

TASFOODS LTD

54 Tamar St, Launceston.
(03) 6331 6983
admin@tasfoods.com.au

ABN 53 084 800 902 ACN 084 800 902

TASFOODS LIMITED

APPENDIX 4D - HALF-YEAR REPORT

1. DETAILS OF THE REPORTING PERIOD

Financial Reporting Period Ended	Half-year ended 30 June 2017
Previous Corresponding Reporting Period	Half-year ended 30 June 2016

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 June 2017 \$'000	30 June 2016 \$'000	% Change
Revenue from continuing operations	14,427	2,034	609%
Profit / (loss) from ordinary activities after tax attributable to members	(1,833)	(1,546)	(19)%
Net profit / (loss) for the period attributable to members	(1,833)	(1,684)	(9)%

3. DIVIDENDS AND DISTRIBUTIONS

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous corresponding period	Nil	Nil

Record date for determining entitlements to the dividends (if any):

Not Applicable

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to Half Year Financial Report (Attachment 1).

The half-yearly report is to be read in conjunction with the most recent annual financial report.



4. NET TANGIBLE ASSETS PER SECURITY

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	13.96 cents per share	16.53 cents per share

5. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

None

6. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

None

7. AUDIT / REVIEW STATUS

The Half-Year Financial Report has been independently reviewed by the Company's auditors. The review report is not subject to a modified opinion, emphasis of matter or other matter paragraph. A copy of the review report is included in the Half-Year Financial Report (Attachment 1).

8. ATTACHMENTS FORMING PART OF APPENDIX 4D

Attachment Number	Details
1	Financial Report for the Half Year Ended 30 June 2017

Janelle O'Reilly
Company Secretary

22 August 2017

TasFoods Limited

ACN 084 800 902

Financial Report

For the Half Year Ended 30 June 2017

Directors' Report	2
Auditor's Independence Declaration.....	5
Financial Statements.....	6
Consolidated Statement of Profit and Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity.....	8
Consolidated Statement of Cash Flows	9
Notes to and forming part of the Financial Statements	10
Directors' Declaration	21
Independent Auditor's Review Report	22
Corporate Directory	24

The Directors of TasFoods Limited (the Company) present the financial report on the Company and its controlled entities (the Group) for the half-year ended 30 June 2017.

Directors

Details of the Directors of the Company in office at any time during or since the end of the financial year and at the date of this report are:

Mr Tony Robinson	Chair and Non-Executive Director (appointed as Chair on 3 March 2017)
Mr Rob Woolley	Chair and Non-Executive Director (resigned 3 March 2017)
Ms Jane Bennett	Chief Executive Officer and Managing Director
Mr Roger McBain	Non-Executive Director
Mr Hugh Robertson	Non-Executive Director (resigned 10 February 2017)

Company Secretary

Janelle O'Reilly

Principal Activities

The principal activities of the Group are the processing, manufacture and sale of premium Tasmanian-made produce.

Operating and Financial Review

During the half-year ended 30 June 2017 (H1 2017), the Group continued to focus on delivering a strong foundation to generate sustainable future revenue growth. This is being achieved by ensuring that the quality of products within the Tasmanian Food Co stable of brands are at the highest standard and, importantly, that the business aligns with evolving consumer preferences for premium quality, sustainable food.

Significant progress was made in H1 2017 towards these goals, with the release of new product offerings including Nichols Poultry's Ethical Free Range chicken range, Robur Farm goat dairy hard and soft cheese products and the resized Meander Valley Dairy double cream and crème fraîche products. Increasing the national distribution of these products will be a key area of the Group's revenue growth strategy in H2 2017.

The Group has also been focused on expanding production capacity to ensure continued revenue growth. The Nichols Poultry contract grower network has been expanded, with four new barn-raised chicken sheds expected to increase capacity by approximately 600,000 birds per annum. Construction of a second greenhouse at Shima Wasabi has been completed, which will facilitate a doubling of production.

