**Freedom Foods Group Limited**  
A.B.N 41 002 814 235

**Appendix 4E**

**Preliminary Final Report**  
Year ended 30 June 2011  
(Previous corresponding reporting period 30 June 2010)

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

<table>
<thead>
<tr>
<th>CONSOLIDATED ENTITY</th>
<th>30 June 2011</th>
<th>Percentage change over previous corresponding period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>45,353</td>
<td>1.9% increase</td>
</tr>
<tr>
<td>Net Profit</td>
<td>4,387</td>
<td>30.7% increase</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dividends (distributions)</th>
<th>Amount per security</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim Dividend Paid, Ordinary Shares</td>
<td>$0.005</td>
</tr>
<tr>
<td>Fully Franked at 30% tax rate</td>
<td></td>
</tr>
<tr>
<td>Final Dividend Payable, Ordinary Shares</td>
<td>$0.005</td>
</tr>
<tr>
<td>(1) Fully Franked at 30% tax rate</td>
<td></td>
</tr>
<tr>
<td>Payable 30th November 2011</td>
<td></td>
</tr>
<tr>
<td>Record date for determining entitlements to the Final Dividend</td>
<td>3rd November 2011</td>
</tr>
<tr>
<td>Dividend paid Converting Redeemable Preference Shares</td>
<td>$0.001</td>
</tr>
<tr>
<td>Dividend payable Converting Redeemable Preference Shares</td>
<td>$0.02</td>
</tr>
<tr>
<td>Fully Franked at 30% tax rate</td>
<td></td>
</tr>
<tr>
<td>Payable 31st October 2011</td>
<td></td>
</tr>
<tr>
<td>Record date for determining entitlements to the CRPS dividend</td>
<td>3rd October 2011</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Net tangible assets per security</th>
<th>30 June 2011</th>
<th>30 June 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net tangible assets (in thousands of AUD)</td>
<td>28,495</td>
<td>16,997</td>
</tr>
<tr>
<td>Net assets (in thousands of AUD)</td>
<td>49,983</td>
<td>40,263</td>
</tr>
<tr>
<td>Total number of ordinary shares (in thousands)</td>
<td>77,497</td>
<td>77,435</td>
</tr>
<tr>
<td>Total number of converting redeemable preference shares (in thousands)</td>
<td>19,415</td>
<td>-</td>
</tr>
<tr>
<td>Total number of shares (ordinary + CRPS)</td>
<td>96,912</td>
<td>77,435</td>
</tr>
<tr>
<td>Net assets per security (in dollars of AUD)</td>
<td>0.52</td>
<td>0.52</td>
</tr>
<tr>
<td>Net tangible assets per security (in dollars of AUD)</td>
<td>0.29</td>
<td>0.22</td>
</tr>
</tbody>
</table>
2011 Annual General Meeting, Annual Report and Notice of Meeting

The Company’s Annual General Meeting for FY 2011 will be held at 11am on Thursday 27th October at the offices of Deloittes, Level 9, 225 George Street, Sydney. The Annual Report and Notice of Meeting will be dispatched to shareholders on or around 26th September 2011.

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
Executive Director

29th August 2011
### Notes to the financial statements are included.

#### Revenue from sale of goods

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>45,353</td>
<td>44,443</td>
</tr>
</tbody>
</table>

#### Cost of sales

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(31,262)</td>
<td>(30,676)</td>
</tr>
</tbody>
</table>

#### Gross profit

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14,091</td>
<td>13,767</td>
</tr>
</tbody>
</table>

#### Other income

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>403</td>
<td>465</td>
</tr>
</tbody>
</table>

#### Marketing expenses

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(2,042)</td>
<td>(1,558)</td>
</tr>
</tbody>
</table>

#### Selling and distribution expenses

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(5,338)</td>
<td>(4,862)</td>
</tr>
</tbody>
</table>

#### Administrative expenses

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(3,160)</td>
<td>(3,741)</td>
</tr>
</tbody>
</table>

