ANNUAL REPORT 2019

BUILDING A MAJOR GLOBAL FOOD & BEVERAGE COMPANY FROM AUSTRALIA

freedom FOODS GROUP LIMITED

Making food better


ARNOLD'S FARM
CRAFTED WITH LOVE SINCE 1983
HERITAGE MILL
AUSTRALIA'S OWN
MESSY MONKEYS
VITAL STRENGTH
MILKLAB
cranked
high protein • low carb

DAIRY & NUTRITIONAL INGREDIENTS

PLANT BASED BEVERAGES

CEREAL & SNACKS

CONSUMER NUTRITIONALS

SPECIALTY SEAFOOD

MAKING FOOD BETTER

From Australia to the world!

CHAIRMAN'S LETTER

Dear Shareholders

I am very pleased to report on another successful year in the building of a major global food and beverage company from Australia.

The Group continues to experience strong demand across its key markets and channels in Australia, China and SE Asia. Our key brands Australia's Own, Freedom Foods, MILKLAB and Messy Monkeys will be at the forefront of driving our returns together with the high value added protein based ingredients from our transformational nutritionals capability.

During the year, a number of initiatives were undertaken across our business activities, with the highlights including:

» Completion of stage one of a transformational nutritionals capability, with the construction of stage two capacity upgrade underway in the last quarter. The Shepparton site commenced manufacturing nutritional ingredients consisting of lactoferrin, micellar casein and whey protein isolate.

» The Group entered into a long-term supply agreement for lactoferrin with a major global pharmaceutical company that will utilise a significant component of current and planned capacity for lactoferrin.

» Shepparton is on track for completion in September 2019 of an upgrade to double total processing capacity to 500 million litres per annum.

» Successful launch of 130 new product formats into retail, grocery, out of home and export markets.

» Acquisition of the Crankt assets and business, expanding the Company's brand and offering in the consumer nutritionals market.

The Company also completed a $130 million equity raising in May 2019 to be used to accelerate Freedom Foods's growth strategy, including acceleration of capital expenditure in nutritional ingredients.

The underlying operating EBITDA for the year was $55.2 million, an increase of 41% on the previous corresponding period (PCP). Net sales revenue increased by 35% over PCP to $476 million.

The Board has recommended payment of a final dividend of 3.25 cents per ordinary share in December 2019, taking total dividends for FY 2019 to 5.5 cents per share.

On behalf of the Board, I would like to thank my fellow directors and all our employees for their dedication and hard work yet again this year.

I retain a great deal of confidence about Freedom Foods Group's prospects. Our revenues and operating profits will continue to increase as the Company moves out of the investment cycle.

I encourage you to read the Managing Director's review of operations, which provides further details of the year's activities and the Company's future.

Perry Gunner
Chairman

Financial Highlights

NET SALES INCREASED
34.9% to $476.2 million
AN INCREASE OF $123.2 million

OPERATING NET PROFIT INCREASED
40.1% to $21.9 million
Statutory net profit fell 9.0% to $11.6 million (after abnormals and non-cash expenses)

OPERATING EBDITA INCREASED
40.9% to $55.2 million
AN INCREASE OF
$16.0 million

FINAL DIVIDEND OF
3.25 cents PER SHARE
(unfranked)

AN INCREASE OF
0.50 cents per share
from prior year final dividend

EBDITA MARGINS INCREASED TO
11.6% from 11.1%
A YEAR EARLIER


ARNOLD'S FARM
CRAFTED WITH LOVE SINCE 1983

Strategic Highlights

The Freedom Foods Group (Group or the Company) continues to achieve high growth through key brands including **Australia's Own** and **Freedom Foods** in retail and **MILKLAB** in out of home channels, in the key markets of **AUSTRALIA, SOUTH EAST ASIA & CHINA**:

- Net Sales from Group Brands increased to 48.5% ($230.9 million) of total sales from 45.0% ($158.9 million) in FY 2018.
- Growth achieved in key branded categories and channels, with Australian retail grocery growth of 42%, significantly above category average growth rates (1.6%). The Company is currently the fastest growing retail branded grocery supplier.
- Ongoing success with new brands introduced late in FY 2018 in the retail grocery channel, including **Australia's Own** into the UHT dairy category +149.3% ($37.3m) and **Heritage Mill** +362.3% ($12.6m) in the mainstream cereal and snacks category.
- Continued growth of **Messy Monkeys** +126.6% in the healthy snacks retail channel.
- Strong sales growth of **MILKLAB** +168.7% in the out of home beverage channel. Total plant beverage product range overall in strong growth.
- Growth in **Vital Strength** and **Crankt** nutrition brands, building penetration into pharmacy and convenience channels.
- Successful launch of 130+ new product formats into retail, grocery, out of home and export markets, supported by increased marketing expenditure as investment for future growth.
- Strong growth in export markets, with China sales revenues +37.3% ($67.4m).
- Exceptional growth in SE Asia sales revenues +178.8% ($21.4m) following establishment of a local team. This and growth in China was achieved despite supply constraints relating to the UHT capacity expansion.

SHEPPARTON

The Group is one of Australia's leading investors in **state-of-the-art food and beverage manufacturing** capability, investing more than **$170 MILLION** in **PLANT & EQUIPMENT** in the full year period:

- At Shepparton, Victoria, the Group is on track for completion in September 2019 of an upgrade to double total UHT dairy processing capacity to 500 million litres per annum.
- Completion of stage one of a transformational Nutritionals capability, with construction of stage two capacity upgrade underway in Q4. The site has commenced manufacturing Nutritional Ingredients consisting of Lactoferrin (LF), Micellar Casein (MCC) and Whey Protein Isolate (WPI).
- The Group entered into a long-term supply agreement for Lactoferrin with a major global pharmaceutical company that will utilise a significant component of current and planned capacity for Lactoferrin at the Company's Nutritional ingredients facility in Shepparton.

The full year sales & earnings results did not fully benefit from the key capital expenditure initiatives undertaken since March 2018. The Group expects these capital expenditure initiatives, along with increasing demand, to increase sales and earnings into FY 2020 and beyond.

The Group continues to advocate with retail customers and government for higher retail pricing for all dairy products (including fresh and UHT) in Australia to provide for a sustainable supply future.

Outlook

Rory Macleod, Managing Director
& Chief Executive Officer, commented:

"THE GROUP IS INCREASINGLY WELL POSITIONED TO BUILD INTO A MAJOR GLOBAL FOOD & BEVERAGE BUSINESS WITH SCALE IN KEY FOOD & BEVERAGE PLATFORMS."

“The Group continues to experience strong demand across its business activities in Australia, China and South East Asia. This growing demand in dairy, plant based beverage and cereal and snacks reflects the positive impacts on our expanded operational footprint and increasing brand penetration and market share in key strategic channels and categories in Australia, South East Asia and China.”

With the completion of stage one of a transformational Nutritionals capability, the Group will continue to evolve its scaled dairy capabilities into high value added protein based ingredients and consumer applications.

New product revenue streams from major capital expenditure projects including the Nutritionals capability are expected to materially positively impact sales and earnings into FY 2020 and beyond.

Financial Summary

The Group delivered an improved financial performance with higher sales revenue and earnings. Further investment in innovation, brand and market development assisted in growth in key business divisions and markets.

+34.9%
NET SALES REVENUE

+40.9%
OPERATING EBDITA

The Group recorded Net Sales Revenue of $476.2 million, an increase of 34.9% on the previous corresponding period.

Operating EBDITA rose 40.9% to $55.2 million.

The result reflected increased sales and earnings contributions from Dairy Beverage, Nutritionals and Plant Beverage business units, offset by reductions in Cereals & Snacks and Specialty Seafood.

The Group achieved an operating net profit after tax of $21.9 million, a gain of 40.1%, reflecting increased operating EBDITA, offset by higher depreciation costs as compared to the previous corresponding period.

Statutory net profit after tax decreased 9.0% to $11.6 million. This included one-off non-operating costs of $5.4 million relating to pre-acquisition costs ($1.3 million), unrealised foreign exchange losses ($1.8 million) and the write down of inventory and discontinued product formats ($2.3 million) due to changes in the Shepparton and Leeton operational footprints and the decision to exit a number of major contract manufacturing arrangements for key brand and private label customers in cereals and milling related activities.

The statutory income tax expense reflects an effective tax rate of 39.5%. The higher than normal tax rate is due to the recognition of a deferred tax liability (DTL) on the market value of the indefinite life intangibles acquired in the Crankt acquisition of $1.8m. The Group expects the future tax rate to be broadly in line with the Australian corporate tax rate.

A summary of the key business unit financial performance is outlined below:

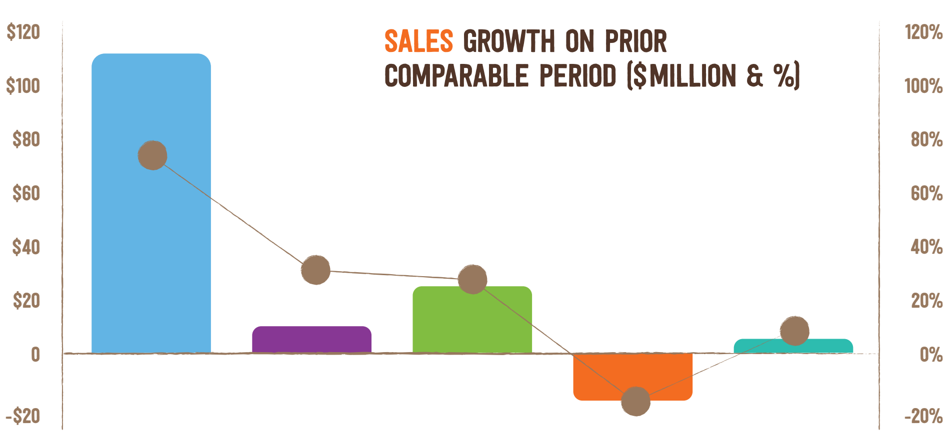
- Dairy operations at Shepparton achieved significant sales growth, reflecting increasing demand in Australia, China and SE Asia. Total earnings contribution improved through increased sales and factory utilisation during the period. The new integrated dairy nutritionals operation made a minor start up contribution to sales and earnings in the segment.

SHEPPARTON

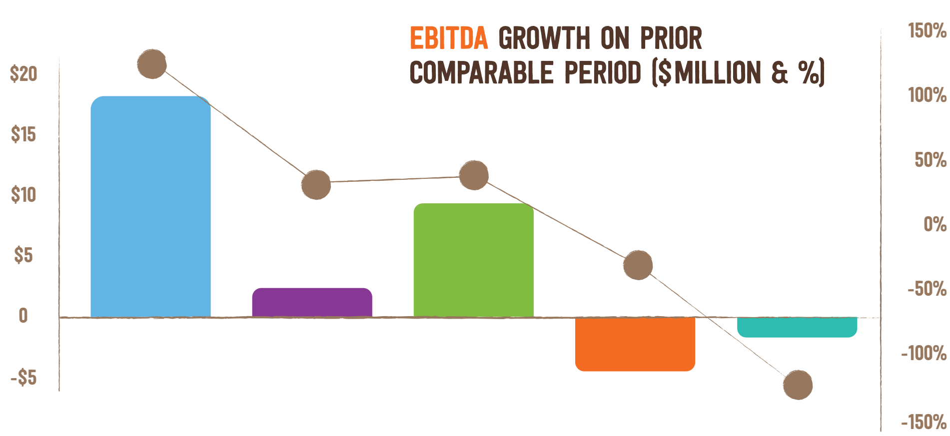
- Consumer Nutritionals contribution also reflected increased sales of Vital Strength powder based branded products and Crankt branded beverage and bar formats.
- Plant based beverage operations delivered increased sales, reflecting growth in retail and out of home brands, with operating earnings contribution materially ahead of the prior year period.
- The Cereal and Snacks operations delivered increased sales in key branded products in cereals and snacks. Overall sales and earnings contribution were below the prior comparable period, reflecting the impact of:
  - A decision to exit a number of major contract manufacturing arrangements for key brand and private label customers in cereals and milling related activities. A number of these contract manufacturing arrangements in cereals and milling were below the Group's margin criteria and utilised manufacturing capacity that can be better deployed for growth in the Group's brands in key channels and markets. In the short term there have been negative capacity utilisation implications, however, it is anticipated that capacity will be re-absorbed via increased cereals and bar production through FY 2020.
  - The Group increased investment in significant trade spend activities associated with the Messy Monkeys and Heritage Mill brands. The brand continues to experience strong sales growth in supermarkets and is expanding through popcorn and extruded snacks variants.
- Specialty Seafood sales were broadly in line with the previous corresponding period. The earnings contribution was materially impacted by an unfavourable cost of goods reflecting exchange rate ($AUD depreciation) and increased cost of $USD denominated Salmon finished goods reflecting a poor seasonal catch. Since June 2019, the business has secured price increases that offset the impact of the adverse cost and exchange rate impacts.
- With increasing focus on building the Group's brands, the Group substantially increased investments in brand building and marketing as well as in retail and other channel trade activities.
- Group Services costs increased, primarily reflecting a significant investment in sales capability in Australia (retail, out of home), SE Asia and China, quality and finance capability necessary to manage the growth of the Group.

Financial Summary

Sales and EBDITA Growth



	DAIRY & NUTRITIONAL INGREDIENTS	CONSUMER NUTRITIONALS	PLANT BASED BEVERAGES	CEREAL & SNACKS	SPECIALTY SEAFOOD
$MILLION CHANGE	$110	$4.6	$23.8	-$15.6	$0.3
% CHANGE	79.0%	32.3%	29.3%	-15.1%	2.3%



	DAIRY & NUTRITIONAL INGREDIENTS	CONSUMER NUTRITIONALS	PLANT BASED BEVERAGES	CEREAL & SNACKS	SPECIALTY SEAFOOD
$MILLION CHANGE	$19	$1.7	$8.9	-$4.9	-$1.6
% CHANGE	112.6%	47.1%	47.5%	-34.7%	-111.1%

Underlying vs. Statutory EBDITA

Set out below is a reconciliation of Statutory EBDITA to underlying Operating EBDITA.

