



RETAILFOODGROUP LIMITED

APPENDIX 4E

PRELIMINARY FINAL REPORT

FINANCIAL YEAR ENDED – 30 JUNE 2012

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

CONTENTS

2	SUMMARY
	<u>SECTION A:</u>
3	RESULTS FOR ANNOUNCEMENT TO THE MARKET
	<u>SECTION B:</u>
3	COMMENTARY ON THE RESULTS
	<u>SECTION C:</u>
4	PRELIMINARY FINAL REPORT

SUMMARY

	REPORTED				
	FY08	FY09	FY10	FY11	FY12
Financial					
Adjusted Revenue ⁽²⁾			\$66.6m	\$77.8m	\$100.6m
Total Revenue ⁽³⁾	\$114.1m	\$130.5m	\$118.6m	\$110.0m	\$101.9m
EBITDA	\$35.7m	\$41.6m	\$44.9m	\$45.9m	\$48.4m
EBIT	\$34.4m	\$40.3m	\$43.8m	\$45.1m	\$47.5m
NPAT	\$17.6m	\$23.5m	\$26.0m	\$27.2m	\$28.5m
Basic EPS	19.9 cps	23.7 cps	25.3 cps	25.4 cps	26.4 cps
Dividend	8.5 cps	9.25 cps	11.75 cps	14.5 cps	17.5 cps
Operating Performance					
Adjusted Revenue Growth				16.8%	29.3%
Revenue Growth	383.5%	14.4%	(9.1%)	(7.3%)	(7.4%)
EBITDA Growth	187.9%	16.5%	7.9%	2.2%	5.4%
EBIT Growth	182.0%	17.2%	8.7%	3.0%	5.3%
NPAT Growth	134.7%	33.4%	10.6%	4.6%	4.9%
Basic EPS Growth	89.5%	19.1%	6.8%	0.4%	3.9%
Outlets	1,052	1,063	1,122	1,148	1,251

CORE OPERATIONS ⁽¹⁾	
FY11	FY12
\$46.8m	\$50.9m
\$46.0m	\$50.1m
\$27.9m	\$30.3m
26.0 cps	28.0 cps
3.1%	8.9%
3.8%	8.8%
5.7%	8.9%
1.6%	7.7%

- (1) EBIT results from 'Core Operations' exclude the pre-tax impact of the following amounts recognised in the Consolidated Statement of Comprehensive Income:

EBIT - REPORTED

Supply chain initiatives (administration of failed supplier operations)

Corporate restructuring and redundancy costs

Loss on cash flow hedges (interest rate swaps)

Gain on foreign exchange forward contract

EBIT - CORE OPERATIONS

NPAT results from 'Core Operations'

NPAT - REPORTED

Post-tax impact of non-core EBIT adjustments

NPAT - CORE OPERATIONS

FY11	FY12
\$45.1m	\$47.5m
-	\$1.7m
-	\$0.7m
\$1.0m	\$0.2m
(\$0.1m)	-
\$46.0m	\$50.1m
\$27.2m	\$28.5m
\$0.7m	\$1.8m
\$27.9m	\$30.3m

Core EBIT & Core NPAT are non-IFRS profit measures used by management and the directors to assess the underlying performance of the Group

- (2) Adjusted Revenue excludes:

- sales revenue derived from the wholesale bakery supply to Michel's Patisserie outlets which is transitioning from a wholesale supply and distribution model to a traditional royalty based model (FY12: \$1.3m; FY11: \$32.2m); and
- Marketing revenue (see note (3))

- (3) Excludes revenue derived from marketing activities (FY12: \$14.5m; FY11: \$15.7m; FY10: \$15.4m; FY09: \$12.6m; FY08: \$10.3m)

APPENDIX4E-SECTIONA

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reporting Period

Current Reporting Period: Financial Year Ended 30 June 2012

Previous Corresponding Period: Financial Year Ended 30 June 2011

Revenue and Net Profit

Details		Growth PCP %		FY12 \$'000
Revenue from operations	down	7.4	to	116,392
Profit from ordinary activities after tax attributable to members	up	4.9	to	28,546
Net profit attributable to members	up	4.9	to	28,546

Dividends

Details	Cents Per Share	Total Amount \$'000	Franked / Unfranked	Payment Date
---------	-----------------	------------------------	------------------------	--------------

