RETAILFOODGROUP LIMITED

APPENDIX4D
INTERIMFINANCIALREPORT

HALF YEAR ENDED – 31 DECEMBER 2012

This half-year report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3

CONTENTS

	REPORTED				CORE OPERATIONS [1]	
	1H10	1H11	1H12	1H13	1H12	1H13
Financial						
Adjusted Revenue [2]	$32.7m	$38.6m	$48.8m	$59.4m		
Total Revenue [3]	$61.3m	$60.3m	$49.5m	$60.0m		
EBITDA	$22.0m	$22.6m	$24.4m	$25.6m	$25.1m	$28.4m
EBIT	$21.5m	$22.2m	$24.0m	$25.2m	$24.7m	$27.9m
NPAT	$12.5m	$13.6m	$14.5m	$14.6m	$15.0m	$16.5m
Basic EPS	12.4 cps	12.8 cps	13.4 cps	12.5 cps	13.8 cps	14.2 cps
Dividend	5.25 cps	7.0 cps	8.5 cps	9.5 cps		
Operating Performance						
Adjusted Revenue Growth		18.0%	26.4%	21.6%		
Total Revenue Growth	(12.1%)	(1.6%)	(17.9%)	21.2%		
EBITDA Growth	6.8%	2.6%	8.0%	5.0%	7.5%	13.2%
EBIT Growth	8.6%	3.3%	8.1%	4.9%	7.9%	13.3%
NPAT Growth	18.3%	8.9%	6.7%	0.7%	6.0%	10.5%
Basic EPS Growth	15.9%	3.2%	5.3%	(6.7%)	4.6%	2.9%
Outlets [4]	1,052	1,095	1,126	1,391		

(1) EBIT results from 'Core Operations' excluding the pre-tax impact of the following amounts recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	1H12	1H13
EBIT - REPORTED	$24.0m	$25.2m
Administration of failed Michel's supplier operations (including direct financial assistance provided to franchisees)	-	$2.4m
Corporate restructuring and redundancy costs	$0.6m	-
Loss on cash flow hedges (interest rate swaps)	$0.1m	-
Acquisition transactions costs	-	$0.3m
EBIT - CORE OPERATIONS	$24.7m	$27.9m
NPAT - REPORTED	$14.5m	$14.6m
Post- tax impact of non-core EBIT adjustments	$0.5m	$1.9m
NPAT - CORE OPERATIONS	$15.0m	$16.5m

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 the following from Total Revenue:

a. 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 (1H13: $0.6m; 1H12: $0.7m; 1H11: $21.7m; 1H10: $28.6m);

(3) Excludes revenue derived from marketing activities (1H13: $10.8m; 1H12: $6.8m; 1H11: $7.1m; 1H10: $8.1m).

(4) Refer Review Of Operations for reconciliation of franchise unit population.

APPENDIX 4D - SECTION A
RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reporting Period

Current Reporting Period: Half Year Ended 31 December 2012

Previous Corresponding Period: Half Year Ended 31 December 2011

Revenue and Net Profit

Details		Growth PCP %		1H13 $'000
Revenue from operations	up	25.5%	to	70,812
Profit from ordinary activities after tax attributable to members	up	0.7%	to	14,626
Net profit attributable to members	up	0.7%	to	14,626

Dividends

Details	Cents Per Share	Total Amount $'000	Franked / Unfranked	Payment Date
Declared and paid during the half-year				
Final FY12 dividend	9.00	9,802	100% Franked	11 October 2012
Declared after the end of the half-year				
Interim FY13 dividend	9.50	12,358	100% Franked	9 April 2013

Record date for determining entitlements to the interim FY13 dividend: 21 March 2013

Net Tangible Assets Per Security

Details	31 December 2012	30 June 2012
Net tangible assets (liabilities) per security [1]	(47.5 cents)[2]	(72.3 cents) [3]

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

(2) 31 December 2012 calculation based on 130,087,856 shares.

(3) 30 June 2012 calculation based on 108,910,114 shares.

APPENDIX 4D - SECTION B
COMMENTARY ON THE RESULTS

For comments on trading performance during the half-year, refer to the 1H13 media release and the Directors' Report.

The interim fully franked dividend of 9.5 cents per share was approved by the Directors on 21 February 2013. In complying with accounting standards, as the dividend was not approved prior to period end, no provision has been taken up for this dividend in the half-year financial statements.

RETAILFOODGROUP LIMITED

CONDENSEDCONSOLIDATED FINANCIALREPORT

HALF YEAR ENDED – 31 DECEMBER 2012

INDEX

The Directors of Retail Food Group Limited submit herewith the financial report of Retail Food Group Limited (referred to hereafter as the Company) and its subsidiaries (referred to hereafter as the Group) for the half-year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Information About The Directors

The names of the Directors of the Company during or since the end of the half-year are:

Name	Title
Mr Bruce Alan Hancox	Chairman & Independent Director
Mr Anthony James Alford	Managing Director & Chief Executive Officer
Mr Colin Cameron Archer	Independent Director
Ms Jessica Buchanan	Independent Director
Mr Anthony Williams	Independent Director

The above named Directors held office during the whole of the half-year.

