RETAIL FOOD GROUP

1H13 Results Presentation

1H13 Summary

	Statutory Results				Core Operations [1]			
	1H11	1H12	1H13	PCP %	1H11	1H12	1H13	PCP %
Adjusted Revenue [2]	$38.6m	$48.8m	$59.4m	21.6%				
Total Revenue [2]	$60.3m	$49.5m	$60.0m	21.2%				
EBIT	$22.2m	$24.0m	$25.2m	4.9%	$22.9m	$24.7m	$27.9m	13.3%
NPAT	$13.6m	$14.5m	$14.6m	0.7%	$14.1m	$15.0m	$16.5m	10.5%
Basic EPS	12.8 cps	13.4 cps	12.5 cps	(6.7%)	13.2 cps	13.8 cps	14.2cps	2.9%
Interim Dividend	7.00 cps	8.50 cps	9.50 cps	11.8%				
Dividend Payout Ratio	54.7%	63.4%	76.0%					
Net Debt	$67.7m	$69.2m	$86.7m					
Gearing Ratio	31.1%	29.5%	27.4%					
Interest Cover	7.0x	7.0x	6.7x					
Cash Generating Units [2]	4	5	8					
Franchised Outlets	1,095	1,126	1,391					

(1) Refer to Appendix 2 for a reconciliation of results from 'Core Operations'

(2) Refer to Appendix 2 for definition

Retail Food Group Limited (ASX: RFG)

- ✓ RFG designs, develops and manages retail franchise systems and is the intellectual property owner and licensor of the following franchise systems:

  - Donut King
  - Michel's Patisserie
  - Brumby's Bakery
  - bb's café and Esquires Coffee Houses
  - Crust Gourmet Pizza
  - The Coffee Guy
  - Pizza Capers

- ✓ RFG is also the roaster of coffee and affiliated products in excess of 1.2m kilograms annually, supplying both franchise systems and an expanding external customer base
- ✓ Business model designed to deliver strong and consistent free cash flows with low capital inventory
- ✓ Franchise Outlets: 1,391 franchise outlets predominantly in Australia and New Zealand (1)
- ✓ Market capitalisation: $429m (2)
- ✓ Enterprise value: $520m (2)
- ✓ Dividend Yield: 8% gross (3)

(1) As at 31 December 2012
(2) As at 14 February 2013
(3) Based on FY12 final & FY13 interim dividends, and closing share price of $3.30 as at 14 February 2013

Financial Highlights (1 of 2)

- ✓ Core EBIT of $27.9 million represents 13.3% increase on pcp ($24.7m) comprising:
  - Positive EBIT contributions from 2H12 & 1H13 acquisitions
  - Resilient franchise systems & coffee roasting activities
  - Notwithstanding significant expense due to operation of Michel's bakeries and provision of financial support to Michel's Queensland franchisees
- ✓ Core NPAT of $16.5 million represents 10.5% increase on pcp ($15.0m)
- ✓ Statutory NPAT of $14.6m (1H12: $14.5m) includes non-core Michel's Qld franchisee support, bakery expense and acquisition transaction costs
- ✓ Core EPS (1) of 14.2cps, an increase of 2.9% over pcp
- ✓ Fully franked 1H13 dividend of 9.5 cps (up 11.8% on pcp):
  - 13th consecutive 6 monthly dividend increase
- ✓ Payout Ratio (2) increased to:
  - 67% on Core NPAT (62% pcp)
  - 76% on reported NPAT (63% pcp)

(1) Based on the weighted average shares on issue as at 31 December 2012, being 116,580,652

Financial Highlights (2 of 2)

- ✓ Adjusted Revenue increase of 21.6% to $59.4m, attributable to:
  - 10% increase in franchise revenues
  - 12.5% increase in coffee revenues
  - $3.2m revenue increase from corporate outlets

- ✓ Franchise Revenue increased 10% to $34.7m, attributable to:
  - contributions from Pizza Capers (2H12), Crust and The Coffee Guy (1H13) acquisitions
  - license fee renewals

- ✓ Continued robust cash generation
  - Net cash inflows from operating activities of $10.3m realised in 1H13, contributing to:
    - increased dividend
    - Voluntary debt reduction
    - CAPEX ($2.3m)

- ✓ Embellished balance sheet:
  - Debt Facility (1):
    - Net debt $87m after $11m voluntary repayment
    - Significant cash reserves and debt facility headroom ($48m) to support future acquisitions and Brand System reinvestment
    - Conservative gearing ratio of 27.4% (net debt/(net debt + equity)) and interest coverage of 6.7 times
    - Compliance with all lending covenants comfortably maintained
  - Capital Raising (2) of $53.5m via issue of 18.79m ordinary shares @ $2.85
    - Placement: $46.54m & SPP: $7.00m

(1) Refer to Appendix 6 for debt facility details
(2) Refer to Appendix 7 for capital raising details

1H13 Franchise System Metrics – KPIs

System growth v prior period (Australian stores only)	Average Weekly Sales (AWS) Growth		Average Transaction Value (ATV) Growth	
	1H13	1H12	1H13	1H12
Donut King	4.8%	1.2%	5.9%	2.2%
bb's café/Esquires	(0.6%)	2.3%	2.6%	1.5%
Brumby's Bakery	(1.1%)	1.6%	4.4%	1.0%
Michel's Patisserie (1)	1.2%	0.4%	1.5%	0.3%

