
| Ordinary shares – fully paid (no par value) | 29,898,181              | 174,572,890 | 6,617,922            | 38,515,577        |
| Total Share Capital                         |                         |             | <u>6,617,922</u>     | <u>38,515,577</u> |

**Movements in ordinary share capital:**

| DATE     | DETAILS                     | ORDINARY<br>SHARES | PRICE<br>\$ | \$               |
|----------|-----------------------------|--------------------|-------------|------------------|
| 01/01/14 | Balance beginning of period | 179,473,304        |             | 39,671,577       |
|          | Share buyback(i)            | (4,900,414)        | -           | (1,156,000)      |
| 31/12/14 | Balance at end of period    | 174,572,890        |             | 38,515,577       |
|          | Issued in current year      | 7,368,000          | 0.25        | 1,842,000        |
|          | Acquisition shares (ii)     | 1,666,667          | 0.18        | 300,000          |
|          | Share buyback (i)           | (153,709,376)      | -           | (33,816,063)     |
|          | Share issue costs           |                    |             | (223,592)        |
| 31/12/15 | Balance at end of year      | <u>29,898,181</u>  |             | <u>6,617,922</u> |

(i) Shares were bought back at a range of prices between \$0.225 (22.5 cents) and \$0.24 (24 cents). The average price the shares were bought back at was \$0.235 (23.5 cents). The buyback was completed on 26 June 2015.

(ii) 1,666,667 ordinary shares were issued at \$0.18 as part of the consideration for the acquisition on the Meander Valley Dairy Business. Details are contained in note 14.

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|                                                                                                                                                                                                                                                                      | 2015<br>\$     | 2014<br>\$     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>7. RESERVES</b>                                                                                                                                                                                                                                                   |                |                |
| Foreign currency translation reserve                                                                                                                                                                                                                                 | 366,711        | 374,979        |
| Employee share options reserve                                                                                                                                                                                                                                       | 217,000        | -              |
|                                                                                                                                                                                                                                                                      | <b>583,711</b> | <b>374,979</b> |
| <b>(i) Nature and Purpose of Reserves</b>                                                                                                                                                                                                                            |                |                |
| <b><i>Share based payment reserve</i></b>                                                                                                                                                                                                                            |                |                |
| This reserve is used to record the exchange differences arising on translation of foreign operations where the foreign operations functional currency is different from the Group's presentation currency.                                                           |                |                |
| <b><i>Employee share option reserve</i></b>                                                                                                                                                                                                                          |                |                |
| The reserve is used to record the value of equity instruments issued to employees and directors as part of their remuneration, and other parties as part of compensation for their services. Details of the Employee share option payments are contained in note 28. |                |                |
| <b>8. EARNINGS PER SHARE</b>                                                                                                                                                                                                                                         |                |                |
|                                                                                                                                                                                                                                                                      | 2015<br>CENTS  | 2014<br>CENTS  |
| Basic (loss)/earnings per share                                                                                                                                                                                                                                      | (4.36)         | 6.67           |
| Diluted (loss)/ earnings per share                                                                                                                                                                                                                                   | (4.36)         | 6.67           |
| Basic loss per share from continuing operations                                                                                                                                                                                                                      | (2.17)         | (1.35)         |
| Diluted loss per share from continuing operations                                                                                                                                                                                                                    | (2.17)         | (1.35)         |
| Basic (loss)/earnings per share from discontinued operations                                                                                                                                                                                                         | (2.19)         | 8.01           |
| Diluted (loss)/earnings per share from discontinued operations                                                                                                                                                                                                       | (2.19)         | 8.01           |
|                                                                                                                                                                                                                                                                      | \$             | \$             |
| Net (loss)/profit from continuing operations attributable to the Owners of TasFoods Ltd used in calculation of basic and diluted earnings per share for.                                                                                                             |                |                |
| - All operations                                                                                                                                                                                                                                                     | (4,204,936)    | 11,941,933     |
| - Continuing operations                                                                                                                                                                                                                                              | (2,095,222)    | (2,410,058)    |
| - Discontinued operations                                                                                                                                                                                                                                            | (2,109,714)    | 14,351,991     |
|                                                                                                                                                                                                                                                                      | Number         | Number         |
| <b>Basic</b>                                                                                                                                                                                                                                                         |                |                |
| Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share                                                                                                                                         | 96,285,211     | 179,156,525    |
| <b>Diluted</b>                                                                                                                                                                                                                                                       |                |                |
| Weighted average number of ordinary shares and convertible redeemable cumulative preference shares outstanding and performance rights during the period used in the calculation of basic earnings per share                                                          | 96,285,211     | 179,156,525    |