#### Loss on disposal of Non Current Assets

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>(250)</td>
</tr>
</tbody>
</table>

#### Profit before depreciation, income tax, finance costs and equity accounted investments

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,954</td>
<td>3,821</td>
</tr>
</tbody>
</table>

#### Depreciation

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1,092)</td>
<td>(1,004)</td>
</tr>
</tbody>
</table>

#### Finance costs

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1,529)</td>
<td>(1,031)</td>
</tr>
</tbody>
</table>

#### Profit on sale of A2DP shares

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,884</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Impairment of Goodwill

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1,778)</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Write off of non recurring legal expense and unrecoverable amounts

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(326)</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Share of profit of joint ventures accounted for using the equity method

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>841</td>
<td>1,308</td>
</tr>
</tbody>
</table>

#### Share of profit of associates accounted for using the equity method

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>295</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Profit before income tax

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,249</td>
<td>3,094</td>
</tr>
</tbody>
</table>

#### Income tax benefit/(expense)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>138</td>
<td>263</td>
</tr>
</tbody>
</table>

#### Profit for the year

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,387</td>
<td>3,357</td>
</tr>
</tbody>
</table>

#### Total comprehensive income for the year

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,387</td>
<td>3,357</td>
</tr>
</tbody>
</table>

#### Profit attributable to:

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners of the parent</td>
<td>4,387</td>
<td>3,357</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,387</td>
<td>3,357</td>
</tr>
</tbody>
</table>

#### Total comprehensive income attributable to:

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners of the parent</td>
<td>4,387</td>
<td>3,357</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,387</td>
<td>3,357</td>
</tr>
</tbody>
</table>

#### Earnings per share

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per share (cents per share)</td>
<td>5.67</td>
<td>5.00</td>
</tr>
<tr>
<td>Diluted earnings per share (cents per share)</td>
<td>4.99</td>
<td>5.00</td>
</tr>
<tr>
<td>Ordinary Dividends per share paid - Interim(cents per share)</td>
<td>0.50</td>
<td>-</td>
</tr>
<tr>
<td>CRPS Dividends per share paid (cents per share)</td>
<td>0.01</td>
<td>-</td>
</tr>
</tbody>
</table>
## Notes to the financial statements are included.
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

<table>
<thead>
<tr>
<th>Notes</th>
<th>Consolidated $000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
</tbody>
</table>

### Cash flows from operating activities

- Receipts from customers: 44,447, 45,082
- Payments to suppliers and employees: (40,061), (40,982)
- Interest and other costs of finance paid: (1,612), (1,338)
- Income tax (paid) / refund: (152), 9
- Receipt of government grant: 75, -
- **Net cash provided by operating activities**: 6(b) 2,697, 2,771

### Cash flows from investing activities

- Proceeds from sale of property, plant and equipment: - 19
- Payment for purchase of property, plant and equipment: (2,460), (7,225)
- Costs associated with Sale of Joint Venture: (383), -
- Interest received: (812), -
- Investment in jointly controlled entity: - (10)
- Dividends paid: (359), -
- Advance from / (to) Joint Venture: (356) 294
- **Net cash used in investing activities**: (4,370) (6,922)

### Cash flows from financing activities

- Proceeds from issue of shares: 5,825 2,332
- Payment of share issue costs: (192) (215)
- Proceeds from borrowings: 11,108 4,362
- Repayment of borrowings: (13,520) (3,023)
- **Net cash provided by financing activities**: 3,221 3,456

- Net decrease in cash and cash equivalents: 1,548 (695)
- Cash and cash equivalents at beginning of financial year: (1,366) (671)

**Cash and cash equivalents at end of financial year**: 6(a) 182 (1,366)

*Notes to the financial statements are included.*
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

