

**TASMANIAN PURE FOODS LTD**

**ABN 37 124 272 108**

**AND CONTROLLED ENTITIES**

**Financial Statements for the year ended 30 June 2011**

**TASMANIAN PURE FOODS LTD**

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**Financial Statements for the year ended 30 June 2011**

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# **TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**

## **DIRECTORS' REPORT**

Your directors present this report on the company and its controlled entities for the year ended 30 June 2011.

The names of the directors in office at any time during or since the end of the period are:

Robert G. Woolley  
Ian A. Urquhart  
Janet H. Cameron  
Robert T. Wilson  
Anthony K. Shadforth

### **Directors' Meetings**

The number of directors meetings (including meetings of committees of directors) and number of meetings

	Directors' Meetings	
	Held (a)	Attended
Mr R Woolley	5	5
Mr I Urquhart	5	5
Ms J Cameron	4	-
Mr R Wilson	5	5
Mr A Shadforth	1	1

(a) Meetings held during the period in which directors were in office.

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Directors resolved not to take fees for their non-executive role during the year. The company paid fees for management services provided by R.G. Woolley as disclosed in note 17.

The consolidated loss of the consolidated group after providing for income tax amounted to (\$32,675) (2010: \$1,309,828).

Deferred tax assets amounting to \$983,446 (2010: \$994,266) relating to unused tax losses and timing differences have not been recognised in the accounts or the calculation of the preceding loss

A review of the operations of the consolidated group during the financial period and the results of those operations show that sales of \$11,861,041 were achieved for organic baby food products. The group's organic orchard achieved sales of fresh apples to the end of the reporting period of \$1,640,562.

The group has continued to operate the organic and conventional orchards at Parramatta Creek during the year. The orchard property and equipment were sold in September 2011 – refer note 16 to the accounts.

No significant changes in the consolidated group's state of affairs occurred during the financial year other than disclosed in the financial statements.

The principal activities of the consolidated group during the financial year were the sale and distribution of baby food products; manufacture of some baby food cereals; the operation of an organic apple orchard and the lease of a conventional apple orchard.

No significant change in the nature of these activities occurred during the year.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years except as disclosed in note 16 to the accounts.

DIRECTORS' REPORT CONT'D

Likely developments in the operations of the consolidated group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the group.

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

No dividends have been paid or declared since incorporation, and the directors have not recommended the payment of a dividend at this time.

No other indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

The company was not a party to any such proceedings during the year.

**Information On Directors**

Robert G. Woolley	Director- Chairman
Qualifications	B.Ec, FCA
Experience	Partner Deloitte (1983 – 2001), Managing Director Websters Ltd (2001-2004) Director of Tandou Ltd, CRC Forestry Ltd, Chairman of the Tasmanian Forest and Forest Industry Council

Robert T. Wilson	Director
Qualifications	Graduate Hawksbury Agricultural College
Experience	Founding partner Classic Foods Pty Ltd, CEO from 1989-2006.

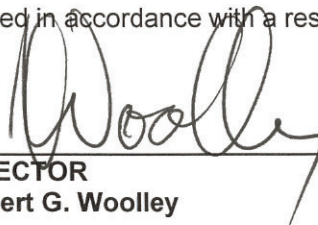
Ian A. Urquhart	Director & Company Secretary
Qualifications	B. Comm. M. Admin. CPA
Experience	CFO (1976-2006), Director (1976-current) of PGA Group Pty Ltd

Anthony K Shadforth	Director
Qualifications	F.A.I.D. M.S.A.A.
Experience	Stockbroker , Director (1979-2011) Shadforth Financial Group Auth. Representative – Equity Advisers Pty Ltd Life Member of Asthma Foundation Of Tasmania

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors.

  
\_\_\_\_\_  
**DIRECTOR**  
**Robert G. Woolley**

  
\_\_\_\_\_  
**DIRECTOR**  
**Ian A. Urquhart**

Dated at Launceston this <sup>th</sup>29 day of September 2011.