Principal Activities

The Group's principal activities during the course of the half-year were:

- the intellectual property ownership of the Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses (Australia & New Zealand), Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar and The Coffee Guy franchise systems;
- development and management of the Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses, Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar and The Coffee Guy franchise systems throughout Australia & New Zealand and international licensor throughout the rest of the world for all systems excluding Esquires Coffee Houses; and
- development and management of the Coffee Roasting Facilities and the wholesale supply of certain products to the Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses, Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar and The Coffee Guy franchise systems.

Changes In State Of Affairs

No significant changes in the nature of the Group's core business activities occurred during the half-year other than with respect to acquisition of the:

- Crust Gourmet Pizza Bar franchise system (Crust) on 19 October 2012; and
- The Coffee Guy franchise system (Coffee Guy) on 19 November 2012.

Review Of Operations And Financial Condition

<u>Group Overview</u>

The following table summarises the Group's results for the half years ending 31 December 2012 and 31 December 2011:

	1H13	1H12	Change
Adjusted Revenue	$59.4m	$48.8m	21.6%
EBIT	$25.2m	$24.0m	4.9%
NPAT (Core Operations)	$16.5m	$15.0m	10.5%
NPAT	$14.6m	$14.5m	0.7%
EPS (Core Operations)	14.2 cps	13.8 cps	2.9%
EPS (Basic)	12.5 cps	13.4 cps	(6.7%)
Final Dividend per Share (DPS)	9.5 cps	8.5 cps	11.8%
Franchise Units	1,391	1,126	+ 265 units
Net Debt	$86.7m	$69.2m	25.3%

The Group's results for 1H13 reflect the continuing solid performance from the business across a commercially difficult period characterised by a depressed retail environment, a conservative consumer and a cautious market for franchisee candidates.

Growth in earnings measures was attributable to positive EBIT contributions from FY12 & 1H13 acquisitons, and resilient earnings from the franchise systems and coffee roasting activities. The growth was acheived notwithstanding the additional costs of operating certain Michel's bakeries, increased financial assistance to Michel's franchisees affected by bakery supply issues, discounting of Initial Franchise Fees on new outlet sales, and an increase in the average number of company owned stores operated during the period (Non-voluntary and Project Evo pilot outlets).

Review Of Operations And Financial Condition (cont.)

Group Overview (cont.)

In recognition of the Company's first half result and the Board's commitment to increase the Company's dividend payout ratio where appropriate, the Directors determined to pay a fully franked interim ordinary dividend of 9.5 cents per share, an increase of 11.8% on the Previous Corresponding Period (PCP). The interim dividend was approved by the Directors subsequent to 31 December 2012 and is therefore not provided for in the half-year financial statements.

Acquisitions:

Crust Gourmet Pizza Bar Franchise System

On 19 October 2012, the Group completed the acquisition of the business and intellectual property assets of the Crust Gourmet Pizza Bar franchise system (Crust). The purchase price for the Crust business comprised:

- $25 million on settlement in the form of $22 million in cash and RFG Ordinary shares to the value of $3 million;
- $16 million in December 2012 in the form of $12 million in cash and RFG Ordinary shares to the value of $4 million; and
- an earnout payable up to a maximum value of $4 million contingent upon Crust achieving future earnings performance targets.

The Crust acquisition, combined with the acquisition of the Pizza Capers franchise system in April 2012 now positions the Group as the market leader, both in terms of scale and menu offer in the Australian gourmet pizza QSR segment.

The Coffee Guy Franchise System

On 19 November 2012, the Group completed the acquisition of the business and intellectual property assets of the New Zealand domiciled The Coffee Guy franchise system for cash consideration of $4.2 million transferred at acquisition date.

The Coffee Guy acquisition further increaseas the Group's penetration outside of shopping centres and fortifies the existing investment in coffee by facilitating entry into an allied sector (mobile) whilst assuring continued supply to The Coffee Guy franchisees of roasted coffee and allied products by RFG owned Evolution Coffee Roasters.

Earnings Performance

Total Revenue (excluding marketing receipts) for 1H13 was $60.0 million representing an increase of 21.2%, or $10.5 million on 1H12.

The increase in revenue is attributable to the following:

- contributions from acquisitions in 2H12 (Pizza Capers) and 1H13 (Crust & The Coffee Guy);
- a 12.5% increase in Coffee revenues;
- additional operating revenues from non-voluntary company owned stores and Project Evo pilot outlets; and
- increased revenues from the operation of bakeries supplying Michel's franchisee's.

The Group is organised into two major operating divisions – franchising operations and wholesale / retail operations.

A review of consolidated revenues and results by segment is set out below:

Segment	Segment Revenues		Segment Result	
	1H13 $'000	1H12 $'000	1H13 $'000	1H12 $'000
Franchising Operations	45,275	38,291	23,542	21,602
Wholesale / Retail Operations	25,290	18,039	1,856	2,943
	70,565	56,330	25,398	24,545
Unallocated	247	111	(4,584)	(3,948)
Profit before tax			20,814	20,597
Income tax expense			(6,188)	(6,075)
Revenue and NPAT for the year	70,812	56,441	14,626	14,522

Review Of Operations And Financial Condition (cont.)

Earnings Performance (cont.)