### Attributable to equity holders of the parent

<table>
<thead>
<tr>
<th></th>
<th>Fully paid ordinary shares</th>
<th>CRPS Shares</th>
<th>Retained earnings</th>
<th>Equity - settled employee benefits reserve</th>
<th>Asset revaluation reserve</th>
<th>Total $'000</th>
<th>Non controlling interest $'000</th>
<th>Total Equity $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSOLIDATED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance as at 30 June 2009</strong></td>
<td>27,019</td>
<td>-</td>
<td>2,350</td>
<td>319</td>
<td>473</td>
<td>30,161</td>
<td>-</td>
<td>30,161</td>
</tr>
<tr>
<td>Equity issues</td>
<td>6,833</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,833</td>
<td>-</td>
<td>6,833</td>
</tr>
<tr>
<td>Share issue costs</td>
<td>(215)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(215)</td>
<td>-</td>
<td>(215)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
<td>3,357</td>
<td>-</td>
<td>-</td>
<td>3,357</td>
<td>-</td>
<td>3,357</td>
</tr>
<tr>
<td>Other comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>3,357</td>
<td>-</td>
<td>-</td>
<td>3,357</td>
<td>-</td>
<td>3,357</td>
</tr>
<tr>
<td>Recognition of share-based payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>127</td>
<td>-</td>
<td>127</td>
<td>-</td>
<td>127</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance as at 30 June 2010</strong></td>
<td>33,637</td>
<td>-</td>
<td>5,707</td>
<td>446</td>
<td>473</td>
<td>40,263</td>
<td>-</td>
<td>40,263</td>
</tr>
<tr>
<td>Equity issues</td>
<td>18</td>
<td>5,824</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,842</td>
<td>-</td>
<td>5,842</td>
</tr>
<tr>
<td>Share issue costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(191)</td>
<td>-</td>
<td>(191)</td>
<td>-</td>
<td>(191)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
<td>4,387</td>
<td>-</td>
<td>-</td>
<td>4,387</td>
<td>-</td>
<td>4,387</td>
</tr>
<tr>
<td>Other comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>4,387</td>
<td>-</td>
<td>-</td>
<td>4,387</td>
<td>-</td>
<td>4,387</td>
</tr>
<tr>
<td>Recognition of share-based payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>87</td>
<td>-</td>
<td>87</td>
<td>-</td>
<td>87</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>-</td>
<td>-</td>
<td>(405)</td>
<td>-</td>
<td>-</td>
<td>(405)</td>
<td>-</td>
<td>(405)</td>
</tr>
<tr>
<td><strong>Balance as at 30 June 2011</strong></td>
<td>33,655</td>
<td>5,633</td>
<td>9,689</td>
<td>533</td>
<td>473</td>
<td>49,983</td>
<td>-</td>
<td>49,983</td>
</tr>
</tbody>
</table>

*Notes to the statement of changes in equity are included.*
# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

1. **Revenue**

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
</tr>
<tr>
<td>- Sale of goods</td>
<td>45,256</td>
</tr>
<tr>
<td>- Interest received</td>
<td></td>
</tr>
<tr>
<td>- Loans and receivables</td>
<td>25</td>
</tr>
<tr>
<td>- Cash and cash equivalents</td>
<td></td>
</tr>
<tr>
<td>- License fee</td>
<td>72</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>45,353</td>
</tr>
</tbody>
</table>

**Other revenue**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Government/State grants - refer below</td>
<td>81</td>
<td>85</td>
</tr>
<tr>
<td>- Gain/(loss) on disposal of fixed assets</td>
<td>-</td>
<td>13</td>
</tr>
<tr>
<td>- Payroll Tax Refund</td>
<td>70</td>
<td>10</td>
</tr>
<tr>
<td>- Rental income</td>
<td>14</td>
<td>3</td>
</tr>
<tr>
<td>- Management fee received</td>
<td>238</td>
<td>354</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>403</td>
<td>465</td>
</tr>
</tbody>
</table>

The above government grant is the Export Market Development Grant received for 2010 and receivable for 2011 ($20,000 2011, $22,000 2010). The above state grants are the Dept of Innovation Grant (2010 $20,000), State Training Grant (2011 $30,000, 2010 $43,000) and Department of Education, Employment and Workplace Relations Grant (2011 $31,000) received for 2010 and receivable for 2011.