12 MONTHS TO 30TH JUNE 2019 (A$ MILLION)	2019	2018	$ CHANGE	% CHANGE
Underlying Operating EBDITA [1]	55.2	39.2	+16.0	+40.8%
Gain on sale of Ingleburn	-	3.3	-3.3	
Other costs not representing underlying performance [2]	(6.6)	(9.7)	+3.1	
Employee Share Option Expense (non cash) [3]	(5.8)	(1.3)	-4.5	
Statutory EBDITA	42.8	31.5	+11.3	+35.8%

Note:

1. *Operating EBDITA (Earnings before depreciation, interest, tax and amortisation) is a non-IFRS measure as contemplated in ASIC Regulatory Guide 230 Disclosing non-IFRS financial information (RG230). Operating EBDITA is used by management and the directors as the primary measures of assessing the financial performance of the Group and individual segments. Operating EBDITA excludes the non-operating charges and gains including an add back of the non-cash employee share option expense of $5.7 million (2018: $1.3 million). Operating net profit is operating EBDITA less depreciation, amortisation, interest and normalised income tax expense at 27.5%.*
2. *FY 2019 other costs not representing underlying operating performance includes one off non-operating costs of $5.4 million relating to pre-acquisition costs ($1.3 million), unrealised foreign exchange losses ($1.8 million) and the write down of inventory and discontinued product formats ($2.3 million). Other costs of $1.2 million representing bank facility financing fees are classified as finance interest costs.*
3. *Non cash employee share option expense of $5.8 million in FY 2019.*

Financial Summary

Sales and Underlying EBDITA (1st vs 2nd half FY 2019)

1ST HALF VS 2ND HALF FY 2019 (A$ MILLION)	H1 2019	H2 2019	FULL YEAR 2019
Net Sales Revenue	209.0	267.2	476.2
Operating EBITDA [1]	21.0	34.2	55.2

Segment Financials

12 MONTHS TO 30TH JUNE 2019 (A$ MILLION)	DAIRY & NUTRITIONAL INGREDIENTS	PLANT BASED BEVERAGES	CEREAL & SNACKS	CONSUMER NUTRITIONALS	SPECIALTY SEAFOOD	OTHER	TOTAL
Net Sales Revenue	249.3	104.9	87.7	19.0	15.2		476.2
Trading EBDITA	35.9	27.6	9.2	5.3	(0.2)		77.8
Equity Associates [1]						0.5	0.5
Shared Services Costs [2]						(23.1)	(23.1)
Operating EBDITA	35.9	27.6	9.2	5.3	(0.2)	(22.6)	55.2
Net Sales Change (YOY %)	+79.0%	+29.3%	-15.1%	+32.3%	+2.3%		+34.9%
Net Sales Change (YOY $m)	110.0	23.8	(15.6)	4.6	0.3		123.2

Note:

1. Equity Associates is share of NPAT of Australian Fresh Milk Holding (10% equity interest held by Freedom Foods Group).

2. Shared Services costs includes sales and group services, it excludes non-cash employee share option expenses of $5.8 million.

Key Financials

12 MONTHS TO 30TH JUNE 2019 (A$ MILLION)	2019	2018	% CHANGE
Net Sales Revenue	476.2	353.0	+34.9%
EBDITA (Underlying Operating)[1]	55.2	39.2	+40.9%
EBDITA (Statutory)	42.8	31.5	+36.0%
Equity Associates Share of Profit[2]	0.5	0.5	-
Pre Tax Profit (Operating)	30.3	21.6	+40.1%
Pre Tax Profit (Reported)	19.0	14.6	+30.3%
Income Tax (Operating)	8.3	5.9	+40.1%
Net Profit (Operating)	21.9	15.7	+40.1%
Net Profit (Reported)	11.6	12.7	-9.0%
Final Ordinary Dividend (cps)	3.25	2.75	+18.2%
Final CRPS Dividend (cps)	1.35	1.35	-
EPS (cents per share) (Fully Diluted for CRPS)	6.90	6.33	+9.0%
EPS Operating (cents per share) (Fully Diluted)	10.10	9.25	+9.2%
Shareholder Equity	670.9	529.9	
Net Debt/Equity	18.2%	6.8%	
Net Assets per Share (cents)	245.8	217.2	+13.2%
Net Tangible Assets per Share (cents)	192.4	171.6	+12.1%

Note:

1. *FY 2019 other costs not representing underlying operating performance includes one off non-operating costs of $5.4 million relating to pre-acquisition costs ($1.3 million), unrealised foreign exchange losses ($1.8 million) and the write down of inventory and discontinued product formats ($2.3 million). Other costs of $1.2 million representing bank facility financing fees are classified as finance interest costs.*
2. *Equity Associates is share of NPAT of Australian Fresh Milk Holdings (10% equity interest held by Freedom Foods Group).*


AUSTRALIA'S OWN
EASY TO DIGEST*
FULL CREAM
LACTOSE FR
MILK
From our farms to your home
1L
So Natural
Dairy Milk
Packed in Fresh
Skim MILK
1 Litre
AUSTRALIA'S OWN
NO ADDED PERMEATE
LOW FAT
MILK
From our farms to your home
1L
freedom
GOOD SOURCE OF CALCIUM
MESSY MONKEYS
STRAWBERRY FLAVOUR
A2 PROTEIN DAIRY MILK
ONLY A2 PROTEIN
200mL
AUSTRALIA'S OWN
WITH PREBIOTICS
VANILLA FLAVOURED
YOGHURT DRINK
From our farms to your home
200mL
AUSTRALIA'S OWN
WITH PREBIOTICS
STRAWBERRY FLAVOURED
YOGHURT DRINK
From our farms to your home
200mL
AUSTRALIA'S OWN
WITH PREBIOTICS
BLUEBERRY FLAVOURED
YOGHURT DRINK
From our farms to your home
200mL
AUSTRALIA'S OWN
NATURALLY A1 PROTEIN FREE
LOW FAT
A2 PROTEIN MILK
From our farms to your home
1L
MILKLAB
LACTOSE FREE MILK
MILK FOR COFFEE
1 LITRE
AUSTRALIA'S OWN
NATURALLY A1 PROTEIN FREE
FULL CREAM
A2 PROTEIN MILK
From our farms to your home
1L
Lite
DAIRY MILK
VITALIFE
Victoria
AUSTRALIA
250mL
AUSTRALIA'S OWN
NO ADDED PERMEATE
FULL CREAM
MILK
From our farms to your home
1L
So Natural
Dairy Milk
Packed in Fresh
FULL CREAM
1 Litre
MILKLAB
DAIRY MILK
MILK FOR COFFEE
AN AUSTRALIAN COLLABORATION DESIGNED TO TEXTURE AND STRETCH WITH COFFEE
1 LITRE
~FULL~
CREAM
DAIRY MILK
VITALIFE
Victoria
AUSTRALIA
1 Litre
freedom
GOOD SOURCE OF CALCIUM
MESSY MONKEYS
CHOCOLATE
A2 PROTEIN DAIRY MILK
ONLY A2 PROTEIN
200mL
AUSTRALIA'S OWN
NO ADDED SUGAR
FULL CREAM
MILK
From our farms to your home
200mL
AUSTRALIA'S OWN
Kid's Milk
FOR GROWING BODIES
Made in Australia
Ca Fe Vitamin D
AUSTRALIA'S OWN
NO ADDED PERMEATE
COOKING
CREAM
From our farms to your home
1L

DAIRY & NUTRITIONAL INGREDIENTS BUSINESS GROUP

Branded Portfolio

Dairy based branded beverage sales continued the upward sales and profit trend from FY 2018, reflecting increased sales of the Australia's Own brand and other brands in domestic out of home and export markets.

Dairy Beverages

Australia's Own DAIRY RANGE

Taking the Best of Australia to consumers across Australia, South East Asia & China

As part of its strategy to build the Australia's Own brand as a leading beverage brand in Australia and key export markets, the Group launched late in FY 2018 a range of Australia's Own UHT dairy milk products. The expanded portfolio now includes full fat, A2 protein, lite, skim milk and lactose free products in 1 litre and 2 litre formats.

In the Australian domestic retail market, the brand has performed well, and achieved a 19.8% share of branded UHT milk within twelve months of launch. The Australia's Own Dairy products are also being expanded into key sales channels in SE Asia. We see a great opportunity to build Australia's Own across the Asian markets with demand continuing to increase.

Australia's Own KIDS MILK

Largest imported kid's milk brand in China

The "Australia's Own" branded "Kid's Milk" product continued to grow sales and distribution during the period, with the product remaining the largest imported kid's milk brand in China.

The brand continues to be supported with marketing investment including point of sale promotion, sampling and sponsorship of leading China (CCTV) national children's TV programmes. The brand is well established in key cities and provinces in China.

During the period, the Group supported the growth of the brand, with increased output in current 200ml packaging format and a new 200ml leaf packaging format for exclusive use in e-commerce channels. An A2 protein milk variant was also launched in December 2018.

AUSTRALIA'S OWN CHINA SALES

$51 million

FY 2019

AUSTRALIA'S OWN DAIRY COMPANY CHINA (trading as JLL)

The Group subscribed in May 2018 for an initial 10% investment in AO China for a consideration of RMB22 million (AUD $4.7 million). It retains an option to subscribe for up to an additional 20% of AO China within three years from the date of the initial subscription.

The AO China business has continued to grow strongly since its inception, with sales in FY 2019 in the order of RMB 247 million (AUD $51 million). The business has invested significantly in sales and marketing and is expected to break-even during calendar 2019.

Dairy Beverages

CHINA & SOUTH EAST ASIA

Largest Australasian supplier of UHT Dairy to China and South East Asia

Sitting alongside our brand expansion, Freedom Foods is the largest Australasian supplier of contract dairy milk to the Chinese and SE Asia markets.

We have a range of long standing as well as new relationships with key brand owners and retailers across all jurisdictions.

230 MILLION LITRES
FY 2019

140 MILLION LITRES
FY 2018

80 MILLION LITRES
FY 2017

DAIRY MILK PROCESSED (VOL.)

SHEPPARTON UHT OPERATIONS

Largest supplier of contract packed milk brands to China and private label milk in Australia

In Australia, the Group supplies a number of long-term retail customers that provide a strong base of underlying volume and earnings support. The Group continues to supply a number of key relationship customers in China including major dairy manufacturers and brand owners. In SE Asia, the Group has developed customer relationships in markets such as Singapore, Malaysia, the Philippines and Vietnam.

During the FY 2019, volume throughput at Shepparton increased as additional retail, other contract customers and Group branded product supply commenced. Additional volumes will commence during FY 2020, reflecting demand in Australia, SE Asia and China and increased capacity.

Total dairy milk volume processed in FY 2019 was in excess of 230 million litres compared to 140 million litres in the previous corresponding period and 80 million litres in FY 2017. The Group estimates dairy milk volume processed in FY 2020 to be upwards of 350 million litres. Sales of dairy based components including cream will also increase.

NEW CAPACITY

Largest investor in UHT dairy technology and capacity in Australia

During FY 2019, the Group progressed a significant part of the capacity upgrade to its Shepparton dairy facility. The upgrade of its dairy processing capabilities at Shepparton will increase total dairy milk processing capacity to 500 million litres per annum.

This doubling of processing capacity aligns and supports growth in UHT filling capability at Shepparton to meet demand in domestic and export markets including SE Asia and China.

EXPECTED....
500 MILLION LITRES
FY 2020

Importantly, the expanded processing capability will provide increased flexibility to meet increasing demand for other value-added products streams including drinking yoghurt and cream.

The Group expects the total 500 million litres of processing capability to be fully on stream from September 2019, providing for the expected volume in FY 2020. The ability to process increased dairy milk flows and separate various dairy components will provide important component streams for the Group's specialised Nutritionals platform.

Dairy Beverages

DAIRY SUPPLY - AUSTRALIAN FRESH MILK HOLDINGS (AFMH)

Australia's largest single site dairy milking operation

AFMH operates Moxey Farms, a fully integrated dairy farming operation located in the Lachlan Valley, New South Wales, 340 km west of Sydney.

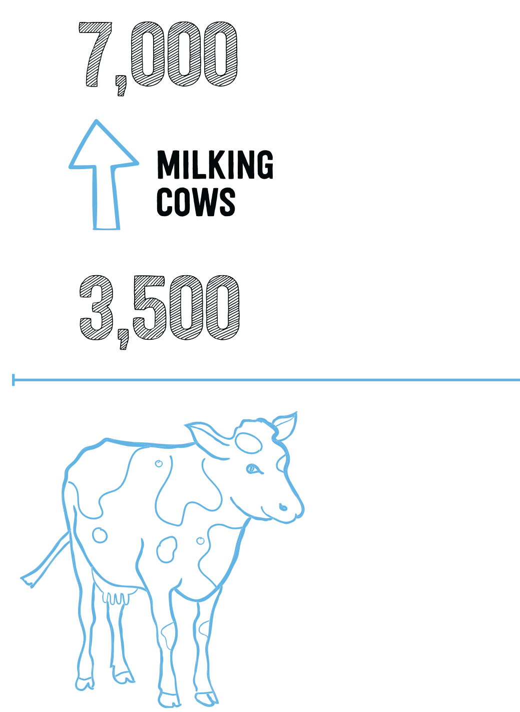
AFMH is currently completing an expansion project at Moxey Farms that began two years ago, allowing carrying capacity to increase from 3,500 to 7,000 milking cows. Milk production has increased from 50 million to 85 million litres and, following completion of the last stage of this project, is expected to increase to 100 million litres per annum.

In January 2019, AFMH completed the acquisition of the Coomboona Dairy operation in northern Victoria. The Coomboona Dairy operation expands AFMH's production platform in a renowned dairy farming region. With the acquisition of the Coomboona Dairy operation, AFMH is now the largest dairy producer in Australia with current operations forecast to produce more than 150 million litres in 2020.

AFMH is a strategic partnership owned by the Moxey and Perich families and other shareholders including Freedom Foods Group. FNP has a 10% equity shareholding in AFMH.

Freedom Foods is utilising a growing proportion of the dairy milk output from the Coomboona Dairy site for its Australia's Own Kid's Milk and other dairy product formats.

The total investment in AFMH at 30th June 2019 was $18.7 million.



THE GROUP HAD MORE THAN **55 DIRECT SUPPLIERS** AS AT 30 JUNE 2019

DIRECT DAIRY MILK SUPPLY & OUTLOOK

During the period, the Group expanded its “Freedom Farmers” sourcing strategy, establishing direct supply contracts with dairy farmers in Victoria and southern New South Wales that produce consistent high-quality dairy milk.