Franchising Operations

Franchising Operations incorporates the development and management of the Group's retail franchise systems – Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses, Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar and The Coffee Guy, and involves the following principal activities:

- the establishment and grant of new franchises;
- the administration of royalties collection, supplier licensing, franchisee compliance, franchisee training and administration; and,
- the performance of marketing and promotional activities, brand development and awareness, product research and development.

Segment revenue for 1H13 was $45.3 million (1H12: $38.3 million), representing growth of $7 million (or 18.2%). Revenue growth was primarily driven by an increase in Franchise Service Fee and licence fee revenue, and the additional business attributable to acquisitions completed by the Group during 2H12 (Pizza Capers) and 1H13 (Crust & The Coffee Guy).

Offsetting the revenue growth was the reduction in Michels Average Weekly Sales (AWS) and financial assistance provided to Michel's franchisees consequential to bakery supply issues, and increased discounting of Initial Franchise Fees to enhance new outlet and long-term growth.

The financial assistance provided to Michel's franchisees was provided in the form of royalty fee relief and other foregone revenue, the majority of which has been delivered during 1H13.

The benefits of discounting Initial Franchise Fees to enhance new outlet growth is expected to be received in the form of additional long term royalty and other revenues from the new outlets.

Segment revenue includes revenues derived from marketing activities of $10.8 million (1H12: $6.8 million).

Wholesale / Retail Operations

Wholesale / Retail Operations incorporates the development and management of the Group's Procurement, Wholesale & Manufacturing division, Non-Voluntary Company Store (NVCS) and Voluntary Company Stores, being Project Evo pilot outlets (VCS) . These pursuits are managed and reported separately to the Franchising Operations segment, and involve the following principal activities:

- the procurement, sale and distribution of bakery and other related items to Michel's Patisserie franchisees;
- the manufacture and sale of roasted coffee and related products to franchisees and external customers;
- the interim operation of NVCS and VCS across each of the franchise systems; and
- the return of NVCS to franchisee stewardship.

Segment revenue for 1H13 was $25.3 million (1H12: $18.0 million), representing an increase of $7.3 million (or 40.6%) on PCP attributable to:

- a 74% increase in Michel's bakery revenues from prior year due to full half-year contribution from the bakeries in 1H13 (operations assumed Sept 2011);
- a 12.5% increase in coffee revenues from prior year due to full half-year contribution from New Zealand based Evolution Coffee Roasters (purchased Sept 2011) and organic growth in coffee sales;
- an increase in revenue received from the sale of 19 NVCS to franchisee stewardship (1H12: 10 NVCS sales); and
- an increase in revenues generated from NVCS and VCS due to the increased average number of stores operated by the Group in 1H13 (38) compared to PCP (28).

The decrease in segment earnings compared to PCP is primarily attributable to the cost of operating Michel's bakeries in Victoria, South Australia and Queensland during 1H13, whereas in 1H12 operation of the Victorian bakery was first assumed by the Group in late August 2011. Operation of the bakeries in South Australia and Queensland were assumed in January 2012 and April 2012 respectively.

Further Michel's bakeries developments during 1H13 included operation of the South Australian bakery being transitioned to independent management, and the Group commencing operations in a purpose built facility in Victoria whilst concurrently decommissioning the antiquated bakery premises inherited when Victorian operations were assumed in August 2011. These developments will positively impact the Segment result in 2H13.

Financial Position and Cash Flows

Net Assets of $235.3 million have increased by $65.7 million (38.7%) from 30 June 2012 reflecting the Group's 1H13 acquisitions, capital raising and debt management activities.

Cash inflows from operating activities for 1H13 remain strong at $10.3 million (1H12: $13.1 million) representing a conversion to EBITDA of 85.5% (1H12: 94.5%). The reduced conversion to EBITDA margin on PCP is primarily attributable to the increased scale of Michel's Bakery operations in 1H13, and increased short-term funding of marketing initiatives undertaken by the franchise systems marketing funds.

Review Of Operations And Financial Condition (cont.)

Financial Position and Cash Flows (cont.)

The Group received $51.8 m in cash arising from the capital raising in October 2012 and Share Purchase Plan (SPP) completed in November 2012.

The combined proceeds of surplus free cash derived from operations, capital raising and the SPP funded:

- acquisitions of Crust and The Coffee Guy;
- an $11m voluntary reduction in gross borrowings to $99.9m;
- the investment in plant & equipment including corporate "Cloud" IT platform upgrade and fit out of the purpose built bakery and distribution facility in Victoria; and
- an increased dividend payout ratio to 66.3%;

Working capital increases since 30 June 2012 are attributable to newly acquired franchise system debtors, increased short-term funding of marketing initiatives, payment terms offered to franchisees on Franchise Renewal Fees and an increase in Landlord Contributions receivable.

Gross debt reduced to $99.9m following the $11m voluntary debt repayment. This amount is presented as a non-current liability in the Statement of Financial Position, reflecting its maturity date of 30 September 2014.

The Group's leverage ratio (net debt / trailing EBITDA) of 1.68 times and gearing ratio (net debt / (net debt + equity) of 27.4% remain comfortably within banking covenants.

The Group's final interest rate swap contract with a notional principal of $60.0 million and an average interest rate of 7.47% expired in December 2012, bringing a cessation to interest rate hedge accounting activities. As at 31 December 2012 50% of the Group's gross debt was subject to fixed interest rates, with the remaining 50% subject to variable interest rates. The Group's weighted average interest rate as at 21 February 2013 is 5.5%.