- ✓ Weighted AWS and ATV growth of 1.7% [1,2] and 3.1% [2] respectively
- ✓ AWS sustained by ATV growth
- ✓ Donut King the standout performer in AWS and ATV as a result of traction from Project Evo and coffee initiatives
- ✓ Esquires AWS to increase as the brand proliferates in Australia
- ✓ Brumby's AWS decrease on pcp a result of significant savoury product supply challenges offsetting 4.4% increase in Bread category sales on pcp, driven by the "Pure Bake" and "No Numbers or Artificial colours" premium product offerings
- ✓ Michel's AWS impacted by Qld bakery supply chain issues in 1H13
- ✓ Continued revenue base expansion results in less reliance on and sensitivity to AWS metrics in terms of RFG performance
- ✓ Franchisee health and micro management of occupancy and supplier costs remain RFG key focus
- ✓ QSR Brand Systems have experienced positive AWS growth under RFG stewardship

(1) Excluding Michel's Qld (or negative 1.7% including Michel's Queensland)
(2) Weighted AWS and Weighted ATV excludes Michel's Qld, Crust Gourmet Pizza, Pizza Capers and The Coffee Guy

1H13 Outlet Population

Franchise System	Total Outlets	Australia	NZ	Other
Donut King	351	337	3	11
bb's cafe / Esquires	97	37	60	-
Brumby's	310	295	14	1
Michel's	325	322	2	1
Pizza Capers	124	123	-	1
Crust	128	122	3	3
The Coffee Guy	56	-	56	-
Total	1,391	1,236	138	17

- ✓ Net growth of 265 outlets in last 12 months
- ✓ 1H13 net growth of 182 outlets
  - Record 45 new outlets commissioned, consistent with guidance including:
    - Donut King: 14
    - Crust and Pizza Capers: 17
  - 175 additional outlets via franchise system acquisition:
    - Crust : 119
    - The Coffee Guy: 56
  - 38 outlet closures includes:
    - 25: RFG rejection of renewal/lease terms
    - 6: relocations
- ✓ 19 Non-Voluntary Company Stores operated by RFG returned to franchisee stewardship during 1H13

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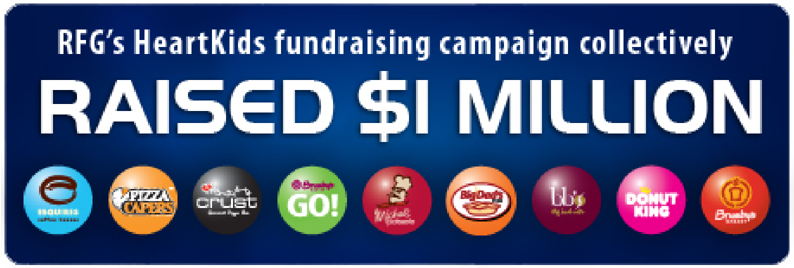
1H13 Operational Excellence

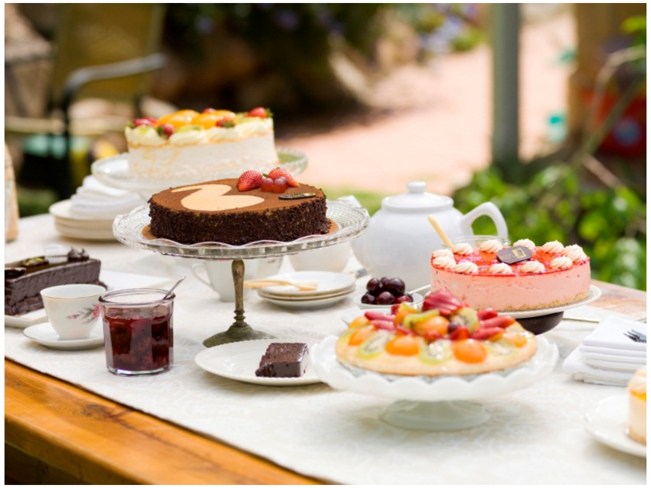
Brand System Highlights

- ✓ RFG's brands now serve more than 105 million customers a year
- ✓ Store opening milestones
  - First Esquires drive thru outlets opened in Australia and New Zealand
  - Donut King opened first 'Evo' concept store of the future at Marsden (Qld) showcasing new branding, technology and new menu categories
  - Crust stadium store opened at Eden Park in New Zealand
  - New concept Brumby's GO! opened in WA achieving highest AWS in Brand System
- ✓ Establishment of QSR Division, incorporating Pizza Capers and Crust, delivering integrated benefits to all Brand Systems and accessing new growth opportunities
- ✓ Appointed four new Brand System MDs
  - Ellenor Clarke, Michel's Patisserie
  - Chris Churchmichael, Pizza Capers
  - Michael Rose, Crust
  - Steven Pagett, Brumby's Bakery
- ✓ Surpassed $1 million fundraising milestone for HeartKids



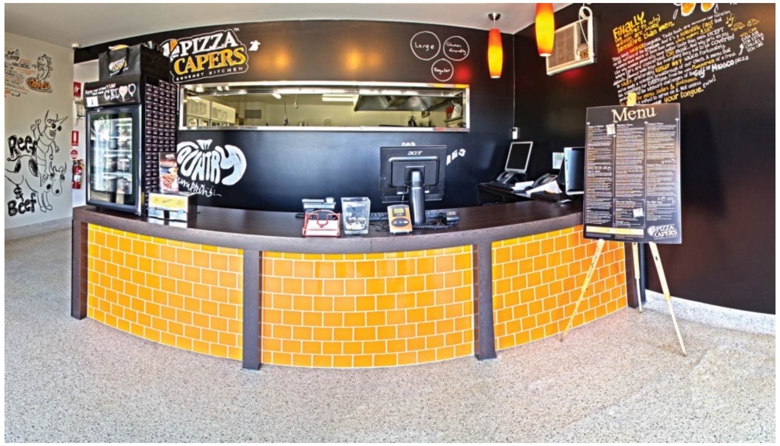
Michel's Patisserie – National Bakery Solution

