Retail Food Group Limited
Appendix 4D
Interim Financial Report
Half-Year Ended 31 December 2016

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

CONTENTS

SUMMARY FINANCIAL INFORMATION

	REPORTED					UNDERLYING OPERATIONS [1]	
	1H13	1H14	1H15	1H16	1H17	1H16	1H17
Financial							
Underlying Revenue[2]	$60.0m	$64.6m	$78.0m	$148.3m	$161.9m		
EBITDA	$25.6m	$28.1m	$34.5m	$48.9m[3]	$56.6m	$53.5m	$60.5m
EBIT	$25.2m	$27.4m	$33.1m	$45.6m[3]	$52.7m	$50.6m	$56.6m
NPAT	$14.6m	$17.3m	$21.5m	$28.5m[3]	$33.5m	$32.1m	$36.2m
Basic EPS	12.5 cps	12.9 cps	14.5 cps	17.5 cps[3]	19.6 cps	19.6 cps	21.2 cps
Dividend	9.5 cps	10.75 cps	11.50 cps	13.00 cps	14.75 cps		
Operating Performance							
Underlying Revenue Growth	21.2%	7.7%	20.7%	90.2%	9.2%		
EBITDA Growth	5.0%	9.7%	22.5%	41.8%[3]	15.9%	36.4%	13.0%
EBIT Growth	4.9%	8.7%	21.1%	37.6%[3]	15.5%	32.5%	11.8%
NPAT Growth	0.7%	18.0%	24.4%	32.9%[3]	17.3%	27.1%	12.7%
Basic EPS Growth	(6.7%)	3.2%	12.4%	20.7%[3]	12.0%	15.3%	8.3%

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

	1H16	1H17
EBIT - REPORTED	$45.6m[3]	$52.7m
Acquisition transaction and integration costs (including restructuring costs)	$5.0m[3]	$3.9m
EBIT - UNDERLYING OPERATIONS	$50.6m	$56.6m
NPAT results from 'Underlying Operations'		
NPAT - REPORTED	$28.5m[3]	$33.5m
Post- tax impact of non-underlying EBIT adjustments	$3.6m[3]	$2.7m
NPAT - UNDERLYING OPERATIONS	$32.1m	$36.2m

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 (1H17: $13.1m, 1H16: $18.5m, 1H15: $19.5m; 1H14: $13.5m; 1H13:$10.8m).

(3) Restated – see Note 2.1.

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

Reporting period

Current reporting period: Half-Year Ended 31 December 2016

Previous corresponding period: Half-Year Ended 31 December 2015

Revenue and net profit

Details		Growth PCP %		1H17 $'000
Revenue from operations	up	4.9%	to	175,005
Profit from ordinary activities after tax attributable to members	up	17.3%	to	33,489
Net profit attributable to members	up	17.3%	to	33,489

Dividends

Details	Cents Per Share	Total Amount $'000	Franked/ Unfranked	Payment Date
Declared and paid during the half-year				
Final FY16 dividend	14.50	23,920	100% Franked	7 October 2016
Declared after the end of the half-year				
Interim FY17 dividend	14.75	25,968	100% Franked	10 April 2017

Record date for determining entitlements to the interim FY17 dividend: 20 March 2017

Net tangible assets per security

Details	31 December 2016	30 June 2016
Net tangible (liabilities)/assets per security(1)	(38.5) cents(2)	(48.6) cents(3)

(1) Net tangible assets defined as net assets less intangible assets.
(2) 31 December 2016 calculation based on 176,054,084 shares.
(3) 30 June 2016 calculation based on 164,968,083 shares.

APPENDIX 4D - SECTION B
COMMENTARY ON THE RESULTS

For comments on trading performance during the half-year, refer to the 1H17 media release, 1H17 Results Presentation and the Directors' Report.

The interim fully franked dividend of 14.75 cents per share was approved by the Directors on 23 February 2017. 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.

Retail Food Group Limited
Consolidated Financial Report
Half-Year Ended 31 December 2016

INDEX

DIRECTORS' REPORT

Overview

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 2016 in accordance with the provisions of the *Corporations Act 2001*.

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	Chairman and Independent Non-Executive Director
Mr Andre Nell	Executive Managing Director
Mr Anthony (Tony) Alford	Non-Independent Non-Executive Director
Ms Jessica Buchanan	Independent Non-Executive Director
Mr Stephen Lonie	Independent Non-Executive Director
Ms Kerry Ryan	Independent Non-Executive Director
Mr Russell Shields	Independent Non-Executive Director

Principal activities

The Group's principal activities 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, It's A Grind and Di Bella Coffee 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, It's A Grind and Di Bella Coffee Brand Systems throughout the world, whether directly managed and/or as licensor for all Brand Systems excluding Esquires Coffee Houses;

- Development and management of the coffee roasting facilities and the wholesale supply of coffee and allied products to the existing Brand Systems and third party accounts under the Evolution Coffee Roasters Group, Caffe Coffee, Roasted Addiqtion, Barista's Choice and Di Bella Coffee brands; and

- Development and management of the procurement, warehousing, manufacturing and distribution business under the Hudson Pacific Food Service, Dairy Country and Bakery Fresh brands.

