

**Preliminary Final Report Appendix 4E
FY 2012**

**Freedom Foods Group Limited Full Year Results Announcement
FY 2012
(Previous corresponding reporting period 30 June 2011)**

A.B.N 41 002 814 235

**Listing Rule 4.3A –item 2
Results for Announcement to the Market**

CONSOLIDATED ENTITY	30 June 2012	Percentage change over previous corresponding period
<i>In thousands of AUD</i>	\$'000	
Revenues	58,137	28.2 % increase
Net Profit	3,012	31.4 % decrease
Dividends (distributions)	Amount per security	
Interim Dividend Paid, Ordinary Shares Fully Franked at 30% tax rate	Nil	
Final Dividend Payable, Ordinary Shares (1) Fully Franked at 30% tax rate Payable 30th November 2012	\$0.01	
Record date for determining entitlements to the Final Dividend	31 st October 2012	
Dividend paid Converting Redeemable Preference Shares	\$0.014	
Dividend payable Converting Redeemable Preference Shares Fully Franked at 30% tax rate Payable 2nd November 2012	\$0.014	
Record date for determining entitlements to the CRPS dividend	2 nd October 2012	

1. The Final Ordinary Dividend is eligible for participation in the Company's Dividend Reinvestment Plan (DRP). The DRP provides shareholders with the opportunity to reinvest some or all of their dividends in the Company's shares without incurring brokerage or other transaction costs. The DRP is offered at a 5% discount to the weighted average share price calculated based on the 5 days trading prior to the record date for dividends. Shareholders wishing to participate in the DRP should contact the Company's share register Boardroom Pty Limited on 1300 737 600. Application to participate in the DRP must be made 15 business days prior to the record date for entitlements.

Net tangible assets per security

	30 June 2012	30 June 2011
Net tangible assets (in thousands of AUD)	25,782	28,495
Net assets (in thousands of AUD)	47,270	49,983
Total number of ordinary shares (in thousands)	77,996	77,497
Total number of converting redeemable preference shares (in thousands)	19,415	19,415
Total number of shares (ordinary + CRPS)	97,411	96,912
Net assets per security (in dollars of AUD)	0.49	0.52
Net tangible assets per security (in dollars of AUD)	0.26	0.29

2012 Annual General Meeting, Annual Report and Notice of Meeting

The Company's Annual General Meeting for FY 2012 will be held at 12pm on Friday 26th October at the offices of Deloitte, Level 9, 225 George Street, Sydney. The Annual Report and Notice of Meeting will be dispatched to shareholders on or around 27th September 2012.

Compliance Statement

- This Appendix 4E has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.
- This Appendix 4E, and the accounts upon which the Appendix 4E is based (if separate), use the same accounting policies.
- This Appendix 4E does give a true and fair view of the matters disclosed
- This Appendix 4E is based on financial statements which are in the process of being audited.
- The entity has a formally constituted audit and risk management committee.



Rory J F Macleod
Managing Director

31st August 2012

FREEDOM FOODS GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Notes	Consolidated \$000	
		2012	2011
Revenue from sale of goods	1	58,137	45,353
Cost of sales		(40,549)	(31,262)
Gross profit		17,588	14,091
Other income	1	468	403
Marketing expenses		(2,419)	(2,042)
Selling and distribution expenses		(6,746)	(5,338)
Administrative expenses		(3,550)	(3,160)
Profit before depreciation, income tax, finance costs and equity accounted	2	5,341	3,954
Depreciation		(1,372)	(1,092)
Profit before income tax, finance costs and equity accounted investments		3,969	2,862
Finance costs	2	(1,813)	(1,529)
Profit on sale of A2DP shares		-	3,884
Impairment of Goodwill		-	(1,778)
Write off of non recurring legal expense and unrecoverable amounts		(120)	(326)
Share of profit of joint ventures accounted for using the equity method	10	564	841
Share of profit of associates accounted for using the equity method		650	295
Profit before income tax		3,250	4,249
Income tax (expense)/benefit		(238)	138
Profit for the year		3,012	4,387
Other comprehensive income		-	-
Total comprehensive income for the year		3,012	4,387
Profit attributable to:			
Owners of the parent		3,012	4,387
Non-controlling interests		-	-
		3,012	4,387
Total comprehensive income attributable to:			
Owners of the parent		3,012	4,387
Non-controlling interests		-	-
		3,012	4,387
Earnings per share			
From continuing operations:			
Basic earnings per share (cents per share)	3	3.88	5.67
Diluted earnings per share (cents per share)	3	3.03	4.90
Ordinary Dividends per share paid - Final 2011 (cents per share)		0.05	0.05
CRPS Dividends per share paid - Final 2011 (cents per share)		0.20	-
CRPS Dividends per share paid - Interim 2012 (cents per share)		0.14	0.10