- ✓ Commissioning of National Supply solution continues
- ✓ Establishment of new Michel's bakery facility in Melbourne
  - — Includes new RFG Victorian state office
- ✓ Michel's supply chain has been stabilised in Queensland with new finishing, dispatch and warehouse facility
- ✓ Migrated Michel's bakery facility in South Australia to third party stewardship
- ✓ Range rationalisation completed and rolled out in selected markets
- ✓ Enhanced quality product introduced



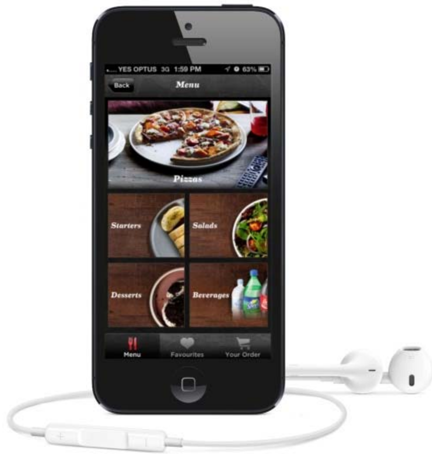
QSR Pizza Division

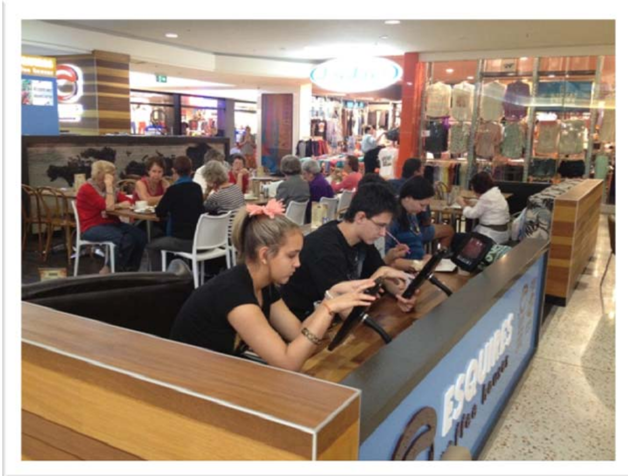
- ✓ Division comprises Crust and Pizza Capers
- ✓ RFG now the leader in the gourmet pizza category with 250+ outlets
- ✓ Market research confirms appetite for gourmet pizza category
- ✓ Founder and former Crust CEO Michael Logos appointed QSR Divisional Director – driving co-alignment and growth
- ✓ Optimisation and segmentation strategy implemented to minimise cannibalisation and maximise individual Brand System growth
- ✓ Franchisee support resources consolidated to enhance efficiencies, improve franchisee margin and cross pollinate best-practice
- ✓ Homogenisation of similar products between brands, where individual integrity is not compromised
- ✓ Pizza Capers and Crust delivering additional leverage to all Brand Systems as well as RFG



Digital Enhancement

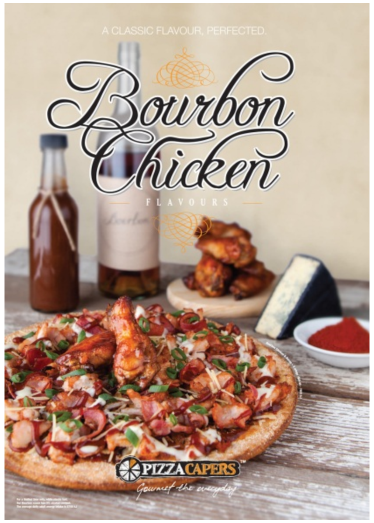
- ✓ Comissioning of a dedicated in-house Digital Team maximising e-commerce channels and elevating RFG as a leader in the digital space
- ✓ Enhanced digital engagement and consumer experience to deliver positive franchisee outcomes
- ✓ Dedicated 'social media command centre' to interact with more than 320,000+ fans across eight Brand Systems seven days a week
- ✓ Commenced roll out of customer-facing technology with establishment of iPads and digital engagement applications at Esquires and Donut King
- ✓ Digital ordering technology rolled out in Donut King enhancing customer ordering experience

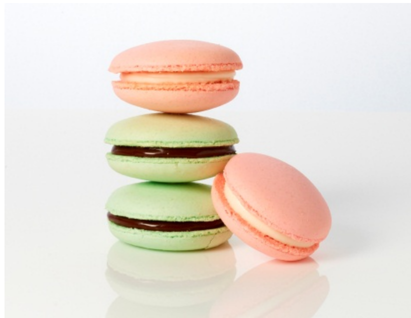


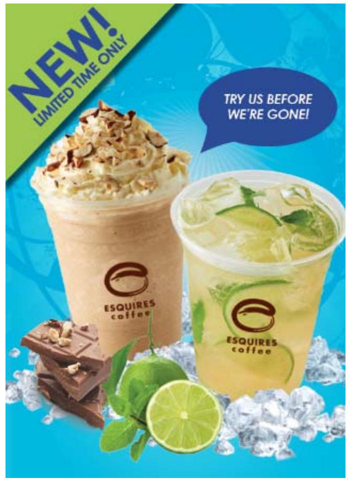


Product Innovation

- ✓ Successful launch of Crust Seasonal Range including Heirloom Tomato Upper Crust pizza and Caramelised Fennel Salad
- ✓ Reinvigoration of Michel's product lines to showcase improved quality
- ✓ Donut King:
  - Introduced extensive hot and cold savoury menu including sandwiches, toasties and gourmet hot dog range increasing permissibility among mothers with children
  - Customisable menu options including donuts, shakes, soft serve and gourmet range
- ✓ Brumby's introduced fresh Made In Store Sandwiches, leveraging off the brand's Pure Bake Range, and made-in-store Macarons
- ✓ Bourbon Chicken range recognised as best product launch in Pizza Capers history
- ✓ Esquires Summer Drinks range including freshly squeezed juices introduced