Financial Performance

The Group reported a net loss after tax of \$1.833 million for H1 2017, compared to a net loss after tax of \$1.684 million in H1 2016. Earnings before interest and tax (EBIT) for H1 2017 was negative \$1.800 million as compared to negative \$1.682 million for H1 2016.

In H1 2017 the Group reported revenue of \$14.427 million, compared to \$2.034 million in H1 2016 and \$13.981 million in H2 2016. The H1 period of 2016 included only 11 trading days for Nichols Poultry Pty Ltd and Shima Wasabi Pty Ltd due to the acquisitions being completed on 15 June 2016.

Expenditure for the Group in H1 2017 was \$16.583 million, compared to \$3.580 million in H1 2016 and \$16.229 million in H2 2016. While pursuing a revenue growth strategy, the Group concentrated on controlling expenditure and generating efficiencies and cost savings within its production environments. Expenditure on raw materials used in production reduced by \$0.97 million, or 12% between H1 2017 and H2 2016. Employment and contractor costs rose by \$0.30 million, or 5%, between H2 2016 and H1 2017, reflecting a full period of operation of the shared service teams and the recruitment of key operational positions to deliver production growth and generate efficiencies within the processing areas. Generating labour efficiencies will be a priority in H2 2017, with the automation of production facility process lines expected to reduce staff and contractor expenditure and increase gross profit margins.

Balance Sheet

The Group has maintained its strong balance sheet position at 30 June 2017, with net assets of \$33.14 million, including cash and cash equivalents of \$10.75 million (\$10.62 net of bank overdraft).

The value of inventory on hand at 30 June 2017 was \$1.81 million, an increase of \$0.59 million since 31 December 2016. This increase can be attributed primarily to an increase in finished goods within Meander Valley Dairy, associated with the maturation time prior to sale that is required for long shelf life goats cheese. Increased stock feed at Nichols Poultry, resulting from bulk purchases of local wheat direct from farmers for use in feed manufacture, also contributed to the increase in inventory value.

Property, plant and equipment increased in value due to the construction of the second greenhouse at Shima Wasabi Pty Ltd, for which construction was completed on time and on budget in June 2017. In addition, smaller investments in plant and equipment were made within the processing factories to enhance product flow and begin the mechanisation process.

Borrowings for the Group increased from \$1.01 million at 31 December 2016 to \$2.72 million as at 30 June 2017. This increase can be attributed primarily to the receipt of financing associated with the Meander Valley Dairy factory upgrade, which was completed in October 2016 and initially funded from working capital.

Outlook

Activities undertaken in H1 2017 to establish brands, build capacity and distribution channels and deliver quality outcomes should provide a foundation for revenue growth. This will be a key focus for the Group in H2 2017.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of this Directors' Report.

Rounding of Amounts

The 'rounding off' of amounts in the directors' report has been conducted in accordance with Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission. Amounts have been rounded off to the nearest thousand dollars or, in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Tony Robinson', with a horizontal line extending to the right.

Tony Robinson
Chairman

22 August 2017



Auditor's Independence Declaration

As lead auditor for the review of TasFoods Limited for the half-year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of TasFoods Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Alison Tait'.

Alison Tait
Partner
PricewaterhouseCoopers

Melbourne
22 August 2017

TasFoods LimitedConsolidated Statement of Profit and Loss and Other Comprehensive Income
For the Half Year Ended 30 June 2017