Notes to the financial statements are included.

FREEDOM FOODS GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Notes	Consolidated \$000	
		2012	2011
Assets			
Current assets			
Cash and cash equivalents	7(a)	767	182
Trade and other receivables		17,746	10,097
Other financial assets		81	-
Inventories		13,144	5,349
Prepayments		643	665
Total Current Assets		<u>32,381</u>	<u>16,293</u>
Non-current assets			
Investments in associates		12,357	11,440
Deferred tax assets		2,036	2,140
Property, plant and equipment		35,619	24,095
Goodwill		5,214	5,214
Other intangible assets		16,274	16,274
Total non-current assets		<u>71,500</u>	<u>59,163</u>
Total assets		<u>103,881</u>	<u>75,456</u>
Liabilities			
Current liabilities			
Trade and other payables		15,196	5,579
Borrowings	4	19,001	10,357
Current tax liabilities		816	-
Loans payable to related parties	5	8,064	-
Other liabilities		-	53
Provisions		902	855
Total current liabilities		<u>43,979</u>	<u>16,844</u>
Non-current liabilities			
Trade and other payables		73	504
Borrowings	4	12,395	7,995
Provisions		164	130
Total non-current liabilities		<u>12,632</u>	<u>8,629</u>
Total liabilities		<u>56,611</u>	<u>25,473</u>
Net assets		<u>47,270</u>	<u>49,983</u>
Equity			
Capital and Reserves			
Equity attributable to owners of the company			
Issued capital		39,508	39,288
Reserves		(3,901)	1,006
Retained earnings		11,663	9,689
Total equity		<u>47,270</u>	<u>49,983</u>

Notes to the financial statements are included.

FREEDOM FOODS GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Notes	Consolidated \$000	
		2012	2011
Cash flows from operating activities			
Receipts from customers		55,926	44,143
Payments to suppliers and employees		(51,728)	(40,061)
Cash generated from operations		<u>4,198</u>	<u>4,082</u>
Interest and other costs of finance paid		(1,808)	(1,612)
Income tax (paid) / refund		(119)	152
Receipt of government grants		182	75
Net cash provided by operating activities	7(b)	<u>2,453</u>	<u>2,697</u>
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		18	-
Payment for property, plant and equipment		(5,144)	(2,460)
Investment in Equity Interest		(2,064)	(812)
Net cash inflow on acquisition of subsidiary		168	-
Costs associated with Sale of Joint Venture		-	(383)
Proceeds from related party loan		2,064	-
Advance to Joint Venture		(1,438)	(356)
Net cash used in investing activities		<u>(6,396)</u>	<u>(4,011)</u>
Cash flows from financing activities			
Proceeds from issue of shares		211	5,825
Payment of share issue costs		(6)	(192)
Dividends paid		(1,020)	(359)
Proceeds from borrowings		7,631	11,108
Repayment of borrowings		(2,288)	(13,520)
Net cash provided by financing activities		<u>4,528</u>	<u>2,862</u>
Net increase in cash and cash equivalents		585	1,548
Cash and cash equivalents at beginning of financial year		182	(1,366)
Cash and cash equivalents at end of financial year	7(a)	<u>767</u>	<u>182</u>

Notes to the financial statements are included.

