

Freedom Foods Group Limited

A.B.N 41 002 814 235

Appendix 4D

Half Yearly Report

Half year ended 31 December 2011

(Previous corresponding reporting period 31 December 2010)

Results for Announcement to the Market

<i>In thousands of AUD</i>	<i>\$'000</i>	Percentage change over previous corresponding period
Revenues	24,125	2% increase
Net profit	1,644	52% decrease
Dividends (distributions)	Amount per security	Franked amount per security
Interim dividends payable Ordinary Shares	Nil	Nil
Record date for determining entitlements to the dividend	Not Applicable	
Interim Dividend payable Converting Redeemable Preference Shares	\$0.014	\$0.014
Record date for determining entitlements to the dividend	13 th April 2012	

Net tangible assets per security

	31-Dec-11	30-Jun-11
Net tangible assets (in thousands of AUD)	29,430	28,495
Net assets (in thousands of AUD)	50,918	49,983
Total number of ordinary shares (in thousands)	77,557	77,497
Total number of converting redeemable preference shares (in thousands)	19,415	19,415
Total number of shares (ordinary + CRPS)	96,972	96,912
Net assets per security (in dollars of AUD)	0.53	0.52
Net tangible assets per security (in dollars of AUD)	0.30	0.29

The attached interim financial report has been subject to review.

Rory Macleod
Group Executive Director
Company Secretary
29th February 2012

Directors' Report

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2011. 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 – Director (Executive)
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 above.

Auditor's independence declaration

The auditor's independence declaration is included on page 15 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



Rory J F Macleod
Group Executive Director

Dated on this 29th day of February 2012
Sydney

Freedom Foods Group Limited
Condensed Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2011

		Consolidated	
		Half-year ended	
	Note	31 Dec 2011	31 Dec 2010
		\$'000	\$'000
Continuing Operations			
Revenue from Sale of Goods	3	24,125	23,581
Cost of Sales		(16,371)	(16,368)
Gross Profit		7,754	7,213
Other Income	3	5	85
Marketing Expenses		(1,085)	(1,069)
Selling Expenses		(3,015)	(2,573)
Administrative Expenses		(1,455)	(1,475)
Profit from Continuing Operations before Depreciation, Income Tax, Finance Costs, and Equity Accounted Investments		2,204	2,181
Depreciation		(546)	(546)
Profit from Continuing Operations before Income Tax, Finance Costs, and Equity Accounted Investments		1,658	1,635
Finance Costs		(794)	(853)
Profit on Sale of A2DP Shares	6	-	3,884
Impairment of Goodwill		-	(1,778)
Write-off of Non Recurring Legal Expense and Unrecoverable Amounts		-	(326)
Share of Profit of Jointly Controlled Entities/Minority Interests Accounted for using the Equity Method		674	679
Profit before Tax		1,538	3,241
Income Tax Benefit		106	169
Profit for the Period from Continuing Operations		1,644	3,410
Other Comprehensive Income		-	-
Total Comprehensive Income for the Period		1,644	3,410
Profit Attributable to:			
Owners of the Parent		1,644	3,410
Non-controlling Interests		-	-
		1,644	3,410
Total Comprehensive Income Attributable to:			
Owners of the Parent		1,644	3,410
Non-controlling Interests		-	-
		1,644	3,410
Earnings per Share			
Basic (cents per share)		2.1	4.4
Diluted (cents per share)		1.8	4.3

Notes to the condensed consolidated statement of comprehensive income are included on pages 7 to 11.

Freedom Foods Group Limited
Condensed Consolidated Statement of Financial Position
As at 31 December 2011

		Consolidated	
		31 Dec 2011	30 June 2011
		\$'000	\$'000
Assets			
Current Assets			
Cash and cash equivalents	5	156	182
Trade and other receivables		12,308	10,097
Inventories		5,770	5,349
Prepayments		425	665
Total current assets		18,659	16,293
Non-current Assets			
Investments accounted for using the equity method		14,272	11,440
Deferred tax assets		3,444	3,401
Property, plant and equipment		24,503	24,095
Goodwill		5,214	5,214
Other intangible assets		16,274	16,274
Total Non-Current Assets		63,707	60,424
Total Assets		82,366	76,717
Liabilities			
Current Liabilities			
Trade and other payables		6,469	5,579
Borrowings	8	12,291	10,357
Other financial liabilities		1,110	53
Provisions		900	855
Total Current Liabilities		20,770	16,844
Non-Current Liabilities			
Trade and other payables		504	504
Borrowings	8	8,841	7,995
Deferred tax liabilities		1,199	1,261
Provisions		134	130
Total Non-Current Liabilities		10,678	9,890
Total Liabilities		31,448	26,734
Net Assets		50,918	49,983
Equity			
Issued capital		39,311	39,288
Reserves		1,050	1,006
Retained earnings		10,557	9,689
Total Equity		50,918	49,983

Notes to the condensed consolidated statement of financial position are included on pages 7 to 11.

