RETAILFOODGROUP LIMITED

APPENDIX4D
INTERIMFINANCIALREPORT
HALF-YEAR ENDED 31 DECEMBER 2014

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

CONTENTS

	REPORTED					UNDERLYING OPERATIONS [1]	
	1H11	1H12	1H13	1H14	1H15	1H14	1H15
Financial							
Underlying Revenue[2]	$60.3m	$49.5m	$60.0m	$64.6m	$78.0m		
EBITDA	$22.6m	$24.4m	$25.6m	$28.1m	$34.5m	$28.1m	$39.3m
EBIT	$22.2m	$24.0m	$25.2m	$27.4m	$33.1m	$27.4m	$38.2m
NPAT	$13.6m	$14.5m	$14.6m	$17.3m	$21.5m	$17.3m	$25.3m
Basic EPS	12.8 cps	13.4 cps	12.5 cps	12.9 cps	14.5 cps	12.9cps	17.0 cps
Dividend	7.0 cps	8.5 cps	9.5 cps	10.75 cps	11.50 cps		
Operating Performance							
Underlying Revenue Growth	(1.6%)	(17.9%)	21.2%	7.7%	20.7%		
EBITDA Growth	2.6%	8.0%	5.0%	9.7%	22.5%	9.7%	39.7%
EBIT Growth	3.3%	8.1%	4.9%	8.7%	21.1%	8.7%	39.4%
NPAT Growth	8.9%	6.7%	0.7%	18.0%	24.4%	18.0%	46.4%
Basic EPS Growth	3.2%	5.3%	(6.7%)	3.2%	12.4%	3.2%	31.8%
Outlets	1,095	1,126	1,391	1,401	2,476		

(1) EBIT results from 'Underlying Operations' exclude the pre-tax impact of the following amounts recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	1H14	1H15
EBIT - REPORTED	$27.4m	$33.1m
Acquisition transaction and integration costs (including restructuring costs)	-	$5.1m
EBIT - UNDERLYING OPERATIONS	$27.4m	$38.2m
NPAT results from 'Underlying Operations'		
NPAT - REPORTED	$17.3m	$21.5m
Post- tax impact of non-underlying EBIT adjustments	-	$3.8m
NPAT - UNDERLYING OPERATIONS	$17.3m	$25.3m

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

(2) Underlying Revenue excludes revenue associated with marketing pursuits including:

a. Revenue derived from marketing activities (1H15:$16.0m, 1H14: $13.5m; 1H13: $10.8m; 1H12:$6.8m; 1H11: $7.1m); and
b. Revenue derived from warehousing and distribution activities (1H15:$3.5m, 1H14 and prior: $nil).

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

Reporting Period

Current Reporting Period: Half-Year Ended 31 December 2014.

Previous Corresponding Period: Half-Year Ended 31 December 2013.

Revenue and Net Profit

Details		Growth PCP %		1H15 $'000
Revenue from operations	up	24.7%	to	97,438
Profit from ordinary activities after tax attributable to members	up	24.4%	to	21,478
Net profit attributable to members	up	24.4%	to	21,478

Dividends

Details	Cents Per Share	Total Amount $'000	Franked / Unfranked	Payment Date
Declared and paid during the half-year				
Final FY14 dividend	11.25	16,299	100% Franked	10 October 2014
Declared after the end of the half-year				
Interim FY15 dividend	11.50	18,381	100% Franked	9 April 2015

Record date for determining entitlements to the interim FY15 dividend: 20 March 2015.

Net Tangible Assets Per Security

Details	31 December 2014	30 June 2014
Net tangible (liabilities) / assets per security (1)	(55.1 cents) (2)	7.5 cents (3)

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

(2) 31 December 2014 calculation based on 159,386,728 shares.

(3) 30 June 2014 calculation based on 144,868,508 shares.

APPENDIX 4D - SECTION B

For comments on trading performance during the half-year, refer to the 1H15 media release, 1H15 Results Presentation and the Directors' Report.

The interim fully franked dividend of 11.50 cents per share was approved by the Directors on 25 February 2014. In complying with accounting standards, as the dividend was not approved prior to period end, no provision has been taken up for this dividend in the half-year financial statements. The Board also resolved that the interim dividend will constitute an eligible dividend for the purposes of the Company's Dividend Reinvestment Plan.

RETAILFOODGROUP LIMITED
STRENGTH IN BRANDS

RETAILFOODGROUP LIMITED
CONDENSEDCONSOLIDATED FINANCIALREPORT
HALF-YEAR ENDED 31 DECEMBER 2014

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The Directors of Retail Food Group Limited (referred to hereafter as the Company) submit herewith the Financial Report of the Company for the period ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Information About The Directors

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

Name	Particulars
Mr Colin Archer	Independent Non-executive Chairman.
Mr Anthony (Tony) Alford	Chief Executive Officer and Managing Director.
Ms Jessica Buchanan	Independent Non-executive Director.
Mr Stephen Lonie	Independent Non-executive Director.

Principal Activities

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

- Intellectual property ownership of the Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses (Australia & New Zealand), Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar, The Coffee Guy, Café2U, Gloria Jean's Coffees and It's A Grind Brand Systems;
- Development and management of the Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses, Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar, The Coffee Guy, Café2U, Gloria Jean's Coffees and It's A Grind Brand Systems throughout the world, whether directly managed and/or as licensor to another for all systems excluding Esquires Coffee Houses (Australia & New Zealand); and
- Development and management of the Coffee Roasting Facilities and the wholesale supply of certain products to the Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses, Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar, The Coffee Guy, Café2U, Gloria Jean's Coffees and It's A Grind Brand Systems.

