

Freedom Foods Group Limited

A.B.N 41 002 814 235

Appendix 4D

Half Yearly Report Half year ended 31 December 2012 (Previous corresponding reporting period 31 December 2011)

Results for announcement to the market

<i>In thousands of AUD</i>	\$'000	Percentage change over previous corresponding period
Revenues	46,780	94% increase
Net profit	10,080	513% increase
Dividends (distributions)	Amount per security	Franked amount per security
Interim dividends payable Ordinary Shares	\$0.01	\$0.01
Record date for determining entitlements to the dividend	17 May 2013	
Interim Dividend payable Converting Redeemable Preference Shares	\$0.0135	\$0.014
Record date for determining entitlements to the dividend	12 April 2013	

Net tangible assets per security

	31-Dec-12	30-Jun-12
Net tangible assets (in thousands of AUD)	41,327	25,782
Net assets (in thousands of AUD)	62,815	47,270
Total number of ordinary shares (in thousands)	94,262	77,996
Total number of converting redeemable preference shares (in thousands)	19,415	19,415
Total number of shares (ordinary + CRPS)	113,677	97,411
Net assets per security (in dollars of AUD)	0.55	0.49
Net tangible assets per security (in dollars of AUD)	0.36	0.26

The attached interim financial report has been subject to review.

Rory Macleod
Managing Director
Company Secretary
28th February 2013

Directors' Report

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half-year:

P.R. Gunner – Chairman (Non Executive)
R.J.F. Macleod – Managing Director
G.H. Babidge – Director (Non Executive)
A.M. Perich – Director (Non Executive)
R. Perich – Director (Non Executive)
M. Miles - Director (Non Executive)
M.R. Perich – Alternate Director (Non Executive)

Review of operations

Refer to commentary in the half year financial results announcement.

Auditor's independence declaration

The auditor's independence declaration is included on page 14 of the half-year report.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The report is signed in accordance with a resolution of the Board of Directors made pursuant to s 306 (3) of the Corporations Act 2001.

Signed on behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Rory J F Macleod', with a long horizontal flourish extending to the right.

Rory J F Macleod
Managing Director

Dated on this 28th day of February 2013
Sydney

Freedom Foods Group Limited
Condensed consolidated statement of comprehensive income
For the half-year ended 31 December 2012

	Note	Consolidated	
		Half-year ended	
		31-Dec-12 \$'000	31-Dec-11 \$'000
Revenue from sale of goods	3	46,780	24,125
Cost of sales		(34,559)	(16,371)
Gross Profit		12,221	7,754
Other income	3	-	5
Marketing expenses		(1,143)	(1,085)
Selling expenses		(4,988)	(3,015)
Administrative expenses		(2,130)	(1,455)
Depreciation		(1,285)	(546)
Finance costs		(1,360)	(794)
Profit on sale of A2C shares	6	11,843	-
Share of profit of joint ventures accounted for using the equity method		-	344
Share of profit of associates accounted for using the equity method		513	330
Profit before Tax		13,671	1,538
Income tax (expense)/benefit		(3,591)	106
Profit for the Period		10,080	1,644
Other Comprehensive Income		-	-
Total Comprehensive Income for the Period		10,080	1,644
Profit attributable to:			
Owners of the parent		10,080	1,644
Non-controlling interests		-	-
		10,080	1,644
Total comprehensive income attributable to:			
Owners of the parent		10,080	1,644
Non-controlling interests		-	-
		10,080	1,644
Earnings per share			
Basic (cents per share)		12.0	2.1
Diluted (cents per share)		10.5	1.7

Notes to the condensed consolidated statement of comprehensive income are included on pages 7 to 10.

Freedom Foods Group Limited
Condensed consolidated statement of financial position
as at 31 December 2012

		Consolidated	
		31-Dec-12	30-Jun-12
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	5	13,364	767
Trade and other receivables		17,233	17,746
Other financial assets		-	81
Inventories		11,577	13,144
Prepayments		602	644
Total current assets		42,776	32,382
Non-current assets			
Investments accounted for using the equity method		9,581	12,357
Deferred tax assets		792	2,035
Property, plant and equipment		37,785	35,619
Goodwill		5,214	5,214
Other intangible assets		16,274	16,274
Total non-current assets		69,646	71,499
Total assets		112,422	103,881
Liabilities			
Current liabilities			
Trade and other payables		14,045	15,196
Borrowings	8	20,210	19,001
Current tax liabilities		3,334	816
Loans payable to related parties		-	8,064
Provisions		1,077	902
Total current liabilities		38,666	43,979
Non-current liabilities			
Trade and other payables		73	73
Borrowings	8	10,740	12,395
Provisions		128	164
Total non-current liabilities		10,941	12,632
Total liabilities		49,607	56,611
Net assets		62,815	47,270
Equity			
Issued capital		46,014	39,508
Reserves		(3,729)	(3,901)
Retained earnings		20,530	11,663
Total equity		62,815	47,270

Notes to the condensed consolidated statement of financial position are included on pages 7 to 10.