As at 30th June 2019, the Group had more than 55 direct suppliers supplying in excess of 300 million litres per annum. With the existing long term contracted supply of 100 million litres from Australian Consolidated Milk (ACM), total supply in FY 2020 is approximately 400 million litres per annum. The direct supply strategy seeks to align a multi-year volume, quality and pricing relationship that supports the growth demands of the Group and provides our farmer partners with certainty and a stable revenue basis to invest in their farms. The Group intends to expand this direct supply strategy in key Victorian supply regions to provide for growing milk demand.

The Group is establishing a number of these direct supply farms relationships as A2 protein milk designated suppliers, providing A2 protein milk volume for increasing demand in Australia and export markets, including value added capabilities in cream, yoghurt and nutritional products.

During the 2019 financial year, difficult weather conditions and high water and grain based feed pricing saw reductions in the total Australian dairy milk supply. The farm gate cost of milk has increased as a result, with the majority of processors increasing farm gate prices into 2nd half of FY 2019.

The Group has established supply relationships based on multi-year contracts at prices broadly in line with current FY 2020 prices being offered by other processors. Increases in milk price arrangements with new suppliers commencing in 2nd half FY 2019 and with ACM for FY 2020 are consistent with the Group’s outlook confirmed in May 2019. The Group expects increased export pricing and higher prices for dairy components including cream to provide a material offset to these price changes.

The Group continues to advocate with retail customers and government for higher retail pricing for all dairy products (including fresh and UHT) in Australia to provide for a sustainable supply future.

Ultimately, Freedom Farmers will benefit from long term supply relationships that align their income to building key components processed in our dairy and nutritionals capabilities.

MADE & OWNED

Nutritional Ingredients

> **“DEVELOPED THE ABILITY TO MANUFACTURE HIGH GRADE PROTEIN COMPONENTS”**

The Group is leveraging its significant and growing dairy capabilities to build a branded high margin product portfolio in specialty nutritional products.

As part of this, the Group completed the first stage of a specialised nutritionals platform aligned to the dairy UHT operations at Shepparton. The platform provides for protein standardisation and the ability to manufacture high grade protein components for use in our branded products and for sale to strategic customers.

During January 2019, the Group received all regulatory approvals to commence commercial operations at its new Nutritionals capability at Shepparton. This represented a significant achievement, with construction of this complex technology capability only commencing in February 2018.

With commissioning works ongoing through December and January, the site commenced in February 2019 manufacturing of liquid Micellar Casein. Following MCC production, the Group will progress with Native Whey Protein Isolate and Lactoferrin being available for sale from early in 1st quarter FY 2020.

GLOBAL SUPPLY AGREEMENT - LACTOFERRIN

In June 2019, the Group entered into a long-term supply agreement for Lactoferrin with a major global pharmaceutical company. The supply agreement will utilise a significant component of current and planned capacity for Lactoferrin.

The strong customer demand for the broad range of protein streams, as well as the new agreement for long term supply of Lactoferrin further validates the capacity upgrades. The Group recently passed all audit requirements providing for supply to commence in the 1st half of FY 2020.

The Group is progressing commercialising a number of these key ingredients into applications under its own brands, including in Sports Performance, Diet and Adult Nutrition as well as consumer applications for Lactoferrin.

The Nutritionals capability is expected to deliver a material earnings contribution in FY 2020. The ability to add value to our existing nutrition brands and expand further across the nutritional products spectrum is a key part of the Group’s strategy.

SHEPPARTON

WHEY
PROTEIN
crankt
LOW CARB + GLUTEN FREE
PREMIUM PROTEIN + ENERGY BAR
CHOC CARAMEL FLAVOUR
GUARANA & GINSENG
NO ARTIFICIAL SWEETENER
55g
VITAL STRENGTH
PREMIUM BCAA
BRANCHED CHAIN AMINO ACIDS
UPROTEIN.com.au
CASEIN GROWTH
NIGHT RECOVERY
UXL PRO
crankt MAX
PREMIUM PROTEIN SHAKE
30g PROTEIN
GLUTEN FREE
DOUBLE ESPRESSO
450mL
100% PREMIUM
WHEY
LOW CARB PROTEIN
POST WORKOUT MUSCLE GROWTH
crankt
PREMIUM PROTEIN SHAKE
20g PROTEIN
GLUTEN FREE
BANANA
375mL
UPROTEIN .com.au
ULTRA PURE BCAA 4:1:1
RX 100 POWDER
TRUSTED
UXL PRO SERIES
350gnet / UPROTEIN.COM.AU
VITAL STRENGTH
PURE CREATINE
WITH VITALSORB BIOAVAILABILITY
TRI-PHOSPHATE ENHANCER
100%
3 SERVES PER CARTON
crankt
PREMIUM PROTEIN + ENERGY
PROTEIN SHAKE
63g PROTEIN
CHOCOLATE
1 Litre
10g PROTEIN
GLUTEN FREE
crankt
PROTEIN POPCORN
CHEESE SUPREME
3 SERVES PER CARTON
NATURAL GUARANA ENERGY
crankt
PREMIUM PROTEIN + ENERGY
PROTEIN SHAKE
63g PROTEIN
VANILLA
1 Litre
VITAL STRENGTH
AMINO BETADEX
INTRA WORKOUT STAMINA + GROWTH
VITAL STRENGTH
HYDROXY RIPPED
THERMOGENIC PROTEIN
ULTRA POTENT LEAN MUSCLE GROWTH
crankt
LOW CARB + GLUTEN FREE
PREMIUM PROTEIN + ENERGY BAR
CHOC RASPBERRY FLAVOUR
33%
crankt
LOW CARB + GLUTEN FREE
PREMIUM PROTEIN + ENERGY BAR
CHOC MINT FLAVOUR
33% PROTEIN
GUARANA & GINSENG
NO ARTIFICIAL SWEETENER
55g
FRESH GUARD
UPROTEIN .com.au
100% WHEY PROTEIN
HYDRO+ENZYMES
UXL PRO SERIES
TRUSTED
UPROTEIN.COM.AU
crankt
PREMIUM PROTEIN SHAKE
20g PROTEIN
GLUTEN FREE
CHOC HONEYCOMB
VITAL STRENGTH
new
define
women's high protein
assists body tone & weight loss
low carbohydrate
99% fat free*
500gnet
vanilla
10g PROTEIN
crankt
PROTEIN POPCORN
SALTED BUTTER
GLUTEN FREE

CONSUMER NUTRITIONALS BUSINESS GROUP

Consumer Nutritionals

PERFORMANCE NUTRITION BRANDS

Vital Strength is the leading brand in Chemist Warehouse

The Vital Strength brand is recognised as a leader in high quality nutrition products, sold through retail grocery, pharmacy and fitness retailers in Australia.

The Vital Strength business activities provide the Group with a strong base to expand its brand and category segment offering into the performance and adult nutrition market in Australia, China and SE Asia, leveraging existing retail customer and distribution capabilities. Importantly, it provides a unique vertical integration to the Group's dairy nutritional capabilities.

During the period, the Vital Strength brand increased sales and profit contribution from key customers and channels.

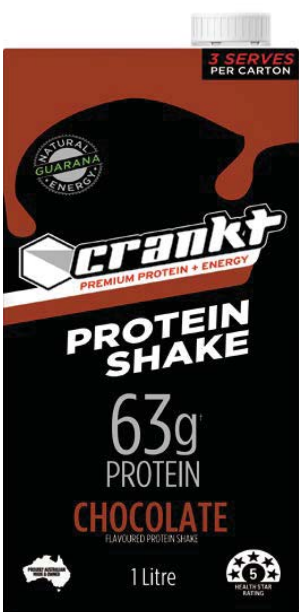
VITAL STRENGTH

A LEADER IN HIGH QUALITY NUTRITION PRODUCTS IN AUSTRALIA

SHEPPARTON

CRANKT PROTEIN BRAND

Fastest growing brand in Petrol & Convenience



CRANKT BRAND

EXPANDED INTO PROTEIN SNACKING & 1 LITRE BEVERAGE FORMATS

In February 2018, the Group commenced distribution of the Crankt Protein brand, offering a range of mainstream nutrition products, including beverages and snack bars. The Crankt Protein range is sold through petrol and convenience, fitness retailers and retail grocery in Australia and New Zealand.

The Crankt brand targets everyday consumers and is aligned to the Vital Strength brand which is positioned as a premium brand in the sports and nutrition category.

The Crankt brand performed well in the period, with growing sales in both retail supermarket and petrol and convenience chains. The range was expanded with innovation in protein snacking and 1 litre beverage formats.

The Group acquired the Crankt brand in August 2018, following an initial period under a distribution agreement. The acquisition consideration was a gross value of $3.6 million. After deductions for working capital loans and other offsets, the net cash consideration payable was $2.4 million. The gross purchase value of $3.6 million equates to a price to gross sales multiple of 0.73x on FY 2019 sales.


AUSTRALIA'S OWN
ORGANIC ALMOND
ORIGINAL
ACO Certified Organic
ORGANIC CHICKEN
STYLE STOCK
BARISTA COCONUT
DEVELOPED FOR COFFEE
STEAMS · FROTHS · AERATES
MADE WITH ORGANIC COCONUT CREAM
COCONUT MILK 1L
ORGANIC COCONUT
UNSWEETENED
COCONUT MILK 1L
MILKLAB
SOY MILK
MILK FOR COFFEE
AN AUSTRALIAN COLLABORATION DESIGNED TO TEXTURE AND STRETCH WITH COFFEE
1 LITRE
ORGANIC CHICKEN
STYLE STOCK
SALT REDUCED
ORGANIC BEEF
STYLE STOCK
1L
MACADAMIA MILK
ORGANIC SOY
UNSWEETENED
ORGANIC RICE
ORIGINAL
NO ADDED SUGAR
RICE MILK 1L
LIKE MILK
[BUT NOT MILK]
UNSWEETENED
NUTRITIOUS PLANT ALTERNATIVE
FORMULATED WITH PEA PROTEIN
GOOD SOURCE OF CALCIUM
1L
ALMOND MILK
COCONUT MILK
BARISTA ALMOND
ORGANIC ALMOND
UNSWEETENED
ORGANIC VEGETABLE
STYLE STOCK
BARISTA SOY
MADE WITH ORGANIC SOY BEANS
SOY MILK 1L

PLANT BASED BEVERAGES
BUSINESS GROUP

Branded Portfolio

Strong growth in plant based beverages through Australia's Own, MILKLAB and blue diamond

Plant based branded beverage sales continued to grow, with both volume and sales revenue growth compared to the previous corresponding period, reflecting strong growth in the Australia's Own and MILKLAB range and also the licenced Blue Diamond Almond Breeze brand in retail and out of home channels.

The trend towards plant based food and beverages is increasing in Australia and global markets, driven by a desire for healthier and "cleaner" lifestyles which is motivating consumers to focus on fruits, vegetables, nuts, seeds, grains and other botanicals.

In retail grocery, the Group remains the largest supplier of almond beverages, including products under the Australia's Own brand, our licensed Blue Diamond Almond Breeze brands and private label offers. As a leading innovator in plant based beverages, during the second half of FY 2018, the Group successfully launched the first pea protein milk in Australia, "LIKE MILK". The product was recognised as a Top 10 Innovation in the 2019 Australian Financial Review Boss Most Innovative Companies Awards, in the Manufacturing & Consumer Goods Category.

The Group continued to experience strong growth in the high margin out of home channel with both MILKLAB and Almond Breeze Barista having established a clear market leadership in the almond segment of the milk for coffee market.

Increased channel penetration and consumer demand is expected to continue to drive growth, with the Group expanding the range of nut-based beverage products under the MILKLAB brand. The Group will also launch 2 litre formats.

During the period, the Group invested in sales and distribution to develop new channels in SE Asia and the Middle East, with increasing sales of the Australia's Own range and MILKLAB.

The MILKLAB brand is experiencing strong demand across existing markets in Australia and new markets in SE Asia and the Middle East and has the potential to be a leading global plant based beverage brand in the milk for coffee markets.

AWARD WINNING

2019 AUSTRALIAN FINANCIAL REVIEW BOSS MOST INNOVATIVE COMPANIES

» Best Manufacturing & Consumer Goods Innovation Program

» LIKE MILK - Top 10 Manufacturing & Consumer Goods Innovation

INGLEBURN

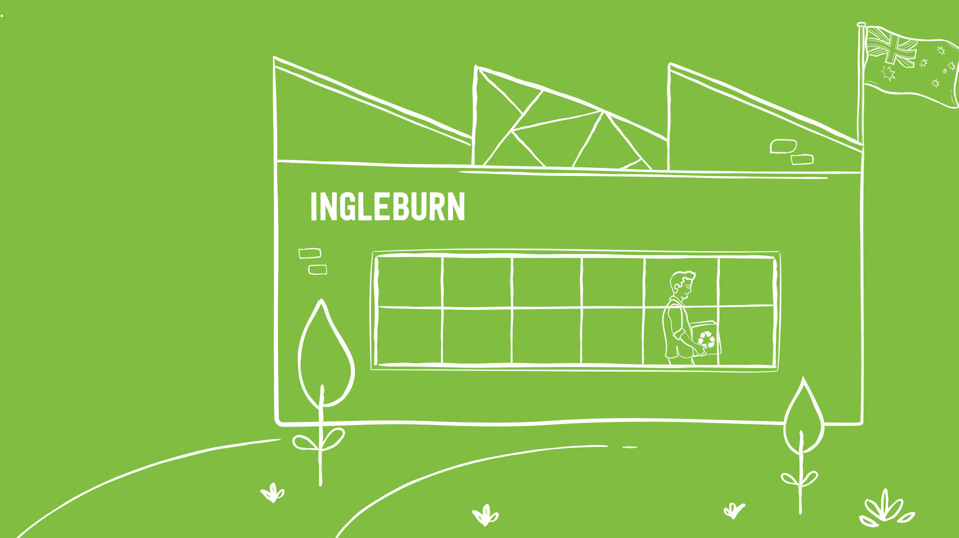
INGLEBURN,
SOUTH WEST SYDNEY

UHT FACILITY

The state-of-the-art UHT facility at Ingleburn in South West Sydney has performed well since initial start-up and commissioning in December 2017.

The Ingleburn facility has been established with the capability to process both non-dairy and dairy products. During the period, the Ingleburn site processed dairy formats to provide additional dairy packaging capability ahead of upgrades at the Shepparton facility.

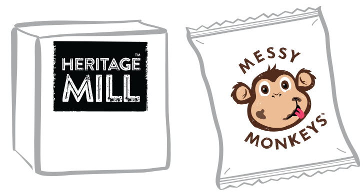
Capabilities for yoghurt processing were completed during the year. Initial product formats for domestic and export markets in SE Asia will be launched early in FY 2020. While China's demand for yoghurt is strong, sales are subject to receiving Chinese government accreditation at some stage in the future.