Changes In State Of Affairs

No significant changes in the nature of the Group's core business activities occurred during the half-year ended 31 December 2014.

Review Of Operations And Financial Condition

Group Overview

The following table summarises the Group's reported results for the half-years ended 31 December 2014 and 31 December 2013:

	1H15	1H14	Change
Underlying Revenue (1)	$78.0m	$64.6m	20.7%
EBITDA	$34.5m	$28.1m	22.5%
NPAT	$21.5m	$17.3m	24.4%
EPS (Basic)	14.5 cps	12.9 cps	12.4%
Interim Dividend per Share (DPS)	11.50 cps	10.75 cps	7.0%
Outlets	2,476	1,401	+1,075 outlets
Net Debt	$178.2m	$49.5m	260.0%

(1) Underlying Revenue excludes revenue derived from marketing pursuits (1H15: $19.5m; 1H14: $13.5m).

The record consolidated earnings results for the half-year ended 31 December 2014 are representative of continuing growth from the Group's Traditional and QSR Brand Systems, wholesale coffee operations, and the positive contributions from its Café2U and Gloria Jean's Coffees acquistions.

The $21.5m reported NPAT reflects a 24.4% increase on PCP and represents the ninth successive year in which the Company has delivered a record interim profit since ASX Listing in June 2006.

Underlying Revenue (excluding marketing related receipts) for 1H15 was $78.0 million, representing an increase of $13.4 million or 20.7% on 1H14.

Review Of Operations And Financial Condition (cont.)

The increase in revenue was attributable to the following key factors:

- Contributions from existing Brand Systems and acquisitions completed in 1H15;
- Increase in total Coffee revenues; and
- Additional operating revenues from disposal of Company owned outlets during the period.

Growth in earnings was attributable to positive EBITDA contributions from 1H15 acquisitions, organic new outlet growth and increased per outlet contributions from traditional Brand Systems, and scale benefits realised in the coffee roasting activities.

The increases in reported EBITDA (22.5%) and NPAT (24.4%) were achieved, notwithstanding the $5.1 million in acquisition transaction and integration costs including corporate restructuring activities as a consequence of the Café2U and Gloria Jean's Coffees acquisitions, and pending Di Bella transaction, more particularly detailed in the Company's market presentation of the 24th October 2014. Included within this balance is circa $2.5 million in allowances as a result of this activity.

The Group issued 14.5 million shares during the period, raising capital of $55.0 million (before costs), and secured an additional $118 million under its senior debt facilities to support the Gloria Jean's Coffees acquisition.

EPS growth on PCP was 12.4% to 14.5 cps, nothwithstanding a 10% increase in shares on issue to approximately 159.4 million.

Total Shareholder Return (TSR) for the 6 months to 31 December 2014 was 30.5% (pre-tax).

The Directors declared a fully franked interim dividend of 11.50 cents per share, an increase of 7.0% on previous corresponding period. Consistent with the Group's prudent capital management planning, the Directors have resolved the interim dividend will constitute an eligible dividend for the purposes of the Company's Dividend Reinvestment Plan (DRP).

Financial Position and Cash Flows

Net Assets of $385.2 million have increased by $75.2 million (or 24.3%) from 30 June 2014, primarily as a result of the Group's 1H15 acquisitions, and associated debt and capital raising activities and positive operating cash flow. The acquisition note (note 12) to the accompanying financial statements presents the net assets acquired by the Group in respect of the Café2U and Gloria Jean's Coffees acquisitions.

Return on Investment (EBIT/Total Assets) decreased 2.1% on PCP to 5.1%, attributable to pro-rata EBIT contributions of Café2U (acquired September 2014) and Gloria Jean's Coffees Brand Systems (acquired December 2014), thus only contributing 3 months and 1 month (approx. 4 weeks) of earnings respectively for the half-year.

Cash inflows from operating activities for 1H15 remained strong at $15.5 million (1H14: $13.5 million), reflecting a conversion to EBITDA of 75.6% (1H14: 88.5%). The decreased conversion to EBITDA margin on a PCP basis is primarily attributable to acquisitions and integration related costs, and timing of licence and supply side revenues being received subsequent to period end.

The Group received $55.0 million (before costs) in cash arising from the Share Placement in October 2014, Share Purchase Plan (SPP) completed in December 2014, and secured an additional $118 million of available funding under its existing corporate debt facilities.

The combined proceeds of surplus free cash derived from operations, share capital raised and corporate debt facilities were applied as follows:

- $166 million to fund acquisitions;
- A $2 million earn-out payment to the Crust vendors as a result of the Brand System achieving its acquisition earnings performance targets; and
- The investment in Voluntary Company Stores (VCS), property, plant and equipment, funding of marketing innovation activities, QSR400 roll out and financial services accommodations to franchisees.

Debt Structure

As at 31 December 2014, the Group's total gross debt increased to $209 million, primarily attributable to acquisitons previously discussed. This amount is presented as $28 million in current borrowings and $181 million as non-current borrowings in the Statement of Financial Position.

On 3 December 2014, coinciding with the Gloria Jean's Coffees acquisition, the Group completed an amendment to its existing senior debt facility, increasing the total facility from $135 million to $253 million, including an increase in senior debt facilties to $225 million, with an extended maturity date of September 2017, and an additional $28 million bridging facility, repayable by 30 April 2015.

As at 31 December 2014, 24.0% ($50 million) of the Group's gross debt was subject to fixed interest rates, with the remaining 76.0% ($159 million) subject to variable interest rates. The Group's weighted average interest rate as at 20 February 2015 was 4.14%.