Review of operations and financial condition

Group Overview

The following table summarises the Group's reported results for the half-years ending 31 December 2016 and 31 December 2015:

Item	1H17	1H16	Change
Underlying Revenue(1)	$161.9m	$148.3m	$13.6m
EBITDA (Underlying)	$60.5m	$53.5m	$7.0m
EBITDA(2)	$56.6m	$48.9m	$7.7m
NPAT (Underlying)	$36.2m	$32.1m	$4.1m
NPAT(2)	$33.5m	$28.5m	$5.0m
EPS (Underlying)	21.20 cps	19.60 cps	1.60 cps
EPS(2)	19.60 cps	17.50 cps	2.10 cps
Interim Dividend per Share (DPS)	14.75 cps	13.00 cps	1.75 cps

(1) Underlying Revenue excludes revenue derived from marketing activities (1H17: $13.1m; 1H16: $18.5m).
(2) Restated 1H16 - see Note 2.1.

Review of operations and financial condition (continued)

The result for the half-year ended 31 December 2016 reflects a solid performance from the Group's Cash Generating Units (CGU's), including earnings contribution of 14 weeks from the Hudson Pacific Corporation (HPC) acquisition, benefits resulting from investment in organisational restructuring and synergy extraction activities undertaken in the 2015/2016 calendar years and as a consequence of the HPC acquisition, and operating cost savings emanating from the further programmed reduction in Corporate stores traded compared to the prior corresponding period (PCP).

Underlying Revenue (excluding marketing related receipts) for 1H17 was $161.9 million, representing a 9.2% increase (or $13.6 million) on PCP. The increase in underlying revenue is primarily attributable to the following factors:

- A $34.0 million contribution from the HPC acquisition; offset by
- A $9.0 million decrease in Brand System segment revenues (Bakery/Café, QSR and Coffee Retail), predominantly attributable to a programmed reduction in sales revenue from corporate store operations across all Brand Systems, and cessation of revenues from New Zealand, primarily within the Coffee Retail Brand System CGU, resulting from the licencing of this territory under Master Franchise Licence agreement in PCP; and
- A $11.4 million decrease in Coffee & Allied Beverage revenue, primarily attributable to substantial 'in-home' capsule machine and capsule sales associated with the national launch of the 'next generation' capsule machine campaign occurring in 1H16.

Reported EBITDA growth of 15.9% and reported NPAT growth of 17.3% was attributable to the positive earnings contribution from the HPC acquisition, a solid contribution from Franchise Operations, an increase in higher margin product sales in the Coffee & Allied Beverage segment relative to PCP, and realised synergistic benefits from restructuring and integration activities.

Reported EPS of 19.6 cps represented a 12.0% increase on PCP.

Underlying EBITDA ($60.5m) and Underlying NPAT ($36.2m) for 1H17 excludes $3.9 million (pre-tax) in acquisition, integration and restructuring costs primarily attributable to the HPC acquisition.

Financial Position and Cash Flows

Net Assets of $517.5 million have increased by $84.8 million (or 19.6%) from 30 June 2016, primarily as a result of the Group's 1H17 acquisition and capital raising activities. The acquisition note (Note 14) to the accompanying financial statements presents the net assets acquired by the Group in respect of the Hudson Pacific Corporation acquisition.

Return on Investment (EBIT/Total Assets) decreased by 0.4% on PCP to 6.2% on reported earnings, attributable to HPC (acquired 22 September 2016) only contributing 14 weeks of earnings for the half-year. On an underlying basis, Return on Investment decreased by 0.7% to 6.7%.

Cash inflows from operating activities for 1H17 remained strong at $32.6 million (1H16: $28.4 million), with the increase in net operating cash inflow attributable to the positive impact of the acquisition net of certain acquisition and integration costs. The cash conversion to EBITDA ratio of 89.1% (1H16: 90.0%), is in line with PCP and a pleasing result given the acquisition, integration and restructuring costs incurred in the period.

Debt Structure

As at 31 December 2016, the Group's total gross debt increased to $239.0 million including ancillary facilities, with cash reserves and facility headroom of circa $80.4 million. The increase is primarily attributable to the HPC acquisition previously discussed.

Subsequent to period end, the Group:

- Increased its total bi-lateral senior finance facility by $40.0m, resulting in pro-forma facility headroom of $120.4m at 31 December 2016. Westpac Banking Corporation contributed the entire $40.0m funding increase to the bi-lateral facility; and
- Enhanced interest rate risk management measures via entering into fixed interest rate contracts covering an additional $100m of gross debt with a 3 - 4.5 year maturity profile. Total debt subject to fixed interest rates as at date of this report is $150m.

Review of operations and financial condition (continued)

Operating Segment Review

For management purposes, the Group is organised into five major operating divisions. These divisions are the basis on which the Group reports its primary segment information. During the period, the Operating divisions of the Group were restructured in preparation to execute on the Group's long-term growth strategies including acquisition opportunities. The chief operating decision makers of the Group believe that the aggregation and rationalisation of operating divisions will assist in the realisation of greater synergistic benefits within each Division, and will ultimately result in a more dynamic business.