2. **Profit for the year before tax**

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td><strong>Profit for the year was arrived at after charging the following expenses:</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Finance costs**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Interest on bank overdrafts and loans</td>
<td>1,502</td>
<td>990</td>
</tr>
<tr>
<td>- Interest on obligations under finance leases</td>
<td>27</td>
<td>41</td>
</tr>
<tr>
<td>- Interest on convertible notes</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total borrowing costs</strong></td>
<td>1,529</td>
<td>1,031</td>
</tr>
</tbody>
</table>

**Unrealised fair value mark-to-market of derivative financial instruments (i)**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrealised foreign currency exchange losses/(gains)</strong></td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td><strong>Depreciation on property, motor vehicles, plant and equipment</strong></td>
<td>1,092</td>
<td>1,004</td>
</tr>
<tr>
<td><strong>Gain/Loss on disposal of plant and equipment</strong></td>
<td>-</td>
<td>(13)</td>
</tr>
<tr>
<td><strong>Rental expense on operating leases (equipment)</strong></td>
<td>145</td>
<td>123</td>
</tr>
<tr>
<td><strong>Rental expense on operating leases (property)</strong></td>
<td>73</td>
<td>222</td>
</tr>
<tr>
<td><strong>Research and development costs expensed</strong></td>
<td>500</td>
<td>100</td>
</tr>
<tr>
<td><strong>Impairment of trade receivables</strong></td>
<td>(27)</td>
<td>10</td>
</tr>
</tbody>
</table>

**Employee benefit expense**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post employment benefits - defined contribution plans</td>
<td>580</td>
<td>587</td>
</tr>
<tr>
<td>Share-based payments - equity settled share based payments</td>
<td>87</td>
<td>127</td>
</tr>
<tr>
<td>Redundancies</td>
<td>-</td>
<td>321</td>
</tr>
<tr>
<td><strong>Other employee benefits</strong></td>
<td>4,959</td>
<td>5,302</td>
</tr>
<tr>
<td><strong>Total employee benefit costs</strong></td>
<td>5,626</td>
<td>6,337</td>
</tr>
</tbody>
</table>

(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. As at 30 June 2011 we held foreign exchange contracts totalling $USD590K.

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 the statement of comprehensive income. There were USD foreign exchange contracts open as at 30 June 2011 with a fair value loss of $18K, this being immaterial the valuation of foreign exchange contracts held at balance sheet date reflected no adjustment and there were no foreign exchange contracts held at 30 June 2010.

(ii) Operating EBDITA (being EBDITA adjusted for corporate development costs, redundancies, equity settled share based payments, share of profits under equity accounting, unrealised exchange losses, fair value mark to market of derivative financial instruments and asset write downs) was $4,041,000 (2010: $3,816,000).

<table>
<thead>
<tr>
<th>3 Earnings per share</th>
<th>Consolidated</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cents per share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>5.67</td>
<td>5.00</td>
<td></td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>4.99</td>
<td>5.00</td>
<td></td>
</tr>
</tbody>
</table>

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

<table>
<thead>
<tr>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Earnings used in the calculation of basic EPS</td>
</tr>
<tr>
<td>(b) Earnings used in the calculation of diluted EPS</td>
</tr>
</tbody>
</table>

(c) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS

<table>
<thead>
<tr>
<th>Number '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of options outstanding</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS including CRPS</td>
</tr>
</tbody>
</table>

During 2011, 19,414,800 Convertible Redeemable Preference Shares were issued by the Parent.
During 2011, 19,377,235 options were issued over ordinary shares by the Parent.
At 30 June 2011, 19,376,362 options were outstanding (Exercisable at $0.40 cents per share)