FREEDOM FOODS GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Attributable to equity holders of the parent							Non controlling interest \$'000	Total Equity \$'000
	Fully paid ordinary shares \$'000	CRPS Shares \$'000	Retained earnings \$'000	Equity - settled employee benefits reserve \$'000	Other Reserve \$'000	Asset revaluation reserve \$'000	Total \$'000		
CONSOLIDATED									
Balance as at 30 June 2010	33,637	-	5,707	446	-	473	40,263	-	40,263
Equity issues	18	5,824	-	-	-	-	5,842	-	5,842
Share issue costs	-	(272)	-	-	-	-	(272)	-	(272)
Related income tax	-	81	-	-	-	-	81	-	81
Profit for the year	-	-	4,387	-	-	-	4,387	-	4,387
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	4,387	-	-	-	4,387	-	4,387
Recognition of share-based payments	-	-	-	87	-	-	87	-	87
Dividends paid	-	-	(405)	-	-	-	(405)	-	(405)
Balance as at 30 June 2011	33,655	5,633	9,689	533	-	473	49,983	-	49,983
Equity issues	229	-	-	-	-	-	229	-	229
Share issue costs	(9)	-	-	-	-	-	(9)	-	(9)
Related income tax	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary under common control	-	-	-	-	(5,013)	-	(5,013)	-	(5,013)
Profit for the year	-	-	3,012	-	-	-	3,012	-	3,012
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	3,012	-	-	-	3,012	-	3,012
Recognition of share-based payments	-	-	-	106	-	-	106	-	106
Dividend paid	-	-	(1,038)	-	-	-	(1,038)	-	(1,038)
Balance as at 30 June 2012	33,875	5,633	11,663	639	(5,013)	473	47,270	-	47,270

Notes to the statement of changes in equity are included.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

1 Revenue	Consolidated	
	\$000	
	2012	2011
Continuing operations		
- Sale of goods	58,132	45,256
- Interest received		
- Loans and receivables		
- Cash and cash equivalents	5	25
- License fee	-	72
	<u>58,137</u>	<u>45,353</u>
Other revenue		
- Government/State grants - refer below	120	81
- Gain/(loss) on disposal of fixed assets	21	-
- Payroll Tax Refund	75	70
- Rental income	-	14
- Management fee received	252	238
	<u>468</u>	<u>403</u>

The above grants are the Export Market Development Grant received or receivable for 2012 and 2011 (2012: \$51,000, 2011: \$20,000), State Training Grant (2012: \$6,000, 2011: \$30,000) and Department of Education, Employment and Workplace Relations Grant (2012: \$63,500, 2011: \$31,000).

2 Profit for the year before tax	Consolidated	
	\$000	
	2012	2011
Profit for the year was arrived at after charging the following expenses:		
<u>Finance costs</u>		
- Interest on bank overdrafts and loans	1,741	1,502
- Interest on obligations under finance leases	72	27
Total borrowing costs	<u>1,813</u>	<u>1,529</u>
Depreciation on property, motor vehicles, plant and equipment	1,372	1,092
Gain on disposal of plant and equipment	(21)	-
Rental expense on operating leases (equipment)	221	145
Rental expense on operating leases (property)	159	73
Research and development costs expensed	330	500
Impairment of trade receivables	(1)	(27)
<u>Employee benefit expense</u>		
Post employment benefits - defined contribution plans	1,349	580
Share-based payments - equity settled share based payments	106	87
Other employee benefits	6,692	4,959
Total employee benefit costs	<u>8,147</u>	<u>5,626</u>

(i) The Group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational, financing and investment activities.

In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

During the financial year the Group utilised foreign exchange contracts for the purchase of inventory. The foreign exchange contracts were denominated in USD and CAD. As at 30 June 2012 we held foreign exchange contracts totalling USD1,502,000 and CAD652,000.

The contracts related to highly probable forecasted transactions for the purchase of inventory for the Specialty Seafood business (Salmon and Sardines) and the Freedom Foods business (Cereals and Spreads) with the purchase consideration being settled in the above currencies. The Group's objective in entering into foreign exchange contracts is to provide certainty to the income and cash flow implications for the designated foreign currency purchase, relating to purchase of inventory.