At the conclusion of 1H15, the Group's gross debt was $209 million, with cash reserves and facility headroom of $74.8 million.

Review Of Operations And Financial Condition (cont.)

Operating Segment Review

The Group is organised into two major operating divisions – franchising operations and wholesale / retail operations, and currently reports on this basis. Given the increasing number of Brand Systems under Group ownership, the Directors additionally present operating results on a Brand System Cash Generating Unit (CGU) basis. This information is presented subsequent to the operating segment review.

A review of consolidated revenues and results by operating segment is set out in the following table.

Segment	Segment Revenues		Segment Profit or Loss	
	1H15 $'000	1H14 $'000	1H15 $'000	1H14 $'000
Franchising Operations	63,573	51,455	34,958	24,545
Wholesale / Retail Operations	33,766	26,492	2,420	3,356
	97,339	77,947	37,378	27,901
Interest revenue	99	211	99	211
Finance costs			(2,503)	(2,746)
Unallocated	-	9	(4,336)	(739)
Profit before tax			30,638	24,627
Income tax expense			(9,160)	(7,368)
Revenue and net profit after tax for the half-year - Statutory	97,438	78,167	21,478	17,259
Less: Revenue associated with marketing pursuits	(19,467)	(13,549)		
Total Underlying Revenue for the half-year	77,971	64,618		

Franchising Operations

Franchising Operations incorporate the development and management of the Group's retail Brand Systems and include the following principal activities:

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

Segment revenue for 1H15 was $63.6 million (1H14: $51.5 million), representing growth of $12.1 million (or 23.5%). Revenue growth was primarily driven by the additional business attributable to acquisitions completed by the Group during the period (Café2U and Gloria Jean's Coffees), organic outlet growth of 75, an increase in licence fees, and initial franchise fee revenues.

Segment revenue includes revenues derived from marketing pursuits of $16.0 million (1H14: $13.5 million).

Wholesale / Retail Operations

Wholesale / Retail Operations incorporate the development and management of the Group's Procurement, Wholesale & Manufacturing divisions, including coffee roasting activities, NVCS, VCS, and QSR400 outlets.

These pursuits are managed and reported separately to Franchising Operations, and involve the following principal activities:

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

Segment revenue for 1H15 was $33.8 million (1H14: $26.5 million), representing an increase of $7.3 million (or 27.5%) on a PCP basis attributable to:

- A 62.5% increase in total coffee revenues over PCP due to new wholesale coffee supply contracts, as well as organic growth in coffee sales within existing Brand Systems, and revenue contribution from the Gloria Jean's Coffees acquisition;
- An increase in revenues generated from disposal of NVCS and VCS compared to PCP; and
- A $3.5 million increase in revenue arising from operation of certain Michel's bakery operations.

Review Of Operations And Financial Condition (cont.)

Information related to the Group's operating results on a Brand System CGU basis is presented in the following table and reviewed internally by management in assessing Brand System performance. This information presents the six major CGU's, with smaller Brand Systems and operations included in Other. Inter-CGU revenue is eliminated on consolidation for Statutory reporting. Group expenses are allocated on a consistent basis in determination of the respective CGU's contribution to Group EBITDA.

CGU	Donut King		Michel's Patisserie		Brumby's Bakery		QSR		Mobile Systems		Retail Coffee Systems		All Other		Total	
	1H15 $'000	1H14 $'000	1H15 $'000	1H14 $'000	1H15 $'000	1H14 $'000	1H15 $'000	1H14 $'000	1H15 $'000	1H14 $'000	1H15 $'000	1H14 $'000	1H15 $'000	1H14 $'000	1H15 $'000	1H14 $'000
External revenue	12,666	14,446	17,518	19,501	10,230	11,894	13,825	11,222	2,741	831	9,831	4,348	11,160	2,376	77,971	64,618
Inter-CGU revenue	94	343	319	573	117	169	105	47	-	-	141	157	-	-	776	1,289
CGU revenue [1]	12,760	14,789	17,837	20,074	10,347	12,063	13,930	11,269	2,741	831	9,972	4,505	11,160	2,376	78,747	65,907
CGU EBITDA	7,441	5,976	8,447	7,319	5,693	5,774	6,768	6,991	960	320	3,060	1,166	6,890	524	39,259	28,070
Depreciation & amortisation															(1,312)	(755)
Interest revenue															99	211
Finance costs															(2,503)	(2,746)
Unallocated															(4,905)	(153)
Profit before tax															30,638	24,627
Income tax expense															(9,160)	(7,368)
Profit after tax for the period															21,478	17,259
Outlets	350	342	317	314	277	286	354	312	321	62	857	85			2,476	1,401

[1] CGU – revenue reconciliation	1H15 $'000	1H14 $'000
Revenue for the period – Statutory	97,438	78,167
Less: revenue associated with marketing pursuits	(19,467)	(13,549)
Underlying revenue for the period	77,971	64,618
Inter-CGU revenue: eliminated on consolidation	776	1,289
Total CGU revenue	78,747	65,907

Review Of Operations And Financial Condition (cont.)

Performance Indicators

Outlet Growth

New outlet growth for 1H15 totalled 1,091 (1H14: 79) and was derived from growth in QSR outlets (22 outlets), non-QSR Brand Systems (53 outlets) and acquisition (1,016 outlets).

Net outlet growth for 1H15 was 1,042; comprising:

- 75 commissionings by organic growth;
- 1,016 commissionings by acquisition; and
- 49 closures of existing outlets.