Declared and paid during the financial year

Final FY11 dividend	7.50	8,116	100% Franked	6 October 2011
Interim FY12 dividend	8.50	9,216	100% Franked	4 April 2012

Declared after the end of the financial year

Final FY12 dividend	9.00	9,802	100% Franked	11 October 2012
---------------------	------	-------	--------------	-----------------

Record date for determining entitlements to the final FY12 dividend: 13 September 2012

Net Tangible Assets Per Security

Details	30 June 2012	30 June 2011
Net tangible assets (liabilities) per security ⁽¹⁾	(72.6 cents) ⁽²⁾	(54.6 cents) ⁽³⁾

(1) Net tangible assets defined as net assets less intangible assets.

(2) 30 June 2012 calculation based on 108,422,615 shares.

(3) 30 June 2011 calculation based on 107,788,918 shares.

APPENDIX4E-SECTIONB

COMMENTARY ON THE RESULTS

For comments on trading performance during the financial year, refer to the FY12 media release.

The final fully franked dividend of 9.0 cents per share was approved by the Directors on 23 August 2012. In complying with accounting standards, as the dividend was not approved prior to year end, no provision has been recognised for this dividend in the full year financial statements.



RETAILFOODGROUP PRELIMINARY FINAL REPORT FINANCIAL YEAR ENDED – 30 JUNE 2012

LIMITED

INDEX

5	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
6	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
7	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
8	CONSOLIDATED STATEMENT OF CASH FLOWS
9	NOTES TO THE PRELIMINARY FINAL REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Consolidated	Note	FY12 \$'000	FY11 \$'000
Continuing operations			
Revenue from sale of goods	4	37,492	56,360
Cost of sales		(20,109)	(36,471)
Gross profit		17,383	19,889
Other revenue	4	78,900	69,295
Other gains and losses	5	(298)	(96)
Selling expenses		(8,994)	(6,032)
Marketing expenses		(14,632)	(15,739)
Occupancy expenses		(3,024)	(1,899)
Administration expenses		(4,724)	(4,784)
Operating expenses		(14,410)	(13,030)
Finance costs	6	(7,031)	(6,939)
Other expenses		(2,712)	(2,229)
Profit before tax	7	40,458	38,436
Income tax expense		(11,912)	(11,212)
Profit for the year from continuing operations		28,546	27,224
Discontinued operations			
Profit for the year from discontinued operations		-	-
Profit for the year		28,546	27,224
Other comprehensive income			
Net gain on cash flow hedges		784	1,616
Net gain on net investment hedge		86	72
Other comprehensive income for the year, net of tax		870	1,688
Total comprehensive income for the year		29,416	28,912
Profit attributable to:			
Equity holders of the parent		28,546	27,224
Total comprehensive income attributable to:			
Equity holders of the parent		29,416	28,912
Earnings per share			
From continuing and discontinued operations:			
Basic (cents per share)	8	26.4	25.4
Diluted (cents per share)	8	26.3	25.2
From continuing operations:			
Basic (cents per share)	8	26.4	25.4
Diluted (cents per share)	8	26.3	25.2

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

Consolidated	Note	FY12 \$'000	FY11 \$'000
Current assets			
Cash and cash equivalents		12,785	15,173
Trade and other receivables		16,545	12,066
Other financial assets		4,704	3,103
Inventories		3,654	2,359
Other		343	179
Total current assets		38,031	32,880
Non-current assets			
Trade and other receivables		77	138
Other financial assets		380	-
Property, plant and equipment		8,277	7,853
Deferred tax assets		1,008	1,242
Intangible assets		248,449	215,658
Total non-current assets		258,191	224,891
Total assets		296,222	257,771
Current liabilities			
Trade and other payables		6,372	6,210
Current tax liabilities		4,904	4,556
Provisions		1,506	1,645
Other		2,581	745
Total current liabilities		15,363	13,156
Non-current liabilities			
Borrowings	9	110,814	85,638
Provisions		363	356
Other		-	1,772
Total non-current liabilities		111,177	87,766
Total liabilities		126,540	100,922
Net assets		169,682	156,849
Equity			
Issued capital	10	99,876	98,772
Reserves	11	(314)	(829)
Retained earnings	12	70,120	58,906
Total equity		169,682	156,849