Freedom Foods Group Limited
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2012

	Issued capital	Retained earnings	Equity-settled employee benefits reserve	Other Reserve	Asset Revaluation reserve	Attributable to owners of the parent	Non-controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2011	39,288	9,689	533	-	473	49,983	-	49,983
Equity issues	23	-	-	-	-	23	-	23
Profit for the period	-	1,644	-	-	-	1,644	-	1,644
Recognition of share-based payments	-	-	44	-	-	44	-	44
Dividends	-	(776)	-	-	-	(776)	-	(776)
At 31 December 2011	39,311	10,557	577	-	473	50,918	-	50,918
At 1 July 2012	39,508	11,663	639	(5,013)	473	47,270	-	47,270
Equity issues	6,506	-	-	-	-	6,506	-	6,506
Profit for the period	-	10,080	-	-	-	10,080	-	10,080
Recognition of share-based payments	-	-	172	-	-	172	-	172
Dividends	-	(1,213)	-	-	-	(1,213)	-	(1,213)
At 31 December 2012	46,014	20,530	811	(5,013)	473	62,815	0	62,815

Notes to the condensed consolidated statement of changes in equity are included on pages 7 to 10.

Freedom Foods Group Limited
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2012

	Note	Consolidated	
		Half-year ended	
		31-Dec-12	31-Dec-11
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		48,274	22,087
Payments to suppliers and employees		(43,685)	(20,698)
Interest and other costs of finance paid		(1,186)	(829)
Net cash provided by operating activities		3,403	560
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(3,110)	(734)
Proceeds from sale of property, plant and equipment		-	5
Proceeds from sale of shares in investment	6	15,396	-
Costs from additional investment in A2C		-	(17)
Loans from Jointly controlled/Minority controlled entities		-	199
Investment in Equity Interest A2C		-	(2,064)
Dividends paid		(1,170)	(767)
Net cash provided by/(used in) investing activities		11,116	(3,378)
Cash flows from financing activities			
Proceeds from borrowings		2,562	3,907
Proceeds from issue of securities		6,525	6
Payment of share issue costs		(19)	-
Repayment of borrowings		(10,990)	(1,122)
Net cash (used in)/provided by financing activities		(1,922)	2,791
Net increase/(decrease) in cash and cash equivalents		12,597	(26)
Cash and cash equivalents at the beginning of the period		767	182
Cash and cash equivalents at the end of the period	5	13,364	156

Notes to the condensed consolidated statement of cash flows are included on pages 7 to 10.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of Compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group.

2. Segment information

The operating segments analysed below are those regularly reviewed by the Board of Directors in their capacity as the chief operating decision maker of the company in order to allocate resources to the segments and assess their performance. The segments identified do not represent a significant change from those presented in prior years.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	External sales		Other revenue		Total	
	Half-year ended		Half-year ended		Half-year ended	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Segment revenue	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Continuing operations</i>						
Specialty Seafood	8,510	9,003	-	-	8,510	9,003
Freedom Foods	19,118	15,094	5	5	19,118	15,099
Pactum	19,129	-	-	-	19,129	-
Thorpedo Foods	23	28	-	-	23	28
Total					46,780	24,130
Total revenue of the consolidated group					46,780	24,130

Revenue generated by equity accounted associates from external sales is not consolidated, instead under the equity method of accounting the carrying amounts of interest in associates are increased or decreased to recognise the Group's share of post acquisition profits or losses and other changes in net assets of the associates.

97% of total external sales of the consolidated group and equity accounted associates are generated in Australia (2011: 94%).

Notes to the condensed consolidated financial statements (continued)

	Total	
	Half-year ended	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Segment result		
<i>Continuing operations</i>		
Specialty Seafood	1,286	2,041
Freedom Foods	2,519	1,813
Pactum	2,202	-
Thorpedo Foods	(9)	(7)
Freedom Foods Group Limited share of equity accounted associates	513	674
	6,511	4,521
Shared services	(2,038)	(1,648)
Finance costs	(1,360)	(794)
Depreciation	(1,285)	(546)
Profit on sale of Fixed Assets	-	5
Profit on sale of A2C shares	11,843	-
Profit before tax	13,671	1,538
Income tax (expense)/benefit	(3,591)	106
Profit for the period from continuing operations	10,080	1,644

Estimate of total profit from equity accounted associates for the period totalled \$1,039,000 (2012: \$3,109,000 profit). The consolidated entities share of these profits was \$513,000 (2011: \$674,000 profit).

3. Income

	Half-year ended	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Revenues comprised as follows:		
Sale of goods	46,780	24,125
Profit on disposal of fixed assets	-	5
	46,780	24,130

Notes to the condensed consolidated financial statements (continued)

4. Dividends

	Half-year ended		Half-year ended	
	31 Dec 2012		31 Dec 2011	
	Cents per Share	Total \$'000	Cents per Share	Total \$'000
Recognised amounts				
Fully paid ordinary shares				
Final Dividend	1.0	898	0.5	370
Dividends Reinvested	0.72	43	0.39	18
Unrecognised amounts				
Fully paid ordinary shares				
Interim Dividend	1.0	947	Nil	Nil
Recognised amounts				
Fully paid convertible redeemable preference shares				
Final Dividend	1.4	272	2.0	388
Unrecognised amounts				
Fully paid convertible redeemable preference shares				
Interim Dividend	1.35	259	1.4	262

On 28th February 2013, the directors declared a fully franked interim dividend of \$0.01 cents per share to the holders of ordinary shares in respect of the 6 month period July 2012 to December 2012, which is to be paid to shareholders on 31 May 2013. The record date for determining entitlements to the final dividend is Friday 17 May 2013. The dividend has not been included as a liability in these financial statements. The total dividend to be paid is \$947,089.

