

**Preliminary Final Report Appendix 4E
FY 2013**

**Freedom Foods Group Limited Full Year Results Announcement
FY 2013
(Previous corresponding reporting period 30 June 2012)**

A.B.N 41 002 814 235

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

CONSOLIDATED ENTITY	30 June 2013	Percentage change over previous corresponding period
<i>In thousands of AUD</i>	\$'000	
Revenues	88,922	53.0% increase
Net Profit	13,722	355.6% increase
Dividends (distributions)	Amount per security	
Final Dividend Paid, Ordinary Shares Fully Franked at 30% tax rate	\$0.01	
Interim Dividends Paid, Ordinary Shares Fully Franked at 30% tax rate	\$0.01	
Final Dividend Payable, Ordinary Shares (1) Fully Franked at 30% tax rate Payable 1st November 2013	\$0.01	
Record date for determining entitlements to the Final Dividend	1 st October 2013	
Final Dividend Payable, Converting Redeemable Preference Shares Fully Franked at 30% tax rate	\$0.14	
Interim Dividend Payable, Converting Redeemable Preference Shares Fully Franked at 30% tax rate	\$0.14	
Final Dividend Payable, Converting Redeemable Preference Shares Fully Franked at 30% tax rate Payable 1st November 2013	\$0.14	
Record date for determining entitlements to the CRPS dividend	1 st October 2013	

Net tangible assets per security

	30 June 2013	30 June 2012
Net tangible assets (in thousands of AUD)	60,907	25,782
Net assets (in thousands of AUD)	82,395	47,270
Total number of ordinary shares (in thousands)	113,754	77,996
Total number of converting redeemable preference shares (in thousands)	17,219	19,415
Total number of shares (ordinary + CRPS)	130,973	97,411
Net assets per security (in dollars of AUD)	0.63	0.49
Net tangible assets per security (in dollars of AUD)	0.47	0.26

The accounts are in the process of being audited or subject to review.

Rory Macleod
Managing Director
Company Secretary
29th August 2013

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Directors' Report

Your directors submit the financial report of the consolidated entity for the full year ended 30 June 2013. 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 year:

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

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

by 

Rory J F Macleod
Managing Director

Dated on this 29th day of August 2013
Sydney

FREEDOM FOODS GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Notes	Consolidated \$000	
		2013	2012
Revenue from sale of goods	1	88,922	58,137
Cost of sales		(60,522)	(40,549)
Gross profit		28,400	17,588
Other income	1	108	468
Marketing expenses		(2,433)	(2,419)
Selling and distribution expenses		(10,157)	(6,746)
Administrative expenses		(4,579)	(3,550)
Profit before depreciation, income tax, finance costs and equity accounted	2	11,339	5,341
Depreciation		(2,628)	(1,372)
Profit before income tax, finance costs and equity accounted investments		8,711	3,969
Finance costs	2	(2,356)	(1,813)
Profit on sale of A2C shares		11,843	-
Write off of non recurring legal expense and unrecoverable amounts		(493)	(120)
Share of profit of joint ventures accounted for using the equity method		-	564
Share of profit of associates accounted for using the equity method		819	650
Profit before income tax		18,524	3,250
Income tax (expense)/benefit		(4,802)	(238)
Profit for the year		13,722	3,012
Other comprehensive income		-	-
Total comprehensive income for the year		13,722	3,012
Profit attributable to:			
Owners of the parent		13,722	3,012
Non-controlling interests		-	-
		13,722	3,012
Total comprehensive income attributable to:			
Owners of the parent		13,722	3,012
Non-controlling interests		-	-
		13,722	3,012
Earnings per share			
From continuing operations:			
Basic earnings per share (cents per share)	3	14.73	3.88
Diluted earnings per share (cents per share)	3	11.39	3.03
Ordinary Dividends per share paid - Final 2012 (cents per share)		1.00	0.50
CRPS Dividends per share paid - Final 2012(cents per share)		1.40	2.00
Ordinary Dividends per share paid - Interim 2013 (cents per share)		1.00	-
CRPS Dividends per share paid - Interim 2013 (cents per share)		1.40	1.40

Notes to the financial statements are included.