Freedom Foods Group Limited
Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2011

	Issued Capital	Retained Earnings	Equity- settled Employee Benefits Reserve	Asset Revaluation Reserve	Attributable to Owners of the Parent	Non- controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2010	33,637	5,707	446	473	40,263	-	40,263
Equity Issues	-	-	-	-	-	-	-
Convertible Redeemable Preference Share Issues	5,701	-	-	-	5,701	-	5,701
Profit for the Period	-	3,413	-	-	3,413	-	3,413
Recognition of Share-based Payments	-	-	43	-	43	-	43
Dividends	-	-	-	-	-	-	-
At 31 December 2010	39,338	9,120	489	473	49,420	-	49,420
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

Notes to the condensed consolidated statement of changes in equity are included on pages 7 to 11.

Freedom Foods Group Limited
Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2011

	Note	Consolidated	
		Half-year ended	
		31 Dec 2011	31 Dec 2010
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		22,087	21,619
Payments to suppliers and employees		(20,698)	(20,619)
Interest and other costs of finance paid		(829)	(905)
Net cash provided by operating activities		560	95
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(734)	(1,193)
Proceeds from sale of property, plant and equipment		5	-
Costs from sale of JV investment		-	(257)
Costs from additional investment in A2C	6	(17)	-
Loans from Jointly controlled/Minority controlled entities		199	195
Investment in Equity Interest A2C	6	(2,064)	(683)
Dividends paid		(767)	-
Net cash used in investing activities		(3,378)	(1,938)
Cash flows from financing activities			
Proceeds from borrowings		3,907	10,590
Proceeds from issue of securities		6	5,825
Payment of share issue costs		-	(123)
Repayment of borrowings		(1,122)	(11,050)
Net cash provided by financing activities		2,791	5,242
Net (decrease)/ increase in cash and cash equivalents		(26)	3,399
Cash and cash equivalents at the beginning of the period		182	(1,366)
Cash and cash equivalents at the end of the period	5	156	2,033

Notes to the condensed consolidated statement of cash flows are included on pages 7 to 11.

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 2011 annual financial report for the financial year ended 30 June 2011, 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 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
<u>Segment Revenue</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<i>Continuing Operations</i>						
Specialty Seafood	9,003	10,590	-	-	9,003	10,590
Freedom Foods	15,094	12,988	5	-	15,099	12,988
Thorpedo Foods	28	40	-	48	28	88
Total					24,130	23,666
Total Revenue of the Consolidated Group					24,130	23,666

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 joint venture/minority interest entities are increased or decreased to recognise the Group's share of post acquisition profits or losses and other changes in net assets of the joint ventures/minority interest.

94% of total external sales of the consolidated group and equity accounted associates are generated in Australia (2010: 92%).

Notes to the Condensed Consolidated Financial Statements (continued)

<u>Segment Result</u>	Total	
	Half-year ended	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
<i>Continuing Operations</i>		
Specialty Seafood	2,041	2,383
Freedom Foods	1,813	1,454
Thorpedo Foods	(7)	33
Freedom Foods Group Limited Share of Equity Accounted Associates	674	679
	4,521	4,549
Shared Services	(1,648)	(1,689)
Finance Costs	(794)	(853)
Depreciation	(546)	(546)
Profit on Sale of Fixed Assets	5	-
Profit on Sale of A2DPA Shares	-	3,884
Impairment of Goodwill	-	(1,778)
Write Off of Non Recurring Legal Expense and Unrecoverable Amounts	-	(326)
Profit before Tax	1,538	3,241
Income tax Benefit	106	169
Profit for the Period from Continuing Operations	1,644	3,410

Total profit from equity accounted associates for the period totalled \$3,109,000 (2010: \$1,619,000 profit). The consolidated entities share of these profits was \$674,000 (2010: \$679,000 profit).

3. Income

	Half-year ended	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Revenues are comprised as follows:		
Sale of Goods	24,125	23,618
Profit on Disposal of Fixed Assets	5	-
Royalty Revenue	-	48
	24,130	23,666

Notes to the Condensed Consolidated Financial Statements (continued)

4. Dividends

	Half-year Ended			Half-year Ended		
	31 Dec 2011			31 Dec 2010		
	Cents per Share	Total	\$'000	Cents per Share	Total	\$'000
Recognised Amounts						
Fully Paid Ordinary Shares						
Final Dividend	0.5		388	Nil		Nil
Unrecognised Amounts						
Fully Paid Ordinary Shares						
Interim Dividend	Nil		Nil	Nil		Nil
Recognised Amounts						
Fully Paid Convertible Redeemable Preference Shares						
Final Dividend	2.0		388	Nil		Nil
Unrecognised Amounts						
Fully Paid Convertible Redeemable Preference Shares						
Interim Dividend	1.4		262	Nil		Nil

On 29th February 2012, the directors declared a fully franked dividend of \$0.014 cents per share to the holders of converting redeemable preference shares in respect of the 6 month period November 2011 to April 2012, which is to be paid to shareholders on 30 April 2012. The record date for determining entitlements to the final dividend is 13th April 2012. The dividend has not been included as a liability in these financial statements. The total dividend to be paid is \$262,099.