On 28 February 2013, the directors declared a fully franked dividend of \$0.0135 cents per share to the holders of converting redeemable preference shares in respect of the 6 month period November 2012 to April 2013, which is to be paid to shareholders on 30 April 2013. The record date for determining entitlements to the final dividend is Friday 12 April 2013. The dividend has not been included as a liability in these financial statements. The total dividend to be paid is \$259,274.

5. Cash and cash equivalents

	31 Dec 2012	30 Jun 2012	31 Dec 2011
	\$'000	\$'000	\$'000
Cash and cash equivalents	13,364	767	156
	13,364	767	156

6. Investment in associate

In December 2012, Freedom Foods Group Limited sold 40,000,000 A2 Corporation Limited (A2C) shares for a total net consideration of \$15,396,000. Post the sale, Freedom Foods Group Limited currently holds 116,536,129 shares (18.07%) in A2C. A2C is listed on the alternative market (NZAX) of the New Zealand Stock Exchange (NZX: ATM), with a current market capitalisation of NZ\$329 million (A\$268 million) based on a current share price of NZ\$0.51, implying a value for FNP's 18.07% investment of A\$48.4m, materially above its book value of approximately A\$9.6 million.

	31 Dec 2012
	\$'000
Proceeds from sale of 40,000,000 A2C shares	15,396
Costs incurred in relation to the sale	(250)
Cost base of shares sold	(3,303)
Profit on Sale	11,843

Notes to the condensed consolidated financial statements (continued)

7. Contingent liabilities

Bank guarantee given to a supplier arising out of the normal course of business. No liability expected to accrue.

Half-year ended	
31 Dec 2012	31 Dec 2011
\$'000	\$'000
14	14

8. Standby arrangement and unused credit facilities

Secured loan facilities

- amount used
- amount unused

31 Dec 2012	30 Jun 2012
\$'000	\$'000
14,043	13,110
1,116	822
15,159	13,932

Secured finance facilities

- amount used
- amount unused

16,907	18,286
2,173	2,038
19,080	20,324

Unused financing facilities

3,289	2,860
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Financing Facilities

The bank finance facilities are arranged with HSBC Australia with general terms and conditions and certain facility components are subject to annual review. The bank facilities of the Group are secured by a first registered mortgage over all of the Group's property, excluding items specifically discharged under the Freedom Foods equipment finance arrangement, and a first equitable mortgage over the whole of the Group's assets and undertakings including uncalled capital. The mortgage is held by HSBC Australia.

The term loan facility is due to expire 23rd December 2013. Debtor finance and trade finance facilities are automatically renewing subject to annual review. The bank facilities of the Group are secured by a registered fixed and floating charge over all of the Group's assets and undertakings, excluding items specifically discharged under the Freedom Foods equipment finance arrangement, and a registered first mortgage over the land and buildings at Stanbridge (Leeton).

Freedom Foods equipment finance facility has been arranged with the National Australia Bank. This facility is secured over the assets financed under the facility, which have been specifically discharged from the first registered mortgage held over all of the Group's property. Interest rates are variable and subject to adjustment.

9. Issuances, repurchases and repayment of equity securities

During the half-year reporting period Freedom Foods Group Limited issued 2,200,000 options under its employee share option plan at \$0.60 cents per option. As at 31 December 2012, no options issued under the employee share option plan were vested.

During the year there were 16,206,353 ordinary shares issued as a result of exercise of options at \$0.40 cents per share and 59,749 ordinary shares issued under the dividend reinvestment plan (DRP) at \$0.722 cents per share. Costs were incurred of \$19,300.

10. Subsequent events

There have been no significant events or transactions since the period end.

Directors' declaration

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Rory J F Macleod', with a long horizontal flourish extending to the right.

Rory J F Macleod
Managing Director

Dated on this 28th day of February 2013
Sydney

Independent Auditor's Review Report to the Members of Freedom Foods Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Freedom Foods Group Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2012, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 3 to 11.

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 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 31 December 2012 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 Freedom Foods Group 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.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Freedom Foods Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 Freedom Foods Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Catherine Hill

Catherine Hill
Partner
Chartered Accountants
Parramatta, 28 February 2013

The Board of Directors
Freedom Foods Group Limited
80 Box Road
TAREN POINT NSW 2229

28 February 2013

Dear Board Members

Freedom Foods Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Freedom Foods Group Limited.

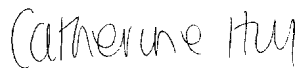
As lead audit partner for the review of the financial statements of Freedom Foods Group Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Catherine Hill
Partner
Chartered Accountants

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Member of Deloitte Touche Tohmatsu Limited