The Group's reportable segments under AASB 8 are as follows:

- Bakery/Café Division (incorporating Michel's Patisserie, Donut King, and Brumby's Bakery Brand Systems);
- QSR Division (incorporating Crust Gourmet Pizza and Pizza Capers Brand Systems);
- Coffee Retail Division (incorporating Gloria Jean's Coffees, Esquires, Café2U and The Coffee Guy Brand Systems);
- Coffee and Allied Beverage (incorporating Wholesale Coffee operations); and
- Commercial Food Services Division (incorporating procurement, warehousing, manufacturing and distribution operations).

Brand System Operations

All Brand System segments with the exception of Coffee and Allied Beverage and Commercial Food Services are referred to collectively by management as Franchise Operations. Underlying Franchise Operations EBITDA for 1H17 was $47.7 million (1H16: $45.3 million), representing growth of 5.2% (or $2.4 million), primarily attributable to a decrease in operational costs arising from the investment in organisational restructuring and synergy extraction activities undertaken in the 2015/2016 calendar years and operating cost savings emanating from the further programmed reduction in Corporate stores traded compared to the prior corresponding period (PCP).

New outlet commissionings for 1H17 was 138 (PCP: 142) and net outlet growth for 1H17 was 26 (PCP: 63).

Compared to 1H16 and attributable to the operating activities previously discussed, the Group's Brand Systems exhibited weighted same store sales (SSS) growth of 1.4% and weighted average transaction value (ATV) growth of 2.0%. SSS growth by segment included Bakery/Café 2.3%, Coffee Retail 0.9% and QSR a decline of 0.5%.

Coffee and Allied Beverage

Coffee and Allied Beverage results represent the Group's wholesale product sales in the contract roasting, commercial and in-home market segments.

Underlying Coffee and Allied Beverage Operations EBITDA for 1H17 was $9.1 million (1H16: $8.2 million), representing an increase of $0.9 million on PCP. The increase in segment EBITDA was attributable to an increase of higher margin contract roasting and commercial product sales relative to PCP, and realised cost benefits from prior period restructuring activities, offsetting the $11.4 million decrease in revenues primarily attributable to substantial sales of the low margin 'in-home' capsule machine and capsule sales associated with the national launch of the 'next generation' capsule machine occurring in 1H16.

Commercial Food Services Division

The newly formed Commercial Food Services Division EBITDA was $3.7m (1H16: nil) attributable to the earnings contribution of 14 weeks from the HPC acquisition completed 22 September 2016.

Acquisitions

Acquisition of Hudson Pacific Corporation

On 25 August 2016, the Group announced that it had entered into a conditional Share Purchase Agreement (SPA), subject to normal contractual and customary terms to acquire Hudson Pacific Corporation (HPC). Settlement was completed on the 22nd of September 2016 through the purchase of shares of HPC for total consideration of $86.4 million and control of HPC transferred to the Group at this time (refer to Note 14 for further details).

Review of operations and financial condition (continued)

Future developments

The Group will continue to pursue key organic growth platforms of its Brand Systems, Coffee & Allied Beverage and Commercial Food Services Division, investigate and evaluate potential complementary asset acquisitions, and focus on completion of integration and restructuring activities commenced subsequent to the most recent acquisition.

The Group continues to investigate and evaluate potential complementary asset acquisitions. These acquisition targets include both competitor and complementary systems which provide system growth opportunities, synergies, increased scale benefits, intellectual property enhancement, and are EPS accretive. In this respect, the Company will keep the market informed in accordance with its reporting obligations.

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:

Interim Dividend

On 23 February 2017, the Board of Directors declared an interim dividend in respect of profit for the period ending 31 December 2016. The interim dividend of 14.75 cents per share (based on 176,054,084 shares on issue at 23 February 2017), franked to 100% at 30% corporate income tax rate, will be paid on 10 April 2017. The interim dividend was approved by the Directors following the conclusion of 1H17 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:

	1H17		1H16	
Company	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)	14.50	23,920	11.75	19,145
Declared after the end of the half-year				
Fully paid ordinary shares				
Interim dividend - fully franked at 30% tax rate(2)	14.75	25,968	13.00	21,365

(1) In respect of profit for the financial year ended 30 June 2016, as detailed in the Directors' Report for that financial year, a final dividend of 14.50 cents per share (based on 164,968,083 shares on issue), franked to 100% at 30% corporate income tax rate, was paid on 7 October 2016.

(2) In respect of profit for the period ending 31 December 2016, an interim dividend of 14.75 cents per share, based on 176,054,084 shares on issue at 23 February 2017, franked to 100% at 30% corporate income tax rate, will be paid on 10 April 2017. The interim dividend was approved by the Directors on 23 February 2017 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 as required under section 307C of the *Corporations Act 2001* is included on page 10 of the half-year financial report.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

RETAIL FOOD GROUP LIMITED

Mr Colin Archer
Chairman and Independent Non-Executive Director

Mr Andre Nell
Executive Managing Director

Southport, 23 February 2017

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Auditor's Independence Declaration

As lead auditor for the review of Retail Food Group Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Retail Food Group Limited and the entities it controlled during the period.