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FREEDOM FOODS GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Notes	Consolidated \$000	
		2013	2012
Assets			
Current assets			
Cash and cash equivalents	7(a)	14,106	767
Trade and other receivables		19,076	17,746
Other financial assets		148	81
Inventories		14,886	13,144
Prepayments		918	644
Total Current Assets		<u>49,134</u>	<u>32,382</u>
Non-current assets			
Investments in associates		9,909	12,357
Deferred tax assets		1,146	2,035
Property, plant and equipment		45,162	35,619
Goodwill		5,214	5,214
Other intangible assets		16,274	16,274
Total non-current assets		<u>77,705</u>	<u>71,499</u>
Total assets		<u>126,839</u>	<u>103,881</u>
Liabilities			
Current liabilities			
Trade and other payables		15,847	15,196
Borrowings	4	14,282	19,001
Current tax liabilities		4,375	816
Loans payable to related parties	5	-	8,064
Other liabilities		472	-
Provisions		1,217	902
Total current liabilities		<u>36,193</u>	<u>43,979</u>
Non-current liabilities			
Trade and other payables		63	73
Borrowings	4	8,066	12,395
Provisions		122	164
Total non-current liabilities		<u>8,251</u>	<u>12,632</u>
Total liabilities		<u>44,444</u>	<u>56,611</u>
Net assets		<u>82,395</u>	<u>47,270</u>
Equity			
Capital and Reserves			
Equity attributable to owners of the company			
Issued capital		62,978	39,508
Reserves		(3,549)	(3,901)
Retained earnings		22,966	11,663
Total equity		<u>82,395</u>	<u>47,270</u>

Notes to the financial statements are included.

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FREEDOM FOODS GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Notes	Consolidated \$000	
		2013	2012
Cash flows from operating activities			
Receipts from customers		87,480	55,926
Payments to suppliers and employees		(81,605)	(50,495)
Cash generated from operations		<u>5,875</u>	<u>5,431</u>
Interest and other costs of finance paid		(1,979)	(1,808)
Income tax (paid) / refund		(353)	(119)
Receipt of government grants		115	182
Net cash provided by operating activities	7(b)	<u>3,658</u>	<u>3,686</u>
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		-	18
Payment for property, plant and equipment		(5,880)	(5,144)
Investment in Equity Interest		(20)	(2,064)
Proceeds from sale of Equity shares		15,277	-
Net cash inflow on acquisition of subsidiary		-	168
Investment in PDG		(4,313)	-
Advance to Joint Venture		-	(1,438)
Net cash used in investing activities		<u>5,064</u>	<u>(8,460)</u>
Cash flows from financing activities			
Proceeds from issue of shares		24,109	211
Payment of share issue costs		(722)	(6)
Dividends paid		(2,327)	(1,020)
Proceeds from borrowings		4,201	7,511
Repayment of borrowings		(12,257)	(3,401)
Repayment of related party loan		(8,387)	-
Proceeds from related party loan		-	2,064
Net cash provided by financing activities		<u>4,617</u>	<u>5,359</u>
Net increase in cash and cash equivalents		767	585
Cash and cash equivalents at beginning of financial year		13,339	182
Cash and cash equivalents at end of financial year	7(a)	<u>14,106</u>	<u>767</u>

Notes to the financial statements are included.