	30 June 2017 \$'000	30 June 2016 \$'000
Revenue from operations	14,300	2,001
Other income	127	33
Fair value adjustment of biological assets	323	-
Raw materials used	(7,153)	(1,346)
Employment and contractor expense	(5,974)	(1,202)
Freight	(484)	(103)
Occupancy costs	(511)	(106)
Depreciation and amortisation	(382)	(32)
Finance costs	(33)	(2)
Travel and accommodation	(70)	(70)
Legal and professional fees	(359)	(355)
Marketing and event expenses	(389)	(126)
Repairs and maintenance	(248)	(34)
Research and development	(128)	-
Other expenses	(852)	(204)
Loss before income tax	(1,833)	(1,546)
Income tax expense	-	-
Net Loss after tax for the half year from continuing operations	(1,833)	(1,546)
Net profit after tax for the half year from discontinued operations		(138)
Net Loss after tax for the half year	(1,833)	(1,684)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss in the future:</i>		
Exchange differences on translation of discontinued operations	-	(8)
Other comprehensive loss net of tax	-	(8)
Total comprehensive income	(1,833)	(1,692)
Net profit for the period attributable to:		
Non-controlling interest	-	-
Owners of TasFoods Limited	(1,833)	(1,684)
	<u>(1,833)</u>	<u>(1,684)</u>
Total comprehensive income for the half year is attributable to:		
Non-controlling interest	-	-
Owners of TasFoods Limited	(1,833)	(1,692)
	<u>(1,833)</u>	<u>(1,692)</u>
Basic loss per share (cents per share)	(1.12)	(3.01)
Diluted loss per share (cents per share)	(1.12)	(3.01)
Basic loss per share from continuing operations (cents per share)	(1.12)	(2.77)
Diluted loss per share from continuing operations (cents per share)	(1.12)	(2.77)

The above statement should be read in conjunction with the accompanying note

TasFoods LimitedConsolidated Statement of Financial Position
For the Half Year Ended 30 June 2017

	Note	30 June 2017 \$'000	31 December 2016 \$'000
Current Assets			
Cash and cash equivalents	4	10,747	11,862
Trade and other receivables		1,755	2,222
Current tax receivable		54	42
Biological assets	5	2,061	1,814
Inventory		1,809	1,222
Prepayments		209	305
Total Current Assets		16,635	17,467
Non-Current Assets			
Property, plant and equipment	6	13,508	12,793
Intangible assets	7	10,237	8,989
Biological assets	5	294	255
Deferred tax assets		168	168
Total Non-Current Assets		24,207	22,205
Total Assets		40,842	39,672
Current Liabilities			
Trade and other payables		3,574	3,117
Borrowings	8	937	690
Provisions		429	373
Total Current Liabilities		4,940	4,180
Non-Current Liabilities			
Borrowings	8	1,786	321
Provisions		104	98
Deferred tax liabilities		873	-
Total Non-Current Liabilities		2,763	419
Total Liabilities		7,703	4,599
Net Assets		33,139	35,073
Equity			
Contributed Equity	9	39,086	39,086
Reserves		217	217
Accumulated Losses		(6,164)	(4,230)
Total Equity		33,139	35,073

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

TasFoods LimitedConsolidated Statement of Changes in Equity
For the Half Year Ended 30 June 2017

	Contributed Equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total \$'000
At 1 January 2016	6,618	584	(1,651)	5,551
Loss for the half year	-	-	(1,684)	(1,684)
Other comprehensive income	-	(8)	-	(8)
Total comprehensive income for the half year	-	(8)	(1,684)	(1,692)
Acquisition transactions	2,300	-	-	2,300
Issue of shares	31,252	-	-	31,252
Share issue costs	(1,542)	-	-	(1,542)
As at 30 June 2016	38,628	576	(3,335)	35,869
At 1 January 2017	39,086	217	(4,230)	35,073
Loss for the half year	-	-	(1,832)	(1,832)
Adjustments as part of a business combination	-	-	(102)	(102)
Other comprehensive income	-	-	-	-
Total comprehensive income for the half year	-	-	(1,934)	(1,934)
Share-based payment expense	-	-	-	-
As at 30 June 2017	39,086	217	(6,164)	33,139