Performance Indicators:

Net outlet growth for 1H13 totalled 182 and was derived from:

- 175 by franchise system acquisition;
- 45 by organic growth; and
- 38 closures of existing outlets;

The 1H13 organic new outlet growth was the strongest First Half organic growth in RFG's history, notwithstanding reduced premium site opportunities, tighter lending requirements among financiers and a cautious market for franchisee candidates due to the depressed retail environment.

Franchise System	Details
Donut King	14 new outlet commissionings (1H12: 5) and 12 outlet closures (1H12: 8) resulting in net system growth during 1H13 of 2 (1H12: net reduction of 3). As at 31 December 2012 there were 337 Donut King outlets in Australia and 14 Donut King outlets located internationally.
Brumby's Bakery	4 new outlet commissionings (1H12: 6) and 12 outlet closures (1H12: 12) resulting in net system reduction during 1H13 of 8 (1H12: net reduction of 6). As at 31 December 2012 there were 295 Brumby's Bakery outlets in Australia and15 Brumby's Bakery outlets located internationally.
Michel's Patisserie	5 new outlet commissionings (1H12: 4) and 7 outlet closures (1H12: 5) resulting in net system reduction during 1H13 of 2 (1H12: net reduction of 1). As at 31 December 2012 there were 322 Michel's Patisserie outlets in Australia, and 3 Michel's Patisserie outlets located internationally.
Esquires Coffee Houses (including bb's Café)	5 new Esquires outlet commisionings (1H12: 5) and 5 outlet closures (bb's Café: 4, Esquires: 1) (1H12: 7) resulting in net system growth during 1H13 of nil (1H12: net reduction of 2). As at 31 December 2012 there were 37 outlets in Australia and 60 outlets located in New Zealand.

Review Of Operations And Financial Condition (cont.)

Performance Indicators (cont.)

Franchise System	Details
Pizza Capers Gourmet Kitchen	There have been 8 new outlet commisionings and 2 outlet closures resulting in net system growth of 6 during 1H13. As at 31 December 2012 there were 123 outlets located in Australia and 1 outlet located internationally.
Crust Gourmet Pizza Bar	The Crust franchise system was acquired on 19 October 2012. As at 31 December 2012 there were 122 outlets in Australia and 6 outlets located internationally.
The Coffee Guy	The Coffee Guy franchise system was acquired on 19 November 2012. As at 31 December 2012 there were with 56 outlets located in New Zealand.

Franchise System acquisition and net organic growth resulted in a population increase of 265 outlets over the 12 month period to 31 December 2013 (PCP 31).

Compared to 1H12, the Group's franchise systems exhibited modest but positive:

- weighted average weekly sales (AWS) growth of 1.7%; and
- weighted average transaction value (ATV) growth of 3.1%.

Outlet Average Weekly Sales (AWS) & Average Transaction Values (ATV)

Franchise System (Australia Only)	Average Weekly Sales (AWS) growth		Average Transaction Value (ATV) growth	
	1H12 %	1H13 %	1H12 %	1H13 %
Donut King	1.2%	4.8%	2.2%	5.9%
Esquires Coffee Houses (including bb's café)	2.3%	(0.6%)	1.5%	2.6%
Brumby's Bakery	1.6%	(1.1%)	1.0%	4.4%
Michel's Patisserie	0.4%	1.2%(*)	0.3%	1.5%

* Including Queensland operations: (-1.7%) growth

Donut King outlet average weekly sales growth of 4.8% was underpinned by DK Evo inspired menu offerings and instore experience, together with a continuing renewed focus on high growth categories such as coffee.

bb's café outlet average weekly sales decline for Australian outlets was (0.6%) on 1H12 attributable to the continuing transition to the Esquires Franchise System, lower shopping centre foot traffic, albeit with a higher ATV reflecting the success of its "Shout A Friend" (buy one, get one free) promotion together with up-selling beverage strategies, and increased customer recognition of the brand's quality coffee offer.

Brumby's Bakery outlet average weekly sales decline of (1.1%) was attributable to significant supplier issues with core savoury products sold into stores negatively impacting savoury sales (12.2%) and bundled sales of savoury and beverage offerings (5.0%). The increase in ATV for the brand is attributable to increased bread category sales of 4.4% compared to PCP, driven by the "Pure Bake" and "No Numbers or Artificial colours" premium product offerings.

Michel's Patisserie outlet average weekly sales growth of 0.4% was assisted by cross pollination strategies of its café & cake categories through promotions like "Free coffee with any Whole Cake Purchase" as well as strengthening its online strategy through increased range, site optimisation and awareness marketing campaigns. Michel's Queensland operations have been excluded due to the significant product supply issues in that State previously discussed.

Review Of Operations And Financial Condition (cont.)

Performance Indicators (cont.)

During preparation of the 1H13 interim reporting, management identified the requirement to restate the Groups' FY12 closing Total Outlet count by 42 outlets (from 1,251 to 1,209) to account for cumulative end of period timing differences and other anomalies in respect of the period FY10 through FY12.

The restatement does not affect any other statistic, commercial or financial outcome previously published by the Group.