<table>
<thead>
<tr>
<th>4 Borrowings</th>
<th>Consolidated</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>$000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured - at amortised cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank overdrafts (i)</td>
<td>-</td>
<td>1,400</td>
<td></td>
</tr>
<tr>
<td>Loan payable (i)</td>
<td>2,913</td>
<td>13,047</td>
<td></td>
</tr>
<tr>
<td>Finance leases (ii) (iii)</td>
<td>1,396</td>
<td>1,129</td>
<td></td>
</tr>
<tr>
<td>Finance Facility (i)</td>
<td>6,048</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan payable (i)</td>
<td>3,150</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Finance leases (ii) (iii)</td>
<td>4,845</td>
<td>5,766</td>
<td></td>
</tr>
<tr>
<td></td>
<td>18,352</td>
<td>21,342</td>
<td></td>
</tr>
</tbody>
</table>
Disclosed in the financial statements as:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current borrowings</td>
<td>10,357</td>
<td>15,576</td>
</tr>
<tr>
<td>Non-current borrowings</td>
<td>7,995</td>
<td>5,766</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,352</strong></td>
<td><strong>21,342</strong></td>
</tr>
</tbody>
</table>

(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.

5 Dividends

<table>
<thead>
<tr>
<th>Recognised amounts</th>
<th>2011</th>
<th>2010</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cents per share</td>
<td>Total $'000</td>
<td>Cents per share</td>
<td>Total $'000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Fully paid ordinary shares</th>
<th></th>
<th>Convertible Redeemable Preference Shares</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Final dividend: fully franked at 30% tax rate</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interim dividend: fully franked at 30% tax rate</td>
<td>0.5</td>
<td>387</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

On 29 August 2011, the directors declared a fully franked final dividend of $0.005 cents per share to the holders of fully paid ordinary shares in respect of the financial year ending 30 June 2011 to be paid to shareholders (registered as at 3rd November 2011) on 30th November 2011 and dividends for the converting preference shareholders (registered on 3rd October 2011) on 31st October 2008. The total estimated dividend to be paid is $387k for ordinary dividend and $393k for the CRPS dividend.

<table>
<thead>
<tr>
<th>Parent</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted franking account balance</td>
<td>298</td>
<td>472</td>
</tr>
</tbody>
</table>

Impact on franking account balance of dividends not recognised | - | - |

6 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:

<table>
<thead>
<tr>
<th>Consolidated</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>182</td>
<td>34</td>
</tr>
<tr>
<td>Overdraft</td>
<td>-</td>
<td>(1,400)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>182</td>
<td>(1,366)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Profit for the year</th>
<th>4,387</th>
<th>3,357</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>1,092</td>
<td>1,004</td>
</tr>
<tr>
<td>Movement in provision for employee entitlements</td>
<td>136</td>
<td>192</td>
</tr>
<tr>
<td>(Gain) / loss on disposal of assets</td>
<td>-</td>
<td>(13)</td>
</tr>
<tr>
<td>Foreign currency revaluation</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Fair value interest recognised regarding Leeton facility</td>
<td>239</td>
<td>172</td>
</tr>
<tr>
<td>Share based payments</td>
<td>87</td>
<td>127</td>
</tr>
<tr>
<td>Interest received</td>
<td>(25)</td>
<td>(16)</td>
</tr>
<tr>
<td>Interest capitalised</td>
<td>(346)</td>
<td>(479)</td>
</tr>
<tr>
<td>Non cash interest expensed</td>
<td>(411)</td>
<td>-</td>
</tr>
<tr>
<td>(Gain) / Loss in jointly controlled entity</td>
<td>(841)</td>
<td>(1,308)</td>
</tr>
</tbody>
</table>

| Changes in Assets and Liabilities | | |
|-----------------------------------| | |
| Decrease / (Increase) in receivables | (651) | 857 |
| Decrease / (Increase) in inventory | 1,671 | (168) |
| Decrease / (Increase) in other assets | (42) | 41 |
| (Increase) in deferred tax assets | (1,379) | (75) |
| Decrease in accounts payable | (2,569) | (730) |
| Increase / (Decrease) in provision for income tax | 135 | (227) |
| Increase in provision for deferred income tax | 1,214 | 29 |
| **Net cash from operating activities** | **2,697** | **2,771** |
(c) Non-cash financing and investing activities

During the current financial year, the Group acquired $49,000 (2009: $nil) of motor vehicles under finance leases. These acquisitions will be reflected in the statement of Cash Flows over the term of the finance lease via lease repayments.