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108  
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

- i. no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Ruddicks  
R J Ruddick  
Partner  
102 Tamar Street  
Launceston TAS 7250

Signed



Dated at Launceston this .....5th..... day of.....October.....2011.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TASMANIAN PURE FOODS LIMITED**

We have audited the accompanying financial report, being a special purpose financial report, of Tasmanian Pure Foods Limited (the company), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

**Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation of the financial report and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

In conducting our audit, 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 Tasmanian Pure Foods Limited, would be in the same terms if given to the directors as at the time of the auditor's report.

**Opinion**

In our opinion the financial report of Tasmanian Pure Foods Limited is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b. complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.



**TASMANIAN PURE FOODS LTD ABN 37 124 272 108  
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TASMANIAN PURE FOODS LIMITED**

**Basis of Accounting**

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

Ruddicks  
R J Ruddick  
102 Tamar Street  
LAUNCESTON TAS 7250

Signed:



Dated this 5<sup>th</sup> day of October 2011





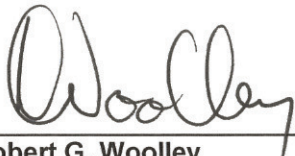
DIRECTORS' DECLARATION

The directors have determined that the company and controlled entities are not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes as set out on pages 9 to 29 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards
  - (b) give a true and fair view of the company's and the consolidated group's financial position as at 30 June 2011 and of its performance for the period ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.

  
\_\_\_\_\_  
Robert G. Woolley  
\_\_\_\_\_  
Ian A. Urquhart

Dated at Launceston this 29<sup>th</sup> day of September 2011.



**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2011**

	<b>Note</b>	<b>Consolidated Entity</b>		<b>Economic Entity</b>	
		<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	2	13,618,265	7,838,153	283,749	210,533
Raw materials and consumables used		(8,828,205)	(4,450,004)	-	-
Employee benefits expense		(1,085,731)	(1,289,203)	-	-
Depreciation & amortisation expenses		(61,704)	(129,759)	-	-
Finance costs		(16,756)	(108,794)	-	(75,168)
Profit (Loss) on disposal property plant & equip		-	(1,029,509)	-	-
Bad & doubtful debts		1,529	(11,103)	-	-
Other expenses		<u>(3,603,596)</u>	<u>(2,131,020)</u>	<u>(107,297)</u>	<u>(102,015)</u>
Profit before income tax		23,802	(1,311,239)	176,452	33,350
Income tax (expense)/ revenue	3	<u>29,426</u>	<u>1,411</u>	<u>(5,588)</u>	<u>(6,275)</u>
Profit/(loss) for the year		<u>53,228</u>	<u>(1,309,828)</u>	<u>170,864</u>	<u>27,075</u>
Other comprehensive income					
Net loss on revaluation land & plant		<u>(85,903)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income for the period		<u>(32,675)</u>	<u>(1,309,828)</u>	<u>170,864</u>	<u>27,075</u>
<b>Profit/(Loss) attributable to:</b>					
<b>Members of the consolidated entity</b>		<u>(32,675)</u>	<u>(1,309,828)</u>	<u>170,864</u>	<u>27,075</u>
<b>Total Comprehensive Income attributable to:</b>					
<b>Members of the consolidated entity</b>		<u>(32,675)</u>	<u>(1,309,828)</u>	<u>170,864</u>	<u>27,075</u>