Outlet Same Store Sales (SSS) & Average Transaction Values (ATV)

Brand System (Australia Only)	Same Store Sales (SSS) growth		Average Transaction Value (ATV) growth	
	1H15 %	1H14 %	1H15 %	1H14 %
QSR (Pizza Capers & Crust) [1]	1.2%	0.3%	6.1%	2.9%
Donut King	3.3%	2.0%	5.6%	4.6%
Brumby's Bakery	2.0%	1.6%	5.6%	3.7%
Michel's Patisserie	0.8%	(0.8%)	3.9%	0.9%
Coffee Retail Systems (including Gloria Jean's Coffees, It's A Grind Coffee Houses, bb's café and Esquires Coffee Houses)	5.7%	2.0%	3.5%	3.6%

SSS 1H14 figures represent Average Weekly Sales as previously reported by the Group.
(1) Weighted store sales – represents blended metric of Pizza Capers and Crust same store sales (SSS).

Acquisitions

Acquisition of Café2U

On 28 August 2014, the Group announced its entry into a Share Purchase Agreement (SPA), subject to normal contractual terms, for the acquisition of 100% of the issued share capital of Café2U International Pty Ltd (and associated entities) for cash consideration of $15 million.

Café2U International Pty Ltd is the owner and franchisor of the Café2U Brand System, consisting of 236 mobile coffee vans. Settlement was completed on 11 September 2014, with control of the business and intellectual property transferring to the Group at that time.

Acquisition of Gloria Jean's Coffees

On 24 October 2014, the Group announced that it had entered into a conditional Share Purchase Agreement (SPA), subject to normal contractual terms and customary terms to acquire Gloria Jean's Coffees for total consideration of $163.2 million, including cash and RFG shares, plus contingent consideration payable up to $16.4 million.

Settlement was completed on 3 December 2014, with control of Gloria Jean's Coffees transferring to the Group at that time.

Future Developments

The Group will continue to pursue key organic growth platforms of its Brand Systems, advancing the Coffee & Allied Beverages strategy, and focus on integration and restructuring activities subsequent to the most recent acquisitions, including Di Bella Coffee, which settled subsequent to period end.

The Group continues to investigate and evaluate potential retail food franchise systems and other complementary asset acquisitions. These acquisition targets include both competitor and complementary systems which provide system growth opportunities, synergies, intellectual property enhancement, and EPS accretive.

Disclosure of further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report as the Directors consider that it would be likely to result in unreasonable prejudice to the Group.

Significant Events After The Balance Date

There has not been any matter or circumstance occurring, other than that referred to in this Directors' Report, the financial statements or notes thereto, that has arisen since the end of the period, that has significantly affected, or, in the reasonable opinion of the Directors, may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, other than the following items:

Settlement of Di Bella Coffee

On 25 November 2014, the Group announced its entry into a Share Purchase Agreement (SPA) , subject to normal contractual terms and finalisation of due diligence enquiry to its satisfaction, by which the business and intellectual property assets of the Di Bella Coffee specialty coffee group would be acquired.

Settlement of the Di Bella Coffee acquisition was completed on 18 February 2015, with control of Di Bella Coffee transferring to the Group at that time.

Interim Dividend

On 25 February 2015, the Board of Directors declared to pay an interim dividend in respect of profits of the financial year ending 30 June 2015. The interim dividend of 11.50 cents per share (based on 159,833,303 shares on issue at 25 February 2015), franked to 100% at 30% corporate income tax rate will be paid on 9 April 2015. The interim dividend was approved by the Directors following the conclusion of 1H15 and, therefore, was not provided for in the half-year financial report. It was resolved that the interim dividend will constitute an eligible dividend for the purpose of the Company's Dividend Reinvestment Plan.

Dividends

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

Company	1H15		1H14	
	Cents Per Share	Total $'000	Cents Per Share	Total $'000
Declared and paid during the half-year				
Fully paid ordinary shares				
Final dividend – fully franked at 30% tax rate [1]	11.25	16,299	10.25	13,356
Declared after the end of the half-year				
Fully paid ordinary shares				
Interim dividend – fully franked at 30% tax rate[2]	11.50	18,381	10.75	15,485

(1) In respect of profits of the financial year ended 30 June 2014, as detailed in the Directors' Report for that financial year, a final dividend of 11.25 cents per share (based on 144,878,508 shares on issue), franked to 100% at 30% corporate income tax rate was paid on 10 October 2014.

(2) In respect of profits of the financial year ended 30 June 2015, an interim dividend of 11.50 cents per share, based on 159,833,303 shares on issue at 25 February 2015, franked to 100% at 30% corporate income tax rate, will be paid on 9 April 2015. The interim dividend was approved by the Directors on 25 February 2015 and, therefore, was not provided for in the Company's financial report. It was resolved that the interim dividend will constitute an eligible dividend for the purpose of the Company's dividend reinvestment plan.

Auditor's Independence Declaration

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

Rounding Off Of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and, in accordance with that Class Order amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to s.298 (2) of the Corporations Act 2001.

RETAIL FOOD GROUP LIMITED

COLIN ARCHER
Chairman
Southport, 25 February 2015

A J (TONY) ALFORD
Managing Director and CEO

AUDITOR`S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Riverside Centre
Level 25
123 Eagle Street
Brisbane QLD 4000
GPO Box 1463
Brisbane QLD 4001 Australia

DX 115
Tel: +61 (0) 7 3308 7000
Fax: +61 (0) 7 3308 7001
www.deloitte.com.au

The Board of Directors
Retail Food Group Limited
1-3 Olympic Circuit
Southport, QLD 4215

25 February 2015

Dear Board Members

Retail Food Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Retail Food Group Limited.