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

Consolidated	Fully Paid Ordinary Shares	Equity Settled Employee Benefits Reserve	Hedging Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2010	95,146	779	(3,251)	46,131	138,805
Profit for the year	-	-	-	27,224	27,224
Other comprehensive income	-	-	1,688	-	1,688
Total comprehensive income	-	-	1,688	27,224	28,912
Share issue costs	(25)	-	-	-	(25)
Related income tax	8	-	-	-	8
Issue of ordinary shares under DRP	2,535	-	-	-	2,535
Recognition of share-based payments	-	194	-	-	194
Issue of shares under executive share option plan	869	-	-	-	869
Transfer from equity-settled employee benefits reserve	239	(239)	-	-	-
Payment of dividends	-	-	-	(14,449)	(14,449)
Balance as at 30 June 2011	98,772	734	(1,563)	58,906	156,849
Balance as at 1 July 2011	98,772	734	(1,563)	58,906	156,849
Profit for the year	-	-	-	28,546	28,546
Other comprehensive income	-	-	870	-	870
Total comprehensive income	-	-	870	28,546	29,416
Share issue costs	(14)	-	-	-	(14)
Related income tax	4	-	-	-	4
Issue of shares under executive share option plan	759	-	-	-	759
Transfer from equity-settled employee benefits reserve	355	(355)	-	-	-
Payment of dividends	-	-	-	(17,332)	(17,332)
Balance as at 30 June 2012	99,876	379	(693)	70,120	169,682

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

Consolidated	Note	FY12 \$'000	FY11 \$'000
Cash flows from operating activities			
Receipts from customers		120,612	136,830
Payments to suppliers and employees		(77,426)	(92,013)
Interest and other costs of finance paid		(7,213)	(6,555)
Income taxes paid		(11,691)	(11,422)
Net cash provided by operating activities		24,282	26,840
Cash flows from investing activities			
Payments to acquire financial assets		-	(2,200)
Proceeds from sale of financial assets		-	3,021
Interest received		249	345
Amounts advanced to other entities		(1,226)	(42)
Payments for property, plant and equipment		(1,004)	(5,800)
Proceeds from sale of property, plant and equipment		5	64
Payment for intangible assets		(32)	(1,517)
Payment for business	16	(33,196)	(6,920)
Net cash used in investing activities		(35,204)	(13,049)
Cash flows from financing activities			
Proceeds from issues of equity securities		759	869
Payment for share issue costs		(14)	(25)
Proceeds from borrowings		35,362	8,638
Payment for debt costs		(241)	(291)
Repayment of borrowings		(10,000)	(9,000)
Dividends paid		(17,332)	(11,914)
Net cash generated/(used in) financing activities		8,534	(11,723)
Net (decrease)/increase in cash and cash equivalents		(2,388)	2,068
Cash and cash equivalents at the beginning of year		15,173	13,105
Cash and cash equivalents at the end of year		12,785	15,173

The consolidated statement of cash flow should be read in conjunction with the accompanying notes.

NOTES TO THE PRELIMINARY FINAL REPORT

1. Significant Accounting Policies

Statement Of Compliance

The Preliminary Final Report has been prepared to satisfy the financial reporting requirements prescribed by ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The Preliminary Final Report has been prepared in accordance with the recognition and measurement principles prescribed by Accounting Standards and Interpretations. Accounting Standards include Australian Accounting Standards.

The Preliminary Final Report does not include notes of the type normally included in an annual financial report. Accordingly, this Preliminary Final Report should be read in conjunction with the most recent annual financial report, most recent half-year financial report, and any public announcements made to the ASX by the Company during the reporting period in accordance with the Continuous Disclosure requirements of the Corporations Act 2001 and the Listing Rules of the ASX.

The Preliminary Final Report was authorised for issue by the Directors on 23 August 2012.

Basis Of Preparation

The Preliminary Final Report has been prepared on the basis of historical cost, except for the revaluation of certain 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 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Preliminary Final 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 Preliminary Final Report are consistent with those adopted and disclosed in the Company's 2011 annual financial report for the financial year ended 30 June 2011. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

2. Commentary On Results

For comments on trading performance during the year, refer to the FY12 media release.