Project Evo

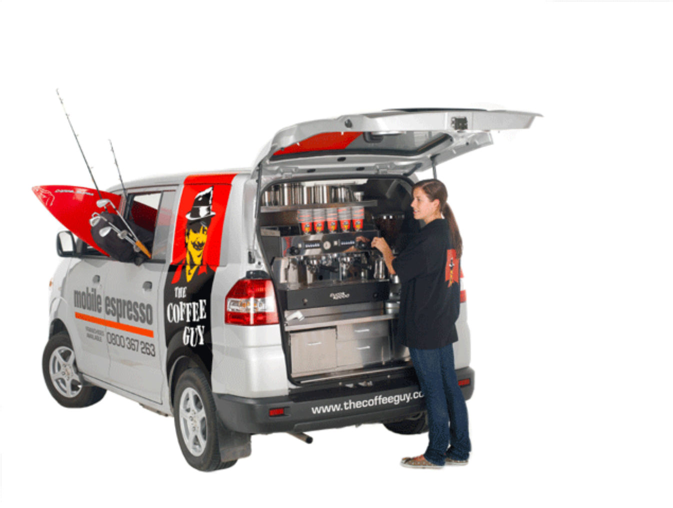
- ✓ Central platform for Brand System growth
- ✓ Includes store enhancement, menu extension, modernity and relevance to customers within all Brand Systems
- ✓ Dedicated Project Evo team within each Brand System
- ✓ Donut King, Michel's and Esquires have commenced Project Evo journey
- ✓ Strategies developed and initiatives mandated in each Brand System
- ✓ Designated initiatives being back filled into all Brand Systems where appropriate
- ✓ Project Evo initiatives introduced to Esquires NZ with pilot East Tamaki drive thru achieving 20% AWS increase

Donut King Evo

- ✓ First Donut King full format Project Evo store opened in December 2012 (Marsden Qld)
- ✓ AWS is 24% and circa 85% increase above the respective AWS system and comparable site category averages
- ✓ Project Evo confirms opportunity to proliferate in non-traditional sites – Marsden occupancy costs represent c. 50% of the traditional rent to sales ratio
- ✓ Extended menu and customisation of selected products has been well received and confirmed by recent consumer research
- ✓ Elements of Project Evo presently being backfilled with positive results
- ✓ 1H13 Donut King AWS up 4.8% on previous corresponding period due to the integration of these elements into existing outlets and a continued focus on coffee excellence

Coffee Excellence

- ✓ Acquisition of The Coffee Guy Brand System in New Zealand successfully completed
- ✓ Donut King achieved +6% compound growth in coffee sales over 3 years supported by Royal Bean Blend, Barista certification and innovative marketing initiatives
- ✓ Coffee excellence was showcased at the 7th Annual Golden Bean Roasting Competition, held in October
  - Chain Store/Coffee Franchise (Milk based) Gold Medal – Michel's Patisserie
  - Milk Based Silver Medal - Baristas Choice
  - Chain Store/Coffee Franchise (Milk based) Bronze Medal – Donut King
  - Overall Franchise/Chain runner up – Michel's Patisserie
  - Overall Coffee Roasters runner up – Caffe Coffee
- ✓ Annualised roasted bean throughput increased to circa 1.2m kilograms
- ✓ In excess of 1,125 baristas and coffee makers trained through RFG's Training Academy and e-learning platform thus ensuring premium and consistent coffee experience



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2H13 Innovation & Growth

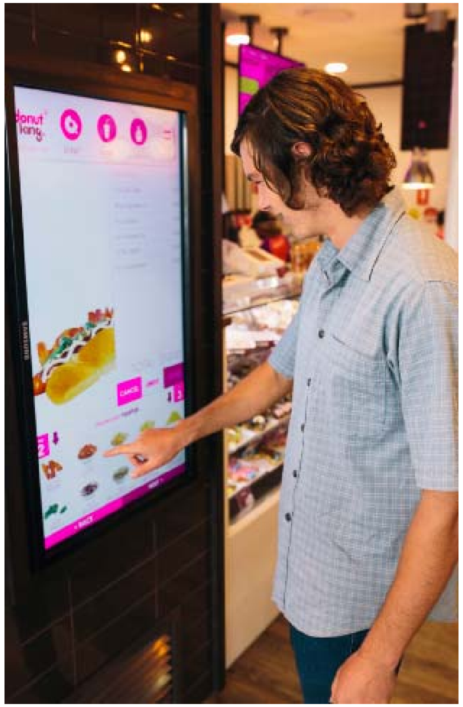
bb's My local cafe · DONUT KING · Brumby's BAKERY · Michel's patisserie · ESQUIRES COFFEE · PIZZA CAPERS · crust Gourmet Pizza Bar · THE COFFEE GUY