As the Group does not utilise hedge accounting, derivative financial instruments held by the Group are required under the Australian Accounting Standards to be valued at fair value as at balance sheet date. A valuation at fair value assumes that the Group would settle the contracts at a specific date and recognise a gain or loss depending on the prevailing spot rate at value date, even though the intention of the Group is to settle the contract at contract expiry in relation to the purchase of inventory or an asset required for manufacturing.

The gain or loss value at fair value is required by Australian Accounting Standards to be recognised in profit or loss. The foreign exchange contracts open as at 30 June 2012 had a fair value loss of \$115,000 (CAD26,000 and USD89,000). This being immaterial the valuation of foreign exchange contracts held at balance date reflected no adjustment. At 30 June 2011 the fair value loss was \$18,000 against USD foreign exchange contracts held.

3 Earnings per share

	Consolidated	
	2012	2011
	Cents per share	
Basic earnings per share	3.88	5.67
Diluted earnings per share	3.03	4.90
	\$000	
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
(a) Earnings used in the calculation of basic EPS	3,012	4,387
(b) Earnings used in the calculation of diluted EPS	3,012	4,387
	Number '000	
(c) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	77,599	77,435
(d) Weighted average number of ordinary shares used in the calculation of diluted EPS calculation of diluted EPS including CRPS	99,518	89,456

During 2012, 19,414,800 Convertible Redeemable Preference Shares were outstanding.

During 2012, 19,376,362 options over ordinary shares were outstanding (exercisable at \$0.40 cents per share).

At 30 June 2012, 19,222,791 ordinary share options and 6,250,000 employee share options were outstanding (Exercisable at \$0.40 cents per share).

4 Borrowings

	Consolidated	
	\$000	
	2012	2011
Secured - at amortised cost		
Current		
Loan payable (i)	5,578	2,913
Finance leases (ii) (iii)	2,761	1,396
Finance Facility (i)	10,662	6,048
Non-current		
Loan payable (i)	7,532	3,150
Finance leases (ii) (iii)	4,863	4,845
	31,396	18,352
Disclosed in the financial statements as:		
Current borrowings	19,001	10,357
Non-current borrowings	12,395	7,995
	31,396	18,352

- (i) Secured by assets.
(ii) Secured by leased assets.
(iii) Included as part of the finance leases is the Equipment Financing utilised to purchase equipment for Leeton and Taren Point 3rd Line.

5 Loans payable to related parties

	<u>Consolidated</u>	
	<u>\$000</u>	
	2012	2011
Loans from Leppington Pastoral Company	8,064	-

During the year the above loan attracted interest payable at 10% per annum.

6 Dividends

	2012		2011	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts				
<u>Fully paid ordinary shares</u>				
Final dividend: fully franked at 30% tax rate	0.05	370	-	-
Interim dividend: fully franked at 30% tax rate	-	-	0.05	386.00
<u>Convertible Redeemable Preference Shares</u>				
Final dividend: fully franked at 30% tax rate	0.20	388	-	-
Interim dividend: fully franked at 30% tax rate	0.14	262	0.10	19.00

On 31 August 2012, the directors declared a fully franked final dividend of \$0.01 cents per share to the holders of fully paid ordinary shares in respect of the financial year ending 30 June 2012 to be paid to shareholders (registered as at 31st October 2012) on 30th November 2012 and dividends for the converting preference shareholders (registered on 2nd October 2012) on 2nd November 2012. The total estimated dividend to be paid is \$780k for ordinary dividend and \$272k for the CRPS dividend.

	<u>Parent</u>	
	<u>\$000</u>	
	2012	2011
Adjusted franking account balance	230	298
Impact on franking account balance of dividends not recognised	(451)	334

7 Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of Cash Flows, cash and cash equivalents includes cash on hand and funds held in cash management and cheque accounts net of bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	<u>Consolidated</u>	
	<u>\$000</u>	
	2012	2011
Cash	767	182

(b) Reconciliation of profit for the period to net cash flows from operating activities