**TASFOODS LIMITED**  
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**8. EARNINGS PER SHARE (CONT'D)**

**Information Concerning the Classification of Securities**

- (a) Ordinary shares held in escrow:  
No ordinary shares were held in escrow during the respective financial periods, or in the period to the date of these financial statements.
- (b) Potential ordinary shares:  
There were 18,500,000 options on issue at 31 December 2015 (31 December 2014: Nil). The options on issue throughout the financial year are not dilutive in effect, as the consolidated entity recorded a net loss for the year.

**9. SHARE BASED PAYMENTS**

TasFoods Limited had established an employee share ownership plan ("ESOP"). The Scheme was designed to provide a long-term incentive for employees and Directors of TasFoods Limited. It allows them to participate in TasFoods Limited's future growth and provides them with an incentive to increase profitability and returns to shareholders. Full time employees, part-time employees, directors and contractors of TasFood Limited and controlled entities are eligible to participate in the ESOP.

The entitlement of eligible participants under the ESOP is at the absolute discretion of the Directors. The exercise price of each option offered pursuant to the Scheme is also at the discretion of the Directors.

The options hold no voting or dividend rights, and are not transferable.

Set out below are summaries of options granted under the plan:

2015

| Grant date                      | Expiry date | Exercise price | Balance at the start of the year | Granted    | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---------------------------------|-------------|----------------|----------------------------------|------------|-----------|---------------------------|--------------------------------|
| 4/9/2015                        | 3/9/2019    | \$0.21         | -                                | 10,000,000 | -         | -                         | 10,000,000                     |
| 4/9/2015                        | 3/9/2019    | \$0.42         | -                                | 8,500,000  | -         | -                         | 8,500,000                      |
|                                 |             |                | -                                | 18,500,000 | -         | -                         | 18,500,000                     |
| Weighted average exercise price |             |                | -                                | \$0.31     | -         | -                         | \$0.31                         |

Details of share options held by employees, former employees, consultants and former Directors outstanding as at end of year:

| Grant date | Vesting and exercisable date | Expiry date | Share price at grant date | Exercise price | Fair value at grant date |
|------------|------------------------------|-------------|---------------------------|----------------|--------------------------|
| 4/9/2015   | 3/9/2019                     | 3/9/2019    | \$0.15                    | \$0.021        | \$0.020                  |
| 4/9/2015   | 3/9/2019                     | 3/9/2019    | \$0.15                    | \$0.042        | \$0.002                  |

There are no EPS hurdles or market conditions attached to the options granted.



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**10. BUSINESS COMBINATION**

**Meander Valley Dairy**

On 4 September 2015 the Company announced that it had acquired the business operations of the Meander Valley Dairy branded food products business ("Meander Valley") based in Tasmania for consideration of \$2.1 million. The acquisition was completed on 17 September 2015 upon transfer of the share based portion of the purchase consideration. The acquisition is the first in the Company's strategy of building an integrated business based on premium food products primarily sourced from Tasmania. Details of the acquisition were as follows: -

|                                    | Note | \$               |
|------------------------------------|------|------------------|
| <b>Consideration</b>               |      |                  |
| Cash consideration                 |      | 1,800,000        |
| Issue of 1,666,667 ordinary shares |      | 300,000          |
|                                    |      | <u>2,100,000</u> |
| <br><b>Assets acquired</b>         |      |                  |
| Property plant and equipment       |      | 220,600          |
| Net tangible assets acquired       |      | 220,600          |
| Goodwill                           |      | 1,879,400        |
| Purchase consideration             |      | <u>2,100,000</u> |

The initial accounting for the acquisition of the Meander Valley Dairy has only been provisionally determined at the end of the reporting period. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely fair values.

Goodwill arose in the acquisition because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, future market development and the assembled workforce of the Meander Valley Dairy. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

**11. EVENTS OCCURRING AFTER REPORTING DATE**

***Issue of shares***

On 19 February 2016 the Company issued 22,232,000 ordinary shares at \$0.25 (25 cents) per share to the sophisticated investors and investors associated with the Company who took up the shortfall in the Company's share purchase plan offer (due to eligible shareholders not applying for their full entitlement of shares under the offer) and under a placement of new and fully paid ordinary shares in the Company.