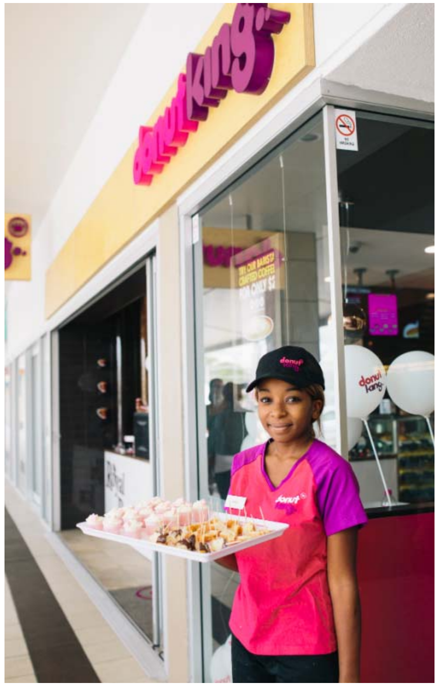
Donut King

- ✓ 7 new Donut King outlets scheduled for 2H13
- ✓ Rollout of Donut King next generation branding including livery
- ✓ Launch of a Customer Service Training Initiative to up skill more than 2,500 team members across Australia

Project Evo

- ✓ First Donut King drive thru including playground scheduled to open mid-year
- ✓ Focus on enhancing digital engagement experience for customers
- ✓ Coffee excellence to be embellished with new brand positioning
- ✓ Continue to backfill Project Evo elements into existing outlets



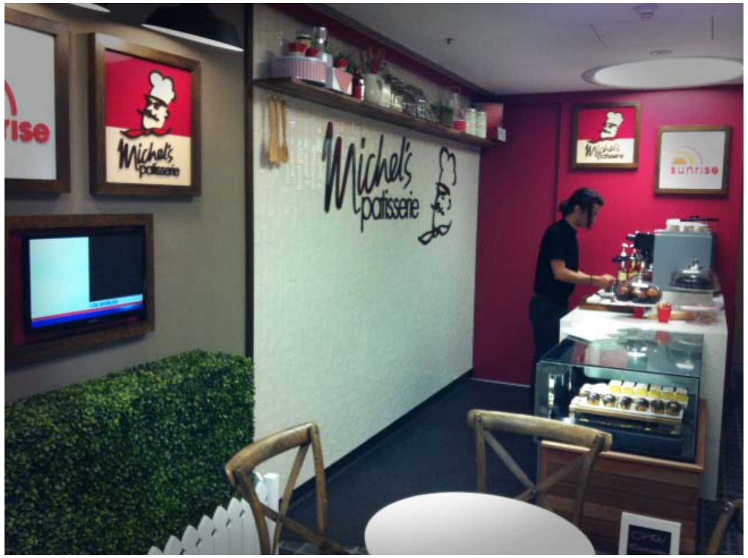


Michel's Patisserie

- ✓ Partnered with Channel 7's Sunrise as the official onset café from February 2013
- ✓ Provides opportunity to showcase coffee excellence, enhanced menu and Project Evo initiatives
- ✓ Sunrise offers exceptional level of brand exposure to national audience driving
  - New franchisee enquiry
  - Increased customer visitation

Project Evo

- ✓ First outlet scheduled to open mid year to reinforce Michel's as Australia's leading coffee and patisserie brand
- ✓ Menu extension includes healthier lunch-time and other day part options
- ✓ New and improved savoury products together with reinvigoration of cake category
- ✓ Further acceleration of non-shopping centre outlet penetration
- ✓ Launch of in-store digital cake ordering system to complement existing e-commerce platform

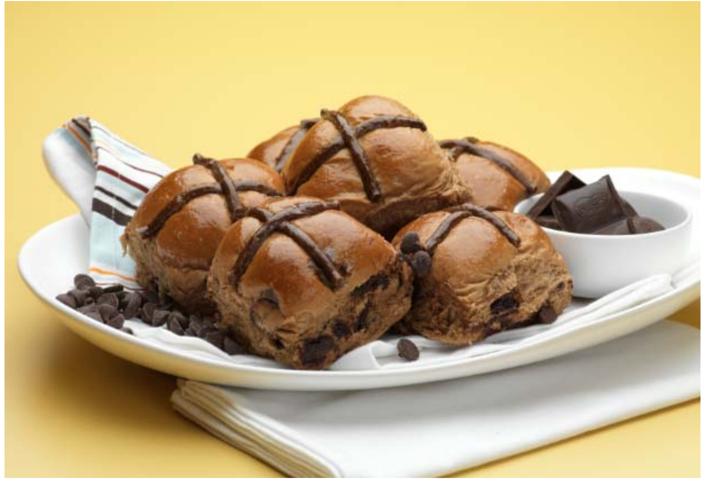


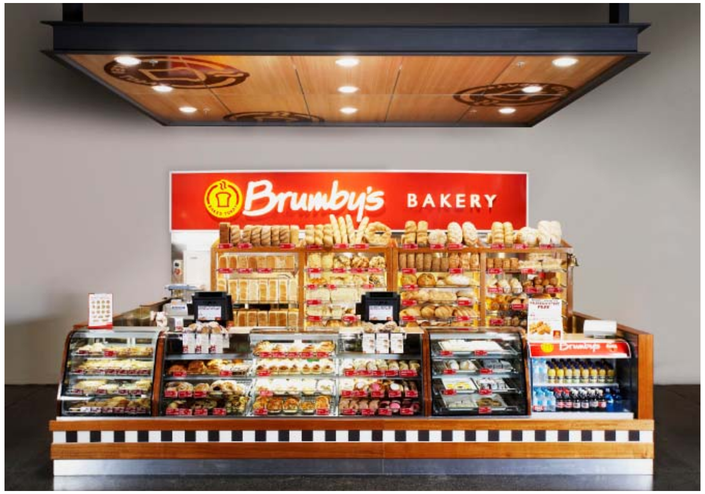
Brumby's Bakery

- ✓ Bread product sales up 4.4%
- ✓ Further expansion of Pure Bake range
- ✓ Improved hot savoury product range introduced
- ✓ Continuation of partnership with Cadbury including superior quality Hot Cross Bun range