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FREEDOM FOODS GROUP LIMITED
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Attributable to equity holders of the parent								
	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	Non controlling interest \$'000	Total Equity \$'000
CONSOLIDATED									
Balance as at 30 June 2011	33,655	5,633	9,689	533	0	473	49,983	-	49,983
Equity issues	229	-	-	-	-	-	229	-	229
Share issue costs	(9)	-	-	-	-	-	(9)	-	(9)
Related income tax	-	-	-	-	-	-	0	-	0
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
Dividends 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
Equity issues	24,851	(659)	-	-	-	-	24,192	-	24,192
Share issue costs	(718)	(4)	-	-	-	-	(722)	-	(722)
Related income tax	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary under common control	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	13,722	-	-	-	13,722	-	13,722
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	13,722	-	-	-	13,722	-	13,722
Recognition of share-based payments	-	-	-	352	-	-	352	-	352
Dividend paid	-	-	(2,419)	-	-	-	(2,419)	-	(2,419)
Balance as at 30 June 2013	58,008	4,970	22,966	991	(5,013)	473	82,395	-	82,395

Notes to the statement of changes in equity are included.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

1 Revenue	Consolidated	
	\$000	
	2013	2012
Continuing operations		
- Sale of goods	88,831	58,132
- Interest received		
- Loans and receivables		
- Cash and cash equivalents	91	5
	<u>88,922</u>	<u>58,137</u>
Other revenue		
- Government/State grants - refer below	33	120
- Gain/(loss) on disposal of fixed assets	-	21
- Payroll Tax Refund	75	75
- Management fee received	-	252
	<u>108</u>	<u>468</u>

The above grants are the Export Market Development Grant received or receivable for 2013 and 2012 (2013: \$23,000, 2012: \$51,000), State Training Grant (2013: \$5,000, 2012: \$6,000) and Department of Education, Employment and Workplace Relations Grant (2013: \$5,000, 2012: \$63,500).

2 Profit for the year before tax	Consolidated	
	\$000	
	2013	2012
Profit for the year was arrived at after charging the following expenses:		
<u>Finance costs</u>		
- Interest on bank overdrafts and loans	2,155	1,741
- Interest on obligations under finance leases	201	72
Total borrowing costs	<u>2,356</u>	<u>1,813</u>
Depreciation on property, motor vehicles, plant and equipment	2,628	1,372
Gain on disposal of plant and equipment	-	(21)
Rental expense on operating leases (equipment)	329	221
Rental expense on operating leases (property)	623	159
Research and development costs expensed	375	330
Impairment of trade receivables	(29)	(1)
<u>Employee benefit expense</u>		
Post employment benefits - defined contribution plans	1,029	1,349
Share-based payments - equity settled share based payments	352	106
Other employee benefits	8,162	6,692
Total employee benefit costs	<u>9,543</u>	<u>8,147</u>

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 and capital equipment. The foreign exchange contracts were denominated in USD, NZD and CAD. As at 30 June 2013 we held foreign exchange contracts totalling USD168,480, NZD 967,290 and CAD 677,771.

The contracts related to transactions for the purchase of inventory for the Specialty Seafood business (Salmon and Sardines) and the Freedom Foods business (Cereals, Almond Paste 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 and capital equipment.

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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 2013 had a fair value gain of \$29,000 (USD 17,000, NZD 2,000 and CAD 10,000). This being immaterial the valuation of foreign exchange contracts held at balance date reflected no adjustment. At 30 June 2012 the fair value loss was \$115,000 against USD foreign exchange contracts held.

3 Earnings per share

	Consolidated	
	2013	2012
	Cents per share	
Basic earnings per share	14.73	3.88
Diluted earnings per share	11.39	3.03
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:	\$000	
(a) Earnings used in the calculation of basic EPS	13,722	3,012
(b) Earnings used in the calculation of diluted EPS	13,722	3,012
	Number '000	
(c) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	93,155	77,599
(d) Weighted average number of ordinary shares used in the calculation of diluted EPS calculation of diluted EPS including CRPS	120,478	99,518

During 2013, 17,219,015 Convertible Redeemable Preference Shares were outstanding.

During 2012, 19,222,791 options over ordinary shares were outstanding (exercisable at \$0.40 cents per share).

At 30 June 2013, 2,492,384 ordinary share options and 8,450,000 employee share options were outstanding (6,250,000 Exercisable at \$0.40 cents per share and 2,200,000 Exercisable at \$0.60 cents per share).

