

**TASMANIAN PURE FOODS LTD**

**ABN 37 124 272 108**

**AND CONTROLLED ENTITIES**

**Financial Statements for the year ended 30 June 2013**

**TASMANIAN PURE FOODS LTD**

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**Financial Statements for the year ended 30 June 2013**

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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 2013.

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  
Robert T. Wilson  
Anthony K. Shadforth  
Janet H. Cameron

Appointed 4 March 2013

### 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	7	7
Mr I Urquhart	7	7
Mr R Wilson	7	7
Mr A Shadforth	7	6
Ms J Cameron	2	2

(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 fees paid during the year were \$60,000. The company paid fees for management services provided by R.G. Woolley as disclosed in note 17.

The consolidated Profit / (loss) of the consolidated group after providing for income tax amounted to \$1,601,861 (2012: \$407,571).

Deferred tax assets amounting to \$301,347 (2012: \$879,003) relating to unused tax losses and timing differences have not been recognised in the accounts or the calculation of the preceding profit/(loss).

A review of the operations of the consolidated group during the financial period and the results of those operations show that sales of \$29,079,652 were achieved for organic baby food products.

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.

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.

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.

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

## DIRECTORS' REPORT CONT'D

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), Chairman of Tandou Ltd (current), Chairman Freycinet Coast Financial Services Ltd (current), Chairman of the Tasmanian Forest and Forest Industry Council, (current), Director of CRC Forestry Ltd, (current), Board member Tasmanian Leaders Inc. (current)
Robert T. Wilson	Director
Qualifications	Graduate Hawksbury Agricultural College
Experience	Founding partner Classic Foods Pty Ltd, CEO from 1989-2006, Former board member Tasmanian Development Board, Former board member Cradle Coast Authority, Former member of Premiers Food Advisory Council.
Ian A. Urquhart	Director & Company Secretary
Qualifications	B. Comm. M. Admin. CPA
Experience	CFO (1976-2006), Director (1976-2012) 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
Janet H. Cameron	Director
Experience	Founder and former principal of Kathmandu

### 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 25<sup>TH</sup> day of SEPTEMBER 2013.

**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 2013 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 25th day of September 2013.

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

**Report on the financial report**

I have audited the accompanying financial report, being a special purpose financial report, of Tasmanian Pure Foods Ltd (the company) and controlled entities (the Consolidated Group) which comprises the statement of financial position as at 30 June 2013, 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 that give a true and fair view 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 to meet the needs of the members. The director's 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**

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with the Australian Auditing Standards. Those Standards require that I 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 judgement, 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 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 director, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Independence**

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001.





INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF TASMANIAN PURE FOODS LTD (CONT)

**Audit Opinion**

In my opinion, the financial report of Tasmanian Pure Foods Ltd and controlled entities is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001.

**Basis of Accounting**

Without modifying my opinion, I 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

Dated this the 25<sup>th</sup> day of September 2013

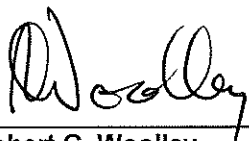
**TASMANIAN PURE FOODS LTD ABN 37 124 272 108 AND CONTROLLED ENTITIES**  
**DIRECTORS' DECLARATION**

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 26 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the company's and the consolidated group's financial position as at 30 June 2013 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.....25<sup>TH</sup>.....day of .....SEPTEMBER.....2013.