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

TasFoods Limited

Consolidated Statement of Cash Flows

For the Half Year Ended 30 June 2017

	Note	30 June 2017 \$'000	30 June 2016 \$'000
Cash flows from operating activities			
Receipts from customers		14,744	2,219
Payments to suppliers and employees		(16,081)	(3,644)
Interest received		16	27
Interest paid		(31)	-
Settlement proceeds regarding the Van Diemen's Land (VDL) Company acquisition litigation		-	1,250
Legal fees associated with the VDL litigation and settlement		-	(576)
Expenditure incurred in the pursuit of acquisitions and investment opportunities		-	(230)
Income taxes paid		(13)	-
Other		100	-
Net cash provided by/(used in) operating activities		<u>(1,265)</u>	<u>(954)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(1,399)	(678)
Acquisition of wasabi plants		(13)	(8)
Acquisition of goat herd		(2)	(202)
Net cash used in business combination		-	(10,088)
Net cash provided by/(used in) investing activities		<u>(1,414)</u>	<u>(10,976)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	31,252
Cost of issuing shares		-	(1,630)
Proceeds from borrowings		2,093	-
Repayment of borrowings		(146)	(4,427)
Net cash provided by/(used in) financing activities		<u>1,947</u>	<u>25,195</u>
Net increase/(decrease) in cash held		(732)	13,265
Cash and cash equivalents at the beginning of the half year		11,354	2,799
Effects of exchange changes on the balances held in foreign countries		-	(1)
Cash and cash equivalents at the end of the half year	4	<u>10,622</u>	<u>16,063</u>

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

This condensed consolidated interim financial report and notes represent those of TasFoods Limited and controlled entities (the Group). TasFoods Limited is a company limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX).

1. BASIS OF PREPARATION

This condensed consolidated interim financial report for the half year reporting period ended 30 June 2017 has been prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'.

The half year consolidated interim financial report does not include notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2016 and any public announcements made by TasFoods Limited during the interim reporting period.

The accounting policies and methods of computation are consistent with those adopted in the most recent annual financial report and the corresponding interim reporting period, except as set out below:

a) New and amended standards adopted by the Group

The Group has adopted all applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2017 that are mandatory to the current reporting period. There has been no material impact on the financial statements or performance of the Group resulting from these new and amended Australian Accounting Standards.

b) Impact of standard issued but not yet applied by the Group

There are several standards which have been issued and not yet applied by the Group. The Directors continue to work through the impact of these standards issued but not yet applied on the Group. Standards issued but not yet applied by the Group include:

- *AASB 9 Financial instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. This standard is not applicable until 1 January 2018 but is available for early adoption. The Group has decided not to early adopt AASB 9. The Group does not expect the adoption of AASB 9 to have a material impact on its classification and measurement of the financial assets and liabilities, its hedging arrangements or its results on the adoption of the new impairment model.
- *AASB 15 Revenue from contracts with customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including *IAS 18 'Revenue'*, *IAS 11 'Construction contracts'*, and *IFRIC 13 'Customer loyalty contracts'*. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has decided not to early adopt AASB 15 as a detailed assessment of the impact, additional disclosures and reporting requirements is still in progress.

-
- *AASB 16 Leases* introduces a single lessee accounting model and required a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying assets is of low value. *AASB 16* becomes effective for annual reporting periods commencing on or after 1 January 2018, with early adoption permitted. The Group has decided not to early adopt *AASB 16*, this is in line with the requirement to adopt *AASB 15* concurrently. Once adopted, the structure of cash flows and the presentation of the balance sheet and income statement will change.

c) Critical accounting estimates, judgements and errors

The preparation of the interim financial statements of the Group requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Groups accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

2. SEGMENT INFORMATION

The operating segments are based upon the units identified in the operating reports reviewed by the Board and executive management, and that are used to make strategic decision, in conjunction with the quantitative thresholds established by *AASB 9 Operating Segments*. As such, there are three identifiable and reportable segments each of which are outlined below:

- The Dairy segment incorporates the Meander Valley Dairy business, the assets of which were acquired in September 2015, and goat farming operations (associated with the Robur Farm goat dairy product range) which were acquired in June 2016.
- The Poultry segment incorporates the net assets and business operations of Nichols Poultry Pty Ltd, which was acquired in June 2016.
- The Corporate and Other segment, which comprise:
 - Corporate costs that are not directly attributable to operational business units, including the recently established Shared Service teams, which provide administrative support to the operational production units in the areas of financial management, human resources, sales, marketing, brand management, route to market, quality assurance and food safety, and work health and safety;
 - The net assets and business operations of Shima Wasabi Pty Ltd, which was acquired in June 2016; and
 - The MarketSmart loyalty system, which provided services to a significant customer that in turn, managed customer loyalty programmes. The customer terminated services in June 2015. Management resolved in late 2016 to close and deregister MarketSmart.