3. Segment Information

AASB 8 *Operating Segment* requires operating segments to be identified on the basis of internal reports about components of the group that are reviewed regularly by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

For management purposes, the Group is organised into two major operating divisions – franchising operations and wholesale / retail operations. These divisions are the basis on which the Group reports its primary segment information. The Group's reportable segments under AASB 8, and the principal products and services of each, are as follows:

Segment	Description
Franchising Operations	<p>Franchising Operations incorporates the development and management of the Group's retail franchise systems – Donut King, bb's café, Brumby's Bakeries, Michel's Patisserie, Esquires Coffee Houses and Pizza Capers – and involves the following principal activities:</p> <ul style="list-style-type: none"> the establishment and grant of new franchises; the administration of royalties collection, supplier licensing, franchise compliance, franchise training and administration; and, the performance of marketing and promotional activities, brand development and awareness, and product research and development.
Wholesale / Retail Operations	<p>Wholesale / Retail Operations incorporates the development and management of the Group's Procurement & Distribution division, Wholesale & Manufacturing division and Non-Voluntary Company Store (NVCS) division. These divisions are managed and reported separate to the Franchising Operations segment, and involve the following principal activities:</p> <ul style="list-style-type: none"> the procurement of bakery and other related items for Michel's Patisserie franchisees; the manufacture and sale of roasted coffee and related products to franchisees and external customers; the interim operation of non-voluntary company owned or company managed stores across each of the franchise systems; and, the return of NVCS to franchisee stewardship.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

Segment	Segment Revenues		Segment Profit	
	FY12 \$'000	FY11 \$'000	FY12 \$'000	FY11 \$'000
Franchising Operations	78,651	68,950	44,657	36,221
Wholesale / Retail Operations	37,492	56,360	3,895	9,653
	116,143	125,310	48,552	45,874
Other gains and losses			(297)	(96)
Interest revenue	249	345	249	345
Finance costs			(7,031)	(6,939)
Unallocated	-	-	(1,015)	(748)
Profit before tax			40,458	38,436
Income tax expense			(11,912)	(11,212)
Revenue and profit for the year	116,392	125,655	28,546	27,224

Revenue reported above represents revenue generated from external customers. Franchising revenue includes marketing revenue of \$14.5m (FY11: \$15.7m).

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment profit represents the profit earned by each segment without allocation of gains derived / losses incurred from derivative financial instruments, disposals of financial assets and plant and equipment, interest revenue, finance costs, depreciation, corporate expenses and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

An insignificant portion of the Group's activities are located outside of Australia, and hence no geographical information has been disclosed.

4. Revenue

An analysis of the Group's revenue for the year, from continuing operations, is as follows:

Consolidated	FY12 \$'000	FY11 \$'000
Revenue from the sale of goods ⁽¹⁾	37,492	56,360
Revenue from the rendering of services	78,651	68,950
	116,143	125,310
Interest revenue:		
Bank deposits	238	306
Other loans and receivables	11	39
	249	345
	116,392	125,655

(1) Excluding sales derived from wholesale bakery sales (relating to Michel's Patisserie outlets), adjusted revenue from the sale of goods for FY12 was \$36.2 million (FY11: \$24.2 million).

5. Other Gains And Losses

Consolidated	FY12 \$'000	FY11 \$'000
Gain on disposal of financial assets	-	821
Gain on foreign exchange forward contract	-	70
Gain / (loss) on disposal of property, plant and equipment ⁽¹⁾	(103)	2
Loss on cash flow hedges	(195)	(989)
	(298)	(96)

(1) The FY12 loss represents the write down of leasehold improvements upon exiting the former corporate national office facility.

6. Finance Costs

Consolidated	FY12 \$'000	FY11 \$'000
Interest on bank overdrafts and loans	7,018	6,673
Total interest expense	7,018	6,673
Other finance costs	13	266
	7,031	6,939

7. Profit For The Year From Continuing Operations

Profit for the year from continuing operations has been arrived at after charging (crediting):

Consolidated	FY12 \$'000	FY11 \$'000
Cost of sales	20,109	36,471
Inventory write-down of inventory to net realisable value	-	360
Impairment of trade receivables	1,823	1,104
Depreciation of property, plant and equipment	861	748
Employee benefits expenses:		
Post-employment benefits (defined contribution plans)	1,631	1,343
Share-based payments (equity-settled share-based payments)	-	194
Termination benefits	288	6
Other employee benefits (wages and salaries)	25,105	20,623
Total employee benefits expenses	27,024	22,166