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

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated Group	
		2013	2012
		\$	\$
Revenue	2	29,079,652	18,572,490
Raw materials and consumables used		(18,337,581)	(12,248,815)
Employee benefits expense		(2,125,281)	(946,044)
Depreciation & amortisation expenses		(97,077)	(60,951)
Finance costs		(137,802)	(45,440)
Profit (Loss) on disposal property plant & equip		(18,574)	(5,304)
Bad & doubtful debts		(1,175)	(29,790)
Other expenses		<u>(6,997,226)</u>	<u>(4,769,219)</u>
Profit before income tax		1,364,936	466,927
Income tax (expense)/ revenue	3	186,362	(39,356)
<b>Profit/(loss) for the year</b>		<u>1,551,298</u>	<u>427,571</u>
Other comprehensive income			
Gain or (loss) on revaluation of financial assets		49,000	(20,000)
Gain or (loss) on foreign exchange		<u>1,563</u>	<u>-</u>
<b>Total other comprehensive income for the period</b>		<u>50,563</u>	<u>(20,000)</u>
<b>Total comprehensive income for the year</b>		<u>1,601,861</u>	<u>407,571</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 2013

		Consolidated Group	
	Note	2013	2012
		\$	\$
<b>CURRENT ASSETS</b>			
Cash	4	2,662,618	2,149,888
Receivables	5	5,766,965	1,720,993
Inventories	6	6,486,467	3,198,944
Other	7	<u>163,584</u>	<u>65,175</u>
<b>TOTAL CURRENT ASSETS</b>		<u>15,079,634</u>	<u>7,135,000</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	683,061	408,772
Financial assets	9	129,000	80,000
Deferred tax assets	13	<u>157,630</u>	<u>28,136</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>969,691</u>	<u>516,908</u>
<b>TOTAL ASSETS</b>		<u>16,049,325</u>	<u>7,651,908</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	2,601,753	1,839,299
Financial liabilities	11	3,613,104	34,954
Provisions	12	68,360	39,996
Current tax liabilities	13	4,174	-
Deferred tax liabilities	13	<u>910</u>	<u>13,113</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>6,288,301</u>	<u>1,927,362</u>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	11	261,675	29,799
Provisions	12	<u>22,738</u>	<u>-</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>284,413</u>	<u>29,799</u>
<b>TOTAL LIABILITIES</b>		<u>6,572,714</u>	<u>1,957,161</u>
<b>NET ASSETS</b>		<u>9,476,611</u>	<u>5,694,747</u>
<b>EQUITY</b>			
Issued capital	14	10,900,003	8,720,000
Retained profits		<u>(1,423,392)</u>	<u>(3,025,253)</u>
<b>TOTAL EQUITY</b>		<u>9,476,611</u>	<u>5,694,747</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 2013**

	<b>Issued Capital</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>CONSOLIDATED GROUP</b>			
Balance at 1 July 2011	8,650,000	(3,432,824)	5,217,176
Issue of Share Capital	70,000	-	70,000
Operating Profit / (loss) after tax for year	<u>-</u>	<u>407,571</u>	<u>407,571</u>
<b>Balance as at 30 June 2012</b>	<u>8,720,000</u>	<u>(3,025,253)</u>	<u>5,694,747</u>
Issue of Share Capital	2,180,003	-	2,180,003
Operating Profit / (loss) after tax for year	<u>-</u>	<u>1,601,861</u>	<u>1,601,861</u>
<b>Balance as at 30 June 2013</b>	<u>10,900,003</u>	<u>(1,423,392)</u>	<u>9,476,611</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 2013**

	Note	Consolidated Group 2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		26,641,165	19,122,458
Grants received		-	101,046
Interest received		76,015	28,959
Dividends received		3,500	1,500
Payments to suppliers & employees		(30,124,063)	(18,907,119)
Interest paid		<u>(122,226)</u>	<u>(51,162)</u>
NET CASH USED IN OPERATING ACTIVITIES	20	(3,525,609)	295,682
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds share issue		2,180,003	70,000
Payment loan to subsidiary		(48,839)	-
Repayment of borrowings		(132,751)	(67,405)
Proceeds from borrowings		<u>2,431,118</u>	<u>62,440</u>
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		4,429,531	65,035
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds sale property plant & equipment		21,944	1,661,606
Purchases of property, plant & equipment		(413,136)	(161,283)
Payments for investments		-	(100,000)
Receipts loan to Ranicar Pacific P L		<u>-</u>	<u>34,712</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(391,192)</u>	<u>1,435,035</u>
NET INCREASE/(DECREASE) IN CASH		512,730	1,795,752
CASH AT BEGINNING OF REPORTING PERIOD		<u>2,149,888</u>	<u>354,136</u>
<b>CASH AT END OF REPORTING PERIOD</b>	20	<u>2,662,618</u>	<u>2,149,888</u>

The accompanying notes form part of these financial statements.