SNACKS
CEREAL
freedom
HERITAGE MILL
BERRY BLISS CLUSTERS
ARNOLD'S LITTLE FARMERS FARM
STRAWBERRY GRANOLA
8 PACK
MESSY MONKEYS
CHEESE FLAVOUR
WHOLE GRAIN BITES
GLUTEN FREE WHEAT FREE NUT FREE
FIBRE & PREBIOTICS FOR DIGESTIVE BALANCE
ACTIVE BALANCE
BUCKWHEAT & QUINOA
freedom FOODS
DRIZZLE OF MAPLE SYRUP
MAPLE CRUNCH
WHOLE GRAIN
with sorghum
APPLE CRUMBLE CLUSTERS
HERITAGE MILL
ARNOLD'S FARM
PREMIUM BLEND
Orange, Cranberry & Cocoa
GRANOLA
500g
10g PROTEIN
PEG
PLANT PROTEIN
Salted Caramel Cashew Bar
40g
ARNOLD'S FARM
CRAFTED WITH LOVE SINCE 1983
CLUSTERS
BREKKY BLISS
1kg
ARNOLD'S FARM
6 PACK
SNACK BARS
RASPBERRY RIPPLE
210g
AIR POPPED
GLUTEN free
CRAFTED BLENDS
WHOLE GRAIN POPCORN
Salted Toffee Caramel
MESSY MONKEYS
BURGER FLAVOUR
WHOLE GRAIN BITES
8 PACK
brekky heroes
CHOC BOULDERS
MESSY MONKEYS
CHOC CRUNCH
CEREAL
HERITAGE MILL
SPICED PEAR & WALNUT CLUSTERS
500g
GIVE YOUR GUT A BOOST
with Prebiotic Fibre
Barley+
BARLEY CLUSTERS
400g NET
HERITAGE MILL
ROASTED NUT PROTEIN BARS
10g PROTEIN
10g PROTEIN
PEG
PLANT PROTEIN
Superberry & Almond Bar
40g
ARNOLD'S FARM
TOASTED MUESLI
FULL O'FRUIT

CEREAL & SNACKS BUSINESS GROUP

Cereal & Snacks



AUSTRALIA

Number 1 health food cereal brand and growing

HERITAGE MILL HAS 28.5% SHARE OF THE BREAKFAST CLUSTER & MUESLI CATEGORY

WITH IN A YEAR FROM LAUNCH IN 2018

The Freedom Foods business is the category leader in the cereal and snacks segment found in the health food sections of retail supermarkets. Freedom Foods branded products delivered sales growth in its branded Cereal and Snacks segments compared to the prior year period.

The Messy Monkeys brand continued an impressive growth trajectory, supported by strong trade and external marketing activity. The brand is the No 1 selling "new" brand in the health food section of supermarkets and has expanded its core range with popcorn and extruded snacks variants.

The Freedom Foods Arnold's Farm brand performed well in its oat based cereal products through its exclusive distribution in Woolworths supermarkets. The Arnold's Farm range was expanded late in 2nd half of FY 2019 with new cereal and snack formats launched.

In June 2018, the Group launched an expanded range of Freedom Foods branded cereals and snacks in the mainstream retail channels in Coles Supermarkets under the brands Heritage Mill and Brekky Heroes. Since introduction, the products have performed well, and above Group expectations. The Heritage Mill brand has already achieved a 28.5% share of the breakfast cluster and muesli category in Coles Supermarkets. The range was expanded during the 2nd half of FY 2019, with new cereal and snack formats.

No 1 SELLING "NEW" BRAND

IN THE HEALTH FOOD SECTION OF SUPERMARKETS

REALIGNING OUR CAPACITY TO SUPPORTING GROWTH IN OUR BRANDS

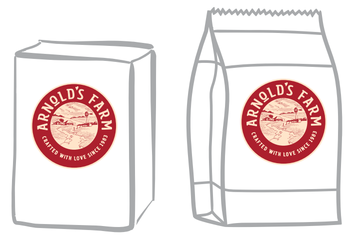
The Group made a strategic decision during the 1st half of FY 2019 to exit a large a number of major contract manufacturing arrangements for key brand and private label customers in cereals and milling related activities.

A number of these contract manufacturing arrangements were below the Group's margin criteria and utilised manufacturing capacity that can be better deployed for growth in the Group's brands including Heritage Mill and Arnold's Farm in key channels and markets.

For competitive reasons, the Group brought forward the full exit of these arrangements from January 2019. The impact of this decision was a reduction in sales and contribution for the Cereal and Snacks Business for FY 2019 as compared to FY 2018.

The Group is confident that the growth and opportunities provided by a focus on its own brand strategy will provide for increased financial returns in the medium to long term. Strong demand in the Heritage Mill and Arnold's Farm brands and increased demand in China and SE Asia provides a strong foundation for success.

Cereal & Snacks



CHINA & SOUTH EAST ASIA

Fastest growing Australian cereal brand on Alibaba's Tmall

Within the online cereal category, sales have progressed well, with further growth achieved and increasing brand recognition in this small but growing category in China.

The Freedom Foods Arnold's Farm brand remains one of the top three oat cereals on Tmall International. In offline distribution, the Arnold's Farm brand is now sold in more than 4,000 outlets across China.

ARNOLD'S FARM SOLD IN MORE THAN 4,000 OUTLETS ACROSS CHINA

OFFLINE DISTRIBUTION

Strategic Partnership with Theland

In November 2018, the Group advised that it had entered into an arrangement to establish a strategicpartnership with Theland New Cloud Digimart Co (Theland) for the development of the Arnold's Farm range of cereals and snacks in China.

Majority owned by Alibaba Group, Theland is a China-based brand owner and distributor with extensive sales capabilities across both online and offline channels in more than 25 provinces in China. Under the arrangements, Theland is a key distributor for Arnold's Farm branded cereal and snacking products in the China market including online and offline channels, further leveraging the integration between online and the "new retail" strategy being developed by Alibaba.

The strategic partnership arrangements for Arnold's Farm commenced in March 2019. The Group has also commenced supply of an A2 protein milk product in UHT format to Theland, under its own brand. Freedom Foods and Theland expect to build on this initial UHT milk product launch with additional products and formats to be launched later in calendar 2019.

FREEDOM FARMERS

The Group has sufficient supply of key grain raw materials for FY 2020, utilising its Freedom farmers and other key grain partners. Increases in oat prices for FY 2020 are in line with expectations with increased export pricing and higher retail pricing providing material offsets to these price changes.

The Group continues to monitor any potential impact on supply beyond FY 2020 from current dry growing conditions in NSW.

BRUNSWICK
WILD SARDINES in SPRING WATER
NET 106g
WILD CAUGHT
EST. 1893
BRUNSWICK
SMOKED KIPPERS
BONELESS HERRING FILLETS
NET 92g
WILD CAUGHT
NET 120g
Easy OPEN PULL TAB
EST. 1893
BRUNSWICK
premium
BRISLING
SARDINES
IN OIL WITH thyme & lemon
GOOD SOURCE OF PROTEIN
GOOD SOURCE OF OMEGA 3
EST. 1893
BRUNSWICK
WILD SARDINES in OLIVE OIL
NET 106g
WILD CAUGHT
Paramount
Wild Alaskan
RED SALMON
Paramount
Wild Alaskan
PINK SALMON
GOOD SOURCE OF OMEGA 3
PROUDLY AUSTRALIAN OWNED
EST. 1893
BRUNSWICK
WILD SARDINES in SPRING WATER
NO Added SALT
NET 106g
WILD CAUGHT
EST. 1893
BRUNSWICK
PREMIUM
SKINLESS & BONELESS
SARDINES in CHILLI PEPPERS
125g
GOOD SOURCE OF PROTEIN
GOOD SOURCE OF OMEGA 3
EST. 1893
BRUNSWICK
WILD SARDINES in TOMATO SAUCE
NET 106g
WILD CAUGHT
Paramount
Wild Alaskan
PINK SALMON
EST. 1893
BRUNSWICK
WILD SARDINES in SOYA OIL
NET 106g
WILD CAUGHT
Paramount
Wild Alaskan
RED SALMON
100g Net
PARVE
DOLPHIN FRIENDLY
Product of Alaska, packed in Thailand
NET 120g
Easy TO OPEN PULL TAB
Sealed for Freshness
EST. 1893
BRUNSWICK
premium
BRISLING
SARDINES
IN OLIVE OIL
Lightly SMOKED
GOOD SOURCE OF PROTEIN
GOOD SOURCE OF OMEGA 3
BRUNSWICK
EST. 1893
ORIGINAL KIPPERS
BONELESS HERRING FILLETS
NET 100g
WILD CAUGHT

SPECIALTY SEAFOOD

Number 1 sardine brand in Australasia and growing salmon sales

Brunswick Sardines maintained its No. 1 brand leadership position in Australia and New Zealand. The Paramount Salmon brand performed well, with the re-ranging of the Paramount Salmon brand in Coles Supermarkets from later in the 1st half.

While Specialty Seafood sales were broadly in line with the previous comparable period, the earnings contribution was materially impacted by unfavourable cost of goods reflecting exchange rate ($AUD depreciation) and increased cost of $USD denominated salmon finished goods reflecting a poor seasonal catch. Since June, the business has secured price increases that offset the impact of the adverse cost and exchange rate impacts.

Innovation Capabilities

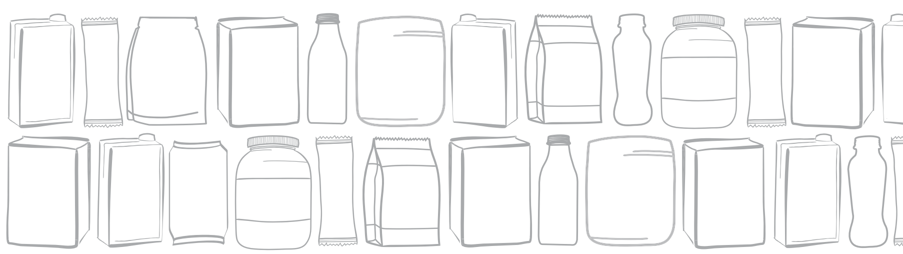
The Group continues to be a leading innovator in its chosen product and channel segments and sees its innovation approach as a key competitive advantage.

As part of this, the Group continues to invest significantly in its innovation capabilities across its business groups. This investment, aligned to its significant capital investment in manufacturing capabilities, provides a strong base to accelerate new product development pipelines. In the last five years, the Group has invested in excess of $55 million in product development.

A TOTAL OF

130+ NEW PRODUCTS

were launched from July 2018 into retail grocery, out of home and export markets, supported by increased marketing expenditure as investment for future growth.



Sales from new product development initiatives since 2017 contributed

$134.0 million IN FY 2019

The Group has been recognised for its product development innovation, including:

PRODUCT OF THE YEAR 2019

MESSY MONKEYS » Gluten Free Kid's Category

BARLEY+ » Health Bars Category

HEALTHY FOOD AWARDS 2019

and, in August this year, the

2019 AUSTRALIAN FINANCIAL REVIEW BOSS MOST INNOVATIVE COMPANIES

Best Manufacturing & Consumer Goods Innovation Program

Capital Expenditure

The Group is one of Australia's leading investors in state-of-the-art food and beverage manufacturing capability, investing more than $170 million in plant and equipment during FY 2019, which included bringing forward additional investment planned for FY 2020.

The FY 2019 year reflects a peak in the five year investment cycle with capital expenditure expected to materially reduce in FY 2020.

The key programs implemented included:

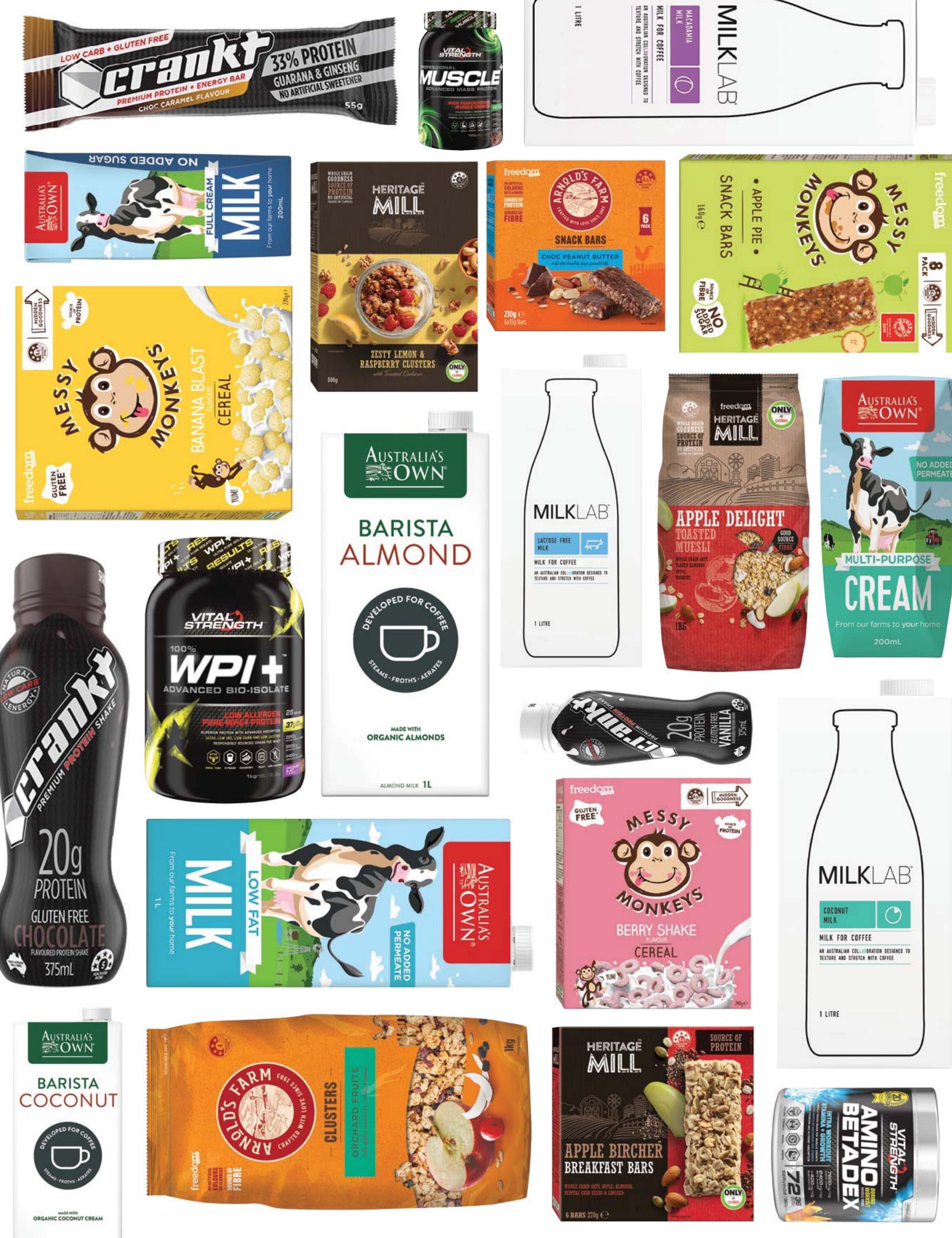
- At Shepparton, the Group completed a significant proportion of an upgrade to increase total processing capacity to 500 million litres per annum from current processing capacity of 250 million litres. The capacity increase was aligned with investment in additional filler and packaging capabilities.
- Completion of stage one of a transformational Nutritionals capability, with construction of stage two capacity upgrade commencing in Q4.
- Completion of yoghurt processing capabilities during the half year. Initial product formats for domestic and export markets in SE Asia will be launched in 1st half FY of 2020.
- Investment in additional filler and packaging capabilities at Ingleburn and automated packaging processes for snacking capabilities at Leeton.
- Investment in a number of key sustainability projects, including a solar and battery project at our Shepparton site which is the largest on roof solar panel system in Victoria, with carbon offset in excess of 5,000 tonnes of CO_2 or equivalent to 1,700 trees being planted. The other major projects include a chemicals reuse capability.