8. Earnings Per Share

Consolidated	FY12 Cents Per Share	FY11 Cents Per Share
Basic earnings per share		
From continuing operations	26.4	25.4
	26.4	25.4
Diluted earnings per share		
From continuing operations	26.3	25.2
	26.3	25.2

Basic Earnings Per Share

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

Consolidated	FY12 \$'000	FY11 \$'000
Profit for the year	28,546	27,224
Earnings used in the calculation of basic EPS	28,456	27,224
Earnings used in the calculation of basic EPS from continuing operations	28,456	27,224

	FY12 No. '000	FY11 No. '000
Weighted average number of ordinary shares for the purpose of basic EPS	108,268	107,160

8. Earnings Per Share (cont.)

Diluted Earnings Per Share

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

Consolidated	FY12 \$'000	FY11 \$'000
Profit for the year	28,546	27,224
Earnings used in the calculation of diluted EPS	28,546	27,224
Earnings used in the calculation of diluted EPS from continuing operations	28,546	27,224

	FY12 No. '000	FY11 No. '000
Weighted average number of ordinary shares for the purpose of basic EPS	108,268	107,160
Shares deemed to be issued for no consideration in respect of executive options	338	685
Weighted average number of ordinary shares for the purpose of diluted EPS	108,606	107,845

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted EPS:

	FY12 No. '000	FY11 No. '000
Executive share options	190	260

9. Borrowings

Consolidated	FY12 \$'000	FY11 \$'000
Secured at amortised cost		
Non-current		
Bank loans	110,814	85,638
	110,814	85,638

During FY12 the Company increased the quantum of its Senior Debt Facility with National Australia Bank (NAB) to \$135 million and extended the present maturity date to 30 September 2014. The increase in facility was secured to support acquisition activity.

10. Issued Capital

Consolidated	FY12 \$'000	FY11 \$'000
108,422,615 fully paid ordinary shares (FY11: 107,788,918)	99,876	98,772
	<u>99,876</u>	<u>98,772</u>

	FY12		FY11	
	No. '000	\$'000	No. '000	\$'000
Fully paid ordinary shares				
Balance at beginning of period	107,789	98,772	106,020	95,146
Issue of ordinary shares	-	-	-	-
Share issue costs	-	(14)	-	(25)
Related income tax	-	4	-	8
Issue of ordinary shares under DRP	-	-	995	2,535
Issue of shares under executive share option plan ⁽¹⁾	634	759	774	869
Transfer from equity-settled employee benefits reserve	-	355	-	239
Balance at end of period	<u>108,423</u>	<u>99,876</u>	<u>107,789</u>	<u>98,772</u>

(1) During the year a total of 633,697 shares were issued following the exercise of options under the Executive Share Option Plan (ESOP).

11. Reserves

Consolidated	FY12 \$'000	FY11 \$'000
Equity-settled employee benefits reserve	379	734
Hedging reserve	(693)	(1,563)
	<u>(314)</u>	<u>(829)</u>

Equity-settled employee benefits reserve	FY12 \$'000	FY11 \$'000
Balance at beginning of year	734	779
Share-based payments	-	194
Transfer to share capital	(355)	(239)
Balance at end of year	<u>379</u>	<u>734</u>

11. Reserves (cont.)

Hedging reserve	FY12 \$'000	FY11 \$'000
Balance at beginning of year	(1,563)	(3,251)
Gain / (loss) recognised on:		
Cash flow hedges (interest rate swaps)	1,120	2,308
Net investment hedge	55	103
Income tax related to amounts recognised in equity	(305)	(723)
Balance at end of year	(693)	(1,563)

12. Retained Earnings

Consolidated	FY12 \$'000	FY11 \$'000
Balance at beginning of year	58,906	46,131
Net profit attributable to members of the parent entity	28,546	27,224
Dividends provided for or paid	(17,332)	(14,449)
Balance at end of year	70,120	58,906

13. Dividends

Company	FY12		FY11	
	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⁾	7.500	8,116	6.500	6,934
Interim dividend – fully franked at 30% tax rate ⁽²⁾	8.500	9,216	7.000	7,515
	16.000	17,332	13.500	14,449
Unrecognised amounts				
<u>Fully paid ordinary shares</u>				
Final dividend – fully franked at 30% tax rate ⁽³⁾	9.000	9,802	7.500	8,116

(1) In respect of the financial year ended 30 June 2011, as detailed in the Directors' report for that financial year, a final dividend of 7.50 cents per share (based on 108,219,282 shares on issue at 13 September 2011), franked to 100% at 30% corporate income tax rate was paid on 6 October 2011. The final dividend was approved by the Directors following the conclusion of the 30 June 2011 financial year and therefore was not provided for in the Company's financial report. It was resolved that the final dividend would constitute an eligible dividend for the purpose of the Company's dividend reinvestment plan.

