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ABN 53 084 800 902 ACN 084 800 902

**ASX Announcement:** 28 April 2017

TasFoods Limited

**Business Update and Appendix 4C for the quarter ended 31 March 2017**

TasFoods Limited (TasFoods) is pleased to provide the following business update and Appendix 4C for the quarter ended 31 March 2017 (Q1 2017).

***Business Update***

During Q1 2017 TasFoods continued the implementation of its strategic plan. Key achievements for the quarter included:

- Launch of the new packaging for Nichols Poultry consistent with the branding strategy developed for the group;

- Launch of Nichols Ethical Free Range chicken to the Tasmanian market[1]. The product has been well received by its customer base and is currently stocked in selected independent grocers within Tasmania. TasFoods is now focused on expanded distribution and market penetration for this premium product, which will be a key focus of Q2 2017; and

- The launch of new premium goat cheeses under the Robur Farm Dairy brand, including a range of spreadable chevre and a hard goat cheddar ('Capreddar'). These products are stocked in independent grocers across Australia.

***Quarterly Cash Flow***

Key points from the Q1 2017 quarterly cash flow, include:

- Cash receipts from customers for the quarter were $7.546 million, an increase of $0.4 million (6%) from the December 2016 quarter;

- Monthly sales revenue has grown by 3% since December 2016 and 17% since July 2016 with sales revenue presently at $2.5 million per month;

- Production and staffing expenditure have reduced as a percentage of both cash receipts and sales over the quarter. This is due to the

[1] Further information about Nichols Ethical Free Range chicken can be found at The Tasmanian Food Co Facebook page https://www.facebook.com/thetasmanianfoodco/

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implementation of efficiency measures within TasFoods aimed at increasing production efficiencies, yield and extending shelf-life;

- Administration and corporate expenditure rose from the prior quarter, primarily relating to professional fees associated with compliance requirements such as audit fees and legal fees associated with trade mark applications;

- Cash outflows of $0.78 million associated with investing activities represented expenditure on projects such as the greenhouse at Shima Wasabi and the provision of equipment within the processing facilities to increase efficiencies. Investment in Shima Wasabi will double production capacity.

***Outlook***

In Q2 2017, TasFoods will continue to deliver its core strategy of creating premium Tasmanian food that reflects the environment in which it is produced.

TasFoods focus for Q2 2017 will be:

- Expanding market presence, distribution and sales of Nichols Ethical Free Range chicken and Robur Farm Dairy products;

- Delivery of further sustainable processing efficiencies, increasing production yields and reducing wastage within the processing factories;

- Continuing work commenced in Q1 2017 on extending shelf-life of products including the use of alternate packaging for chicken and fresh wasabi products and research trials with the CSIRO on goat milk;

- Completion of construction and planting of the second greenhouse at Shima Wasabi to double production capacity;

- Progressing export licence accreditation for dairy products; and

- Drawing down pre-approved finance for the Meander Valley Dairy factory upgrade and securing finance for the Shima Wasabi greenhouse development. The capital expenditure on these projects is presently being funded from cash reserves.

TASFOODS LTD

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***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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Company Secretary
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NICHOLS POULTRY SHIMA WASABI ROBUR FARM DAIRY MEANDER VALLEY DAIRY

*Rule 4.7B*

# Appendix 4C

# Quarterly report for entities subject to Listing Rule 4.7B

**Name of entity**

| |
|---|
| TasFoods Limited |

| ABN | Quarter ended ("current quarter") |
|---|---|
| 53 084 800 902 | 31 March 2017 |

| 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 | 7,546 | 7,546 |
| 1.2 | Payments for | | |
| | (a) research and development | (81) | (81) |
| | (b) product manufacturing and operating costs | (4,963) | (4,963) |
| | (c) advertising and marketing | (223) | (223) |
| | (d) leased assets | (17) | (17) |
| | (e) staff costs | (2,370) | (2,370) |
| | (f) administration and corporate costs | (363) | (363) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 11 | 11 |
| 1.5 | Interest and other costs of finance paid | (14) | (14) |
| 1.6 | Income taxes paid | (13) | (13) |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other: Miscellaneous | 49 | 49 |
| **1.9** | **Net cash from / (used in) operating activities** | **(438)** | **(438)** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | (781) | (781) |
| | (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** | **(781)** | **(781)** |

| | | | |
|---|---|---|---|
| **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 | 217 | 217 |
| 3.6 | Repayment of borrowings | (59) | (59) |
| 3.7 | Transaction costs related to loans and borrowings | (1) | (1) |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| **3.10** | **Net cash from / (used in) financing activities** | **157** | **157** |

| **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 | 11,349 | 11,349 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (438) | (438) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (781) | (781) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 157 | 157 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| **4.6** | **Cash and cash equivalents at end of quarter** | **10,287** | **10,287** |

| **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 | 10,400 | 11,618 |
| 5.2 | Call deposits | 202 | 202 |
| 5.3 | Bank overdrafts | (315) | (508) |
| 5.4 | Other | - | 37 |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **10,287** | **11,349** |

| **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 | 84 |
| 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 | 670 | 670 |
| 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.

During the quarter ended 31 March 2017, Nichols Poultry Pty Ltd (a 100% owned subsidiary of TasFoods Limited) entered an asset purchase finance arrangement with the ANZ. The total asset purchase liabilities at 31 March 2017 amounted to $669,664, which are secured over the assets financed. Interest rates on these asset purchase liabilities range between 3.94% and 13.04%, with the average interest rate being 5.42%.

Nichols Poultry Pty Ltd also has access to a $2.0 million facility with the ANZ which remained undrawn at 31 March 2017. This facility is secured.

| **9.** | **Estimated cash outflows for next quarter** | **$A'000** |
|---|---|---|
| 9.1 | Research and development | (10) |
| 9.2 | Product manufacturing and operating costs | (5,208) |
| 9.3 | Advertising and marketing | (216) |
| 9.4 | Leased assets | (56) |
| 9.5 | Staff costs | (2,623) |
| 9.6 | Administration and corporate costs | (277) |
| 9.7 | Other (provide details if material) | - |
| **9.8** | **Total estimated cash outflows** | **(8,390)** |

| 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: ............................................................ Date: 28 April 2017
Managing Director and CEO

Print name: Jane Bennett

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.