Project Evo

- ✓ Project Evo 'store of the future' represents final Brand System reinvigoration program
- ✓ Key initiatives include reduction in store entry cost, menu enhancement, store livery and further differentiation within competitive set
- ✓ Recognises significant growth opportunity of GO! as well as enhancing traditional bakery platform
- ✓ Introduces a unique range of specialty breads





Coffee / Esquires / bb's Café / The Coffee Guy

- ✓ Creation of Coffee Maximisation Unit charged with expanding RFG's coffee business (wholesale and retail)
- ✓ Coffee roasting facilities expanding with new wholesale customers and products
- ✓ 5 new Esquires outlets planned for 2H13
- ✓ Remodelling of Esquires online loyalty club with enhanced segmentation built in

Project Evo

- ✓ Further concentration on drive-thru and "hole in the wall" concept stores
- ✓ Continued conversions of bb's to Esquires
- ✓ Unique and heightened coffee experience
- ✓ Leader in digital engagement

The Coffee Guy

- ✓ 2 drive thrus and 1 hole in the wall outlet to open in NZ in 2H13
- ✓ Strategy for Australian rollout under development

QSR Pizza Division

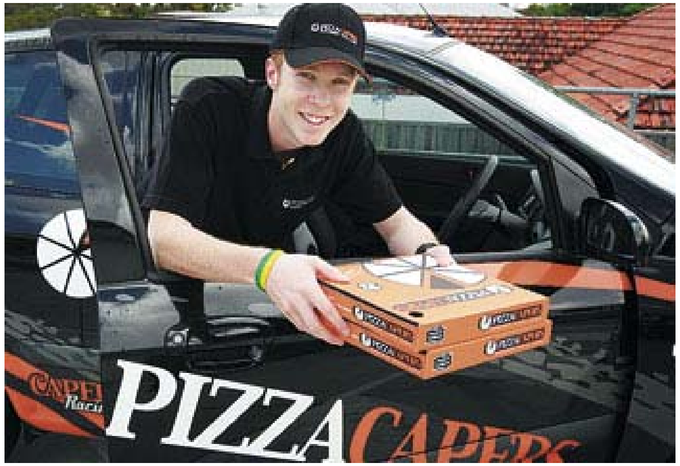
- ✓ 18 new pizza outlets planned for 2H13
- ✓ Outlet proliferation consistent with segmentation strategy
- ✓ QSR Division to introduce new initiatives to drive pizza delivery

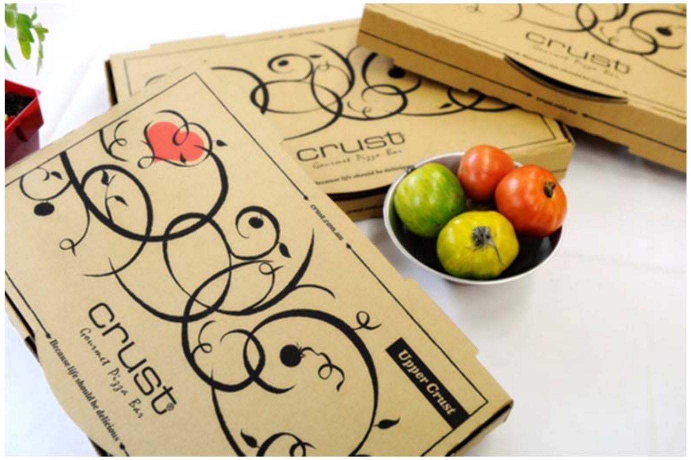
Pizza Capers

- ✓ Biggest menu reinvigoration in the brand's history to be launched in 2H13
- ✓ Relaunch and enhancement of e-commerce platform underway

Crust

- ✓ Launch of menu revamp including addition of non pizza products
- ✓ Very Important Pizza Person (VIPP) program reinvigoration
- ✓ Relocation of Crust team to RFG's Southport Head Office in March to take advantage of RFG's support network and streamline efficiencies



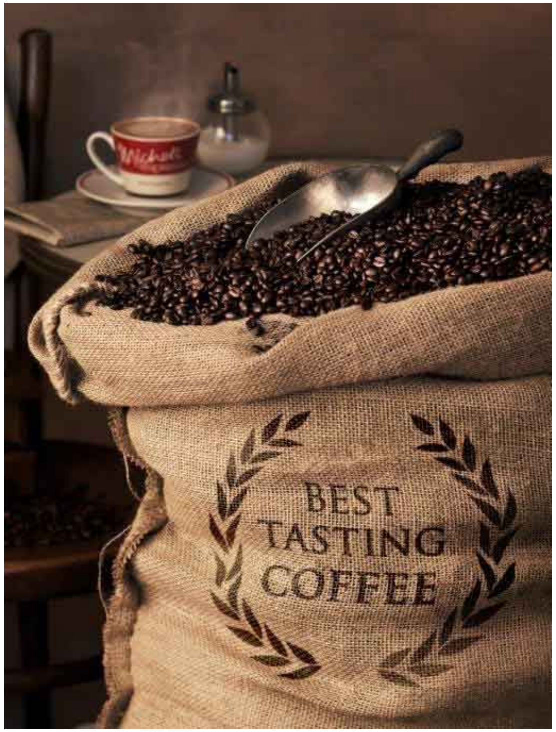


Outlook

- ✓ 1H13 performance provides a solid foundation for enhanced 2H outcomes notwithstanding:
  - Subdued Christmas trading and c.30 outlets having been affected by January floods
  - Anticipated continuation of challenged retail marketplace for the duration of CY13