Steven Bosiljevac
Partner
PricewaterhouseCoopers

Brisbane
23 February 2017

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Independent auditor's review report of

Retail Food Group Limited

Independent auditor's review report to the members of Retail Food Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Retail Food Group Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Retail Food Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled from time to time during the half-year.

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 Australian 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 2016 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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:

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1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date;

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

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the company for the half-year ended 31 December 2016 included on Retail Food Group Limited's web site. The company's directors are responsible for the integrity of the Retail Food Group Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

Steven Bosiljevac
Partner

Brisbane
23 February 2017

DIRECTORS' DECLARATION

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

Mr Andre Nell
Executive Managing Director

Southport, 23 February 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Consolidated	Notes	1H17 $'000	Restated 1H16 $'000
Continuing operations			
Revenue from sale of goods	4	108,090	92,851
Cost of sales	5	(68,833)	(58,888)
Gross Profit		39,257	33,963
Other revenue	4	66,915	73,977
Other gains and losses		1,427	(309)
Selling expenses		(5,996)	(10,100)
Marketing expenses		(14,728)	(15,849)
Occupancy expenses		(2,716)	(4,230)
Administration expenses		(12,360)	(10,623)
Operating expenses		(13,723)	(15,501)
Finance costs		(4,819)	(4,960)
Other expenses	5	(5,416)	(5,727)
Profit before income tax		47,841	40,641
Income tax expense		(14,352)	(12,094)
Profit for the period from continuing operations	5	33,489	28,547
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		335	2,522
Other comprehensive income for the period, net of tax		335	2,522
Total comprehensive income for the period		33,824	31,069
Profit is attributable to:			
Equity holders of the parent		33,489	28,547
Total comprehensive income is attributable to:			
Equity holders of the parent		33,824	31,069
Earnings per share			
From continuing operations:			
Basic (cents per share)		19.6	17.5
Diluted (cents per share)		19.6	17.5

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

Consolidated	Notes	1H17 $'000	Restated FY16 $'000
Current assets			
Cash and cash equivalents	6	15,391	17,406
Trade and other receivables		82,171	45,145
Other financial assets		11,846	8,133
Inventories		24,572	16,103
Other		2,677	2,210
Total current assets		136,657	88,997
Non-current assets			
Trade and other receivables		2,348	3,429
Other financial assets		33,540	34,118
Property, plant and equipment	7	79,679	51,561
Deferred tax assets		10,839	8,279
Intangible assets	8	585,309	512,937
Total non-current assets		711,715	610,324
Total assets		848,372	699,321
Current liabilities			
Trade and other payables		61,682	21,758
Borrowings	9	619	165
Current tax liabilities		6,930	5,167
Provisions		7,068	3,518
Other		12,945	18,911
Total current liabilities		89,244	49,519
Non-current liabilities			
Borrowings	9	237,789	205,735
Provisions		655	307
Other		3,140	10,981
Total non-current liabilities		241,584	217,023
Total liabilities		330,828	266,542
Net assets		517,544	432,779
Equity			
Issued capital	10	398,888	324,072
Reserves	11	2,305	1,925
Retained earnings	12	116,351	106,782
Total equity		517,544	432,779

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Consolidated	Notes	Fully Paid Ordinary Shares $'000	Equity Settled Employee Benefits Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2015 (1)		315,051	-	1,276	86,605	402,932
Profit for the period		-	-	-	28,547	28,547
Other comprehensive income		-	-	2,522	-	2,522
Total comprehensive income		**-**	**-**	**2,522**	**28,547**	**31,069**
Issue of ordinary shares		5,860	-	-	-	5,860
Share issue costs		(22)	-	-	-	(22)
Related income tax		7	-	-	-	7
Payment of dividends	13	-	-	-	(19,145)	(19,145)
Balance at 31 December 2015 (1)		**320,896**	**-**	**3,798**	**96,007**	**420,701**
Balance as at 1 July 2016 (1)		324,072	-	1,925	106,782	432,779
Profit for the period		-	-	-	33,489	33,489
Other comprehensive income		-	-	335	-	335
Total comprehensive income		**-**	**-**	**335**	**33,489**	**33,824**
Issue of ordinary shares	10	75,185	-	-	-	75,185
Share issue costs	10	(528)	-	-	-	(528)
Related income tax	10	159	-	-	-	159
Payment of dividends	13	-	-	-	(23,920)	(23,920)
Recognition of share-based payments	11	-	45	-	-	45
Balance at 31 December 2016		**398,888**	**45**	**2,260**	**116,351**	**517,544**