5. Cash and Cash Equivalents

	31 Dec 2011	30 Jun 2011	31 Dec 2010
	\$'000	\$'000	\$'000
Cash and Cash Equivalents	156	182	2,033
	156	182	2,033

6. Investment in Associate

In July 2011, FNP announced that under the terms of an option agreement between A2C and FNP, FNP has subscribed for 18.7m fully paid ordinary shares in A2C at a price of NZ\$0.13 (A\$0.11) for a total consideration of A\$2.06 million, which resulted in FNP increasing its shareholding in A2C to 27.5% of A2C (26.4% fully diluted), with FNP now the largest single shareholder 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\$200 million (A\$156 million) based on a current share price of NZ\$0.34, implying a value for FNP's 27.5% investment of A\$42.9m, materially above its book value of approximately A\$11.7 million and in excess of FNP's current market capitalisation.

FNP equity accounted 26.4% of the NPAT of A2C for the six months of \$330K (\$240K 2010).

	31 Dec 2011
	\$'000
A2C Investment purchase	2,064
Costs incurred	17

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 2011	31 Dec 2010
\$'000	\$'000
14	14

8. Standby Arrangement and Unused Credit Facilities

Secured Loan Facilities

- amount used
- amount unused

31 Dec 2011	30 Jun 2011
\$'000	\$'000
6,465	6,063
135	987
6,600	7,050

Secured Finance Facilities

- amount used
- amount unused

12,603	12,289
460	1,452
13,063	13,741

Unsecured Finance Facilities

- amount used
- amount unused

2,604	-
-	-
2,604	-

Unused Financing Facilities

595	2,439
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Financing Facilities

In December 2010, the Company refinanced its existing bank facilities of approximately \$15.0m (excluding equipment finance facilities) with HSBC. The refinancing comprising facilities including term loans, debtor finance, trade finance, guarantees and foreign exchange hedging facilities. The refinancing was achieved at a similar cost of funds to the prior facility and provides increased flexibility to meet the working capital requirements of the business.

The term loan is a 3 year facility. 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). The mortgage is held by HSBC.

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.

In July 2011, the Company entered into an arm's length unsecured loan with the Perich Group to finance the subscription for 18.7m fully paid ordinary shares in A2C at a price of NZ\$0.13 (A\$0.11) for a total consideration of A\$2.06 million, which resulted in FNP increasing its shareholding in A2C to 27.5% of A2C (26.4% fully diluted), with FNP now the largest single shareholder in A2C. The unsecured loan is repayable on or around 1 May 2013 and carries an interest rate of 10.0% per annum. HSBC as principal financier to the Company has approved the Company entering into the loan.

9. Issuances, Repurchases and Repayment of Equity Securities

During the half-year reporting period Freedom Foods Group Limited did not issue any options under its executive share option plan. All options currently issued under the executive share option plan are fully vested and must be exercised by date detailed or they will otherwise lapse.

- 300,000 options exercise price of \$0.50 cents per shares required to be exercised by April 2012 or lapse.

During the year there were 15,000 ordinary shares issued as a result of exercise of options at \$0.40 cents per share and 45,558 ordinary shares issued under the dividend reinvestment plan (DRP) at \$0.389 cents per share. No costs were incurred.

Notes to the Condensed Consolidated Financial Statements (continued)

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



Rory J F Macleod
Group Executive Director

Dated on this 29th day of February 2012
Sydney

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

We have reviewed the accompanying half-year financial report of Freedom Foods Group Limited, which comprises the condensed statement of financial position as at 31 December 2011, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed 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 12.

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 2011 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.

Auditor's Independence Declaration

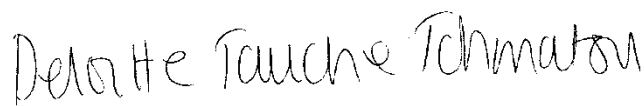
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Freedom Foods Group Limited, would be in the same terms if given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

Conclusion

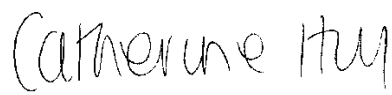
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Freedom Foods Group Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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



Catherine Hill
Partner
Chartered Accountants
Parramatta, 29 February 2012

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

29 February 2012

Dear Board Members

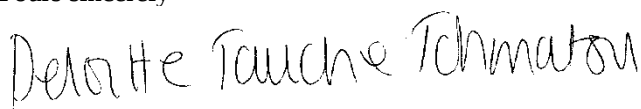
Freedom Foods Group Limited

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.

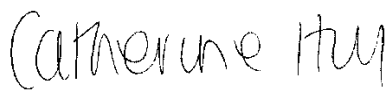
As lead audit partner for the review of the financial statements of Freedom Foods Group Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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