The capital expenditure program provides a strong operational platform to significantly increase the Group's sales and operating financial returns. Ongoing operational capital expenditure through FY 2020 will relate to increases in stage 2 capacity upgrade for Nutritionals.

INVESTING MORE THAN

$170 million

IN PLANT & EQUIPMENT DURING FY 2019



LOW CARB + GLUTEN FREE
crankt
PREMIUM PROTEIN + ENERGY BAR
CHOC CARAMEL FLAVOUR
33% PROTEIN
GUARANA & GINSENG
NO ARTIFICIAL SWEETENER
55g
VITAL STRENGTH
MUSCLE+
MILKLAB
MACADAMIA MILK
MILK FOR COFFEE
1 LITRE
NO ADDED SUGAR
AUSTRALIA'S OWN
FULL CREAM
MILK
From our farms to your home
200mL
HERITAGE MILL
ZESTY LEMON & RASPBERRY CLUSTERS
500g
freedom
ARNOLD'S FARM
SNACK BARS
CHOC PEANUT BUTTER
6 PACK
210g
MESSY MONKEYS
APPLE PIE
SNACK BARS
160g
8 PACK
NO ADDED SUGAR
MESSY MONKEYS
BANANA BLAST
CEREAL
GLUTEN FREE
YUM!
MILKLAB
LACTOSE FREE MILK
MILK FOR COFFEE
1 LITRE
HERITAGE MILL
APPLE DELIGHT
TOASTED MUESLI
1KG
AUSTRALIA'S OWN
NO ADDED PERMEATE
MULTI-PURPOSE
CREAM
From our farms to your home
200mL
crankt
PREMIUM PROTEIN SHAKE
20g PROTEIN
GLUTEN FREE
CHOCOLATE
FLAVOURED PROTEIN SHAKE
375mL
VITAL STRENGTH
100% WPI+
ADVANCED BIO-ISOLATE
AUSTRALIA'S OWN
BARISTA
ALMOND
DEVELOPED FOR COFFEE
STEAMS · FROTHS · AERATES
MADE WITH ORGANIC ALMONDS
ALMOND MILK 1L
crankt
20g PROTEIN
GLUTEN FREE
VANILLA
375mL
MILKLAB
COCONUT MILK
MILK FOR COFFEE
1 LITRE
freedom
GLUTEN FREE
MESSY MONKEYS
BERRY SHAKE
CEREAL
YUM!
AUSTRALIA'S OWN
LOW FAT
MILK
From our farms to your home
1L
NO ADDED PERMEATE
AUSTRALIA'S OWN
BARISTA
COCONUT
DEVELOPED FOR COFFEE
MADE WITH ORGANIC COCONUT CREAM
ARNOLD'S FARM
CRAFTED WITH LOVE SINCE 1983
CLUSTERS
ORCHARD FRUITS
1kg
freedom
HERITAGE MILL
SOURCE OF PROTEIN
APPLE BIRCHER
BREAKFAST BARS
6 BARS 270g
VITAL STRENGTH
AMINO BETADEX
72

CORPORATE & GROUP MANAGEMENT

Our Team

71 CASUALS

668 FULL TIME EQUIVALENT

739 TOTAL

EMPLOYEES AS AT 30 JUNE 2019

As at 30 June 2019, the Company has seen an increase of employees in line with growth of the Company. The Company has 739 employees, comprising of 668 full time equivalent employees and 71 casuals across Australia, China, South East Asia and North America.

Corporate & group management

EMPLOYEE IN FOCUS

KYLIE GEER

"EMPLOYEE IN FOCUS" FY 2019

Each year Freedom Foods recognises the extraordinary contribution of staff members to the success of the business, who have exceeded expectations and gone above and beyond to help the Company achieve its successes to date.

We are fortunate to have people throughout the Company that are committed to our mission and every day make an extraordinary contribution.

I am pleased to announce that our FY 2019 "Employee in Focus" is awarded to Kylie Geer.

Kylie has delivered above and beyond in 2019, delivering a strong focus on our systems and culture in her role as Group Administration Manager, as well as Executive Assistant. She also assumed the role of Project Manager for our new Taren Point Corporate Office, a project that started over 2 years ago and required navigating council regulations, consultants, building contractors and many more, in this consuming process. We are proud of our new Corporate Office and it reflects significantly on Kylie's contribution. Kylie demonstrates the qualities of what we call the "Freedom Way".

DIVERSITY & INCLUSION

The Company recognises that our people are the key to our success and fosters a culture of inclusion regardless of gender, age, ethnicity, race, religion or sexual orientation. Diversity allows access to a wider variety of talents and enhances the growth of our Company.

The Company's Diversity Policy is aligned to this growth and we are committed to maintaining a diverse range of skills and attributes in our employees.

The Company's Diversity Policy is available on the Company website at www.ffgl.com.au/our-business/corporate-governance/.

As at 30 June 2019, females represent 30% of the Company's workforce (2018: 34%). The Company continues to develop the leadership talents of our female employees, resulting in an increase of 6% of females in senior management positions to 48% (2018: 42%).

INCREASE OF

6%

OF FEMALES IN SENIOR MANAGEMENT POSITIONS

SUSTAINABILITY

Freedom Foods is committed to making a distinctive and positive contribution to the world in which we live.

As part of our commitment, we have commenced an internal sustainability program that over the next few years will identify key areas of focus and initiatives that drive sustainability in relation to reducing our environmental footprint whilst also improving costs and efficiency.

A number of key projects commenced and funded in FY 2019 include:

- the Group undertook the largest on-roof solar battery project in Victoria at its Shepparton site. The carbon offset for this project is in excess of 5,000 tonnes of CO_2 or, in terms of trees, it is equivalent to 1,700 trees being planted. The Group is in the planning stages of installing similar equipment at other sites in the near future.
- A chemical recovery and recycling system were installed and funded as a direct initiative by the Group. The system not only closes the loop of toxic chemicals being dispersed into the water system but it also reduces the amount of sodium waste being discharged into the surrounding ecosystem. An equivalent system will be installed at the Company's Ingleburn site in FY 2020.

The Group's equity associated company, Australian Fresh Milk Holdings (AFMH) also invested in technology to help reduce its impact on climate change and the broader environment. One significant initiative was the installation of a bio digester that turns cow effluent into energy to help operate the farm. This initiative is expected to close the loop on their energy needs. Freedom Foods has a 10% equity holding in AFMH, which is now the biggest dairy producer in Australia.

The Group is also supportive of the Australian Dairy Sustainability Framework. The framework sets out environmental targets such as reducing greenhouse gas emissions by 30% by 2030. The Initiative includes a whole of chain approach including the reduction of greenhouse gas emissions by dairy manufacturers.

Corporate & group management

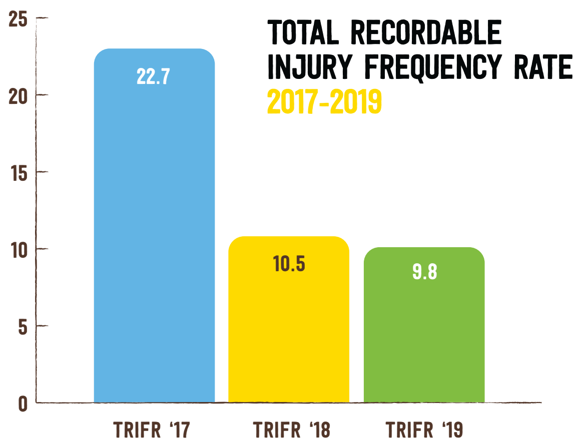
WORKPLACE HEALTH & SAFETY

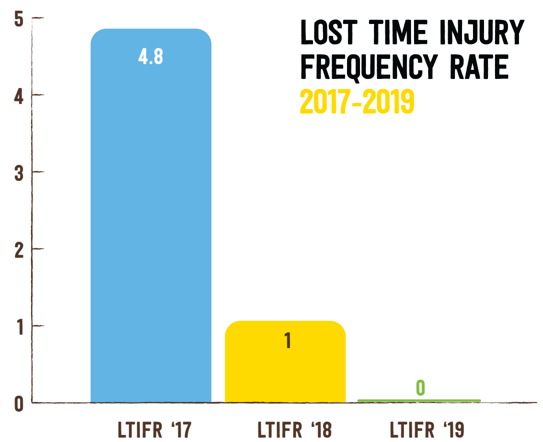
The Group considers Work Health and Safety an integral part of its vision and values. The business' objective is to provide, with the assistance of our people, a workplace that protects the health and safety of our employees, contractors, customers and visitors. This is achieved by the implementation of a documented Health and Safety management system based upon Australian Standard 4801. A key aspect of this approach involves a risk management approach for identifying, assessing, controlling and monitoring occupational hazards across all areas of the business' operations.

The Company provides the resources, equipment, skills and training necessary to ensure that the Health and Safety Policy is met and to assist our managers and employees to provide and maintain a safe and healthy work environment. Freedom Foods ensures compliance to state and territory statutory requirements, codes, standards and guidelines.

Freedom Foods is committed to continually improving its safety and compliance performance across the Group, including employees, contractors and visitors on our sites. Freedom Foods has been actively working on improving the safety initiatives already in place, some of these improvements include the use of electronic management of contractor compliance and safety reporting tools. The Company is focused on compliance to reduce the risks across the Group.

Whilst this year has seen substantial growth across all sites, the Group proudly has lower than industry standards for the number of incidents and injuries for the past 2 years, which includes contractors working across multiple sites on major building projects. Both the Ingleburn and Shepparton construction sites have been Lost Time Injury (LTI) free with more than 600 contract workers across 107 contracting companies registered on our induction system and working on our sites.





» *TRIFR – Total Reportable Injuries Frequency Rate = LTI and MTI, the total recordable injury frequency rate (TRIFR) is the number of fatalities, lost time injuries, suitable duty work and other injuries requiring medical treatment by a medical professional per million hours worked.*

» *LTIFR – Lost Time Injury Frequency Rate = LTI, is the number of fatalities and lost time injuries recordable per million hours worked.*

QUALITY & FOOD SAFETY

> "FREEDOM FOODS CONTINUES TO MOVE TO BECOME A TECHNOLOGICALLY INNOVATIVE MARKET LEADER"

The Group continues to develop and pioneer world class facilities acting under world leading standards. Our customers have grown to expect that every product will be a brand known not only for flavour and texture but also for the quality of its manufacturing.

Throughout 2019, the Company expanded its quality program initiatives. Management leadership potential has been enabled by the use of innovative quality tools: Electronic record keeping, facilitated and well-resourced quality teams, rigorous quality programs and enhanced internal audits. Training has seen the team at Freedom Foods improve its abilities to ensure that the quality program is unrelenting, sustainable and consistent.

Utilisation of technological improvements have ensured that the Group moves towards a paperless quality program. Online monitoring, electronic checklists, real-time machine monitoring, interactive spreadsheets, virtual meeting rooms, programmed Quality Assurance meetings, data sharing, electronic Gantt charts, electronic risk review and a specialised software program ensures that data is real time and available for effective decision making. Freedom Foods continues to move to become a technologically innovative market leader.

Food safety management remains the quality and operational teams' core focus. Quality drives the assurance that all elements of the Freedom Foods vendor assurance program meet the highest global standards of both quality and food safety. The continuing demand by customers for safe food has driven the allergen free and nut free ranges at Freedom Foods and with these the corresponding assurance of safe allergen-controlled facilities.

Freedom Foods continues to strive for global best practice with its ongoing certifications to Global Food Safety Initiative (GFSI) standards. Its sites have achieved A class results in both Safe Quality Food (SQF) and British Retail Consortium (BRC) Global Standards. Hazard Analysis at Critical Control Points (HACCP) remains the core Food Safety Practice at all Group sites. Product specific standards such as Australian Certified Organics (ACO) and Gluten Free Certification ensure our customers are receiving the highest guarantees of conformance to regulations around organics and gluten free. All GFSI and customer standards are externally audited by third party independent certification bodies.

Freedom Foods has embraced quality and food safety as the foundation of the Group. It continues to work with intelligent effort to ensure that our customers and our vendors are receiving excellent product of the highest quality.

Corporate & group management

TALENT & TECHNOLOGY

The Group has an extremely talented and passionate team of employees focussed on delivering the

"FREEDOM WAY",

which incorporates a passion for growth, agility, challenging the norm and taking personal ownership of business outcomes.

Aligned with this, the Company continued to make investments in people and capability to ensure the Group can implement and manage growth. During the period, we invested in talent and capability in sales and innovation across beverage, cereal and snacks capability as well as operations, finance and quality.

We are developing our people and talent identification processes to align with the Group's rapidly expanding sales and operational platform. During the period, the Group further progressed the transformation of its IT/ERP systems. Further investments in technology will be made to ensure we increase efficiency and productivity.