(1) Restated - see Note 2.1.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Consolidated	Notes	1H17 $'000	Restated 1H16 $'000
Cash flows from operating activities			
Receipts from customers		179,979	179,296
Payments to suppliers and employees		(129,558)	(135,341)
Interest and other costs of finance paid		(4,624)	(4,670)
Income taxes paid		(13,229)	(10,882)
Net cash provided by operating activities		32,568	28,403
Cash flows from investing activities			
Interest received		291	207
Amounts advanced to other entities		(1,661)	(3,453)
Payments for property, plant and equipment		(17,864)	(6,242)
Proceeds from sale of property, plant and equipment		70	70
Payments for intangible assets		(259)	(284)
Payments for business (net of cash acquired)		(62,180)	(6,862)
Net cash used in investing activities		(81,603)	(16,564)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		35,600	-
Proceeds from borrowings		82,325	124,000
Repayment of borrowings		(50,000)	(121,637)
Dividends paid		(20,512)	(13,285)
Payment for share issue costs		(528)	(22)
Payment for debt issue costs		-	(802)
Net cash used in from financing activities		46,885	(11,746)
Net (decrease) in cash and cash equivalents		(2,216)	(48)
Effects of exchange rate changes on cash and cash equivalents		66	141
Cash and cash equivalents at the beginning of period		16,956	14,395
Cash and cash equivalents at end of period	6	14,806	14,488

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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, New Zealand and the United States. Retail Food Group Limited's registered office and its principal place of business are as follows:

Registered Office and Principal Place of Business
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, It's A Grind and Di Bella Coffee 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, It's A Grind and Di Bella Coffee Brand Systems throughout the world, whether directly managed and/or as licensor for all Brand Systems excluding Esquires Coffee Houses;

- Development and management of coffee roasting facilities and the wholesale supply of the coffee and allied products to the existing Brand Systems and third party accounts under Evolution Coffee Roasters Group, Caffe Coffee, Roasted Addiqtion, Barista's Choice and Di Bella Coffee brands; and

- Development and management of the procurement, warehousing, manufacturing and distribution business under the Hudson Pacific Food Service, Dairy Country and Bakery Fresh brands.

2. Significant accounting policies

2.1 Basis of preparation

The 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 Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This consolidated interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards (Note 2.2) as set out below.

Restatement of comparative period: Contingent milestone payments on acquisitions of businesses and subsidiaries accounted for using the acquisition method in accordance with AASB 3 *Business Combinations*.

Arising from the acquisition of Hudson Pacific Corporation on 22 September 2016, the Group reassessed its accounting policies on acquisitions accounted for using the acquisition method of accounting in accordance with AASB 3 *Business Combinations*, taking into account a review of prior period acquisitions. With respect to acquisitions, milestone payments to vendors, contingent upon a future outcome that include or imply a service obligation by the vendor, are recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

As a result of this assessment, the Group has determined a total of $1.5 million of contingent consideration payments incorrectly recorded as goodwill to which the policy applies are to be recognised in profit or loss in the 2015 ($0.9 million) and 2016 ($0.6 million) financial years. The restated comparative period Financial Statements are as follows: Statement of Profit or Loss (an increase in operating expenses and a reduction in profit before tax of 1H16: $0.3 million, FY16: $0.6 million), Statement of Financial Position (reduction in intangible assets and retained earnings of FY16: $1.5 million), Statement of Cash Flows (increase in payments to suppliers/employees and decrease in payments for business of 1H16: $0.5 million, FY16: $0.7 million), Earnings Per Share (EPS) (a decrease in EPS of 1H16: 0.1cps, FY16: 0.4cps).

2.2 Standards and interpretations adopted in the current period

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

The adoption of new Standards and Interpretations during the current reporting period did not have any material effect on the reported results or financial position of the Group, or the presentation and disclosure of amounts in these financial statements.

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. The Group is currently assessing the impact of these new standards on the Group. This assessment is expected to be completed by 30 June 2017.

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 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15' and AASB 2015-8 'Amendments to Australian Accounting Standards - Effective Date of AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

3. Segment information

3.1 Description of segments and principal activities

In prior reporting periods the Group's operating segments were aligned across the following major operating divisions:

- Donut King Brand System;
- Michel's Patisserie Brand System;
- Brumby's Bakery Brand System;
- QSR Systems (incorporating Crust Gourmet Pizza and Pizza Capers Brand Systems);
- Mobile Systems (incorporating Café2U and The Coffee Guy Brand Systems);
- Coffee Retail Systems (incorporating Gloria Jean's Coffees and Esquires Brand Systems); and
- Coffee and Allied Beverage (incorporating Wholesale Coffee operations and other unallocated amounts).

During the period, the Operating divisions of the Group were restructured in preparation to execute on the Group's long-term growth strategies including acquisition opportunities. The chief operating decision makers of the Group believe that the aggregation and rationalisation of operating divisions will assist in the realisation of greater synergistic benefits within each Division, and will ultimately result in a more dynamic business. This restructure was aligned with an internal management restructure which resulted in the appointment of a Senior Manager to each Division.

The Donut King, Michel's Patisserie, and Brumby's Bakery Brand Systems, previously recognised as individual operating divisions, have been combined to form the Bakery/Café Division. In addition, the Café2U and The Coffee Guy Brand Systems previously reported as the Mobile Systems division have been incorporated with the Coffee Retail Division. The creation of the Commercial Food Services division was a direct result of the acquisition of the Hudson Pacific Corporation on 22nd September 2016. Management envisage that the long-term growth strategy of the Group will result in additional segments in future reporting periods.