As lead audit partner for the review of the financial statements of Retail Food Group Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Deloitte Touche Tohmatsu

Tendai Mkwananzi
Partner
Chartered Accountants

Member of Deloitte Touche Tohmatsu Limited

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Riverside Centre
Level 25
123 Eagle Street
Brisbane QLD 4000
GPO Box 1463
Brisbane QLD 4001 Australia

DX 115
Tel: +61 (0) 7 3308 7000
Fax: +61 (0) 7 3308 7001
www.deloitte.com.au

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

We have reviewed the accompanying half-year financial report of Retail Food Group Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of profit and loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 15 to 31.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Retail Food Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Retail Food Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Retail Food Group Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

Deloitte Touche Tohmatsu

Tendai Mkwananzi
Partner
Chartered Accountants
Brisbane, 25 February 2015

The Directors declare that:

(i) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(ii) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

RETAIL FOOD GROUP LIMITED

A J (TONY) ALFORD
Managing Director and CEO
Southport, 25 February 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Consolidated	Note	1H15 $'000	1H14 $'000
Continuing operations			
Revenue from sale of goods	4	33,766	26,492
Cost of sales	5	(20,744)	(11,329)
Gross profit		13,022	15,163
Other revenue	4	63,672	51,675
Selling expenses		(8,292)	(9,771)
Marketing expenses		(13,541)	(13,819)
Occupancy expenses		(1,929)	(892)
Administration expenses		(5,223)	(3,553)
Operating expenses		(9,798)	(9,809)
Finance costs		(2,503)	(2,746)
Other expenses		(4,770)	(1,621)
Profit before tax		30,638	24,627
Income tax expense		(9,160)	(7,368)
Profit for the period from continuing operations		21,478	17,259
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Net gain on net investment hedge		514	326
Other comprehensive income for the period, net of tax		514	326
Total comprehensive income for the period		21,992	17,585
Profit attributable to:			
Equity holders of the parent		21,478	17,259
Total comprehensive income attributable to:			
Equity holders of the parent		21,992	17,585
Earnings per share			
From continuing operations:			
Basic (cents per share)		14.5	12.9
Diluted (cents per share)		14.5	12.9

Notes to the condensed consolidated financial statements are included on pages 20 to 31.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

Consolidated	Note	1H15 $'000	FY14 $'000
Current assets			
Cash and cash equivalents		30,808	11,559
Trade and other receivables		44,146	22,350
Other financial assets		7,319	6,218
Inventories		26,924	10,092
Other		2,097	440
Total current assets		111,294	50,659
Non-current assets			
Trade and other receivables		3,992	1,380
Other financial assets		22,055	17,689
Property, plant and equipment		36,850	27,713
Deferred tax assets		4,280	1,542
Intangible assets	6	473,027	299,121
Total non-current assets		540,204	347,445
Total assets		651,498	398,104
Current liabilities			
Trade and other payables		22,337	8,308
Borrowings	7	28,000	-
Current tax liabilities		6,322	5,006
Provisions		4,654	1,887
Other		12,576	3,833
Total current liabilities		73,889	19,034
Non-current liabilities			
Trade and other payables		676	-
Borrowings	7	181,000	68,949
Provisions		371	78
Other		10,362	-
Total non-current liabilities		192,409	69,027
Total liabilities		266,298	88,061
Net assets		385,200	310,043
Equity			
Issued capital	8	291,181	221,703
Reserves	9	868	368
Retained earnings	10	93,151	87,972
Total equity		385,200	310,043

Notes to the condensed consolidated financial statements are included on pages 20 to 31.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Consolidated	Fully Paid Ordinary Shares	Equity Settled Employee Benefits Reserve	Hedging Reserve	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2013	160,469	62	(24)	79,952	240,459
Profit for the period	-	-	-	17,259	17,259
Other comprehensive income	-	-	326	-	326
Total comprehensive income	-	-	326	17,259	17,585
Share issue costs	(1,909)	-	-	-	(1,909)
Related income tax	573	-	-	-	573
Issue of ordinary shares	58,774	-	-	-	58,774
Issue of shares under executive share option plan	251	-	-	-	251
Transfer from equity-settled employee benefits reserve	48	(48)	-	-	-
Payment of dividends	-	-	-	(13,356)	(13,356)
Balance as at 31 December 2013	218,206	14	302	83,855	302,377
Balance as at 1 July 2014	221,703	14	354	87,972	310,043
Profit for the period	-	-	-	21,478	21,478
Other comprehensive income	-	-	514	-	514
Total comprehensive income	-	-	514	21,478	21,992
Share issue costs	(1,419)	-	-	-	(1,419)
Related income tax	426	-	-	-	426
Issue of ordinary shares	70,444	-	-	-	70,444
Issue of shares under executive share option plan	13	-	-	-	13
Transfer from equity-settled employee benefits reserve	14	(14)	-	-	-
Payment of dividends	-	-	-	(16,299)	(16,299)
Balance as at 31 December 2014	291,181	-	868	93,151	385,200