**The accompanying notes form part of these financial statements.**

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2011**

		<b>Consolidated Entity</b>		<b>Economic Entity</b>	
	<b>Note</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
		\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash	4	670,213	742,108	669,043	663,846
Receivables	5	2,051,214	1,075,423	7,928,137	7,756,882
Inventories	6	2,702,786	2,537,256	-	-
Other	7	44,194	37,956	-	-
<b>TOTAL CURRENT ASSETS</b>		<u>5,468,407</u>	<u>4,392,743</u>	<u>8,597,180</u>	<u>8,420,728</u>
<b>NON-CURRENT ASSETS</b>					
Receivables	5	-	30,000	-	-
Property, plant and equipment	8	1,975,350	2,044,783	-	-
Financial assets	9	-	-	2,000	2,000
Deferred tax assets	13	56,382	26,222	-	5,600
<b>TOTAL NON-CURRENT ASSETS</b>		<u>2,031,732</u>	<u>2,101,005</u>	<u>2,000</u>	<u>7,600</u>
<b>TOTAL ASSETS</b>		<u>7,500,139</u>	<u>6,493,748</u>	<u>8,599,180</u>	<u>8,428,328</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	10	1,861,579	1,110,958	-	-
Financial liabilities	11	340,768	109,556	-	-
Provisions	12	33,584	22,114	-	-
Deferred tax liabilities	13	2,003	1,269	662	674
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,237,934</u>	<u>1,243,897</u>	<u>662</u>	<u>674</u>
<b>NON-CURRENT LIABILITIES</b>					
Financial liabilities	11	45,029	-	-	-
<b>TOTAL LIABILITIES</b>		<u>2,282,963</u>	<u>1,243,897</u>	<u>662</u>	<u>674</u>
<b>NET ASSETS</b>		<u>5,217,176</u>	<u>5,249,851</u>	<u>8,598,518</u>	<u>8,427,654</u>
<b>EQUITY</b>					
Issued capital	14	8,650,000	8,650,000	8,650,000	8,650,000
Retained profits		<u>(3,432,824)</u>	<u>(3,400,149)</u>	<u>(51,482)</u>	<u>(222,346)</u>
<b>TOTAL EQUITY</b>		<u>5,217,176</u>	<u>5,249,851</u>	<u>8,598,518</u>	<u>8,427,654</u>

The accompanying notes form part of these financial statements.

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2011**

	<b>Issued Capital</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>CONSOLIDATED ENTITY</b>			
Balance at 1 July 2009	8,650,000	(2,090,321)	6,559,679
Operating Profit / (loss) after tax for year	<u>-</u>	<u>(1,309,828)</u>	<u>(1,309,828)</u>
<b>Balance as at 30 June 2010</b>	<u>8,650,000</u>	<u>(3,400,149)</u>	<u>5,249,851</u>
Operating Profit / (loss) after tax for year	<u>-</u>	<u>(32,675)</u>	<u>(32,675)</u>
<b>Balance as at 30 June 2011</b>	<u>8,650,000</u>	<u>(3,432,824)</u>	<u>5,217,176</u>
	<b>Issued Capital</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>ECONOMIC ENTITY</b>			
Balance 1 July 2009	8,650,000	(249,421)	8,400,579
Operating Profit / (loss) after tax for year	<u>-</u>	<u>27,075</u>	<u>27,075</u>
<b>Balance as at 30 June 2010</b>	<u>8,650,000</u>	<u>(222,346)</u>	<u>8,427,654</u>
Operating Profit / (loss) after tax for year	<u>-</u>	<u>170,864</u>	<u>170,864</u>
<b>Balance as at 30 June 2011</b>	<u>8,650,000</u>	<u>(51,482)</u>	<u>8,598,518</u>

The accompanying notes form part of these financial statements.

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2011**

	<b>Note</b>	<b>Consolidated Entity</b>		<b>Economic Entity</b>	
		<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		12,948,527	8,465,214	9,830	8,515
Grants received		30,853	69,551	-	-
Interest received		43,953	18,709	283,789	208,285
Payments to suppliers & employees		(13,341,623)	(8,316,183)	(117,100)	(111,826)
Interest paid		(12,164)	(107,458)	-	(75,168)
NET CASH USED IN OPERATING ACTIVITIES	20	(330,454)	129,833	176,519	29,806
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipts from loan to subsidiary		-	-	-	630,152
Payment loan to subsidiary		-	-	(171,322)	-
Repayment of borrowings		(90,560)	(1,932,764)	-	(1,800,000)
Proceeds from borrowings		152,442	1,934,045	-	1,800,000
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		61,882	1,281	(171,322)	630,152
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds sale property plant & equipment		9,090	2,832,430	-	-
Purchases of property, plant & equipment		(84,061)	(64,027)	-	-
Payments for loans to Ranicar Pacific P L		-	(90,000)	-	-
Receipts loan to Ranicar Pacific P L		55,288	-	-	-
NET CASH USED IN INVESTING ACTIVITIES		(19,683)	2,678,403	-	-
NET INCREASE/(DECREASE) IN CASH		(288,255)	2,809,517	5,197	659,958
CASH AT BEGINNING OF REPORTING PERIOD		642,391	(2,167,126)	663,846	3,888
<b>CASH AT END OF REPORTING PERIOD</b>	20	<b>354,136</b>	<b>642,391</b>	<b>669,043</b>	<b>663,846</b>

The accompanying notes form part of these financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

Tasmanian Pure Foods Ltd is a company limited by shares, incorporated and domiciled in Australia.