In keeping with the requirements of AASB 8 the operating segments of the Group are now:

- Bakery/Café Division (incorporating Michel's Patisserie, Donut King and Brumby's Bakery Brand Systems);
- QSR Division (incorporating Crust Gourmet Pizza and Pizza Capers Brand Systems);
- Coffee Retail Division (incorporating Gloria Jean's Coffees, Esquires, Café2U and The Coffee Guy Brand Systems);
- Coffee & Allied Beverage (incorporating wholesale coffee operations); and
- Commercial Food Service (incorporating procurement, warehousing, manufacturing and distribution operations).

Prior period comparatives have been restated to reflect the organisational change.

3.2 Segment information provided to the Chief Decision Makers

Segment Revenue

Revenue from external parties reported to the Chief Decision Makers is measured in a manner consistent with that in the consolidated statement of comprehensive income. Sales between segments are carried out at arm's length and are eliminated on consolidation, identified as Inter-segment revenue as presented in Note 3.3.

Segment EBITDA

The Chief Decision Makers assess the performance of the operating segments based on a measure of segment EBITDA.

3. Segment information (continued)

3.3 Segment revenue

Information related to the Group's operating results per segment is presented in the following table.

Segment	Bakery Cafe		QSR Systems		Coffee Retail Systems		Coffee and Allied Beverage		Commercial Food Services		Total	
	1H17 $'000	1H16 $'000	1H17 $'000	1H16 $'000	1H17[2] $'000	1H16 $'000	1H17[3] $'000	1H16 $'000	1H17 $'000	1H16 $'000	1H17 $'000	1H16[4] $'000
External revenue	34,389	32,253	10,695	10,522	44,486	49,656	31,561	42,964	34,037	-	155,167	135,395
External revenue – Corporate stores	4,379	7,305	637	1,855	1,711	3,550	-	-	-	-	6,727	12,710
Inter-segment revenue	417	499	23	43	255	461	-	-	-	-	695	1,003
Segment revenue [1]	39,185	40,057	11,355	12,420	46,452	53,667	31,561	42,964	34,037	-	162,590	149,108
Segment EBITDA	21,794	21,751	7,210	6,915	18,675	16,651	9,082	8,204	3,739	-	60,500	53,521
Depreciation & amortisation											(3,936)	(3,250)
Interest revenue											-	207
Finance costs											(4,819)	(4,960)
Other gains / (losses)											-	(76)
Unallocated											(3,904)	(4,801)
Profit before tax											47,841	40,641
Income tax expense											(14,352)	(12,094)
Profit after tax for the period											33,489	28,547

(1) Segment revenue reconciles to total revenues from continuing operations as follows:

	1H17 $'000	1H16 $'000
Revenue for the period – Statutory	175,005	166,828
Less: revenue associated with marketing pursuits	(13,110)	(18,516)
Underlying revenue for the period	161,895	148,312
Inter-segment revenue: eliminated on consolidation	695	1,003
Less: interest revenue	-	(207)
Total segment revenue	162,590	149,108

(2) In December 2015, the Group granted Master Franchise Licenses in New Zealand, devolving day-to-day network management and operational obligations in New Zealand to an experienced licensee. Associated revenues for the Coffee Retail division have decreased by $3.2 million in 1H17 on the prior corresponding period.

(3) $9.8 million of 1H16 external revenues in the Coffee & Allied Beverage division were associated with the national launch of next generation capsule machines, not recurring in the 1H17 period.

(4) Restated - see Note 2.1.

3. Segment information (continued)

3.4 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	1H17 $'000	1H16 $'000
Revenue from the sale of goods	108,090	92,851
Revenue from the rendering of services [1]	65,292	70,511
Initial Master Franchise Revenue	859	2,945
	174,241	166,307
Interest revenue		
Bank deposits	52	52
Other loans and receivables	325	155
	377	207
Rental revenue	387	314
	175,005	166,828

(1) Includes revenue associated with marketing pursuits (1H17: $13.1m; 1H16: $18.5m).

5. Profit for the period from continuing operations

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

Consolidated	1H17 $'000	1H16 $'000
Cost of sales	68,833	58,888
Gain on derecognition of contingent consideration provision	(1,486)	-
Write-down of inventory to net realisable value [1]	25	30
Impairment loss on trade receivables [1]	1,023	707
Impairment loss on loans carried at amortised cost [1]	-	1,285
Acquisition transaction and integration costs (including restructuring costs) [2]	3,904	3,686
Depreciation and amortisation expense:		
Depreciation of property, plant and equipment [1]	3,567	2,896
Amortisation of intangible assets [1]	361	319
Amortisation - other [1]	8	35
Employee benefits expenses:		
Post-employment benefits (defined contribution plans)	2,292	2,045
Other employee benefits (wages and salaries)	32,538	30,125
Total employee benefits expense	34,830	32,170

(1) Amounts are included in other expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(2) Restated 1H16 - see Note 2.1

6. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial positions as follows:

6.1 Reconciliation of cash and cash equivalents

Consolidated	1H17 $'000	FY16 $'000
Cash and bank balances	15,391	17,406
Less: cash not available for use	(585)	(450)
	14,806	16,956

6.2 Cash balances not available for use

Cash balances not available for use relate to unclaimed dividends. As at 31 December 2016, cash balances not available for use totalled $585 thousand (2016: $450 thousand). These restricted cash balances have not been included in the period end cash balances for the purposes of the Consolidated Statement of Cash Flows.