Closing outlet statistics detailed in this report have been appropriately restated.

Significant Events After The Balance Date

Interim Dividend

On 21 February 2013, the Board of Directors determined to pay an interim dividend in respect of profits of the financial year ending 30 June 2013. The interim dividend of 9.5 cents per share (based on 130,087,856 shares on issue as at 21 February 2013), franked to 100% at 30% corporate income tax rate will be paid on 9 April 2012. The interim dividend was approved by the Directors following the conclusion of 1H13 and therefore was not provided for in the half-year financial report. The Board resolved to continue the suspension of the Company's Dividend Reinvestment Plan ('DRP'), therefore the 1H13 dividend will not consititute an eligible dividend for the purpose of the DRP.

Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year were:

Dividend Details	Cents Per Share	Total Amount $'000	Franked / Unfranked	Payment Date
Declared and paid during the half-year				
Final FY12 dividend	9.00	9,802	100% Franked	11 October 2012
Declared after the end of the half-year				
Interim FY13 dividend	9.50	12,358	100% Franked	9 April 2013

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 11 September 2012), franked to 100% at 30% corporate income tax rate was paid on 11 October 2012. The final dividend was approved by the Directors on 23 August 2012. It was resolved that the final FY12 dividend would not constitute an eligible dividend for the purpose of the Company's dividend reinvestment plan.

In respect of profits of the financial year ending 30 June 2013, an interim dividend of 9.5 cents per share (based on 130,087,856 shares on issue as at 21 February 2013), franked to 100% at 30% corporate income tax rate will be paid on 9 April 2013. The interim dividend was approved by the Directors following the conclusion of 1H13 and therefore was not provided for in the half-year financial report. The Board resolved that the interim dividend would not constitute an eligible dividend for the purposes of the Company's dividend reinvestment plan.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 12 of the half-year financial report.

Rounding Off Of Amounts

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 Directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

RETAIL FOOD GROUP LIMITED

A J (TONY) ALFORD
Managing Director and CEO
Southport, 21 February 2013

Deloitte Touche Tohmatsu
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The Directors
Retail Food Group Limited
1-3 Olympic Circuit
Southport, QLD 4215

21 February 2013

Dear Board Members

Retail Food 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 Retail Food Group Limited.

As lead audit partner for the review of the financial statements of Retail Food Group Limited for the half-year ended 31 December 2012, 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

DELOITTE TOUCHE TOHMATSU

Tendai Mkwananzi
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

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Independent Auditor's Review Report to the Members of Retail Food Group Limited

We have reviewed the accompanying half-year financial report of Retail Food Group Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2012, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cashflows and the condensed consolidated 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 15 to 27.

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 2012 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 Retail Food 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.

Liability limited by a scheme approved under Professional Standards Legislation
Member of Deloitte Touche Tohmatsu Limited

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 Retail Food 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 Retail Food 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 2012 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

DELOITTE TOUCHE TOHMATSU

Tendai Mkwananzi
Partner
Chartered Accountants
Brisbane, 21 February 2013

The Directors declare that:

(i) 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; and

(ii) 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

RETAIL FOOD GROUP LIMITED

A J (TONY) ALFORD
Managing Director and CEO
Southport, 21 February 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

Consolidated	Note	1H13 $'000	1H12 $'000
Continuing operations			
Revenue from sale of goods	4	25,290	18,039
Cost of sales	6	(14,165)	(9,062)
Gross profit		11,125	8,977
Other revenue	4	45,522	38,402
Other gains and losses	5	(11)	(233)
Selling expenses		(6,854)	(3,864)
Marketing expenses		(10,834)	(6,815)
Occupancy expenses		(1,618)	(1,447)
Administration expenses		(2,868)	(2,420)
Operating expenses		(7,602)	(7,431)
Finance costs		(4,378)	(3,415)
Other expenses		(1,668)	(1,157)
Profit before tax		20,814	20,597
Income tax expense		(6,188)	(6,075)
Profit for the period from continuing operations		14,626	14,522
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Net gain on cash flow hedges		851	207
Net gain/(loss) on net investment hedge		109	(167)
Other comprehensive income for the year, net of tax		960	40
Total comprehensive income for the period		15,586	14,562
Profit attributable to:			
Equity holders of the parent		14,626	14,522
Total comprehensive income attributable to:			
Equity holders of the parent		15,586	14,562
Earnings per share			
From continuing operations:			
Basic (cents per share)		12.5	13.4
Diluted (cents per share)		12.5	13.4

Notes to the condensed consolidated financial statements are included on pages 20 to 27

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

Consolidated	Note	1H13 $'000	FY12 $'000
Current assets			
Cash and cash equivalents		13,181	12,785
Trade and other receivables		19,314	16,545
Other financial assets		7,927	4,704
Inventories		4,428	3,654
Other		495	343
Total current assets		45,345	38,031
Non-current assets			
Trade and other receivables		7	77
Other financial assets		467	380
Property, plant and equipment		10,722	8,277
Deferred tax assets		1,501	1,008
Intangible assets	7	297,081	248,449
Total non-current assets		309,778	258,191
Total assets		355,123	296,222
Current liabilities			
Trade and other payables		8,285	6,372
Current tax liabilities		3,517	4,904
Provisions		1,948	1,506
Other		4,118	2,581
Total current liabilities		17,868	15,363
Non-current liabilities			
Borrowings		99,862	110,814
Provisions		254	363
Other		1,797	-
Total non-current liabilities		101,913	111,177
Total liabilities		119,781	126,540
Net assets		235,342	169,682
Equity			
Issued capital	8	159,970	99,876
Reserves	9	428	(314)
Retained earnings	10	74,944	70,120
Total equity		235,342	169,682