**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 2013**

**1. NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements and notes represent those of Tasmanian Pure Foods Limited and Controlled Entity (the "consolidated group" or "group").

The separate financial statements of the parent entity, Tasmanian Pure Foods Limited, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001* effective as at 28 June 2011.

The financial statements were authorised for issue on 19 September 2013 by the directors of the company.

**Basis of Preparation**

The directors have prepared the financial statement on the basis that the company is a non-reporting entity because there is no users dependant on general purpose financial statement. The financial statements are therefore special purpose financial statements that have been prepared in order to meets the requirements of the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

**a. Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Tasmanian Pure Foods Limited at the end of the reporting period. A controlled entity is any entity over which Tasmanian Pure Foods Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 19 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statements showing profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

**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 2013**

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

**Business combinations**

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

**(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.

**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 2013**

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

**(b) Income Tax (cont)**

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.

**(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.



**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 2013**

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

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

**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.

**(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 statement of financial position.

**(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.

**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 2013**

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

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

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.

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

The AASB has issued the following Accounting Standard which is mandatorily applicable for future reporting periods and is relevant to the company. The company has decided not to early adopt this Accounting Standard. The company's assessment of this Accounting Standard is set out below:

AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the company.

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interest in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting period commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

**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 2013**

	Consolidated Group	
	2013	2012
	\$	\$
<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	28,842,200	18,382,381
Interest revenues	35,339	70,459
Dividends received	3,500	1,500
Grant income	64,434	101,046
Other income	134,179	17,104
Total revenue from ordinary activities	<u>29,079,652</u>	<u>18,572,490</u>
<b>(b) Expenses</b>		
Employee benefits expense	2,125,281	946,044
Depreciation of non-current assets	97,077	60,951
Finance costs	137,802	45,440
Raw materials & consumables used	18,337,581	12,248,815
Loss disposal property plant & equip.	18,574	5,304
Bad & doubtful debts	1,175	29,790
Other expenses from operating activities	6,997,226	4,789,219
Total expenses from ordinary activities	<u>27,714,716</u>	<u>18,125,563</u>
<b>3. INCOME TAX EXPENSE</b>		
The major components of income tax expense are:		
Current tax expense/(benefit)	4,174	-
Deferred tax expense/(revenue)	(141,697)	39,356
Under/over provision	<u>(48,839)</u>	<u>-</u>
	<u>(186,362)</u>	<u>39,356</u>
Reconciliation of income tax expense to prima facie tax payable:		
Accounting profit(loss) before income tax	1,364,936	466,927
Prima facie tax at statutory income		
Tax rate of 30%	409,481	140,078
Non-deductible expenditure	16,985	9,719
Under/over provision	(48,839)	-
Recognition of losses previously derecognised	(577,656)	-
Derecognition of deferred tax	13,667	(110,441)
Income tax expense / (revenue)	<u>(186,362)</u>	<u>39,356</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 2013**