TasFoods Limited

Notes to and Forming Part of the Financial Statements
For the Half Year Ended 30 June 2017

Management measures the performance of the segments identified at the 'net profit before tax' level.

	Dairy \$'000	Poultry \$'000	Corporate and Other \$'000	Total \$'000
Half year 30 June 2017				
Revenue				
Total segment sales revenue	766	13,392	142	14,300
Other income	10	109	8	127
	<u>776</u>	<u>13,501</u>	<u>150</u>	<u>14,427</u>
Segment profit/(loss)	(671)	392	(1,554)	(1,833)
Loss before income tax expense				(1,833)
Income tax expense				-
Loss after income tax expense				<u>(1,833)</u>

Half year 30 June 2016**Revenue**

Total segment sales revenue	943	1,054	4	2,001
Other income	13	8	12	33
	<u>956</u>	<u>1,062</u>	<u>16</u>	<u>2,034</u>
Segment profit/(loss)	(303)	(107)	(1,136)	(1,546)
Loss from discontinued operations				(138)
Loss before income tax expense				<u>(1,684)</u>
Income tax expense				-
Loss after income tax expense				<u>(1,684)</u>

	Dairy \$'000	Poultry \$'000	Corporate and Other \$'000	Total \$'000
Total segment assets				
30 June 2017	5,467	18,617	16,758	40,842
31 December 2016	5,538	18,037	16,097	39,672
Total segment liabilities				
30 June 2017	2,033	4,277	1,393	7,703
31 December 2016	384	3,738	477	4,599

3. BUSINESS COMBINATIONS**Finalisation of Nichols Poultry Pty Ltd and Shima Wasabi Pty Ltd acquisitions**

On 15 June 2016, the Company acquired 100% of the issued share capital of Nichols Poultry Pty Ltd ('Nichols Poultry') and its associated assets, and 100% of the issued share capital of Shima Wasabi Pty Ltd ('Shima Wasabi').

In the financial statements for the year ended 31 December 2016, the net asset valuation and allocation of the purchase price to acquired assets and fair values assigned to intangible assets were preliminary. In accordance with the Group's accounting policy, the accounting for the acquisition of Nichols Poultry and Shima Wasabi was finalised during the current period and the preliminary balances have been updated accordingly. The final fair values of the assets arising from the acquisitions are as follows:

Nichols Poultry

The acquisition of Nichols Poultry was completed for consideration of \$9.359 million and included the issue of 8,000,000 new fully paid ordinary shares issued at a nominal value of \$0.25 (25 cents) per share to the vendor (R&J N Nichols Family Trust). The balance of consideration (\$7.359 million) was paid in cash.

The reallocation of the purchase price is outlined in the table below. A reallocation of the fair value was completed to recognise an intangible asset and related deferred tax liability associated with the brand of Nichols Poultry, resulting in a corresponding net decrease in the value of goodwill. In addition, a movement in property, plant and equipment was recorded to reflect the market value of the assets at the date of acquisition.

	Final Fair Value as at 30 June 2017 \$'000	Preliminary Fair Value as presented at 31 December 2016 \$'000
Property, plant and equipment	8,290	8,747
Intangible assets	3,085	183
Trade and other receivables	1,798	1,798
Other current assets	1,478	1,478
Deferred tax asset	129	129
Trade and other payables	(4,675)	(4,675)
Borrowings	(2,564)	(2,564)
Provisions	(446)	(446)
Deferred tax liability	(873)	-
Net identifiable assets acquired	6,222	4,650
Add: Goodwill	3,137	4,709
Consideration paid	9,359	9,359

TasFoods Limited

Notes to and Forming Part of the Financial Statements
For the Half Year Ended 30 June 2017

Shima Wasabi

The acquisition of Shima Wasabi was completed for consideration of \$2.768 million and included the issue of 1,200,000 new fully paid ordinary shares issued at a nominal value of \$0.25 (25 cents) per share to the vendor (Stephen Welsh and Karen Welsh). The balance of consideration (\$2.468 million) was paid in cash.