GREATER CHINA MANAGEMENT TEAM

During the 1st half of FY 2019, the Group recruited a new senior leadership team for its Greater China business reflecting the increasing scale and sophistication of the business and the need for strong business management and administration capabilities. Jason Zhang assumed the role of CEO Greater China and Roy Hu, General Manager Sales. Both have strong experience and skills sets in FMCG including working across Western and local companies in the China market.

$131 million
EQUITY RAISED - MAY 2019

CAPITAL MANAGEMENT

Liquidity & Finance Facilities

The Group held cash of $55.4 million at 30th June 2019, with total borrowings of $177.4 million, comprising term facilities, equipment finance leases and working capital facilities. Net debt at 30th June 2019 was $122.0 million, with a net debt to equity ratio of 18.2%.

Cash generated from operations included a significant improvement in working capital during the 2nd half as compared to 1st half. With the winding down of the significant capital expenditure period, the Group is working to improve inventory holdings including packaging and raw materials.

During the period, the Group invested $171 million in capital expenditure relating to the balance of construction and equipment payments, commissioning and related costs for the capital expenditure on plant and equipment at Shepparton, Ingleburn and Leeton, technology platform development, and deposits for capital expenditure relating to expanded capital projects committed to in the 1st half of FY 2020.

In May 2019, the Group completed a $131 million equity raising to be used to accelerate Freedom Food's growth strategy, including acceleration capital expenditure in nutritional ingredients through calendar years 2020 and 2021. The capital expenditure program is underway, with the increases in capacity available through both FY 2021 and FY 2022.

Dividends

Consistent with the positive outlook, the Group will pay an unfranked final dividend of 3.25 cents per ordinary share on 2nd December 2019.

The Group intends to pay an unfranked dividend for any dividends relating to FY 2020, reflecting likely reduced tax payments as the Group utilises tax losses from acquisitions and accelerated tax depreciation benefits from the current investment phase. The Group anticipates a return to paying fully franked dividends from increased profits after FY 2021.

The record date for determining entitlements is 4th November 2019 and the payment date is 2nd December 2019.

The Group's Dividend Reinvestment Plan (DRP) remains open for the final FY 2019 dividend payment. The Company thereafter intends to suspend the DRP until resolved otherwise by the Board.

The Group will pay an unfranked final convertible redeemable preference share dividend in accordance with the terms of the convertible redeemable preference shares. The record date for determining entitlements is 4th November 2019 and the payment date is 2nd December 2019.

There are 101,627 converting preference shares remaining on issue at 30th June 2019.

Corporate & group management

GROUP OUTLOOK

Building a Global - Food & Beverage business based in Australia

The Group is well positioned to build into a major global food and beverage business with scale in key food and beverage platforms, providing diversification in sales, together with earnings growth, from key markets and channels in Australia, China and SE Asia.

OUR KEY BRANDS AUSTRALIA'S OWN & FREEDOM FOODS

will be at the forefront of driving our returns from our innovation and manufacturing capabilities in Australia and international markets.

New brands recently launched also have the potential to be global success stories, **MILKLAB**, **Messy Monkeys** and **Heritage Mill** have been extremely well received and are expanding at a tremendous rate.

DAIRY & NUTRITIONALS

With a large and significantly increasing base of dairy volume within the Group, the focus is on driving the dairy business towards specialty and high value-added products.

With the completion of stage one of a transformational Nutritionals capability, the Group will continue to evolve its scaled dairy capabilities into high value added protein based ingredients and consumer applications. New product revenue streams from the Nutritionals capability are expected to materially positively impact sales and earnings into FY 2020 and beyond.

PLANT BASED BEVERAGES

The growth in sales and improving financial returns in our plant beverage business reflects the investment in brands and new capabilities at the Ingleburn site in Sydney. This business is expected to further contribute to profitability over the medium term as the Group focuses on driving its brands in retail and higher margin out of home channels and into SE Asia and China.

CEREAL & SNACKS

The cereal and snacks business is strategically well positioned to build a growth platform in multiple products, channels and distribution across Australia, China and SE Asia. The decision to exit a large a number of major contract manufacturing arrangements for key brand and private label customers in cereals and milling related activities has released capacity and capability for our own brand strategy and provide for increased financial returns in the medium to long term.

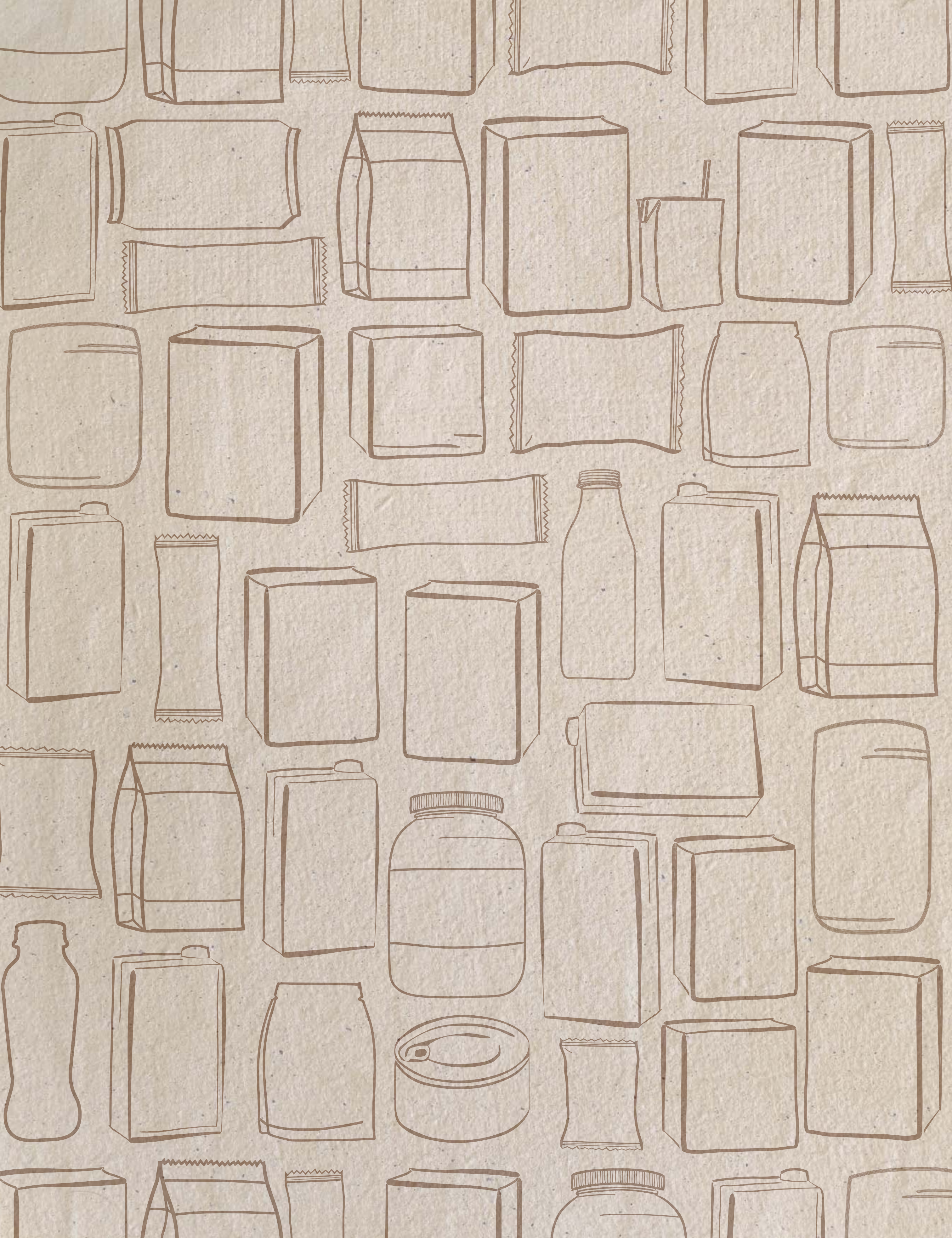
SHEPPARTON

Our operating profits will increase as the Company moves out of the investment cycle, balanced against a requirement to invest in people, systems and process to manage a scaled and diversified business platform.

The Group continues to experience strong demand across its business activities in Australia, China and SE Asia. This growing demand in dairy, dairy nutritionals, plant beverages and cereal & snacks reflects demand for products from the Group's expanded operational footprint and increasing brand penetration providing for increased market share in key channels and categories in Australia, SE Asia and China.

INCREASED BRAND FOOTPRINT

MAKING FOOD BETTER



FINANCIAL REPORT 2019

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Freedom Foods Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

DIRECTORS

The following persons were directors of Freedom Foods Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Perry R. Gunner - Chairman (Non-Executive)

Rory J.F. Macleod - Managing Director and Chief Executive Officer (Executive)

Anthony M. Perich - Deputy Chairman and Director (Non-Executive)

Ronald Perich - Director (Non-Executive)

Trevor J. Allen - Director (Non-Executive)

Michael R. Perich - Alternate Director for Anthony M. Perich and Ronald Perich (Non-Executive)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were:

- sourcing, manufacturing, selling, marketing and distribution of plant based beverages, dairy and nutritional ingredient products;
- sourcing, manufacturing, selling, marketing and distribution of consumer nutritional products;
- sourcing, manufacturing, selling, marketing and distribution of specialty cereal and snacks;
- selling, marketing and distribution of canned specialty seafood; and
- investment in large scale dairy farming operations.

The Group operates sales, marketing and distribution activities in Australia, New Zealand, China, South East Asia and North America.

There were no significant changes in the nature of the principal activities during the financial year with the exception of the nutritional ingredient products.

DIVIDENDS

Dividends paid during the financial year were as follows:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Final 50% franked dividend for the year ended 30 June 2018 of 2.75 cents per ordinary share paid in cash (2017: 2.25 cents fully franked	2,445	1,429
Dividends reinvested: fully franked at 30% tax rate	4,265	3,095
Interim 50% franked dividend for the year ended 30 June 2019 of 2.25 cents per ordinary share paid in cash (2018: 2.25 cents fully franked)	1,906	1,405
Dividends reinvested: fully franked at 30% tax rate	3,604	3,132
Final 50% franked dividend for the year ended 30 June 2018 of 1.35 cents per convertible redeemable preference share (2017: 1.35 cents fully franked)	1	1
Interim 50% franked dividend for the year ended 30 June 2019 of 1.35 cents per convertible redeemable preference share (2018: 1.35 cents fully franked)	1	1
	12,222	9,063

On 29 August 2019, the directors declared an unfranked final dividend of 3.25 cents per share to the holders of fully paid ordinary shares in respect of the financial year ending 30 June 2019, which is to be paid to shareholders on 2 December 2019. The record date for determining the entitlement to the final dividend is 4 November 2019. The dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $8,869,357

On 29 August 2019, the directors declared an unfranked final dividend of 1.35 cents per share to the holders of the convertible redeemable preference shares in respect of the financial year ending 30 June 2019, which is to be paid to shareholders on 2 December 2019. The record date for determining the entitlement to the final dividend is 4 November 2019. The dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $1,372.

REVIEW OF OPERATIONS

The profit for the Group after providing for income tax amounted to $11,577,000 (30 June 2018: $12,715,000).

Refer to the commentary in the Managing Director's and CEO's Review of Operations.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

In future years, the Group expects to grow further through organic sales development, leveraging its expanding capabilities manufacturing, product development, sales, marketing and distribution in its core business activities. Growth beyond Australia and New Zealand will be targeted through key export markets in Asia (China and South East Asia) and North America, either through group owned capabilities or through strategic alliances and partnerships.

ENVIRONMENTAL REGULATION

The Group's operations are subject to environmental regulation under the laws and regulations of the Commonwealth of Australia, and various Australian State and local regulatory bodies.

- There were no material breaches of environmental laws, regulations or permits during the year.
- The Group is currently operating in accordance with local councils' consent in regard to hours of operation.

INFORMATION ON DIRECTORS

Name: Mr Perry R. Gunner.

Title: Chairman and Non-Executive Director (Independent).

Qualifications: B.Ag.Sc, Grad Business Administration.

Experience and expertise: Perry is former Chairman and CEO of Orlando Wyndham Wine Group and was appointed Chairman in July 2006.

Other current directorships: None.

Former directorships (last 3 years): Non-Executive Director of Australian Vintage Ltd.

Special responsibilities: Chairman of the Remuneration Committee, member of the Audit Committee and Risk Committee.

Interests in shares: 1,189,031.

Name: Mr Rory J.F. Macleod.

Title: Managing Director and Chief Executive Officer.

Qualifications: B.Econ (Hons).

Experience and expertise: Rory has been with the group for the past 16 years with direct responsibility for and involvement in the Company's strategic, operational and financial development during this time. He is a former Senior Director, corporate finance for SBC Warburg (now UBS) in Australasia and Europe where he gained extensive experience in strategy and commercial development, mergers and acquisitions and corporate analysis. Prior to his corporate finance background, Rory was an Equities Research Analyst with SBC Warburg (now UBS). Rory was appointed as an Executive Director in 2008 and appointed Managing Director and CEO in August 2012.

Other current directorships: Non-Executive Chairman, Australian Fresh Milk Holdings Pty Limited (AFMH) and its subsidiaries. A director of operating subsidiaries of Freedom Foods Group Limited.

Former directorships (last 3 years): None.

Special responsibilities: None.

Interests in shares: 1,686,669.

Interests in options: Employee Share Options 2,500,000 @ $2.92.

Name: Mr Anthony M. Perich AM.

Title: Deputy Chairman and Non-Executive Director.

Experience and expertise: Anthony is a Member of the Order of Australia. He is joint Managing Director of Arrovest Pty Limited, Leppington Pastoral Company, one of Australia's largest dairy producers, and various other entities associated with Perich Enterprises Pty Limited. He is also a property developer, farmer and business entrepreneur. Outside of the Perich Group, Anthony holds a number of other directorships which include Greenfields Narellan Holdings, East Coast Woodshavings Pty Limited, Breeders Choice Woodshavings Pty Limited, Austral Malaysian Mining Limited and Inghams Health Research Institute. Memberships include Narellan Chamber of Commerce, Narellan Rotary Club, Urban Development Institute of Australia, Urban Taskforce, Property Council of Australia, past President of Narellan Rotary Club and Past President of Dairy Research at Sydney University. He was appointed as a director in July 2006.

Other current directorships: None.

Former directorships (last 3 years): None.

Special responsibilities: Deputy Chairman.

Interests in shares: 143,136,915.