7. Property, plant and equipment

Consolidated	Notes	Land & buildings at cost $'000	Leasehold improvements at cost $'000	Plant & equipment at cost $'000	Motor vehicles at cost $'000	Total $'000
Gross carrying amount						
Balance as at 1 July 2015		10,346	2,233	38,281	1,022	51,882
Additions		3,876	72	9,827	174	13,949
Disposals		(769)	(830)	(830)	(196)	(2,625)
Reclassification of Inventories		-	-	2,470	-	2,470
Fair Value adjustment		-	-	(250)	-	(250)
Effect of movements in exchange rates		-	5	130	-	135
Balance as at 30 June 2016		13,453	1,480	49,628	1,000	65,561
Additions		6,225	30	10,781	247	17,283
Disposals		-	(26)	(414)	(58)	(498)
Reclassification of Inventories		-	-	(563)	-	(563)
Effect of movements in exchange rates		-	2	57	-	59
Acquisitions	14	-	1,484	12,973	551	15,008
Balance as at 31 December 2016		19,678	2,970	72,462	1,740	96,850
Accumulated depreciation						
Balance as at 1 July 2015		(436)	(405)	(7,982)	(132)	(8,955)
Reclassification of Inventories		-	-	45	-	45
Disposals		18	121	573	157	869
Depreciation charge		(181)	(229)	(5,275)	(191)	(5,876)
Impairment losses charged to Profit		-	-	(83)	-	(83)
Balance as at 30 June 2016		(599)	(513)	(12,722)	(166)	(14,000)
Disposals		-	7	198	43	248
Reclassification of Inventories		-	-	39	-	39
Impairment losses charged to Profit		-	-	109	-	109
Depreciation charge		(87)	(89)	(3,274)	(117)	(3,567)
Balance as at 31 December 2016		(686)	(595)	(15,650)	(240)	(17,171)
Net book value						
As at 30 June 2016		12,854	967	36,906	834	51,561
As at 31 December 2016		18,992	2,375	56,812	1,500	79,679

8. *Intangible assets*

		Goodwill	Indefinite Life		Finite Life	Total
			Brand Networks	Intellectual Property Rights	Other	
Consolidated	Notes	$'000	$'000	$'000	$'000	$'000
Gross carrying amount						
Balance as at 1 July 2015 [1]		77,440	428,560	5,337	3,376	514,713
Additions		-	301	-	274	575
Acquisitions through business combinations		405	-	-	-	405
Exchange differences		222	327	545	-	1,094
Balance as at 30 June 2016 [1]		78,067	429,188	5,882	3,650	516,787
Additions		-	95	-	164	259
Reclassification		-	(217)	-	-	(217)
Acquisitions through business combinations	14	72,577	-	-	-	72,577
Exchange differences		29	43	42	-	114
Balance as at 31 December 2016		150,673	429,109	5,924	3,814	589,520
Accumulated amortisation						
Balance as at 1 July 2015		-	(2,950)	-	(249)	(3,199)
Amortisation expense		-	-	-	(651)	(651)
Balance as at 30 June 2016		-	(2,950)	-	(900)	(3,850)
Amortisation expense		-	-	-	(361)	(361)
Balance as at 31 December 2016		-	(2,950)	-	(1,261)	(4,211)
Net book value						
As at 30 June 2016 [1]		78,067	426,238	5,882	2,750	512,937
As at 31 December 2016		150,673	426,159	5,924	2,553	585,309

(1) Restated - see Note 2.1

9. Borrowings

Consolidated	1H17 $'000	FY16 $'000
Secured at amortised cost		
Current		
Finance lease liabilities	541	-
Equipment loans	78	165
	619	165
Secured at amortised cost		
Non-current		
Bank loans	235,000	206,500
Finance lease liabilities	3,413	-
Equipment loans	85	107
Borrowing Costs (Deferred)	(709)	(872)
	237,789	205,735
	238,408	205,900

10. Issued capital

Consolidated	1H17 $'000	FY16 $'000
176,054,084 fully paid ordinary shares (FY16: 164,968,083)	398,888	324,072
	398,888	324,072

Consolidated	1H17 No. '000	1H17 $'000	FY16 No. '000	FY16 $'000
Fully paid ordinary shares[1]				
Balance at beginning of period	164,968	324,072	162,937	315,051
Issue of ordinary shares [2]	11,086	75,185	2,031	9,054
Share issue costs	-	(528)	-	(47)
Related income tax	-	159	-	14
Balance at end of period	176,054	398,888	164,968	324,072

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

(2) During the period, a total of 11,086,001 ordinary shares were issued as follows:

- (a) 509,210 shares issued on 7 October 2016 in respect of the Company's Dividend Reinvestment Plan, attributable to the payment of the final dividend for the financial year ended 30 June 2016. The issue price per share was $6.71;
- (b) 5,379,747 shares issued on 22 September 2016 in respect of Hudson Pacific Corporation acquisition;
- (c) 5,197,044 shares issued on 6 October 2016 in respect of a capital raising from institutional and sophisticated investors.