Notes to the condensed consolidated financial statements are included on pages 20 to 31.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Consolidated	Note	1H15 $'000	1H14 $'000
Cash flows from operating activities			
Receipts from customers		92,462	82,863
Payments to suppliers and employees		(66,412)	(57,964)
Interest and other costs of finance paid		(2,604)	(3,310)
Income taxes paid		(7,993)	(8,137)
Net cash provided by operating activities		15,453	13,452
Cash flows from investing activities			
Interest received		99	211
Proceeds from repayment of related party loans		4	2
Amounts advanced to other entities		(3,814)	(5,334)
Proceeds from other entities		10	523
Payments for property, plant and equipment		(6,440)	(7,546)
Payment for intangible assets		(519)	(24)
Payment for business, net of cash acquired		(167,839)	(2,000)
Net cash used in investing activities		(178,499)	(14,168)
Cash flows from financing activities			
Proceeds from issues of equity securities		55,015	58,575
Payment for share issue costs		(1,419)	(1,909)
Payment for debt issue costs		(445)	-
Proceeds from borrowings		180,000	9,000
Repayment of borrowings		(40,000)	(55,000)
Dividends paid		(10,856)	(13,356)
Net cash used in financing activities		182,295	(2,690)
Net (decrease) / increase in cash and cash equivalents		19,249	(3,406)
Cash and cash equivalents at the beginning of the period		11,559	16,822
Cash and cash equivalents at the end of the period		30,808	13,416

Notes to the condensed consolidated financial statements are included on pages 20 to 31.

1. General Information

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

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

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

- Intellectual property ownership of the Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses (Australia and New Zealand), Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar, The Coffee Guy, Café2U ,Gloria Jean's Coffees and It's A Grind Brand Systems;
- Development and management of the Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses, Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar, The Coffee Guy, Café2U, Gloria Jean's Coffees and It's A Grind Brand Systems throughout the world, whether directly managed and/or as licensor to another for all systems excluding Esquires Coffee Houses (Australia & New Zealand); and
- Development and management of the Coffee Roasting Facilities and the wholesale supply of certain products to the Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses, Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar, The Coffee Guy, Café2U, Gloria Jean's Coffees and It's A Grind Brand Systems.

2. Significant Accounting Policies

2.1 Statement Of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The half-year financial report was authorised for issue by the Directors on 25 February 2015.

2.2 Basis Of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and, in accordance with that Class Order, amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

New Accounting Policy - Initial network access fee revenue

Initial network access fees are received on execution of certain contracts with approved suppliers to the Group's Brand Systems. This class of revenue is recognised over the corresponding term of the contract period.

All Other Accounting Policies

All other accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those policies and methods adopted and disclosed in the Company's 2014 annual financial report for the financial year ended 30 June 2014, except for the impact of the following Standards and Interpretations. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

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

2. Significant Accounting Policies (cont.)

2.3 Standards And Interpretations In Issue Not Yet Adopted

At the date of authorisation of the financial statements, the following Standards and Interpretations were in issue but not yet effective. Initial application is not expected to have any material impact on the financial statements of the Group.

Standard/Interpretation	Effective For Annual Reporting Periods Beginning On Or After	Expected To Be Initially Applied In The Financial Year Ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2016
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2016
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2016
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2016
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2016

3. Segment Information

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

3. Segment Information (cont.)

3.1 Products And Services From Which Reportable Segments Derive Their Results

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

Segment	Description
Franchising Operations	Franchising Operations incorporate the development and management of the Group's retail Brand Systems – Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses, Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar, The Coffee Guy, Café2U Gloria Jean's Coffees and It's A Grind – and involves the following principal activities: ▪ The establishment and grant of new franchises; ▪ The administration of royalties collection, supplier licencing, franchise compliance, franchisee training and administration; and ▪ The performance of marketing and promotional activities, brand development and awareness, and product research and development.
Wholesale / Retail Operations	Wholesale / Retail Operations incorporate the development and management of the Group's Procurement, Wholesale & Manufacturing division, Non-Voluntary Company Store (NVCS) and Voluntary Company Stores (VCS), being Project Evo pilot outlets and QSR400 outlets. These pursuits are managed and reported separately to the Franchising Operations segment, and involve the following principal activities: ▪ The procurement, sale and distribution of bakery and other related items to Michel's Patisserie franchisees; ▪ The manufacture and sale of roasted coffee and related products to franchisees and external customers; ▪ The interim operation of NVCS and VCS across each of the Brand Systems; and ▪ The return of NVCS to franchisee stewardship.

3.2 Segment Revenues And Results

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

Segment	Segment Revenues		Segment Profit or Loss	
	1H15 $'000	1H14 $'000	1H15 $'000	1H14 $'000
Franchising Operations	63,573	51,455	34,958	24,545
Wholesale / Retail Operations	33,766	26,492	2,420	3,356
	97,339	77,947	37,378	27,901
Interest revenue	99	211	99	211
Finance costs			(2,503)	(2,746)
Unallocated	-	9	(4,336)	(739)
Profit before tax			30,638	24,627
Income tax expense			(9,160)	(7,368)
Revenue and Net profit after tax for the period	97,438	78,167	21,478	17,259

Revenue reported represents revenue generated from external customers. Revenue from franchising operations includes marketing revenue of $16 million (1H14: $13.5 million).

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

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

3. Segment Information (cont.)

3.3 Geographical Information

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

4. Revenue

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

Consolidated	1H15 $'000	1H14 $'000
Revenue from the sale of goods	33,766	26,492
Revenue from the rendering of services	63,573	51,455
	97,339	77,947
Interest revenue:		
Bank deposits	55	148
Other loans and receivables	44	63
	99	211
Other revenue	-	9
Total	97,438	78,167

5. Profit For The Period From Continuing Operations

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

Consolidated	1H15 $'000	1H14 $'000
Cost of sales	20,744	11,329
Inventory write-down/(write-back) of inventory to net realisable value	120	(1)
Impairment of trade receivables	562	979
Acquisition transaction and integration costs (including restructuring costs)[(1)]	5,100	-
Depreciation of property, plant and equipment	1,017	747
Employee benefits expenses:		
Post employment benefits (defined contribution plans)	1,406	1,394
Other employee benefits (wages and salaries)	18,932	18,983
Total	20,338	20,377

(1) As a consequence of the Café2U and Gloria Jean's Coffees acquisitions, and pending Di Bella transaction, the Company accelerated certain restructuring activities more particularly detailed in the Company's market presentation of the 24th October 2014. Included within this balance is circa $2.5 million in allowances as a result of this activity.