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>4. CASH</b>		
Cash on hand	212	114
Cash at bank	2,662,406	1,141,637
Cash on term deposit	-	1,008,137
	<u>2,662,618</u>	<u>2,149,888</u>
<b>5. RECEIVABLES</b>		
<b>Current</b>		
Trade debtors	5,504,086	1,609,603
Provision for doubtful debts	-	(1,778)
Other debtors	262,879	113,168
	<u>5,766,965</u>	<u>1,720,993</u>
<b>6. INVENTORIES</b>		
<b>Current</b>		
Raw materials & stores at cost	503,380	462,456
Finished goods at cost	5,983,087	2,736,488
	<u>6,486,467</u>	<u>3,198,944</u>
<b>7. OTHER ASSETS</b>		
<b>Current</b>		
Prepayments	163,584	65,175
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>		
Plant & Equipment	917,647	566,317
Less accumulated depreciation	(234,586)	(157,545)
	<u>683,061</u>	<u>408,772</u>
Total property, plant and equipment	<u>683,061</u>	<u>408,772</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 2013**

		<b>Consolidated Group</b>	
		<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
<b>9. FINANCIAL ASSETS</b>			
Shares in listed company at fair value		<u>129,000</u>	<u>80,000</u>
<b>10. TRADE AND OTHER PAYABLES</b>			
Current			
Trade creditors		1,993,223	1,649,006
Sundry creditors and accruals		<u>608,530</u>	<u>190,293</u>
		<u>2,601,753</u>	<u>1,839,299</u>
<b>11. FINANCIAL LIABILITIES</b>			
Current			
Asset purchase liabilities		79,768	15,228
Insurance funding loan		-	19,726
Debtors finance facility		1,510,705	-
Bank Trade Finance Facility		<u>2,022,631</u>	<u>-</u>
		<u>3,613,104</u>	<u>34,954</u>
Non-current			
Asset purchase liabilities		<u>261,675</u>	<u>29,799</u>
<b>12. PROVISIONS</b>			
Current			
Employee Entitlements		<u>68,360</u>	<u>39,996</u>
Non current			
Employee Entitlements		<u>22,738</u>	<u>-</u>
<b>13. TAX</b>			
<b>(a) Liabilities</b>			
Current			
Income tax payable/(refundable)		<u>4,174</u>	<u>-</u>
Non-current			
Deferred tax liability comprises:			
Temporary differences relating to income		910	13,113
		<u>910</u>	<u>13,113</u>
<b>(a) Assets</b>			
Deferred tax assets comprise:			
Temporary differences relating to expenses		(10,239)	(7,672)
Provisions		18,629	18,532
Trademarks		21,933	17,276
Inventories		<u>127,307</u>	<u>-</u>
		<u>157,630</u>	<u>28,136</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 2013**

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>(b) Reconciliations</b>		
Gross movements		
The overall movement in the deferred tax account is:		
Opening balance	(15,023)	(54,379)
Charged/(credited) to the income statement	<u>(141,697)</u>	<u>39,356</u>
Closing balance	<u>(156,720)</u>	<u>(15,023)</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	13,113	(12,203)	910
	<u>13,113</u>	<u>(12,203)</u>	<u>910</u>

**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	(7,672)	(2,567)	(10,239)
Provisions	18,532	97	18,629
Trademarks	17,276	4,657	21,933
Inventories	-	127,307	127,307
	<u>28,136</u>	<u>129,494</u>	<u>157,630</u>

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</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>201,338</u>	<u>201,338</u>
Tax losses : revenue	<u>-</u>	<u>577,656</u>
Timing Differences	<u>100,009</u>	<u>100,009</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 2013**

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>14. SHARE CAPITAL</b>		
<b>Issued Capital</b>		
Fully paid ordinary shares	<u>10,900,003</u>	<u>8,720,000</u>
During the accounting period 1,245,716 shares were issued paid to \$1.75		

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.