(2) In respect of profits of the financial year ended 30 June 2012, an interim dividend of 8.50 cents per share (based on 108,422,615 shares on issue at 21 March 2012), franked to 100% at 30% corporate income tax rate was paid on 4 April 2012. The interim dividend was approved by the Directors on 28 February 2012 and it was resolved that the interim dividend would not constitute an eligible dividend for the purposes of the Company's dividend reinvestment plan.

(3) In respect of profits of the financial year ended 30 June 2012, a final dividend of 9.00 cents per share (based on 108,910,114 shares on issue at 23 August 2012), franked to 100% at 30% corporate income tax rate will be paid on 11 October 2012. The final dividend was approved by the Directors on 23 August 2012 and therefore was not provided for in the Company's financial report.

14. Net Tangible Assets Per Security

Consolidated	FY12 \$'000	FY11 \$'000
Net tangible assets / (liabilities) per security ⁽¹⁾	(72.6 cents) ⁽²⁾	(54.6 cents) ⁽³⁾

(1) Net tangible assets defined as net assets less intangible assets.

(2) 30 June 2012 calculation based on 108,422,615 shares.

(3) 30 June 2011 calculation based on 107,788,918 shares.

15. Details Of Entities Over Which Control Has Been Gained Or Lost During The Period

Name Of Entity	Country Of Incorporation	Date Control Gained	Ownership Interest	
			FY12 (%)	FY11 (%)
Subsidiaries				
Caper Construction Pty Ltd	Australia	02 Apr 2012	100	-
Capercorp Pty Ltd	Australia	02 Apr 2012	100	-
Capers Gourmet Kitchen Pty Ltd	Australia	02 Apr 2012	100	-

16. Acquisitions

Name Of Businesses Acquired	Principal Activity	Date Of Acquisition	Total Cost Of Acquisition \$'000	Cash Cost Of Acquisition \$'000	Scrip Cost Of Acquisition \$'000
Evolution Coffee Roasters	Coffee Roasting & merchandising	1 September 2011	3,196	3,196	-
Capercorp Pty Ltd and associated entities (Pizza Capers)	Owner and franchisor of the Pizza Capers Gourmet Kitchen Franchise System	2 April 2012	30,000	30,000	-
Total Consideration:			33,196	33,196	-

Evolution Coffee Roasters

On 1 September 2011, the Group acquired the business and intellectual property assets of the New Zealand domiciled Evolution Coffee Roasters Group (Evolution) for cash consideration of \$3.196 million transferred at acquisition date. Evolution was acquired to continue expansion of the Group's coffee roasting and merchandising activities, and fortify the supply chain through vertical integration in New Zealand. At acquisition date Evolution comprised:

- Evolution Coffee Roasters: operator of a state-of-the-art coffee roasting facility in Auckland that manufactures and distributes approximately 170 tonnes annually of premium coffee products on a wholesale and contract roasting basis throughout New Zealand, Asia and the Middle East;
- Roasted Addiqtion Coffee Dealers: merchandiser of a range of proprietary premium coffee blends and syrups to an existing customer base of approximately 150 cafes, restaurants and supermarkets throughout New Zealand; and,
- Evil Child Beverage Co.: manufacturer of premium drinking chocolate powders and frappe blends supplying cafes, restaurants and supermarkets throughout New Zealand.

16. Acquisitions (Cont.)

Evolution Coffee Roasters (Cont.)