Profit for the year	3,012	4,387
Depreciation of non current assets	1,372	1,092
Movement in provision for employee entitlements	(81)	136
Gain on disposal of assets	(21)	-
Goodwill write off	-	1,778
Profit on Sale of A2DP shares	-	(3,884)
Interest recognised regarding Leeton facility using amortised cost method	299	239
Share based payments	106	87
Interest received	(5)	(25)
Interest capitalised	(360)	(346)
Gain in associates	(650)	(406)
Gain in jointly controlled entity	(564)	(730)

Movements in Working Capital

Increase in trade and other receivables	(830)	(651)
(Increase)/Decrease in inventory	(3,157)	1,671
Increase in other assets	266	(42)
Decrease/(Increase) in deferred tax assets	(192)	(1,379)
Increase/(Decrease) in trade and other payables	3,201	(579)
(Decrease)/Increase in provision for income tax	57	135
Increase in provision for deferred income tax liability	-	1,214
Net cash from operating activities	<u>2,453</u>	<u>2,697</u>

8 Contingent liabilities

	Consolidated	
	\$000	
	2012	2011
Bank guarantee arising from rental of office premises. No liability is expected to accrue.	14	14

9 Parent entity disclosures**(a) Financial position**

	Parent	
	\$000	\$000
	2012	2011
Assets		
Current assets	2,117	129
Non-current assets	59,657	53,575
Total assets	<u>61,774</u>	<u>53,704</u>
Liabilities		
Current liabilities	8,507	442
Non-current liabilities	1,309	1,321
Total liabilities	<u>9,816</u>	<u>1,763</u>
Net Assets		
	<u>51,958</u>	<u>51,941</u>
Equity		
Issued capital	39,508	39,288
Reserves	638	532
Retained earnings	11,812	12,121
Total equity	<u>51,958</u>	<u>51,941</u>

(b) Financial performance

	Parent	
	\$000	\$000
	2012	2011
Profit for the year	729	9,176
Other comprehensive income	-	-
Total comprehensive income	<u>729</u>	<u>9,176</u>

(c) Contingent liabilities of the parent entity

	Parent	
	\$000	\$000
	2012	2011
Bank guarantee	14	14

(d) Commitments for the acquisition of property, plant and equipment by the parent entity

	Parent	
	\$000	\$000
	2012	2011
Plant and equipment, PV of minimum future lease payments		
Not longer than 1 year	8	8
Longer than 1 year and not longer than 5 years	27	39
Longer than 5 years	-	-

10 Jointly controlled operations and assets

The Group was a venturer in the following jointly controlled operations and assets:

<u>Name of venture</u>	<u>Principal activity</u>	<u>Output interest</u>	
		<u>%</u>	
		<u>2012</u>	<u>2011</u>
Pactum Australia Pty Limited	Contract beverage packing services	100	50

On 1st April 2012, Pactum Australia Pty Limited became a wholly owned subsidiary of the group.

The acquisition of Pactum Australia Pty Limited ("Pactum") has been accounted for as a common control transaction as at the time of this transaction both Freedom Foods Group and Pactum Australia Pty Limited were controlled by the same shareholder. As a common control transaction, the acquisition does not reflect the fair value of assets and liabilities acquired or any recording of additional goodwill at the time of the acquisition of Pactum. The acquisition balance sheet of Pactum reflects the values for assets and liabilities acquired from Pactum's accounting records. The difference of \$5,013,000 between the fair value of the consideration given and the carrying value of the assets and liabilities acquired is recognised as a common control reserve in the consolidated financial statements.

Reconciliation of movement in investments accounted for using the equity method:

	<u>\$000</u>	
	<u>2012</u>	<u>2011</u>
Balance at 1 July	1,882	1,152
Share of profits for the year	564	730
Acquisition of Pactum Australia Pty Limited	(2,446)	-
Balance at 30 June	-	1,882

Summarised financial information in respect of Freedom Foods Group Limited's share in the joint venture is set out below:

	<u>\$000</u>	
	<u>2012</u>	<u>2011</u>
Current assets	-	5,302
Non current assets	-	4,453
Total assets	-	9,755
Current liabilities	-	4,052
Non current liabilities	-	4,294
Total Liabilities	-	8,346
Net assets	-	1,409
Shareholder funds	-	1,409
Revenue	12,379	16,551
Profit after income tax	564	730