6. Intangible Assets

Consolidated	Goodwill	Indefinite Life		Finite Life	Total
		Brand Networks	Intellectual Property Rights	Other	
	$'000	$'000	$'000	$'000	$'000
Gross carrying amount					
Balance as at 1 July 2013	30,345	261,533	5,337	231	297,446
Additions	-	1,413	-	283	1,696
Acquisitions through business combinations	-	-	-	-	-
Effect of foreign currency exchange differences	-	-	-	-	-
Balance as at 30 June 2014	30,345	262,946	5,337	514	299,142
Additions	-	14	-	144	158
Acquisitions through business combinations	173,493	-	-	-	173,493
Effect of foreign currency exchange differences	255	-	-	-	255
Balance as at 31 December 2014	204,093	262,960	5,337	658	473,048
Accumulated amortisation					
Balance as at 1 July 2013	-	-	-	(21)	(21)
Balance as at 30 June 2014	-	-	-	(21)	(21)
Balance as at 31 December 2014	-	-	-	(21)	(21)
Net book value					
As at 30 June 2014	30,345	262,946	5,337	493	299,121
As at 31 December 2014	204,093	262,960	5,337	637	473,027

Intangible assets acquired through business combinations in the period have been accounted for on a provisional basis.

7. Borrowings

Consolidated	1H15 $'000	FY14 $'000
Secured at amortised cost		
Current		
Bank loans	28,000	-
Non-current		
Bank loans	181,000	68,949
	209,000	68,949

On 3 December 2014, coinciding with the Gloria Jean's Coffees acquisition, the Group completed an amendment to its existing senior debt facility, increasing the total facility from $135 million to $253 million, including an increase in senior debt facilties to $225 million, with an extended maturity date of September 2017, and an additional $28 million bridging facility, repayable by 30 April 2015.

8. Issued Capital

Consolidated	1H15 $'000	FY14 $'000
159,386,728 fully paid ordinary shares (FY14: 144,868,508)	291,181	221,703
	291,181	221,703

	1H15		FY14	
	No. '000	$'000	No. '000	$'000
Fully paid ordinary shares [1]				
Balance at beginning of period	144,868	221,703	130,278	160,469
Issue of ordinary shares [2]	14,508	70,444	14,487	62,271
Share issue costs	-	(1,419)	-	(1,909)
Related income tax	-	426	-	573
Issue of shares under executive share option plan [3]	10	13	103	251
Transfer from equity-settled employee benefits reserve	-	14	-	48
Balance at end of period	159,386	291,181	144,868	221,703

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

(2) During the period, a total of 14,508,220 ordinary shares were issued as follows:

a. 1,168,051 shares issued on 10 October 2014 in respect of the Company's Dividend Reinvestment Plan, attributable to the payment of the final dividend for the financial year ended 30 June 2014. The issue price of the share was $4.66;

b. 8,333,334 shares issued on 31 October 2014 in respect of a capital raising from institutional and sophisticated investors;

c. 1,882,814 shares issued on 3 December 2014 in respect of the Gloria Jean's Coffees acquisition; and

d. 3,124,021 shares issued on 31 December 2014 in respect of a Share Purchase Plan (SPP) offered to shareholders on the shareholder register as at 7 p.m. on 23 October 2014.

(3) During the period, a total of 10,000 shares were issued following the exercise of options.

9. Reserves

Consolidated	1H15 $'000	FY14 $'000
Equity-settled employee benefits reserve	-	14
Hedging reserve	868	354
	868	368

Equity-settled employee benefits reserve	1H15 $'000	FY14 $'000
Balance at beginning of period	14	62
Transfer to share capital	(14)	(48)
Balance at end of period	-	14

9. Reserves (cont.)

Hedging reserve	1H15 $'000	FY14 $'000
Balance at beginning of period	354	(24)
Gain recognised on:		
Net investment hedge	514	378
Balance at end of period	868	354

10. Retained Earnings

Consolidated	1H15 $'000	FY14 $'000
Balance at beginning of period	87,972	79,952
Net profit attributable to members of the parent entity	21,478	36,861
Dividends provided for or paid	(16,299)	(28,841)
Balance at end of period	93,151	87,972

11. Dividends

Company	1H15		1H14	
	Cents Per Share	Total $'000	Cents Per Share	Total $'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend – fully franked at 30% tax rate	11.25	16,299	10.25	13,356
Unrecognised amounts				
Fully paid ordinary shares				
Interim dividend – fully franked at 30% tax rate [1]	11.50	18,381	10.75	15,485

(1) In respect of profits of the financial year ended 30 June 2015, an interim dividend of 11.50 cents per share (based on 159,833,303 shares on issue as at 25 February 2015), franked to100% at 30% corporate income tax rate, will be paid on 9 April 2015. The interim dividend was approved by the Directors following the conclusion of 1H15 and, therefore, was not provided for in the half-year financial report. It was resolved that the interim dividend will constitute an eligible dividend for the purpose of the Company's Dividend Reinvestment Plan.