**Reporting Basis and Conventions**

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of these statements are presented below.

**(a) Principles of Consolidation**

A controlled entity is an entity over which Tasmanian Pure Foods Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 19 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered the consolidated group during the year, their operating results have been included from the date control was obtained.

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

**Business Combinations**

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

**(b) Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that the net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(c) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in first-out basis. Agricultural produce is carried at fair value less estimated point of sale costs calculated at the point of harvest.

**(d) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation or amortisation.

**Property**

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by independent valuers, less subsequent depreciation for buildings.

**Plant and equipment**

Plant and equipment are measured on a cost basis.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**Depreciation**

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5% - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that any property plant and equipment has been impaired. In the case of available-for-sale assets, a prolonged decline in the value of the asset is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit and loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.



**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(e) Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

**(f) Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(g) Intangibles**

**Product Development, Trade Marks & Website**

Costs incurred are expensed as incurred due to the inherent uncertainty surrounding resultant future economic benefits and the ongoing nature of the costs.

**(h) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**(i) Revenue and Other Income**

Revenue is measured at fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Grant income received during the accounting period has been recognised as income in the period. The expenditure in respect of the grant was a mixture of both operational and capital expenditure.

All revenue is stated net of the amount of goods and services tax (GST).

**(j) Goods and Services Tax (GST)**

Revenues, expense and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of an expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(k) Adoption of New and Revised Accounting Standards**

During the current year, the company adopted the following revised Australian Accounting Standards to the extent they affect the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001.

AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

This Standard made amendments to various AASB Standards including AASB 101: Presentation of Financial Statements and AASB 107: Statement of Cash Flows.

The amendments to some Standards resulted in accounting changes for presentation, recognition or measurement purposes, while some amendments only related to terminology and editorial changes. The following principal amendments are considered to be applicable to the company, although these changes are not expected to materially affect the company's financial statements.

**AASB 101** Current/non-current classification of convertible instruments:

Under this amendment, in classifying a liability as current because the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period, if there are terms that could result in its settlement by issuing equity Instruments (at the option of the counterparty), those terms do not affect the liability's classification.

**AASB 107** Classification of expenditures on unrecognized assets:

Under this amendment, in classifying cash flows arising from investing activities, only those expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities.

**New Accounting Standards for Application in Future Periods**

The Australian Accounting Standards Board has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the company has decided not to early adopt. A discussion of those future requirements and their impact on the company is as follows:

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and AASB 1031: Materiality. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 131 (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to various Accounting Standards, including AASB 101 and AASB 108, arising from the IASB's annual improvements project. These changes are not expected to have a major impact on the presentation of the company's financial report. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements; and
  - amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes.
- AASB 2010-5: Amendments to Australian Accounting Standards (October 2010) [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including AASB 101 and AASB 107. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