***Proposed acquisition of Nichols Poultry***

On 18 February 2016 the Company announced that it had entered into an option agreement to acquire Nichols Poultry Pty Ltd and associated assets ("Nichols Poultry"). Under the option TasFoods has the right to acquire 100% of the company that owns and operates the poultry processing business and facility and related plant and equipment, an electricity generating wind turbine and approximately 91 hectares of land on which the processing facility and wind turbine are located, together with a farm house, sheds and other improvements. The option to acquire Nichols Poultry expires on 31 May 2016 (but may be extended by the Company up to 30 June 2016 due to delays in the transaction timetable). Once exercised, the acquisition becomes unconditional and must occur within 5 days. At completion the Company will grant a lease of part of the land to the vendor for grazing and cropping for a period of 3 years, and enter into a grower's agreement for him to raise chickens for the Nichols Poultry Business for a period of 3 years.

The acquisition consideration is \$12,550,000, subject to adjustments for the amount or value of stock, capital expenditure, accounts receivable, accounts payable, employee entitlements, bank debt and other liabilities of Nichols Poultry at the date of completion. Up to \$2,000,000 of the consideration is to be satisfied by the issue of fully paid ordinary shares in the Company to the vendor at an issue price which is the lower of \$0.30 (30 cents), the issue price under a proposed capital raising proposed and the volume weighted average price of the Company's shares during the 5 trading days prior to the completion of the acquisition. TasFoods has paid a \$500,000 non-refundable option fee which will be applied to the consideration payable at completion, if the option is exercised.

In addition, the Company has announced that it intends to raise up to \$20,000,000 in capital to fund the acquisition and provide the Company with additional working capital. The Capital Raising is subject to shareholder approval.

Completion of the agreement is subject to a number of conditions precedent, including shareholder approval.

***Settlement of litigation regarding The Van Diemen's Land Company acquisition***

As a consequence of the uncertainty that arose in relation to the proposed capital raising to fund the acquisition of the assets of The Van Diemen's Land Company (VDL), the board of directors of TasFoods Limited (**Company**) formed the view that the prospects of obtaining specific performance of the Company's agreement to acquire the VDL assets had diminished. Although the board believed the Company's damages claim against New Plymouth District Council, Tasmanian Land Company Limited (TLC) and others for breach of that agreement was sound, the board was conscious that continuing the litigation would have required considerable costs and management time which could be better directed towards pursuing other opportunities for the Company. In the circumstances, the Company agreed on 22 January 2016 to settle the litigation. Under the terms of settlement, the Company received a cash payment of \$1,250,000 from TLC in full and final settlement of the matter, made up of \$500,000 refund of deposit and \$750,000 recovery of costs.

***Other***

Other than the above the Board are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operation of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

**TASFOODS LIMITED**  
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**12 CONTINGENT LIABILITIES**

There are no matters which the Group consider would result in a contingent liability as at the date of this report.

**TASFOODS LIMITED**  
**CORPORATE DIRECTORY**

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**Board of Directors**

Rob Woolley (Chairman and Non-Executive Director)  
Hugh Robertson (Non-Executive Director)  
Roger McBain (Executive Director Finance)  
Antony Robinson (Executive Director)  
Jane Bennett (Managing Director and CEO)

**Company Secretaries**

Mark Licciardo  
Matthew Rowe

**Registered Office**

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Launceston Tasmania 7250 AUSTRALIA  
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Facsimile: +61 3 6256 9251

**Principal Place of Business**

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**Share Registry**

Advanced Share Registry Services  
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NEDLANDS WESTERN AUSTRALIA 6009 AUSTRALIA  
Telephone: +61 8 9389 8033  
Facsimile: +61 8 9389 7871

**Auditor**

BDO East Coast Partnership  
Level 14, 140 William Street  
MELBOURNE VICTORIA 3000 AUSTRALIA

**Solicitors**

Norton Gledhill  
Level 23, 459 Collins Street  
MELBOURNE VICTORIA 3000 AUSTRALIA

**Bankers**

Bendigo Bank

**Stock Exchange Listing**

TasFoods Limited shares are listed on the Australian Securities Exchange, code TFL.