Notes to the condensed consolidated financial statements are included on pages 20 to 27

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 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 2011	98,772	734	(1,563)	58,906	156,849
Profit for the year	-	-	-	14,522	14,522
Other comprehensive income	-	-	40	-	40
Total comprehensive income	-	-	40	14,522	14,562
Share issue costs	(9)	-	-	-	(9)
Related income tax	2	-	-	-	2
Issue of ordinary shares	-	-	-	-	-
Recognition of share-based payments	-	24	-	-	24
Issue of shares under executive share option plan	481	-	-	-	481
Transfer from equity-settled employee benefits reserve	141	(141)	-	-	-
Payment of dividends	-	-	-	(8,116)	(8,116)
Balance as at 31 December 2011	99,387	617	(1,523)	65,312	163,793
Balance as at 1 July 2012	99,876	379	(693)	70,120	169,682
Profit for the year	-	-	-	14,626	14,626
Other comprehensive income	-	-	960	-	960
Total comprehensive income	-	-	960	14,626	15,586
Share issue costs	(1,784)	-	-	-	(1,784)
Related income tax	535	-	-	-	535
Issue of ordinary shares	60,540	-	-	-	60,540
Recognition of share-based payments	-	-	-	-	-
Issue of shares under executive share option plan	585	-	-	-	585
Transfer from equity-settled employee benefits reserve	218	(218)	-	-	-
Payment of dividends	-	-	-	(9,802)	(9,802)
Balance as at 31 December 2012	159,970	161	267	74,944	235,342

Notes to the condensed consolidated financial statements are included on pages 20 to 27.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

Consolidated	Note	1H13 $'000	1H12 $'000
Cash flows from operating activities			
Receipts from customers		71,801	59,807
Payments to suppliers and employees		(49,898)	(36,739)
Interest and other costs of finance paid		(3,554)	(3,394)
Income taxes paid		(8,064)	(6,535)
Net cash provided by operating activities		10,285	13,139
Cash flows from investing activities			
Interest received		247	111
Proceeds from repayment of related party loans		4	-
Amounts advanced to other entities		(1,059)	(901)
Payments for property, plant and equipment		(2,327)	(203)
Proceeds from sale of property, plant and equipment		-	9
Payment for intangible assets		(101)	(18)
Payment for business		(38,193)	(3,196)
Net cash used in investing activities		(41,429)	(4,198)
Cash flows from financing activities			
Proceeds from issues of equity securities		54,126	481
Payment for share issue costs		(1,784)	(9)
Proceeds from borrowings		-	4,000
Repayment of borrowings		(11,000)	(10,000)
Dividends paid		(9,802)	(8,116)
Net cash used in financing activities		31,540	(13,644)
Net (decrease) / increase in cash and cash equivalents		396	(4,703)
Cash and cash equivalents at the beginning of the half year		12,785	15,173
Cash and cash equivalents at the end of the half year		13,181	10,470

Notes to the condensed consolidated financial statements are included on pages 20 to 27.

1. General Information

Retail Food Group Limited (the Company) is a public company listed on the Australian Securities Exchange (ASX: RFG), incorporated in Australia and operating in Australia and New Zealand. Retail Food Group Limited's registered office and its principal place of business are as follows:

Registered Office	Principal Administration Office
RFG House 1 Olympic Circuit Southport QLD 4215	RFG House 1 Olympic Circuit Southport QLD 4215

The principal activities of the Company and its subsidiaries (the Group) during the course of the half-year were:

- the intellectual property ownership of the Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses, Pizza Capers, Crust Gourmet Pizza Bar and The Coffee Guy franchise systems;
- development and management of the Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses, Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar and The Coffee Guy franchise systems throughout Australia and New Zealand, and international licensor throughout the rest of world; and
- development and management of the Coffee Roasting Facilities in Australia and New Zealand and the wholesale supply of certain products to the Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses, Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar and The Coffee Guy franchise systems.

2. Significant Accounting Policies

2.1 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 financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The half year financial report was authorised for issue by the Directors on 21February 2013.

2.2 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 98/100, 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 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the mandatory 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.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income.*

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

3. Segment Information

AASB 8 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.

3. Segment Information (cont.)

3.1 Products And Services From Which Reportable Segments Derive Their Results

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	Franchising Operations incorporates the development and management of the Group's retail franchise systems – Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses, Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar and The Coffee Guy – and involves the following principal activities: ▪ 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	Wholesale / Retail Operations incorporates the development and management of the Group's Procurement, Wholesale & Manufacturing division, Non-Voluntary Company Store (NVCS) and Voluntary Company Stores, being Project Evo pilot outlets (VCS) . These pursuits are managed and reported separately to the Franchising Operations segment, and involve the following principal activities: ▪ the procurement, sale and distribution of bakery and other related items to Michel's Patisserie franchisees; ▪ the manufacture and sale of roasted coffee and related products to franchisees and external customers; ▪ the interim operation of NVCS and VCS across each of the franchise systems; and ▪ the return of NVCS to franchisee stewardship.