12. Acquisitions

Name Of Businesses / Intellectual Property Acquired	Principal Activity	Date Of Acquisition	Total Cost Of Acquisition $'000	Cash Cost Of Acquisition $'000	Scrip Cost Of Acquisition $'000	Contingent Cost Of Acquisition $'000
Acquisition Of Businesses:						
Café2U ('C2U')	Owner/Franchisor of the C2U Brand System	11 September 2014	15,000	15,000	-	-
Gloria Jean's Coffees Group ('GJC')	Owner/Franchisor of the Gloria Jean's and It's A Grind Brand Systems Coffee Roaster and wholesaler of coffee/allied product	3 December 2014	178,900	153,200	10,000	15,700
		Total Consideration:	193,900	168,200	10,000	15,700

Café2U

On 28 August 2014, the Group announced that it had entered into a conditional Share Purchase Agreement (SPA), subject to normal contractual terms and finilisation of due diligence enquiry, by which the business and intellectual property assets of the C2U Brand System ('C2U') would be acquired.

On 11 September 2014, the Group completed the acquisition of C2U for consideration of $15 million, paid on settlement in the form of cash.

Consideration Transferred	1H15 $'000
Cash	15,000
Contingent consideration	-
Total	15,000

12. Acquisitions (cont.)

Café2U (cont.)

The transaction has been accounted for on a provisional basis using the acquisition method of accounting. The company is currently undertaking an assessment of identifiable intangible assets and deferred tax balances. The net assets acquired in the business combination are as follows:

Net Assets Acquired	Fair Value On Acquisition $'000
Current assets	
Trade and other receivables	370
Other financial assets	40
Inventories	175
Other current assets	74
Total current assets	659
Total assets	659
Current liabilities	
Trade and other payables	793
Current tax liabilities	17
Provisions – current	67
Other current liabilities	96
Total current liabilities	973
Total liabilities	973
Net assets	(314)
Goodwill on acquisition of business	15,314
Acquisition price	15,000

Net Cash Flow On Acquisition	1H15 $'000
Total purchase consideration	15,000
Less: non-cash consideration	-
Consideration paid in cash	15,000
Less: cash and cash equivalent balances acquired	-
Total	15,000

12. Acquisitions (cont.)

Gloria Jean's Coffees

On 24 October 2014, the Group announced that it had entered into a conditional Sale and Purchase Agreement (SPA), subject to normal contractual terms and customary terms to acquire Gloria Jean's Coffees for total consideration of $163.2 million, comprising cash and RFG shares, plus contingent consideration payable up to $16.4 million.

On 3 December 2014, the Group completed the acquisition of GJC for the following consideration:

- $153.2 million payable in cash;
- RFG ordinary shares to the value of $10 million; and
- Earn out payments up to a maximum of $16.4 million, contingent upon Gloria Jean's Coffees achieving future performance milestones. $15.7 million was brought to account on acquisition, representing the present value of the estimated fair value of the contingent earn-out.

Consideration Transferred	1H15 $'000
Cash	153,200
Scrip consideration	10,000
Contingent consideration	15,700
Total	178,900

12. Acquisitions (cont.)

Gloria Jean's Coffees (cont.)

The transaction has been accounted for on a provisional basis using the acquisition method of accounting. The company is currently undertaking an assessment of identifiable intangible assets and deferred tax balances. The net assets acquired in the business combination are as follows:

Net Assets Acquired	Fair Value On Acquisition
	$'000
Current assets	
Cash and cash equivalents	2,361
Trade and other receivables	10,517
Inventories	12,266
Current tax asset	173
Other current assets	1,202
Total current assets	26,519
Non-current assets	
Trade and other receivables	991
Property, plant and equipment	8,652
Deferred tax asset	1,910
Total non-current assets	11,553
Total assets	38,072
Current liabilities	
Trade and other payables	12,557
Provisions – Current	2,631
Other current liabilities	1,075
Total current liabilities	16,263
Non-current liabilities	
Trade and other payables	407
Provisions – Non-current	262
Other non-current liabilities	58
Total non-current liabilities	727
Total liabilities	16,990
Net assets	21,082
Goodwill on acquisition of business	157,818
Acquisition Price	178,900

12. Acquisitions (cont.)

Gloria Jean's Coffees (cont.)

Net Cash Flow On Acquisition	1H15 $'000 GJC
Total purchase consideration	178,900
Less: non-cash consideration	25,700
Consideration paid in cash	153,200
Less: Cash and cash equivalent balances acquired	2,361
Total	150,839

13. Events After The Reporting Period

Settlement of Di Bella Coffee Acquisition

On 25 November 2014, the Group announced its entry into a Share Purchase Agreement (SPA) , subject to normal contractual terms and finalisation of due diligence enquiry to its satisfaction, by which the business and intellectual property assets of "Di Bella" Coffee specialty coffee group would be acquired.

Settlement of the Di Bella Coffee acquisition was completed on 18 February 2015, with control of Di Bella Coffee transferring to the Group at that time.

Interim Dividend

On 25 February 2015, the Board of Directors declared to pay an interim dividend in respect of profits of the financial year ending 30 June 2015. The interim dividend of 11.50 cents per share (based on 159,833,303 shares on issue at 25 February 2015), franked to 100% at 30% corporate income tax rate will be paid on 9 April 2015. The interim dividend was approved by the Directors following the conclusion of 1H15 and, therefore, was not provided for in the half-year financial report. It was resolved that the interim dividend will constitute an eligible dividend for the purpose of the Company's Dividend Reinvestment Plan.

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