- ✓ Whereas FY13 continues to represent a period of consolidation of recent growth and positioning for enhanced FY14 performance, RFG is optimistic of positive FY13 growth in all key metrics driven by:
  - Full 2H contribution and realisation of available synergies from CY12 acquisitions (Pizza Capers, Crust & The Coffee Guy)
  - Royalty revenue arising from record FY13 new outlet growth of c. 80 (1H:45 2H:c.35)
  - Increased operating efficiencies following bedding down of recently established Michel's bakery facilities
  - Approx. 200bp interest rate reduction on facilities (taking effect 21 Dec 12)
  - Reduction in Michel's franchisee financial support, and improved Brand System performance, as a consequence of reduced supply side barriers to growth
  - Project Evo initiatives which continue to gain traction and are being backfilled into networks where available
  - Establishment of Retail Performance Optimisation Division focused on driving retail store performance and system compliance

Appendices



Appendix 1 – Summary Financial Performance

Franchise Revenue $34.7m

Franchise Service Fees	License & Other Fees	Initial & Associated Fees	Other Revenue
$20.3m	$10.3m	$2.9m	$1.2m

Wholesale Revenue $25.3m

Michel's Wholesale Revenue	Coffee Revenue	Managed Outlet Revenue	Other Revenue
$0.7m	$10.3m	$8.6m	$5.7m

$34.7m

Total Revenue
$60.0m
(excl. marketing)

$25.3m	Revenue
$14.2m	Less COGS
$11.1m	Gross Margin

Marketing Revenue
$10.8m
(wash through)

Gross Margin	$45.8m (76.3%)	
Expenses	$20.2m	(excludes $10.8m marketing expenses)

EBITDA	**$25.6m**
EBIT (Core)	**$27.9m**

D&A	$ 0.4m
Non Core	($ 2.7m)
	($ 2.3m)
Interest	$ 4.4m
Tax	$ 7.0m
	$ 11.4m

NPAT (Core)	**$16.5m**	**(EPS: 14.2cps)**
NPAT (Actual)	**$14.6m**	**(EPS: 12.5cps)**

Appendix 2 – Core Earnings Reconciliation

✓ Reconciliation of Statutory result to 'Core Earnings'

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

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

✓ Adjusted Revenue excludes :

- sales revenue derived from the wholesale bakery supply to Michel's Patisserie outlets transitioning from a wholesale supply and distribution model to a traditional royalty based model (1H13: $0.6m; 1H12: $0.7m; 1H11: $21.7m) and
- marketing revenue (see 'Total Revenue' note below)

✓ Total Revenue excludes revenue derived from marketing activities (1H13:$10.8m; 1H12: $6.8m; 1H11: $7.1m)

✓ Cash Generating Units (CGU) – in the 1H13 Interim Financial Report RFG identified 8 CGU for the purposes of impairment testing, being 7 CGU attributable to franchise systems (Donut King, Michel's Patisserie, bb's/Esquires, Brumby's Bakery, Pizza Capers, Crust Pizza and The Coffee Guy) and Evolution Coffee Roasters forming the 8th CGU

Appendix 3 - Earnings Performance

	1H13 $'m	1H12 $'m
Revenue from franchising operations	45.5	38.4
Revenue from wholesale / retail operations	25.3	18.0
	70.8	56.4
Cost of sales	(14.2)	(9.1)
Gross margin	56.6	47.3
Gross margin %	80.0%	83.9%
Operating & Overhead expenses	(20.2)	(15.9)
Marketing expenses	(10.8)	(6.8)
Other gains and losses	-	(0.2)
EBITDA	25.6	24.4
Depreciation	(0.4)	(0.4)
EBIT	25.2	24.0
Interest expense	(4.4)	(3.4)
EBT	20.8	20.6
Income tax expense	(6.2)	(6.1)
NPAT	14.6	14.5
Earnings per share	12.5 cps	13.4 cps
Dividends per share	9.5 cps	8.5 cps

- ✓ Franchise, licensing & other fees up 10% to $34.7m, reflecting contributions from acquisitions in 2H12 (Pizza Capers) and 1H13 (Crust & The Coffee Guy), organic growth, and license fee renewals
- ✓ Wholesale coffee revenues up 12.5% reflecting organic growth in system sales and contract roasting, and a full half year contribution of Evolution Coffee Roasters (acquired Sept 2011)
- ✓ Additional retail revenue attributable to non-voluntary company owned stores and Project Evo pilot outlets
- ✓ Operating expense increase attributable to business acquisitions, Michel's bakery management, and an increase of corporate outlets during 1H13; specifically an additional $2.4m was incurred on Michel's bakery management and assistance provided to Michel's Patisserie franchisees in affected regions
- ✓ "Other" losses reduced to nil on expiration of interest rate swap contracts
- ✓ Interest expense increase attributable to increased debt funding 2H12 acquisition, and interest rate swap tail off in 1H13.
- ✓ Record Statutory NPAT of $14.6m achieved, representing a 0.7% increase on PCP, and includes Michel's supply chain costs and acquisition transactions costs incurred during 1H13
- ✓ Strong earnings performance and operating cash flows supports an increasing dividend payout ratio