The reallocation of the purchase price is outlined in the table below. A reallocation of the fair value was completed to recognise an increase in the valuation of the wasabi biological asset (included in other current assets) and a corresponding reduction in the value of goodwill.

	Final Fair Value as at 30 June 2017 \$'000	Preliminary Fair Value as presented at 31 December 2016 \$'000
Property, plant and equipment	442	442
Trade and other receivables	18	13
Other current assets	205	108
Trade and other payables	(13)	(13)
Net identifiable assets acquired	652	550
Add: Goodwill	2,116	2,218
Consideration paid	2,768	2,768

4. CASH AND CASH EQUIVALENTS

	30 June 2017 \$'000	31 December 2016 \$'000
Cash and cash equivalents	10,747	11,862

Reconciliation of cash and cash equivalents to the statement of cash flows

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks, and short-term deposits at call, net of outstanding bank overdrafts. Cash and cash equivalents as at the end of the reporting period as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	30 June 2017 \$'000	31 December 2016 \$'000
Cash and cash equivalents	10,747	11,862
Bank overdraft	(125)	(508)
	10,622	11,354

TasFoods Limited

Notes to and Forming Part of the Financial Statements
For the Half Year Ended 30 June 2017

5. BIOLOGICAL ASSETS

	Poultry	Goats	Wasabi Plants	Total
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2016	-	-	-	-
Increases:				
- As a part of a business combination	652	-	102	754
- Due to purchases and production	661	204	-	865
Decreases due to sales/processing/mortality (i)	(652)	(1)	(80)	(733)
Movement in fair value as a result of physical and/or price changes (ii)	289	53	841	1,183
Balance as at 31 December 2016	950	256	863	2,069
Current	950	1	863	1,814
Non-current	-	255	-	255
	950	256	863	2,069
Balance as at 1 January 2017	950	256	863	2,069
Increases:				
- Due to purchases and production	986	2	18	1,006
Decreases due to sales/processing/mortality (i)	(950)	(11)	(83)	(1,044)
Movement in fair value as a result of physical and/or price changes (ii)	44	30	250	324
Balance as at 30 June 2017	1,030	277	1,048	2,355
Current	1,030	1	1,030	2,061
Non-current	-	276	18	294
	1,030	277	1,048	2,355

- (i) Includes biological assets reclassified as inventory at the point of harvest and/or processing.
- (ii) Includes physical changes as a result of biological transformation such as growth, degeneration and procreation.

As at 30 June 2017, the Group held 397,660 live poultry (31 December 2016: 371,594), 611 goats (31 December 2016: 640) and 3,933 mature wasabi plants and 7,020 immature wasabi plants (31 December 2016: 4,217 mature wasabi plants).

TasFoods Limited

Notes to and Forming Part of the Financial Statements
For the Half Year Ended 30 June 2017

Fair Value Measurement

	31 December 2016			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
- Poultry	-	950	-	950
- Goats	-	256	-	256
- Wasabi plants	-	-	863	863
Total biological assets recognised at fair value	-	1,206	863	2,069

	30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
- Poultry	-	1,030	-	1,030
- Goats	-	277	-	277
- Wasabi plants	-	-	1,048	1,048
Total biological assets recognised at fair value	-	1,307	1,048	2,355

Fair value measurements using significant unobservable inputs

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

Description

Wasabi plant biological assets at fair value:

Unobservable inputs	Average yield per wasabi plant used in fair value measurement: 0.44 kilograms (31 December 2016: 0.37 kilograms)
Relationship to unobservable inputs to fair value	An increase in yield would result in a direct increase in the fair value

TasFoods Limited

Notes to and Forming Part of the Financial Statements
For the Half Year Ended 30 June 2017