4 Borrowings

	Consolidated	
	\$000	
	2013	2012
Secured - at amortised cost		
Current		
Loan payable (i)	1,741	5,578
Finance leases (ii) (iii)	4,079	2,761
Finance Facility (i)	8,462	10,662
Non-current		
Loan payable (i)	-	7,532
Finance leases (ii) (iii)	8,066	4,863
	22,348	31,396
Disclosed in the financial statements as:		
Current borrowings	14,282	19,001
Non-current borrowings	8,066	12,395
	22,348	31,396

- (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

Consolidated	
\$000	
2013	2012

Loans from Leppington Pastoral Company	-	8,064
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During the previous year the above loan attracted interest payable at 10% per annum.

6 Dividends

	2013		2012	
	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	1.00	898	0.50	370
Dividends reinvested: fully franked at 30% tax rate	72.00	43	-	-
Interim dividend: fully franked at 30% tax rate	1.00	931	-	-
Dividends reinvested: fully franked at 30% tax rate	142.00	39	39.00	18
<u>Convertible Redeemable Preference Shares</u>				
Final dividend: fully franked at 30% tax rate	1.40	272	2.00	388
Interim dividend: fully franked at 30% tax rate	1.40	236	1.40	262

On 31 August 2013, the directors declared a fully franked final dividend of 1.00 cents per share to the holders of fully paid ordinary shares in respect of the financial year ending 30 June 2013 to be paid to shareholders (registered as at 1st October 2013) on 1st November 2013 and dividends for the converting preference shareholders (registered on 1st October 2013) on 1st November 2013. The total estimated dividend to be paid is \$1,148k for ordinary dividend and \$232k for the CRPS dividend.

Parent	
\$000	
2013	2012

Adjusted franking account balance	(772)	230
Impact on franking account balance of dividends not recognised	(592)	(451)

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:

Consolidated	
\$000	
2013	2012

Cash	14,106	767
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(b) Reconciliation of profit for the period to net cash flows from operating activities

Profit for the year	13,722	3,012
Depreciation of non current assets	2,628	1,372
Movement in provision for employee entitlements	(273)	(81)
Gain on disposal of assets	-	(21)
Profit on Sale of A2C shares	(11,843)	-
Interest recognised regarding Leeton facility using amortised cost method	288	299
Share based payments	352	106
Interest received	(91)	(5)
Interest capitalised	-	(360)
Share of profit of associates accounted for using equity method	(819)	(650)
Share of profit of joint ventures accounted for using the equity method	-	(564)

Movements in Working Capital

Increase in trade and other receivables	(1,474)	(830)
(Increase)/Decrease in inventory	(3,429)	(3,157)
Increase in other assets	1,412	266
Decrease/(Increase) in deferred tax assets	5,525	(192)
Increase/(Decrease) in trade and other payables	(1,352)	4,434
(Decrease)/Increase in provision for income tax	(988)	57
Net cash from operating activities	3,658	3,686

8 Contingent liabilities**Consolidated**

	\$000	
	2013	2012
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
	2013	2012
Assets		
Current assets	15	2,117
Non-current assets	85,360	59,657
Total assets	85,375	61,774
Liabilities		
Current liabilities	3,027	8,507
Non-current liabilities	669	1,309
Total liabilities	3,696	9,816
Net Assets	81,679	51,958
Equity		
Issued capital	63,022	39,508
Reserves	965	638
Retained earnings	17,692	11,724
Total equity	81,679	51,870

(b) Financial performance**Parent**

	\$000	\$000
	2013	2012
Profit for the year	8,387	640
Other comprehensive income	-	-
Total comprehensive income	8,387	640

(c) Contingent liabilities of the parent entity**Parent**

	\$000	\$000
	2013	2012
Bank guarantee	14	14

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

	\$000	\$000
	2013	2012
Plant and equipment, PV of minimum future lease payments		
Not longer than 1 year	26	8
Longer than 1 year and not longer than 5 years	-	27
Longer than 5 years	-	-