7 Contingent liabilities

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank guarantee</td>
<td>14</td>
<td>14</td>
</tr>
</tbody>
</table>

8 Parent entity disclosures

(a) Financial position

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
</tr>
<tr>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>129</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>53,575</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>53,703</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>441</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>1,321</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,763</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>51,941</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
</tr>
<tr>
<td>Issued capital</td>
<td>39,288</td>
</tr>
<tr>
<td>Reserves</td>
<td>532</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>12,121</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>51,941</td>
</tr>
</tbody>
</table>

(b) Financial performance

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
</tr>
<tr>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>9,176</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>9,176</td>
</tr>
</tbody>
</table>

(c) Contingent liabilities of the parent entity

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Bank guarantee</td>
<td>14</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td><strong>Plant and equipment, PV of minimum future lease payments</strong></td>
<td></td>
</tr>
<tr>
<td>Not longer than 1 year</td>
<td>8</td>
</tr>
<tr>
<td>Longer than 1 year and not longer than 5 years</td>
<td>39</td>
</tr>
<tr>
<td>Longer than 5 years</td>
<td></td>
</tr>
</tbody>
</table>
Jointly controlled operations and assets

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

<table>
<thead>
<tr>
<th>Name of venture</th>
<th>Country of incorporation</th>
<th>Principal activity</th>
<th>Output interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBPA</td>
<td>Australia</td>
<td>Contract beverage packing services</td>
<td>2011 2010</td>
</tr>
<tr>
<td>A2DP</td>
<td>Australia</td>
<td>Sale of a2 milk</td>
<td>50 50</td>
</tr>
</tbody>
</table>

At the end of July 2010, the group sold its shareholding of 50% ownership in A2DP.

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

<table>
<thead>
<tr>
<th></th>
<th>CBPA</th>
<th>A2DP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Balance at 1 July</td>
<td>1152 676</td>
<td>4,141 2,859</td>
</tr>
<tr>
<td>Share of profits/(losses) for the year</td>
<td>730 476</td>
<td>111 832</td>
</tr>
<tr>
<td></td>
<td>1,882 1,152</td>
<td>4,252 3,691</td>
</tr>
<tr>
<td>Dividends</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Equity investment transferred to Profit on Sale</td>
<td>- -</td>
<td>(4,252) -</td>
</tr>
<tr>
<td>Additions (i) (ii)</td>
<td>- -</td>
<td>- 450</td>
</tr>
<tr>
<td>Balance at 30 June</td>
<td>1,882 1,152</td>
<td>- 4,141</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>CBPA</th>
<th>A2DP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>000</td>
<td>000</td>
</tr>
<tr>
<td>Current assets</td>
<td>5,500 5,419</td>
<td>- 3,506</td>
</tr>
<tr>
<td>Non current assets</td>
<td>4,453 4,819</td>
<td>- 770</td>
</tr>
<tr>
<td>Total assets</td>
<td>9,953 10,238</td>
<td>- 4,276</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>4,250 4,651</td>
<td>- 1,353</td>
</tr>
<tr>
<td>Non current liabilities</td>
<td>4,294 4,909</td>
<td>- 644</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>8,544 9,560</td>
<td>- 1,997</td>
</tr>
<tr>
<td>Net assets</td>
<td>1,409 678</td>
<td>- 2,279</td>
</tr>
<tr>
<td>Shareholder funds</td>
<td>1,409 678</td>
<td>- 2,279</td>
</tr>
<tr>
<td>Revenue</td>
<td>16,551 14,379</td>
<td>221 13,010</td>
</tr>
<tr>
<td>Profit / (loss) after income tax</td>
<td>730 476</td>
<td>111 832</td>
</tr>
</tbody>
</table>