**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 2013 and prior year are as follows:

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Total borrowings	3,874,779	64,753
Trade and other payables	2,601,753	1,839,299
Less cash and cash equivalents	<u>(2,662,618)</u>	<u>(2,149,888)</u>
Net debt	3,813,914	(245,836)
Total equity	<u>9,476,611</u>	<u>5,694,747</u>
Total capital	<u>13,290,525</u>	<u>5,448,911</u>
Gearing ratio	29%	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 2013**

**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 2013.

**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 2013
<b>Consolidated Group</b>						
<b>Financial assets</b>						
Cash and cash equivalents	1.8%	2,617,601			45,017	2,662,618
Receivables		-	-	-	<u>5,766,965</u>	<u>5,766,965</u>
		2,617,601	-	-	5,811,982	8,429,583
<b>Financial liabilities</b>						
Debtor finance facility	7.4%	1,510,705	-	-	-	1,510,705
Bank trade finance facility	7.0%	-	2,022,631	-	-	2,022,631
Asset purchase	6.4%	-	<u>79,768</u>	<u>261,675</u>	-	<u>341,443</u>
		1,510,705	2,102,399	261,675	-	3,874,779

**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 2013**

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

	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 2012
<b>Consolidated Group</b>						
<b>Financial assets</b>						
Cash and cash equivalents	4.1%	1,117,692	1,008,137	-	24,059	2,149,888
Receivables		-	-	-	<u>1,720,993</u>	<u>1,720,993</u>
		1,117,692	1,008,137	-	1,745,052	3,870,881
<b>Financial liabilities</b>						
Insurance funding loan	7.0%	-	19,726	-	-	19,726
Asset purchase	8.4%	-	<u>15,228</u>	<u>29,799</u>	-	<u>45,027</u>
		-	34,954	29,799	-	64,753

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

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**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**17. RELATED PARTY DISCLOSURES**

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</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.		

**(a) Other Transactions with Related Parties**

V.E.F. Pty Ltd a company controlled by Robert G Woolley provided services

	75,000	75,000
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**18. DIRECTOR RELATED DISCLOSURES**

**Directors Holding Office**

Directors holding office during the period were:

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

**Directors' Remuneration**

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

	<b>No.</b>
\$0 - \$9,999	1
\$10,000 - \$19,999	3
\$90,000 - \$99,999	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 2013.

**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	-
TPF Properties Pty Ltd	Australia	100%	\$1,000	-
Bellamy's Kitchen Pty Ltd	Australia	100%	\$2	-
Yum Mum Pty Ltd	Australia	100%	\$2	-
Bellamy's Organic (Hong Kong) Company Ltd	Hong Kong	100%	-	-
Bellamy's Organic (South East Asia) Pte Ltd	Singapore	100%	-	-
Bellamy's Organic Food Trading (Shanghai) Co Ltd	China	100%	-	-

**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 2013**

**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 statement of financial position as:

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	\$	\$
Cash on hand	212	114
Cash at bank	2,662,406	1,141,637
Term deposits	<u>-</u>	<u>1,008,137</u>
	<u>2,662,618</u>	<u>2,149,888</u>

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	\$	\$
<b>RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH OPERATING PROFIT AFTER INCOME TAX</b>		
Operating profit after income tax	1,601,861	407,571
Non-cash flows in operating profit		
Depreciation	97,077	60,951
Loss/(Profit) on sale of property, plant and equipment	18,574	5,304
Loss revaluation land & plant		-
Doubtful debts expense	1,175	(7,332)
Provision for increment/diminution investments	(49,000)	20,000
Changes in assets and liabilities:		
(Increase)/decrease in trade and sundry debtors	(3,994,103)	302,841
(Increase)/decrease in inventories and stores	(3,287,523)	(496,158)
(Increase)/decrease in prepayments	(98,409)	(20,981)
Increase/(decrease) in trade creditors	1,883,985	43,635
(Increase)/decrease in deferred tax balances	(141,697)	39,356
Increase/(decrease) in provisions	53,498	6,412
Increase/(decrease) in accruals	<u>388,953</u>	<u>(65,917)</u>
<b>CASH FLOWS FROM OPERATIONS</b>	<u>(3,525,609)</u>	<u>295,682</u>

**21. ADDITIONAL COMPANY INFORMATION**

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

Registered office & principal place of business  
54 Tamar Street, Launceston Tasmania 7250.