Name: Mr Ronald Perich.

Title: Non-Executive Director.

Experience and expertise: Ronald is joint Managing Director of Arrovest Pty Limited, Leppington Pastoral Company, one of Australia's largest dairy producers, and various other entities associated with Perich Enterprises Pty Limited. He is also a property developer, farmer and business entrepreneur. Former director of United Dairies Limited. He was appointed as a director in April 2005.

Other current directorships: None.

Former directorships (last 3 years): None.

Special responsibilities: Member of the Audit Committee, Risk Committee and Remuneration Committee.

Interests in shares: 143,136,915.

Name: Mr Trevor J. Allen.

Title: Non-Executive Director (Independent).

Qualifications: B Comm (Hons), CA, FF, FAICD.

Experience and expertise: Trevor has over 40 years' experience in the corporate and commercial sectors, primarily as a corporate and financial adviser to Australian and international public and privately owned companies. Trevor is an independent Non-Executive Director of Peet Limited, where he chairs its Audit and Risk Management Committee and is a member of its Remuneration Committee. He is an independent Non-Executive Director of Eclipx Group Limited, where he also chairs its Audit and Risk Management Committee and is a member of its Remuneration Committee. Trevor is also a Non-Executive Director of the holding company of Real Pet Food Company, where he chairs its Finance and Audit Committee.

Prior to Trevor's Non-Executive roles, he had senior executive positions in the investment banking and corporate advisory sector, including Executive Director – Corporate Finance at SBC Warburg (now UBS) for over 8 years, Director at Baring Brothers Australia for one year and as a Corporate Finance Partner at KPMG for nearly 12 years. At the time of his retirement from KPMG in December 2011, he was the lead partner in its National Mergers and Acquisitions group. From 1997 – 2000 he was Director - Business Development for Cellarmaster Wines, having responsibility for the integration and performance of a number of acquisitions made outside Australia in that period. He was appointed as a director in July 2013.

Other current directorships: Non-Executive Alternate Director, Company Secretary and Public Officer of Australian Fresh Milk Holdings Pty Limited. Non-Executive Director of Peet Funds Management Limited and Peet Flagstone Pty Limited.

Former directorships (last 3 years): AON Superannuation Pty Ltd and Yowie Group Limited.

Special responsibilities: Chairman of the Audit Committee and Risk Committee and a member of the Remuneration Committee.

Interests in shares: 124,925.

Name: Mr Michael R. Perich.

Title: Alternate Non-Executive Director.

Qualifications: B AppSci (SysAg).

Experience and expertise: Director of Arrovest Pty Limited, Leppington Pastoral Company, one of Australia's largest dairy producers, and various other entities associated with Perich Enterprises Pty Limited. Former Director of Contract Beverages Packers of Australia Pty Limited, a joint venture controlled equally by the Company and Arrovest. Michael is a graduate Member of the Australian Institute of Company Directors post nominals. He was appointed as an alternate director in March 2009.

Other current directorships: Non-Executive Director of Australian Fresh Milk Holdings Pty Limited, Milk Holdings Pty Limited, Fresh Dairy One Pty Limited, Australian Fresh Milk Pty Limited.

Former directorships (last 3 years): None.

Special responsibilities: None.

Interests in shares: 143,136,915.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Mr Campbell Nicholas is the Company Secretary and Chief Financial Officer. Campbell has been a Certified Practicing Accountant for 27 years.

Amber Stanley, Group General Counsel and Head of Regulatory Compliance is Assistant Company Secretary.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

	FULL BOARD		AUDIT, RISK AND COMPLIANCE COMMITTEE		REMUNERATION COMMITTEE[ii]	
	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD
Perry R. Gunner	11	11	4	4	1	1
Rory J.F. Macleod[i]	11	11	4	4	1	1
Anthony M. Perich	10	11	-	-	-	-
Ronald Perich	8	11	3	4	-	-
Trevor J. Allen	9	11	4	4	1	1
Michael R. Perich	11	11	-	-	1	1

	REMUNERATION COMMITTEE	
	ATTENDED	HELD
Perry R. Gunner	1	1
Rory J.F. Macleod	1	1
Ronald Perich	1	1
Trevor J. Allen	1	1

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

(i) R.J.F. Macleod attends the Audit, Risk and Compliance Committee meetings at the invitation of the Audit, Risk and Compliance Committee.

(ii) On 6 June 2019, the Risk Committee was established (separating from the Audit, Risk and Compliance Committee) to monitor and review key risk areas within the Group.

CHAIRMAN'S LETTER

MD'S REVIEW OF OPERATIONS

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Group performance, shareholder wealth and directors and key management personnel remuneration
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

Remuneration arrangements for key management personnel of the Company and Group ("the Directors and Executives") are set competitively to attract and retain appropriately qualified and experienced Directors and Executives. As part of its agreed mandate, the Remuneration Committee obtains independent advice when required on the appropriateness of remuneration packages given trends in comparable companies and the objectives of the Group's remuneration strategy.

The remuneration structures explained below are designed to attract suitably qualified candidates. The remuneration structures take into account:

- The capability and experience of the Directors and Executives;
- The Directors and Executives' ability to control the relevant operational performance; and
- The amount of incentives within each Director and Executive's remuneration.

Managing Director and Executives

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

The Managing Director and Executives remuneration levels are reviewed annually by the Remuneration Committee through a process that considers the overall performance of the Group and the individual.

Performance based remuneration

Performance based remuneration is at the discretion of the Remuneration Committee. These can take the form of share scheme interests or cash bonuses although the Company's preference is to link performance and service to a Long Term Incentive Plan (LTIP). Approval was given at the Annual General Meeting in November 2016 for the adoption and establishment of the Freedom Foods Equity Incentive Plan (EIP) to replace the Company's existing Employee Share Option Plan (ESOP) for any new issue of securities under the LTIP. The ESOP will be terminated once all unexercised options under the ESOP have either exercised or lapsed.

The EIP allows the Company to grant a range of different share scheme interests to all directors (excluding Mr Ronald and Anthony M. Perich) and permanent full time or part time employees of a company in the Group (Group Companies), which includes related bodies corporate of the Company and a body corporate in which the Company has voting power of 20% or more, whom the Board determines to be eligible to participate. The Board believes that share scheme interest grants are appropriate to aligning key executive performance with long term performance and growth of the Company. These share scheme interests include options, performance rights, service rights, deferred shares, exempt shares, cash rights and stock appreciation rights.

The Company's preferred method of providing long-term incentives to senior employees is via the issuance of options over unissued shares in the Company. The exercise price of such options reflects the market price of the shares in the Company at the time of award. For options issued from and including the 2015 options, the options cannot vest until specific performance criteria have been achieved. The details of the performance criteria applied to options issued from 2015 is based upon achievement of predetermined earnings targets.

The Company's view is that Executives and senior employees should be sufficiently motivated by the number of and terms of the options granted to them. It does not provide a short-term incentive arrangement to Executives and senior employees. Executive performance and contribution to the operating and financial performance of the Company on an annual basis is reflected in the number of options awarded to them. It is intended that options will now be issued to Executives and senior employees on an annual basis where performance warrants.

Short-term incentives are provided to certain employees other than Executives and senior employees. From time to time the Company at its discretion also makes issues of shares to employees generally under the $1,000 tax concessional treatment.

Non-Executive Directors

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at an Annual or Extraordinary General Meeting. Total fees for all Non-Executive Directors, last voted upon by shareholders in November 2016, was not to exceed $750,000 in total. Total fees paid to Non-Executive Directors for 2019 was $574,999 (2018: $533,750). To align director interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

For the year ended 30 June 2019, the Chairman receives approximately 1.1 times the base fee of Non-Executive Directors. The Deputy Chairman receives approximately 1.1 times the base fee of Non-Executive Directors. Non-Executive Directors do not receive performance related remuneration. Directors' fees cover all main Board activities including Committee Fees. Other than contributions towards superannuation funds, there are no termination or retirement benefits for Non-Executive Directors.

DETAILS OF REMUNERATION

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following Directors of Freedom Foods Group Limited:

- Perry R. Gunner - Chairman and Non-Executive Director
- Rory J.F. Macleod - Managing Director and Chief Executive Officer
- Anthony M. Perich - Deputy Chairman and Non-Executive Director
- Ronald Perich - Non-Executive Director
- Trevor J. Allen - Non-Executive Director
- Michael Perich - Alternate Non-Executive Director for Anthony M. Perich and Ronald Perich

Executive Officers

- Amine Haddad - CEO - Commercial Operations Australasia
- Campbell Nicholas - Chief Financial Officer and Company Secretary
- Timothy Moses - Strategic Development Director

In making an assessment of the key management personnel (KMP), a review of the roles performed by various senior management is undertaken each year. This review takes into consideration senior management members' ability to plan, direct and control the principle activities of the Group. As a result of this review in FY 2019 there has been no addition to the key management personnel.

Details of the statutory and non-statutory (cash value) remuneration of each member of the KMP of the Group are set out in the following tables.

The statutory disclosures required by the Corporations Act 2001 (Cth), as amended, and its regulations are set out in the tables on page 65. The Company believes that the additional information provided in the cash value tables below are useful to investors. The tables below sets out the total cash value of remuneration realised for the KMP and provides shareholders with details of the "take-home" pay received/receivable during the year. These earnings include cash salary, and where applicable, other benefits, directors fees, bonus, superannuation and the value of shares issued to, or acquired on behalf of KMP following the vesting and exercise of options during the financial year. The tables do not include the accounting value of share-based payments consisting of options granted in the current and prior years required for statutory purposes. This is because those share-based payments are dependent on the achievement of performance hurdles and so may or may not be realised.

Non-statutory disclosures are as follows:

2019	SALARY $[a]	OTHER BENEFITS $[b]	DIRECTORS FEES $[c]	BONUS $[d]	SUPERANNUATION $	VALUE OF EXERCISED OPTIONS $[e]	TOTAL $
Non-Executive Directors:							
Perry R. Gunner	-	-	134,703	-	12,797	-	147,500
Anthony M. Perich	-	-	125,571	-	11,929	-	137,500
Ronald Perich	-	-	116,438	-	11,062	-	127,500
Trevor J. Allen	-	-	116,438	-	11,062	-	127,500
Michael Perich (Alternate)	-	-	31,963	-	3,036	-	34,999
Executive Directors:							
Rory J.F. Macleod	530,759	-	-	-	20,531	-	551,290
Other Key Management Personnel:							
Amine Haddad	422,009	-	-	-	20,531	-	442,540
Campbell Nicholas	348,259	-	-	-	20,531	-	368,790
Timothy Moses	337,009	-	-	-	20,531	-	357,540
	1,638,036	-	525,113	-	132,010	-	2,295,159

(a) Cash salary.
(b) Other benefits include employment entitlements paid.
(c) Fees paid to Directors for their directorship.
(d) There were no cash bonuses earned or paid.
(e) There were no shares issued following the exercise of vested options.

2018	SALARY $[a]	OTHER BENEFITS $[b]	DIRECTORS FEES $[c]	BONUS $[d]	SUPERANNUATION $	VALUE OF EXERCISED OPTIONS $[e]	TOTAL $
Non-Executive Directors:							
Perry R. Gunner	-	-	125,571	-	11,929	-	137,500
Anthony M. Perich	-	-	116,438	-	11,062	-	127,500
Ronald Perich	-	-	107,306	-	10,194	-	117,500
Trevor J. Allen	-	-	107,306	-	10,194	-	117,500
Michael Perich (Alternate)	-	-	30,822	-	2,928	-	33,750
Executive Directors:							
Rory J.F. Macleod	498,701	-	-	-	20,049	-	518,750
Other Key Management Personnel:							
Amine Haddad	408,701	-	-	-	20,049	-	428,750
Campbell Nicholas	323,701	-	-	-	20,049	-	343,750
Timothy Moses	309,507	76,193	-	-	20,049	-	405,749
	1,540,610	76,193	487,443	-	126,503	-	2,230,749

(a) Cash salary.
(b) Other benefits include employment entitlements paid.
(c) Fees paid to Directors for their directorship.
(d) There were no cash bonuses earned or paid.
(e) There were no shares issued following the exercise of vested options.

The tables below are calculated in accordance with statutory obligations and Australian Accounting Standards. The amounts in the "Share-based payments" column relate to the component of the fair value of awards from the current year and prior year made under the various incentive plans attributable to the year measured in accordance with *AASB 2 Share-based payments*.

Statutory disclosures are as follows:

2019	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS*	
	SALARY $	OTHER BENEFITS $	DIRECTORS FEES $	SUPERANNUATION $	LONG SERVICE LEAVE $#	OPTIONS $	TOTAL $
Non-Executive Directors:							
Perry R. Gunner	-	-	134,703	12,797	-	-	147,500
Anthony M. Perich	-	-	125,571	11,929	-	-	137,500
Ronald Perich	-	-	116,438	11,062	-	-	127,500
Trevor J. Allen	-	-	116,438	11,062	-	-	127,500
Michael Perich (Alternate)	-	-	31,963	3,036	-	-	34,999
Executive Directors:							
Rory J.F. Macleod	530,759	-	-	20,531	58,439	1,860,445	2,470,174
Other Key Management Personnel:							
Amine Haddad	422,009	-	-	20,531	78,428	1,116,267	1,637,235
Campbell Nicholas	348,259	-	-	20,531	-	293,170	661,960
Timothy Moses	337,009	-	-	20,531	41,345	136,277	535,162
	1,638,036	-	525,113	132,010	178,212	3,406,159	5,879,530

 # Included in long term benefits are amounts relating to long service leave which were accrued but not separately disclosed above in the prior year.

** Refer to Employee Share Options in the Directors' Report for further disclosure. In 2019, the Company reassessed the vesting probability of the employee share options issued to Rory Macleod and Amine Haddad in 2015. As a consequence, an additional share based payment expense was booked in the current period to reflect the greater likelihood of the Company achieving the earnings targets associated with these options. No new share options were issued to either Rory Macleod and Amine Haddad in the year ended 30 June 2019.*

2018	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS*	
	SALARY $	OTHER BENEFITS $*	DIRECTORS FEES $	SUPERANNUATION $	LONG SERVICE LEAVE $#	OPTIONS $	TOTAL $
Non-Executive Directors:							
Perry R. Gunner	-	-	125,571	11,929	-	-	137,500
Anthony M. Perich	-	-	116,438	11,062	-	-	127,500
Ronald Perich	-	-	107,306	10,194	-	-	117,500
Trevor J. Allen	-	-	107,306	10,194	-	-	117,500
Michael Perich (Alternate)	-	-	30,822	2,928	-	-	33,750
Executive Directors:							
Rory J.F. Macleod	498,701	-	-	20,049	46,275	279,369	844,394
Other Key Management Personnel:							
Amine Haddad	408,701	-	-	20,049	69,747	167,621	666,118
Campbell Nicholas	323,701	-	-	20,049	-	47,380	391,130
Timothy Moses	309,507	76,193	-	20,049	34,681	18,952	459,382
	1,540,610	76,193	487,443	126,503	150,703	513,322	2,894,774

 # Included in long term benefits are amounts relating to long service leave which were accrued but not separately disclosed above in the prior year.