Appendix 4 - Cash Flow Performance

	1H13 $'m	1H12 $'m
Receipts from customers	71.8	59.8
Payments to suppliers and employees	(49.9)	(36.7)
Gross operating cash flows	21.9	23.1
EBITDA	25.6	24.4
Ratio of gross operating cash flows to EBITDA	85.5%	94.5%
Interest and other costs of finance paid	(3.5)	(3.4)
Income tax paid	(8.1)	(6.6)
Net operating cash inflows	10.3	13.1
Dividends paid	(9.8)	(8.1)
Debt reduction	(11.0)	(10.0)
Acquisitions of business and intangibles	(38.3)	(3.2)
Acquisition of property & equipment	(2.3)	(0.2)
Net capital raising	52.3	0.5
Proceeds from borrowings	-	4.0
Other cash activities	(0.8)	(0.8)
	(9.9)	(17.8)
Net (decrease) / increase in cash reserves	0.4	(4.7)
Cash reserves at half year end	13.2	10.5

- ✓ Continuing strong cash flows – a feature of RFG's business model – supported by balanced investment and financing activities
- ✓ 85.5% conversion of operating cash flow into EBITDA reflects "real" cash earnings of the business
- ✓ Operating cash flows used to fund the increased scale of Michel's Bakery operations, and increased short-term funding of Marketing & Innovation programs undertaken by the marketing funds, resulting in a reduced conversion to EBITDA margin
- ✓ Excess free cash derived from operations and capital raising used to fund
  - Voluntary debt reduction in Dec 2012 ($11m)
  - Acquisition of Crust & Coffee Guy franchise systems
  - Investment in plant & equipment including corporate "Cloud" IT platform upgrade and fit out of purpose built bakery & distribution facility in Victoria
  - Increased FY12 dividend payout ratio to 66.3% (on reported NPAT)

Appendix 5 - Financial Position

	1H13 $'m	FY12 $'m
Assets:		
Cash reserves	13.2	12.8
Trade receivables	19.3	16.5
Financial assets	7.9	4.7
Inventories	4.4	3.7
Plant & equipment	10.7	8.3
Intangibles	297.1	248.5
Other	2.5	1.7
	355.1	296.2
Liabilities:		
Trade payables	8.3	6.4
Provisions	2.2	1.9
Tax payable	3.5	4.9
Borrowings	99.9	110.8
Other	5.9	2.5
	119.8	126.5
Equity:		
Share capital	160.0	99.9
Reserves	0.4	(0.3)
Retained earnings	74.9	70.1
	235.3	169.7

- ✓ Significant cash holdings, notwithstanding 1H13 voluntary debt reduction ($11m) and final FY12 dividend payout ($9.8m)
- ✓ Working capital increases in 1H13 attributable to 1H13 acquisitions, increased short-term funding of marketing initiatives, and Landlord contributions receivable on new outlets and capital funding provided to franchisees on new store openings
- ✓ Increase in intangible assets including franchise networks, brand names and trademarks, reflects 1H13 acquisitions of Crust and Coffee Guy
- ✓ Gross borrowings of $99.9m (net debt of $86.7m) classified as non-current liability reflecting September 2014 maturity. Gearing ratio of 27.4% is conservative and compliance with all lending covenants comfortably maintained
- ✓ Share capital increase of $60m reflecting $53m capital raising and $7m equity issue related to the Crust acquisition
- ✓ Reserves uplift of $0.7m on cessation of hedge accounting of expired interest rate swap contract

Appendix 6 - Debt Structure

- ✓ Facility headroom (including cash) at 31 December 2012 of $45m
- ✓ Gross debt of $100m at 31 December 2012
  - $50m of debt on fixed interest rate to June 2014
  - $50m of debt subject to variable interest rates
  - Allocation of debt between fixed and floating interest rates at the discretion of management
- ✓ Weighted average interest rate as at February 2013 is 5.5%
  - Margin over BBSY currently 2.1%
- ✓ Compliance with all lending covenants as at 31 December 2012 comfortably maintained
- ✓ Management are in advanced negotiations for extension of September 2014 term facility date

'NAB' Facility	1H13
Net debt	$86.7m
Interest expense	$4.4m
Interest cover (times)	6.7x
Leverage ratio	1.83
Gearing ratio (net debt / (net debt + equity)	27.4%
Total Facility	$135.0m

Appendix 7 – Capital Management

	Shares	Price	Proceeds/Value ($m)
Shares on issue 1st July 2012	108,422,615		
Institutional/Sophisticated Investor Placement	16,330,000	2.85	46,540
SPP	2,455,946	2.85	7.00
Crust acquisition – partial consideration	2,358,462	2.968	7.00
ESOP – exercise of options	487,499	1.20	0.585
Shares 31st December 2012	130,054,522		
Share Value (1)			$61,125m

(1) Before issue costs and associated expenses of $1.7m

- ✓ Institutional placement and SPP considerably over subscribed
- ✓ Proceeds utilised to
  - *Strengthen balance sheet*
  - *Increase cost and debt facility headroom*
  - *Assist in funding acquisition activity*