	<b>Consolidated Entity</b>		<b>Economic Entity</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2. OPERATING PROFIT</b>				
Operating profit from operations includes the following items of income and expense from both continuing and discontinuing operations:				
<b>(a)Revenues</b>				
Revenue from sales	13,501,603	7,671,537	-	-
Rental revenues	-	48,146	-	-
Interest revenues	43,791	21,080	283,749	210,533
Gain on disposal property plant & equipment	3,205	-	-	-
Grant income	30,853	69,551	-	-
Other income	38,813	27,839	-	-
Total revenue from ordinary activities	<u>13,618,265</u>	<u>7,838,153</u>	<u>283,749</u>	<u>210,533</u>
<b>(b) Expenses</b>				
Employee benefits expense	1,085,731	1,289,203	-	-
Depreciation of non-current assets	61,704	129,759	-	-
Finance costs	16,756	108,794	-	75,168
Raw materials & consumables used	8,828,205	4,450,004	-	-
Loss disposal property plant & equip.	-	1,029,509	-	-
Loss revaluation land & plant	85,903	-	-	-
Bad & doubtful debts	(1,529)	11,103	-	-
Other expenses from operating activities	3,603,596	2,131,020	107,297	102,015
Total expenses from ordinary activities	<u>13,680,366</u>	<u>9,149,392</u>	<u>107,297</u>	<u>177,183</u>
<b>3. INCOME TAX EXPENSE</b>				
The major components of income tax expense are:				
Current tax expense/(benefit)	-	-	-	-
Deferred tax expense/(revenue)	29,426	(1,411)	5,588	6,275
Derecognition of deferred tax	-	-	-	-
	<u>29,426</u>	<u>(1,411)</u>	<u>5,588</u>	<u>6,275</u>
Reconciliation of income tax expense to prima facie tax payable:				
Accounting profit(loss) before income tax	(62,101)	(1,311,239)	176,452	33,350
Prima facie tax at statutory income	(18,630)	(393,372)	52,936	10,005
Tax rate of 30%				
Non deductible expenditure	24	132	-	-
Derecognition of deferred tax	<u>(10,820)</u>	<u>391,829</u>	<u>(47,348)</u>	<u>(3,730)</u>
Income tax expense (revenue)	<u>(29,426)</u>	<u>(1,411)</u>	<u>5,588</u>	<u>6,275</u>

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

	<b>Consolidated Entity</b>		<b>Economic Entity</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>4. CASH</b>				
Cash on hand	140	300	-	-
Cash at bank	3,440	109,051	2,410	31,089
Cash on term deposit	<u>666,633</u>	<u>632,757</u>	<u>666,633</u>	<u>632,757</u>
	<u>670,213</u>	<u>742,108</u>	<u>669,043</u>	<u>663,846</u>
<b>5. RECEIVABLES</b>				
<b>Current</b>				
Trade debtors	1,964,530	961,256	-	-
Provision for doubtful debts	(9,110)	(11,103)	-	-
Other debtors	95,794	125,270	4,083	4,149
Inter Company Loans	<u>-</u>	<u>-</u>	<u>7,924,054</u>	<u>7,752,733</u>
	<u>2,051,214</u>	<u>1,075,423</u>	<u>7,928,137</u>	<u>7,756,882</u>
<b>Non- Current</b>				
Other debtors	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
<b>6. INVENTORIES</b>				
<b>Current</b>				
Raw materials & stores at cost	572,683	490,366	-	-
Fresh fruit stocks at net realisable value	647,060	775,468	-	-
Finished goods at cost	<u>1,483,043</u>	<u>1,271,422</u>	<u>-</u>	<u>-</u>
	<u>2,702,786</u>	<u>2,537,256</u>	<u>-</u>	<u>-</u>
<b>7. OTHER ASSETS</b>				
<b>Current</b>				
Prepayments	<u>44,194</u>	<u>37,956</u>	<u>-</u>	<u>-</u>
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>				
Land - at valuation	<u>1,504,983</u>	<u>1,575,504</u>	<u>-</u>	<u>-</u>
Plant & Equipment	577,938	578,320	-	-
Less accumulated depreciation	<u>(107,571)</u>	<u>(109,041)</u>	<u>-</u>	<u>-</u>
	<u>470,367</u>	<u>469,279</u>	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>1,975,350</u>	<u>2,044,783</u>	<u>-</u>	<u>-</u>

Property plant & equipment has been revalued as at 30 June 2011 resulting in a revaluation decrement of \$85,903 which is reflected in profit & loss. The revaluation was based on sale prices achieved for those assets subsequent to year end.