The transaction has been accounted for using the acquisition method of accounting. The net assets acquired in the business combination, and the goodwill arising, are as follows:

Net Assets Acquired	Book Value	Fair Value Adjustment	Fair Value On Acquisition
	\$'000	\$'000	\$'000
Current assets			
Inventories	72	-	72
Non-current assets			
Property, plant & equipment	314	-	314
	386	-	386
Goodwill on acquisition of business			2,810
			3,196

Goodwill arose in the acquisition of Evolution Coffee Roasters because the acquisition included the customer lists and customer relationships of Evolution Coffee Roasters as part of the acquisition. These assets could not be separately recognised from goodwill because they are not capable of being separated from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce for Evolution Coffee Roasters. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net Cash Flow On Acquisition	\$'000
Consideration paid in cash	3,196
Less: cash and cash equivalent balances acquired	-
	3,196

Pizza Capers

On 28 February 2012, the Group announced that it had entered into a conditional Share Sale and Purchase Agreement, subject to usual contractual and customary terms to acquire Pizza Capers.

On 2nd April 2012 the Group completed the acquisition of 100% of the issued share capital of Capercorp Pty Ltd (and associated entities) for cash consideration of \$30 million transferred at acquisition date. Capercorp Pty Ltd is the owner and franchisor of the Pizza Capers Gourmet Kitchen Franchise System. The acquisition positions the Group within the traditional Australian Quick Service Restaurant (QSR) segment and is consistent with the Company's strategy of multiple retail food franchise system ownership.

16. Acquisitions (Cont.)

Pizza Capers (Cont.)

The transaction has been accounted for using the acquisition method of accounting. The net assets acquired in the business combination, and the goodwill arising, are as follows:

Net Assets Acquired	Book Value	Fair Value Adjustment	Fair Value On Acquisition
	\$'000	\$'000	\$'000
Current assets			
Trade and other receivables	892	(339)	553
Non-current assets			
Property, plant & equipment	84	-	84
Intangible assets (franchise system)	-	28,400	28,400
Current liabilities			
Trade and other payables	(271)	-	(271)
Current tax liabilities	(256)	-	(256)
	449	28,061	28,510
Goodwill on acquisition of business			1,490
			30,000

The Directors engaged an independent professional services firm to value the Pizza Capers Franchise System intangible asset at acquisition date. The fair value was determined in accordance with generally accepted valuation techniques based on discounted cash flow analysis.

Goodwill arose in the acquisition of Pizza Capers because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce for Pizza Capers. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net Cash Flow On Acquisition	\$'000
Consideration paid in cash	30,000
Less: cash and cash equivalent balances acquired	-
	30,000

17. Details Of Associates And Joint Venture Entities

Name Of Entity	Ownership Interest	
	FY12 (%)	FY11 (%)
Joint Venture Entity		
Nil	-	-

18. Events After The Reporting Date

There has not been any matter or circumstance occurring, other than that referred to in this Preliminary Final Report, that has arisen since the end of the year, that has significantly affected, or in the reasonable opinion of the Directors, may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the group in future financial periods, other than the following:

Final Dividend

On 23 August 2012, the Board of Directors declared a final dividend for the financial year ended 30 June 2012, as set out in the "Dividends" section of this financial report.

Acquisition of Crust Gourmet Pizza Bars

On 23 August 2012, the Group announced its entry into a conditional Sale & Purchase Agreement (SPA), subject to normal contractual terms and finalisation of due diligence enquiry, by which the business and intellectual property assets of the Crust Gourmet Pizza Bars ('Crust') brand system would be acquired.

The price for the business will be the equivalent of 7x Crust FY13 adjusted EBIT and will be paid in two tranches:

- On settlement: \$21m cash and RFG ordinary shares to the value of \$3m; and
- Approximately 12 months from settlement: an amount representing the difference between 7x Crust FY13 adjusted EBIT less the \$24m forming part of the purchase price paid in the initial tranche noted above. The second tranche of the purchase price will be paid in cash or cash and scrip at RFG's election.

Settlement is scheduled to be completed by end of September 2012, with control of the business and intellectual property transferring to the Group at that time.

19. Information On Audit

This Preliminary Final Report is based on accounts to which one of the following applies:

- | | | | |
|-------------------------------------|--|--------------------------|---|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have not yet been audited or reviewed. |

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review: none advised.

Description of dispute or qualification if the accounts have been audited or subjected to review: none advised.



Company Secretary	Registered Office	Principal Administration Office	Share Registry
Mr Anthony Mark Connors RFG House 1 Olympic Circuit Southport QLD 4215	RFG House 1 Olympic Circuit Southport QLD 4215	RFG House 1 Olympic Circuit Southport QLD 4215	Computershare Investor Services 117 Victoria Street West End QLD 4000