6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings \$'000	Plant and equipment \$'000	Office equipment \$'000	Motor vehicles \$'000	Capital work in progress \$'000	Total \$'000
At 31 December 2016						
Cost	6,747	4,950	201	142	1,253	13,293
Accumulated depreciation	(60)	(268)	(161)	(11)	-	(500)
Net carrying amount	6,687	4,682	40	131	1,253	12,793
Net carrying amount at the beginning of the half-year	6,687	4,682	40	131	1,253	12,793
Additions	147	328	19	-	1,060	1,554
Adjustments as part of a business combination	-	(495)	-	-	38	(457)
Disposals and write-offs	-	-	-	-	-	-
Capitalisation to asset categories	16	885	-	-	(901)	-
Depreciation expense	(79)	(280)	(12)	(11)	-	(382)
Net carrying amount at the end of the half year	6,771	5,120	47	120	1,450	13,508
At 30 June 2017						
Cost	6,910	5,633	130	142	1,450	14,265
Accumulated depreciation	(139)	(513)	(83)	(22)	-	(757)
Net carrying amount	6,771	5,120	47	120	1,450	13,508

TasFoods Limited

Notes to and Forming Part of the Financial Statements
For the Half Year Ended 30 June 2017

7. INTANGIBLE ASSETS

	Goodwill \$'000	Brands and trademarks \$'000	Other \$'000	Total \$'000
At 31 December 2016				
Cost	9,407	8	175	9,590
Accumulated impairment	(601)	-	-	(601)
Net carrying amount	8,806	8	175	8,989
Net carrying amount at the beginning of the period	8,806	8	175	8,989
- Additions	-	-	20	20
- Transfers (to)/from other asset classes as a result of finalisation of accounting for business combination	(1,674)	2,902	-	1,228
- Impairment during the period	-	-	-	-
Net carrying amount at the end of the half year	7,132	2,910	195	10,237
At 30 June 2017				
Cost	7,733	2,910	195	10,838
Accumulated impairment	(601)	-	-	(601)
Net carrying amount at the end of the period	7,132	2,910	195	10,237

Goodwill

Goodwill is carried at cost less accumulated impairment losses.

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. An indicator of impairment was noted for the Meander Valley Dairy cash generating unit (CGU) and the recoverable amount of the cash generating unit was prepared based on a value in use model. Based on this assessment the value of the CGU was assessed to be 18% above the carrying value.

8. BORROWINGS

	30 June 2017 \$'000	31 December 2016 \$'000
<i>Current</i>		
Bank Overdraft	125	508
Secured Finance Lease Liabilities	812	182
	937	690
<i>Non-Current</i>		
Secured Finance Lease Liabilities	1,786	321
Total borrowings	2,723	1,011

TasFoods Limited

Notes to and Forming Part of the Financial Statements
For the Half Year Ended 30 June 2017

Contracted Financial Maturities of Financial Liabilities

	Less than 12 months \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contracted cash flows \$'000	Carrying Amount \$'000
At 30 June 2017					
<i>Non-derivatives</i>					
Trade payables	3,574	-	-	3,574	3,574
Bank Overdraft	125	-	-	125	125
Finance lease liabilities	892	1,866	-	2,758	2,598
	<u>4,591</u>	<u>1,866</u>	<u>-</u>	<u>6,457</u>	<u>6,297</u>
At 31 December 2016					
<i>Non-derivatives</i>					
Trade payables	3,117	-	-	3,117	3,117
Bank Overdraft	508	-	-	508	508
Finance lease liabilities	213	338	-	551	503
	<u>3,838</u>	<u>338</u>	<u>-</u>	<u>4,176</u>	<u>4,128</u>

Financing Arrangements

	30 June 2017		31 December 2016	
	\$'000		\$'000	
	Limit	Undrawn Balance	Limit	Undrawn Balance
Equipment Finance Liabilities	2,758	-	503	-
Bank Bill Facility	2,000	2,000	2,000	2,000
Bank Overdraft	1,000	875	1,000	492
	<u>5,758</u>	<u>2,875</u>	<u>3,503</u>	<u>2,492</u>

Secured liabilities and assets pledged as security

Finance lease liabilities relate to specific operating equipment with various financial institutions. These facilities are secured over the assets financed under each facility.