11. Reserves

Foreign Currency Translation Reserve	1H17 $'000	FY16 $'000
Balance at beginning of period	1,925	1,276
Exchange difference on translation of foreign operations	335	649
Balance at end of period	2,260	1,925

Equity-settled employee benefits reserve	1H17 $'000	FY16 $'000
Balance at beginning of period	-	-
Recognition of share-based payments	45	-
Balance at end of period	45	-

Total Reserves	2,305	1,925

12. Retained earnings

Consolidated	1H17 $'000	FY16 [1] $'000
Balance at beginning of period	106,782	86,605
Net profit attributable to members of the parent entity	33,489	60,687
Dividends provided for or paid	(23,920)	(40,510)
Balance at end of period	116,351	106,782

(1) Restated - see Note 2.1

13. Dividends

Company	1H17 Cents Per Share	1H17 Total $'000	1H16 Cents Per Share	1H16 Total $'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend - fully franked at 30% tax rate [1]	14.50	23,920	11.75	19,145
Unrecognised amounts				
Fully paid ordinary shares				
Interim dividend - fully franked at 30% tax rate[2]	14.75	25,968	13.00	21,365

(1) In respect of profit for the financial year ended 30 June 2016, as detailed in the Directors' Report for that financial year, a final dividend of 14.50 cents per share (based on 164,968,083 shares on issue), franked to 100% at 30% corporate income tax rate, was paid on 7 October 2016.

(2) In respect of profit for the period ending 31 December 2016, an interim dividend of 14.75 cents per share, based on 176,054,084 shares on issue at 23 February 2017, franked to 100% at 30% corporate income tax rate, will be paid on 10 April 2017. The interim dividend was approved by the Directors on 23 February 2017 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.

14. Acquisitions

14.1 FY17 Acquisitions

Hudson Pacific Corporation

This transaction has been accounted for on a provisional basis using the acquisition method of accounting as at 31 December 2016, pending further assessment of identifiable intangible assets, acquisition liabilities and deferred tax liabilities.

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
Hudson Pacific Corporation	Procurement, warehousing, manufacturing and distribution business	22 September 2016	86,401	49,500	36,178	723
	Total consideration:		86,401	49,500	36,178	723

On 22 September 2016, the Group acquired 100% of the issued share capital of Hudson Pacific Corporation through a Sales and Purchase Agreement (SPA). The acquisition has significant integration opportunities and substantially increases the scale of food service activities undertaken by the Group in support of its franchise community.

Details of the purchase consideration are as follows:

Consideration	$'000
Cash	49,500
Scrip consideration	36,178
Contingent consideration	723
Total	86,401

Shares issued as scrip consideration relates to 5,379,747 shares which are held in escrow and will be released in tranches from 2017 - 2019. The fair value of these shares is based on the share price as at settlement date, discounted for the impact of escrow terms.

Additional amounts payable contingent on key persons remaining associated with Hudson Pacific Corporation for periods of 12, 24 and 36 months have not been included in contingent consideration of the business. In accordance with the Group's accounting policy on acquisitions, these contingent payments will be recognised in profit or loss as incurred. The potential undiscounted amount payable is $1.6m.

The acquired businesses' contribution of gross revenues and earnings before interest, tax, depreciation and amortisation (EBITDA) to the Group for the period from 22 September 2016 to 31 December 2016 are included in the Commercial Food Services segment note (Note 3.3) of this report.

14. Acquisitions (continued)

14.1 FY17 Acquisitions (continued)

Net assets acquired	Fair value on acquisition $'000
Current assets	
Cash and cash equivalents	577
Trade and other receivables	25,264
Inventories	11,541
Other current assets	470
Total current assets	37,852
Non-current assets	
Property, plant and equipment	15,008
Deferred tax assets	1,959
Total non-current assets	16,967
Total assets	54,819
Current liabilities	
Trade and other payables	36,297
Current tax liabilities	245
Provisions	4,453
Total current liabilities	40,995
Total liabilities	40,995
Net Assets	13,824
Goodwill on acquisition of business	72,577
Acquisition price	86,401

Net cash flow on acquisition	1H17 $'000
Total purchase consideration	86,401
Less: non-cash consideration	(36,901)
Consideration paid in cash	49,500
Less: Cash and cash equivalent balances acquired	(577)
Total	48,923

15. Events after the reporting period

Interim Dividend

On 23 February 2017, the Board of Directors declared an interim dividend in respect of profit for the period ending 31 December 2016. The interim dividend of 14.75 cents per share (based on 176,054,084 shares on issue at 23 February 2017), franked to 100% at 30% corporate income tax rate, will be paid on 10 April 2017. The interim dividend was approved by the Directors following the conclusion of 1H17 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 4101