3.2 Segment Revenues And Results

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

Segment	Segment Revenues		Segment Profit	
	1H13 $'000	1H12 $'000	1H13 $'000	1H12 $'000
Franchising Operations	45,275	38,291	23,542	21,602
Wholesale / Retail Operations	25,290	18,039	1,856	2,943
	70,565	56,330	25,398	24,545
Other gains and losses			(11)	(233)
Interest revenue	247	111	247	111
Finance costs			(4,378)	(3,415)
Unallocated	-	-	(442)	(411)
Profit before tax			20,814	20,597
Income tax expense			(6,188)	(6,075)
Revenue and profit for the period	70,812	56,441	14,626	14,522

Revenue reported above represents revenue generated from external customers.

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, 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.

3. Segment Information (cont.)

3.3 Geographical Informaiton

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 half-year, from continuing operations, is as follows:

Consolidated	1H13 $'000	1H12 $'000
Revenue from the sale of goods (1)	25,290	18,039
Revenue from the rendering of services	45,275	38,291
	70,565	56,330
Interest revenue:		
Bank deposits	238	111
Other loans and receivables	9	-
	70,812	56,441

(1) Excluding sales revenue derived from the wholesale bakery sales (relating to Michel's Patisserie outlets), adjusted revenue from the sale of goods for 1H13 was $24.6 million (1H12: $17.3 million).

5. Other Gains And Losses

Consolidated	1H13 $'000	1H12 $'000
Loss on disposal of property, plant and equipment	-	(104)
Loss on cash flow hedges	(11)	(129)
	(11)	(233)

6. Profit For The Half-Year From Continuing Operations

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

Consolidated	1H13 $'000	1H12 $'000
Cost of sales	14,165	9,062
Inventory write-down/(write-back) of inventory to net realisable value	51	(72)
Impairment of trade receivables	1,011	803
Depreciation of property, plant and equipment	442	411
Employee benefits expenses:		
Post employment benefits (defined contribution plans)	1,071	771
Share-based payments (equity-settled share-based payments)	-	24
Termination benefits	-	184
Other employee benefits (wages and salaries)	16,160	11,922
	17,231	12,901

7. Intangible Assets

Consolidated	Goodwill	Indefinite Life		Finite Life	Total
		Franchise Networks	Intellectual Property Rights	Other	
	$'000	$'000	$'000	$'000	$'000
Gross carrying amount					
Balance as at 1 July 2011	23,746	186,490	5,212	231	215,679
Additions	-	-	21	-	21
Acquisitions through business combinations	4,300	28,400	-	-	32,700
Effect of foreign currency exchange differences	(53)	123	-	-	70
Balance as at 30 June 2012	27,993	215,013	5,233	231	248,470
Additions	-	-	101	-	101
Acquisitions through business combinations	-	48,433	-	-	48,433
Effect of foreign currency exchange differences	23	75	-	-	98
Balance as at 31 December 2012	28,016	263,521	5,334	231	297,102
Accumulated amortisation					
Balance as at 1 July 2011	-	-	-	(21)	(21)
Balance as at 30 June 2012	-	-	-	(21)	(21)
Balance as at 31 December 2012	-	-	-	(21)	(21)
Net book value					
As at 30 June 2012	27,993	215,013	5,233	210	248,449
As at 31 December 2012	28,016	263,521	5,334	210	297,081

8. Issued Capital

Consolidated	1H13 $'000	FY12 $'000
130,054,522 fully paid ordinary shares (FY12: 108,422,615)	159,970	99,876
	159,970	99,876

	1H13		FY12	
	No. '000	$'000	No. '000	$'000
Fully paid ordinary shares [1]				
Balance at beginning of period	108,423	99,876	107,789	98,772
Share issue costs	-	(1,784)	-	(14)
Related income tax	-	535	-	4
Issue of ordinary shares	21,145	60,540	-	-
Issue of shares under executive share option plan [2]	487	585	634	759
Transfer from equity-settled employee benefits reserve	-	218	-	355
Balance at end of period	130,055	159,970	108,423	99,876

(1) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(2) During the period a total of 487,499 shares were issued following the exercise of options.

9. Reserves

Consolidated	1H13 $'000	FY12 $'000
Equity-settled employee benefits reserve	161	379
Hedging reserve	267	(693)
	428	(314)

Equity-settled employee benefits reserve	1H13 $'000	FY12 $'000
Balance at beginning of period	379	734
Transfer to share capital	(218)	(355)
Balance at end of period	161	379

Hedging reserve	1H13 $'000	FY12 $'000
Balance at beginning of period	(693)	(1,563)
Gain recognised on cash flow hedges (interest rate swaps)	1,211	1,120
Net investment hedge	109	55
Income tax related to amounts recognised in equity	(360)	(305)
Balance at end of period	267	(693)

10. Retained Earnings

Consolidated	1H13 $'000	FY12 $'000
Balance at beginning of period	70,120	58,906
Net profit attributable to members of the parent entity	14,626	28,546
Dividends provided for or paid	(9,802)	(17,332)
Balance at end of period	74,944	70,120