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

	<b>Consolidated Entity</b>		<b>Economic Entity</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>9. FINANCIAL ASSETS</b>				
Shares in subsidiary companies at cost	-	-	2,000	2,000
<b>10. TRADE AND OTHER PAYABLES</b>				
<b>Current</b>				
Trade creditors	1,416,386	875,309	-	-
Sundry creditors and accruals	445,193	235,649	-	-
	<u>1,861,579</u>	<u>1,110,958</u>	<u>-</u>	<u>-</u>
<b>11. FINANCIAL LIABILITIES</b>				
<b>Current</b>				
Bank overdraft	316,077	99,716	-	-
Asset purchase liabilities	14,005	-	-	-
Insurance funding loan	10,686	9,840	-	-
	<u>340,768</u>	<u>109,556</u>	<u>-</u>	<u>-</u>
<b>Non-current</b>				
Asset purchase liabilities	45,029	-	-	-
<b>12. PROVISIONS</b>				
<b>Current</b>				
Employee entitlements	33,584	22,114	-	-
<b>13. TAX</b>				
<b>(a) Liabilities</b>				
<b>Current</b>				
Income tax payable/(refundable)	-	-	-	-
<b>Non-current</b>				
Deferred tax liability comprises:				
Temporary differences relating to income	2,003	1,269	662	674
Inventories	-	-	-	-
	<u>2,003</u>	<u>1,269</u>	<u>662</u>	<u>674</u>
<b>(b) Assets</b>				
Deferred tax assets comprise:				
Temporary differences relating to expenses	29,620	(3,297)	-	-
Provisions	12,808	9,965	-	-
Trademarks	13,954	13,954	-	-
Formation costs	-	5,600	-	5,600
	<u>56,382</u>	<u>26,222</u>	<u>-</u>	<u>5,600</u>

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

	<b>Consolidated Entity</b>		<b>Economic Entity</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(c) Reconciliations</b>				
Gross movements				
The overall movement in the deferred tax account is:				
Opening balance	(24,953)	(23,542)	(4,926)	(11,201)
Charged/(credited) to the income statement	<u>(29,426)</u>	<u>(1,411)</u>	<u>5,588</u>	<u>6,275</u>
Closing balance	<u>(54,379)</u>	<u>(24,953)</u>	<u>662</u>	<u>(4,926)</u>

**Deferred Tax Liability**

The movement in the deferred tax liability for each temporary difference during the year is as follows:

	<b>Opening Balance</b>	<b>Charged to Income Statement</b>	<b>Closing Balance</b>
<b>Consolidated Group</b>			
Income	1,269	734	2,003
	<u>1,269</u>	<u>734</u>	<u>2,003</u>
<b>Economic Entity</b>			
Income	674	12	662
	<u>674</u>	<u>12</u>	<u>662</u>



**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**Deferred Tax Assets**

The movement in the deferred tax assets for each temporary difference during the year is as follows:

	<b>Opening Balance</b>	<b>Charged to Income Statement</b>	<b>Closing Balance</b>	
<b>Consolidated Group</b>				
Expenses	(3,297)	32,916	29,620	
Provisions	9,965	2,843	12,808	
Trademarks	13,954	-	13,954	
Formation costs	5,600	(5,600)	-	
	<u>26,222</u>	<u>30,159</u>	<u>56,382</u>	
<b>Economic Entity</b>				
Expenses	-	-	-	
Provisions	-	-	-	
Trademarks	-	-	-	
Formation costs	5,600	(5,600)	-	
	<u>5,600</u>	<u>(5,600)</u>	<u>-</u>	
	<b>Consolidated Entity</b>	<b>Economic Entity</b>		
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in note 1(b) occur:

Tax losses : capital	<u>157,417</u>	<u>157,417</u>	<u>-</u>	<u>-</u>
Tax losses : revenue	<u>726,020</u>	<u>736,840</u>	<u>15,908</u>	<u>63,255</u>
Timing Differences	<u>100,009</u>	<u>100,009</u>	<u>-</u>	<u>-</u>

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

	<b>Consolidated Entity</b>		<b>Economic Entity</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>14. SHARE CAPITAL</b>				
<b>Issued Capital</b>				
Fully paid ordinary shares	<u>8,650,000</u>	<u>8,650,000</u>	<u>8,650,000</u>	<u>8,650,000</u>
During the accounting period no shares were issued				

The company does not have a limited amount of authorised capital and issued shares do not have a par value.

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

**Share Options**

Tasmanian Pure Foods Ltd has granted:

- 14,000,000 options for the purchase of ordinary shares on the basis of two options for each share held.
- 825,000 options for the purchase of ordinary shares on the basis of one option for each two shares held.

The options have an exercise price of \$1.00 and are exercisable on or before 18 June 2012.

The options hold no voting or dividend rights and are not transferable.