The Group also has access to an undrawn bank bill facility with the Australia and New Zealand Banking Group Limited (ANZ). This bill facility, along with the bank overdraft facility, is secured by mortgage over the property and water rights owned by Nichols Poultry Pty Ltd and a general security agreement over property of Nichols Poultry Pty Ltd not otherwise secured.

Financial covenants

Under the terms of the above financing arrangements held with ANZ, Nichols Poultry Pty Ltd is required to comply with an interest cover ratio financial covenant. Nichols Poultry Pty Ltd complied with this covenant throughout the reporting period.

TasFoods Limited

Notes to and Forming Part of the Financial Statements
For the Half Year Ended 30 June 2017

9. CONTRIBUTED EQUITY

	Number of Shares		Share Capital	
	30 June 2017	31 December 2016	30 June 2017 \$'000	31 December 2016 \$'000
Ordinary shares - fully paid (no par value)	164,107,181	164,107,181	39,086	39,086
Total share capital			39,086	39,086

TasFoods Limited has authorised share capital amounting to 164,107,181 ordinary shares of no par value. There were no movements in share capital during the reporting period.

10. DIVIDENDS

	Half-year	
	2017 \$'000	2016 \$'000
Fully paid ordinary shares		
Dividends paid or provided for during the half-year	-	-

11. SUBSIDIARIES

	Country of Incorporation	Principal Activity	Equity Holding	
			30 June 2017 %	31 December 2016 %
Van Diemen's Land Dairy Pty Ltd	Australia	Dairy	100%	100%
Nichols Poultry Pty Ltd	Australia	Poultry	100%	100%
Shima Wasabi Pty Ltd	Australia	Wasabi	100%	100%
MarketSmart International Pty Ltd	Australia	Loyalty Solutions	100%	100%

12. EVENTS OCCURRING AFTER REPORTING DATE

The Directors 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.

In the Directors' opinion:

- a) The financial statements and notes set out on pages 6 to 20 are in accordance with the *Corporations Act 2001*, including:
 - i. Complying with Accounting Standards, the *Corporations Regulations 2001* and other professional mandatory reporting requirements; and
 - ii. Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the half year ended on that date; and
- b) There are reasonable grounds to believe that TasFoods Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Tony Robinson
Chair

22 August 2017
Launceston



Independent auditor's review report to the shareholders of TasFoods Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of TasFoods Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the directors' declaration for TasFoods Limited (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of TasFoods Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TasFoods Limited is not in accordance with the *Corporations Act 2001* including:

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au



1. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Alison Tait'.

Alison Tait
Partner

Melbourne
22 August 2017

Board of Directors

Tony Robinson	Chair (from 3 March 2017) and Non-Executive Director
Rob Woolley	Chair and Non-Executive Director (resigned 3 March 2017)
Jane Bennett	Managing Director and CEO
Roger McBain	Non-Executive Director
Hugh Robertson	Non-Executive Director (resigned 10 February 2017)

Company Secretary

Janelle O'Reilly

Registered Office

52-54 Tamar Street
Launceston Tasmania 7250 AUSTRALIA
Telephone: + 61 3 6331 6983
Facsimile: + 61 3 6256 9251
Website: www.tasfoods.com.au

Postal Address

PO Box 425
Launceston Tasmania 7250 AUSTRALIA

Share Registry

Advanced Share Registry Services
Unit 2, 150 Stirling Highway
Nedlands Western Australia 6009 AUSTRALIA
Telephone: + 61 8 9389 8033
Facsimile: + 61 8 9389 7871

Auditor

PricewaterhouseCoopers
2 Riverside Quay
Southbank Boulevard
Southbank Victoria 3006 AUSTRALIA

Solicitors

Norton Gledhill
Level 23, 459 Collins Street
Melbourne Victoria 3000 AUSTRALIA

Bankers

Bendigo Bank
Australia and New Zealand Banking Group

Stock Exchange Listing

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