11. Dividends

Company	1H13		1H12	
	Cents Per Share	Total $'000	Cents Per Share	Total $'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend – fully franked at 30% tax rate	9.000	9,802	7.500	8,116
Unrecognised amounts				
Fully paid ordinary shares				
Interim dividend – fully franked at 30% tax rate [(1)]	9.500	12,358	8.500	9,211

(1) In respect of profits of the financial year ending 30 June 2013, an interim dividend of 9.5 cents per share (based on 130,087,856 shares on issue as at 21 February 2013), franked to 100% at 30% corporate income tax rate will be paid on 9 April 2013. The interim dividend was approved by the Directors following the conclusion of 1H13 and therefore was not provided for in the half-year financial report. The Board resolved to continue to suspend the Company's Dividend Reinvestment Plan ('DRP'), therefore the 1H13 dividend will not consititute an eligible dividend for the purpose of the DRP.

12. Acquisitions

Name Of Businesses / Intellectual Property Acquired	Principal Activity	Date Of Acquisition	Total Cost Of Acquisition $'000	Cash Cost Of Acquisition $'000	Non-Cash Cost Of Acquisition $'000
Acquisition Of Businesses:					
Crust Gourmet Pizza Bar ('Crust')	Owner and franchisor of the Crust franchise sytem	19 October 2012	44,797	34,000	10,797
The Coffee Guy Group ('TCGG')	Owner and franchisor of mobile and portable coffee franchise system	19 November 2012	4,193	4,193	-
		Total Consideration:	48,990	38,193	10,797

<u>Crust Gourmet Pizza Bar</u>

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

On 19 October 2012, the Group completed the acquisition of Crust for the following consideration:

- $25 million on settlement in the form of $22 million cash and RFG ordinary shares to the value of $3 million;
- $16 million in December in the form of $12 million cash and RFG ordinary shares to the value of $4 million; and,
- an earnout payable up to a maximum value of $4 million contingent upon Crust achieving future earnings performance targets.

12. Acquisitions (cont.)

Crust Gourmet Pizza Bar (cont.)

Consideration Transferred	1H13 $'000
Cash	34,000
RFG Ordinary Shares	7,000
Contingent consideration	3,797
Total	44,797

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

Net Assets Acquired	Book Value	Fair Value Adjustment	Fair Value On Acquisition
	$'000	$'000	$'000
Non-Current assets			
Property, plant & equipment	501	-	501
Intangible Asset (franchise system)	-	44,296	44,296
	501	44,296	44,797
Goodwill on acquisition of business			-
Acquisition price			44,797

The initial accounting for the acquisition of Crust has been provisionally determined at the end of the half year reporting period. At the end of the half year reporting period, the process of assessing the value has not been concluded. Accordingly, at the end of the half year period, the purchase consideration not attributable to the identified net assets acquired has been provisionally accounted for as the fair value of the franchise system on acquisition.

Net Cash Flow On Acquisition	1H13 $'000
Total purchase consideration	44,797
Less: non-cash consideration	(10,797)
Consideration paid in cash	34,000
Less: cash and cash equivalent balances acquired	-
	34,000

The Coffee Guy Group

On 5 November 2012, the Group announced its entry into a conditional Sale & Pruchase Agreement (SPA) to acquire the business and intellectual property assets of the New Zealand domiciled The Coffee Guy Group ('TCGG').

On 19 November 2012, the Group completed the acquisition of TCGG for a cash consideration of $4.2 million.

Consideration Transferred	1H13 $'000
Cash	4,193
Contingent consideration	-
Total	4,193

12. Acquisitions (cont.)

The Coffee Guy Group (cont.)

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

Net Assets Acquired	Book Value	Fair Value Adjustment	Fair Value On Acquisition
	$'000	$'000	$'000
Non-current assets			
Property, plant & equipment	56	-	56
Intangible Asset (franchise system)	-	4,137	4,137
	56	4,137	4,193
Goodwill on acquisition of business			-
Acquisition price			4,193

The initial accounting for the acquisition of TCGG has been provisionally determined at the end of the half year reporting period. At the end of the half year reporting period, the process of assessing the value has not been concluded. Accordingly, at the end of the half year period, the purchase consideration not attributable to the identified net assets acquired has been provisionally accounted for as the fair value of the franchise system on acquisition.

Net Cash Flow On Acquisition	1H13 $'000
Total purchase consideration	4,193
Less: non-cash consideration	-
Consideration paid in cash	4,193
Less: cash and cash equivalent balances acquired	-
	4,193

13. Events After The Reporting Period

Interim Dividend

On 21 February 2013, the Board of Directors determined to pay an interim dividend in respect of profits of the financial year ending 30 June 2013. The interim dividend of 9.5 cents per share (based on 130,087,856 shares on issue as at 21 February 2013), franked to 100% at 30% corporate income tax rate will be paid on 9 April 2013. The interim dividend was approved by the Directors following the conclusion of 1H13 and therefore was not provided for in the half-year financial report. The Board resolved to continue to suspend the Company's Dividend Reinvestment Plan ('DRP'), therefore the 1H13 dividend will not consititute an eligible dividend for the purpose of the DRP.

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