These options were issued in June 2007.

**Capital Management**

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. At balance date there were no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's risk and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Due to the developmental nature of the business, management has believed it prudent to maintain a very low gearing level to date.

The gearing ratio's for the period ended 30 June 2011 and prior year are as follows:

	<b>Consolidated Entity</b>		<b>Economic Entity</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total borrowings	385,797	109,556	-	-
Trade and other payables	1,861,579	1,110,958	-	-
Less cash and cash equivalents	<u>(670,213)</u>	<u>(742,108)</u>	<u>(669,043)</u>	<u>(663,846)</u>
Net debt	1,577,163	478,406	(669,043)	(663,846)
Total equity	<u>5,217,176</u>	<u>5,249,851</u>	<u>8,598,518</u>	<u>8,427,654</u>
Total capital	<u>6,794,339</u>	<u>5,728,257</u>	<u>7,929,475</u>	<u>7,763,808</u>
Gearing ratio	23%	8%	0%	0%

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**15. FINANCIAL RISK MANAGEMENT**

**(a) Financial Risk Management Policies**

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to subsidiaries.

The main purpose of non-derivative financial instruments is to raise finance for group operations. The group does not have any derivative instruments at 30 June 2011.

**Financial Risk Exposures**

The main risks the group is exposed to through its financial instruments at balance date are liquidity risk and credit risk.

Liquidity risk is managed by monitoring forecast cash flows ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk arises from exposure to customers and deposits with financial institutions. Management monitors credit risk by actively assessing and rating quality and liquidity of counter parties.

**Financial Instrument Composition and Maturity Analysis**

	Weighted Average Effective Interest Rate %	Floating Interest Rate	Fixed Interest Rate Mature Within 1 Year	Fixed Interest Rate Greater than 1 year	Non Interest Bearing	Total 2011
<b>Consolidated Group</b>						
<b>Financial assets</b>						
Cash and cash equivalents	5.2%	1,030	669,043	-	140	670,213
Receivables	0.1%	-	34,712	-	2,016,502	2,051,214
		1,030	703,755	-	2,016,642	2,721,427
<b>Financial liabilities</b>						
Bank overdraft	11.5%	316,077	-	-	-	316,077
Insurance funding loan		-	10,686	-	-	10,686
Asset purchase	8.4%	-	14,005	45,029	-	59,034
		316,077	24,691	45,029	-	385,797
<b>Economic Entity</b>						
<b>Financial assets</b>						
Cash and cash equivalents	5.2%	2,410	666,633	-	-	669,043
Receivables		-	-	-	4,083	4,083
Loans to subsidiaries		-	-	-	7,924,054	7,924,054
		2,410	666,633	-	7,928,137	8,597,180

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**15. FINANCIAL RISK MANAGEMENT (CONTINUED)**

	Weighted Average Effective Interest Rate  %	Floating Interest Rate	Fixed Interest Rate Mature Within 1 Year	Non- Interest Bearing	Total  2010
<b>Consolidated Group</b>					
<b>Financial assets</b>					
Cash and cash equivalents	4.7%	109,051	632,757	300	742,108
Receivables	.6%	<u>90,000</u>	<u>-</u>	<u>1,015,423</u>	<u>1,105,423</u>
		199,051	632,757	1,015,723	1,847,531
<b>Financial liabilities</b>					
Bank overdraft	11.1%	99,716	-	-	99,716
Insurance funding loan		-	9,840	-	9,840
		<u>99,716</u>	<u>9,840</u>	<u>-</u>	<u>109,556</u>
<b>Economic Entity</b>					
<b>Financial assets</b>					
Cash and cash equivalents	4.8%	31,089	632,757	-	663,846
Receivables	-	-	-	4,149	4,149
Loans to subsidiaries	-	<u>-</u>	<u>-</u>	<u>7,752,733</u>	<u>7,752,733</u>
		31,089	632,757	7,756,882	8,420,728

**16. EVENTS AFTER THE BALANCE SHEET DATE**

Since the end of the financial year TPF Properties Pty Ltd has sold its orchard property together with all associated plant. Net proceeds of sale were \$1.67 million. Asset carrying amounts were revalued at 30 June 2011 to reflect this sale. No other significant events have occurred since the end of the financial year to the date of this report.

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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**17. RELATED PARTY DISCLOSURES**

	<b>Consolidated Entity</b>		<b>Economic Entity</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Transactions between related parties are on normal terms and conditions no more favourable than those available to other parties unless otherwise stated.				
<b>(a) Other Transactions with Related Parties</b>				
			-	-
V.E.F. Pty Ltd a company controlled by Robert G Woolley provided services	75,000	75,000	75,000	75,000
<b>(b) Loans to Related Parties</b>				
Loans by Tasmanian Pure Foods Ltd to:				
TPF Properties Pty Ltd			5,422,954	5,401,300
Bellamy's Organic Pty Ltd			2,501,100	2,351,433

**18. DIRECTOR RELATED DISCLOSURES**

**Directors Holding Office**

Directors holding office during the period were:

Robert G. Woolley	
Ian A. Urquhart	
Janet H. Cameron	Resigned 5/5/11
Robert T. Wilson	
Anthony K. Shadforth	Appointed 5/5/11

**Directors' Remuneration**

Number of directors whose income from the company was within the following bands:

	<b>No.</b>
\$ 0	4
\$ 70,000 - \$ 79,999	1

**Directors' Superannuation Plan**

There were no contributions in respect of directors and spouses of directors to a superannuation plan by the company for the period ended 30 June 2011.

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**19. CONTROLLED ENTITIES**

	<b>Country of Incorporation</b>	<b>Interest Held</b>	<b>Cost</b>	<b>Carrying Amount of Investment</b>
Bellamy's Organic Pty Ltd	Australia	100%	\$1,000	\$1,000
TPF Properties Pty Ltd	Australia	100%	\$1,000	\$1,000
Bellamy's Kitchen Pty Ltd	Australia	100%	-	-
Yum Mum Pty Ltd	Australia	100%	-	-

**20. CASH FLOW INFORMATION**

**(a) Reconciliation of cash**

For the purpose of this statement of cash flows, cash includes:

- (i). cash on hand and in at call deposits with banks or financial institutions, net of bank overdrafts; and
- (ii). investments in money market instruments maturing within less than two months.

Cash at the end of the year is shown in the balance sheet as:

	<b>Consolidated Entity</b>		<b>Economic Entity</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	\$	\$	\$	\$
Bank overdraft	(316,077)	(99,716)	-	-
Cash on hand	140	300	-	-
Cash at bank	3,440	109,050	2,410	31,089
Term deposits	666,633	632,757	666,633	632,757
	<u>354,136</u>	<u>642,391</u>	<u>669,043</u>	<u>663,846</u>

	<b>Consolidated Entity</b>		<b>Economic Entity</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	\$	\$	\$	\$
<b>RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH OPERATING PROFIT AFTER INCOME TAX</b>				
Operating profit after income tax	(32,675)	(1,309,828)	170,864	27,075
Non-cash flows in operating profit				
Depreciation	61,704	129,857	-	-
Loss/(Profit) on sale of property, plant and equipment	(3,205)	1,029,509	-	-
Loss revaluation land & plant	85,903	-	-	-
Doubtful debts expense	(1,993)	11,103	-	-
Changes in assets and liabilities:				
(Increase)/decrease in trade and sundry debtors	(1,001,168)	526,368	67	(3,544)
(Increase)/decrease in inventories and stores	(165,531)	(610,055)	-	-
(Increase)/decrease in prepayments	(6,238)	(5,524)	-	-
Increase/(decrease) in trade creditors	666,582	330,445	-	-
(Increase)/decrease in deferred tax balances	(29,426)	(1,411)	5,588	6,275
Increase/(decrease) in provisions	11,470	(5,827)	-	-
Increase/(decrease) in accruals	84,123	35,196	-	-
<b>CASH FLOWS FROM OPERATIONS</b>	<u>(330,454)</u>	<u>129,833</u>	<u>176,519</u>	<u>29,806</u>

**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**21. ADDITIONAL COMPANY INFORMATION**

Tasmanian Pure Foods Ltd is a public company incorporated and operating in Tasmania.

Registered office & principal place of business  
Level 1, 68 Cameron Street, Launceston Tasmania 7250.