** Other benefits is employment entitlements paid.*

No bonus payments are payable to Executive Directors or other key management personnel with respect to the financial year ended 30 June 2019. With the exception of the share-based payments, the remuneration is fixed in the above tables.

SERVICE AGREEMENTS

Neither the Managing Director nor any other Executive has a fixed term contract. All senior executive management are employed under contract. The agreements outline the components of the remuneration paid to executives, including annual review. The agreements do not obligate the business to increase fixed remuneration, pay a short term incentive, make termination benefits or offer a long term incentive in any given year. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

The agreements may be terminated by written notice from either party or by the employing entity within the Group making a payment in lieu of notice. The notice periods are 9 months for the Managing Director, 6 months for CEO - Commercial Operations Australasia, 2 months for the CFO and Company Secretary and 3 months for Strategic Development Director. Other notice periods for other executives are between 1 and 2 months.

SHARE-BASED COMPENSATION

Employee Share Options

GRANT DATE	NUMBER OF SHARES UNDER OPTION	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE PER OPTION AT GRANT DATE
1 July 2013	712,000	1 September 2019	$1.65	$0.181
1 July 2015	4,000,000	30 June 2020	$2.92	$1.195
1 October 2017	675,000	1 October 2019	$4.50	$0.618
1 October 2017	1,575,000	1 October 2019	$4.50	$0.735
1 October 2017	675,000	1 October 2020	$4.50	$0.748
1 October 2017	1,575,000	1 October 2020	$4.50	$0.951
18 April 2019	2,850,000*	30 November 2020	$5.75	$0.729

** The number of shares under option could increase by 570,000 options if certain targets are exceeded.*

1 July 2013 Options

There is no performance criteria that need to be met in relation to 1 July 2013 series options granted above. These options vest over a period of 3 years and relate to an employee's service period only. The holders of these options do not have the right by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

1 July 2015 Options

At the AGM on 30 October 2014, approval was granted for 2,500,000 options under the Employee Share Option Plan to be issued to Mr Rory J.F Macleod, Managing Director and CEO on 1 July 2015. An additional 1,500,000 options under the Employee Share Option Plan were issued to key management personnel. These options have a 5 year exercise period and will vest based on the achievement of Group operating EBDITA performance within the 5 year exercise period per the below:

1,200,000 of options on achievement of audited Group operating EBDITA of A$38 million;
1,200,000 of options on achievement of audited Group operating EBDITA of A$45 million; and
1,600,000 of options on achievement of audited Group operating EBDITA of A$57 million.

The Group's operating EBDITA is statutory EBDITA adjusted for the impact of any non-operating costs, ESOP (employee share plan) and EIP (equity incentive plan) expense and any abnormal or extraordinary cost or profit as approved by the Remuneration Committee. The audited Group operating EBDITA will also be adjusted for any material acquisition or divestment. Since the grant of the options, the Company acquired Popina Foods, assets associated with the Darlington Point Mill (DP Mill), Pactum Dairy Group and the assets associated with Power Foods. As a result, the Group operating EBDITA performance targets have been adjusted to the following:

1,200,000 of options on achievement of audited Group operating EBDITA of A$44.5 million;
1,200,000 of options on achievement of audited Group operating EBDITA of A$51.5 million; and
1,600,000 of options on achievement of audited Group operating EBDITA of A$63.5 million.

Audited Group operating EBDITA will be adjusted for any impact as a result of the new AASB 16 Leases standard from 1 July 2019 in determining the achievement of performance targets.

No other vesting criteria apply.

The vesting achievement is subject to annual approval by the Remuneration Committee.

In the final year of the 5 year exercise period for the options granted to Mr Rory J.F. Macleod (and other options issued under the same conditions to key management personnel), any options deemed vested on the basis of a preliminary Group operating EBDITA for 30 June 2020 will be allowed to be exercised based on achievement of an Group operating EBDITA at 30 June 2020 up and until the audited Group operating EBDITA at 30 June 2020 is confirmed no later than 30 September 2020.

The options have been valued using an independent valuation from Ian S. Crichton (BA, FCA, MFTA), Principal, Crichton + Associates Pty Limited. Using this valuation the annual expense has been reflected in the Statement of profit or loss and comprehensive income.

1 October 2017 Options

On 1 October 2017, two series of options were awarded to senior managers under the EIP, with a key condition for issuance that senior managers serve a minimum employment threshold up to 30 June 2018. Based on the minimum employment threshold having been achieved, the option series for those senior managers employed by the Company as at 30 June 2018 were issued on 30 August 2018. The exercise price of the option series reflected the market price of the shares in the Company at the time of the award.

There are two sets of vesting criteria to be satisfied concurrently. The first test is that a minimum return on funds employed (ROFE) (defined as Group operating EBDITA to funds employed, excluding capital work in progress and net debt) of 12% must be achieved for the vesting to be approved. The second test involves the achievement of certain Group operating EBDITA targets, which vary between the series of options awarded.

The first series of 2,250,000 options, with an expiry date of 1 October 2019, will vest, assuming achievement of the ROFE test, based on the achievement of Group operating EBDITA performance within the exercise period as follows:

30% of the options on achievement of audited Group operating EBDITA of A$34.5 million;
30% of the options on achievement of audited Group operating EBDITA of A$38.5 million;
20% of the options on achievement of audited Group operating EBDITA of A$47.5 million; and
20% of the options on achievement of audited Group operating EBDITA of A$52.5 million.

The second series of 2,250,000 options, with an expiry date of 1 October 2020, will vest, assuming achievement of the ROFE test, based on the achievement of Group operating EBDITA performance within the exercise period as follows:

30% of the options on achievement of audited Group operating EBDITA of A$40.0 million;
30% of the options on achievement of audited Group operating EBDITA of A$50.0 million;
20% of the options on achievement of audited Group operating EBDITA of A$55.0 million; and
20% of the options on achievement of audited Group operating EBDITA of A$60.0 million.

Audited Group operating EBDITA will be adjusted for any impact as a result of the new AASB 16 Leases standard from 1 July 2019 in determining the achievement of performance targets.

The vesting achievement is subject to annual approval by the Remuneration Committee.

In FY 2018, a provisional internal valuation was used for the options resulting in a prior year expense of $581,006. In the current year, these options have been valued using an independent valuation from Ian S. Crichton (BA, FCS, MFTA), Principal, Crichton + Associates Pty Limited which results in a current year expense of $2,759,527. If the independent valuation had been used, the expense recognised in the prior year would have been $1,251,857.

The change in valuation from the provisional calculation and the annual expense has been reflected in the Statement of profit or loss and comprehensive income and in the Remuneration Report.

18 April 2019 Options

On 18 April 2019, 2,850,000 options were awarded to senior managers under the EIP, with a key condition for issuance that senior managers serve a minimum employment threshold up to 30 November 2020. The exercise price of the option series reflected the market price of the shares in the Company at the time of the award. Up to 570,000 additional options will be awarded if targets are exceeded. This series, with an expiry date of 30 November 2020, will vest based on the achievement of a Group operating EBDITA target of an aggregate of $160 million over the two performance periods of FY 2019 and FY 2020 as follows:

20% of the options on achievement of audited Group aggregate operating EBDITA of $144 million i.e. 90% of the target;
65% of the options on achievement of audited Group aggregate operating EBDITA of $152 million i.e. 95% of the target;
75% of the options on achievement of audited Group aggregate operating EBDITA of $160 million i.e. 100% of the target;
100% of the options on achievement of audited Group aggregate operating EBDITA of $168 million i.e. 105% of the target;
110% of the options on achievement of audited Group aggregate operating EBDITA of $176 million i.e. 110% of the target; and
120% of the options on achievement of audited Group aggregate operating EBDITA of $192 million i.e. 120% of the target.

Additional vesting criteria applies to this series. Subject to the achievement of the Group aggregate operating EBDITA performance, the employee must also achieve 75% of their individual key performance indicators and the Company must also achieve 95% of it’s health, safety and environmental targets.

Aggregate operating EBDITA will be adjusted for any earnings impact from acquisitions or divestment and any benefit received from the issue of new equity during the aggregate period. Aggregate operating EBDITA will be adjusted for any impact as a result of the new AASB 16 Leases standard from 1 July 2019 in determining the achievement of performance targets.

The vesting achievement is subject to annual approval by the Remuneration Committee.

The options have been valued using an independent valuation from Ian S. Crichton (BA, FCA, MFTA), Principal, Crichton + Associates Pty Limited. Using this valuation the annual expense has been reflected in the Statement of profit or loss and comprehensive income.

GROUP PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTORS AND KEY MANAGEMENT PERSONNEL REMUNERATION

The remuneration policy of the Company and Group is at the discretion of the Remuneration Committee.

The earnings of the Group for the five years to 30 June 2019 are summarised below:

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Net sales revenue	476,214	352,987	262,481	170,444	91,460
Operating EBDITA*	55,217	39,180	26,240	21,526	16,420
Operating net profit*	21,947	15,668	8,915	10,818	4,970
Profit after income tax	11,577	12,715	7,539	50,631	56,631
EPS (Fully Diluted for CRPS) as a percentage of profit after income tax	6%	5%	5%	6%	6%

** Operating EBDITA (Earnings before depreciation, interest, tax and amortisation) is a non-IFRS measure as contemplated in ASIC Regulatory Guide 230 Disclosing non-IFRS financial information (RG230). Operating EBDITA is used by management and the directors as the primary measures of assessing the financial performance of the Group and individual segments. Operating EBDITA excludes the non-operating charges and gains including an add back of the non-cash employee share option expense of $5.779 million (2018: $1.338 million). Operating net profit is operating EBDITA less depreciation, amortisation, interest and normalised income tax expense at 27.5%.*

The reconciliation of operating EBDITA to statutory EBDITA is disclosed in the following table.

	2019 $'000	2018 $'000
Operating EBDITA	55,217	39,180
Gain on sale of Ingleburn	-	3,330
Other net costs/income not representing underlying performance*	(5,267)	(9,455)
Acquisition costs	(1,336)	(217)
Employee share option expense	(5,779)	(1,338)
Statutory EBDITA	42,835	31,500

** Includes net unrealised foreign exchange gains/losses, restructuring costs and bank facility fees.*

The reconciliation of operating EBDITA to operating net profit is disclosed in the following table.

	2019 $'000	2018 $'000
Operating EBDITA	55,217	39,180
Depreciation and amortisation	(19,809)	(13,413)
Net finance costs	(3,986)	(3,471)
Discounting charge	(1,150)	(685)
Operating profit before income tax expense	30,272	21,611
Income tax expense at 27.5% (normalised rate)	(8,325)	(5,943)
Operating net profit	21,947	15,668

	2019	2018	2017	2016	2015
Share price at financial year end ($)	5.08	6.73	4.80	4.06	2.96
Total dividends declared (cents per share)	5.50	5.00	4.25	3.25	3.00
Basic earnings per share (cents per share)	4.69	5.98	3.89	29.52	37.11
Diluted earnings per share (cents per share)	6.90	6.33	4.01	28.54	35.99

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Key management personnel equity holdings

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	BALANCE AT THE START OF THE YEAR	RECEIVED ON EXERCISE OF OPTIONS	DIVIDEND REINVESTMENT PLAN	OTHER CHANGES DURING THE YEAR^	BALANCE AT THE END OF THE YEAR
Number of ordinary shares					
Perry R. Gunner	1,126,452	-	-	62,579	1,189,031
Rory J.F. Macleod	1,899,806	-	17,519	(230,656)	1,686,669
Anthony M. Perich*	131,360,058	-	1,464,671	10,312,186	143,136,915
Ronald Perich*	131,360,058	-	1,464,671	10,312,186	143,136,915
Trevor J. Allen	118,350	-	-	6,575	124,925
Michael Perich*	131,360,058	-	1,464,671	10,312,186	143,136,915
Amine Haddad	1,228,445	-	-	11,468	1,239,913
Campbell Nicholas	-	-	-	-	-
Timothy Moses	189,518	-	102	(15,300)	174,320
	398,642,745	-	4,411,634	30,771,224	433,825,603

** Anthony M. Perich, Ronald Perich and Michael Perich (as their alternate) are Joint Managing Directors of Arrovest Pty Limited, an entity holding direct interest in the Group.*

^ Other changes during the year primarily represents increases in holdings from the entitlement offer completed in June 2019.

Employee share options in the Group

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/LAPSED	BALANCE AT THE END OF THE YEAR	VESTED & EXERCISABLE
Number of options over ordinary shares						
Rory J.F. Macleod	2,500,000	-	-	-	2,500,000	1,500,000
Amine Haddad	1,500,000	-	-	-	1,500,000	900,000
Campbell Nicholas	500,000	300,000	-	-	800,000	500,000
Timothy Moses	200,000	400,000	-	-	600,000	160,000
	4,700,000	700,000	-	-	5,400,000	3,060,000

All share options issued to key management personnel were made in accordance with the provisions of the ESOP and EIP.

No director or senior management personnel of the Group appointed during the year received a payment as part of his or her consideration for agreeing to hold the position.

INDEMNITY AND INSURANCE OF OFFICERS

The group has not, during or since the financial year, in respect of any person who is or has been an officer of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings; with the exception of the following matter.

During the financial year the Group paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of an officer of the Group. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 36 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 36 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by The Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Australian Securities and Investments Commission (ASIC) Corporations Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Perry R. Gunner
Chairman

Rory J.F. Macleod
Managing Director and Chief Executive Officer

29 August 2019
Sydney

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX: 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Board of Directors
Freedom Foods Group Limited
80 Box Road
Taren Point NSW 2229

29 August 2019

Dear Board Members

Auditor's Independence Declaration to Freedom Foods 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 Freedom Foods Group Limited.

As lead audit partner for the audit of the financial statements of Freedom Foods Group Limited for the financial year ended 30 June 2019, 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 audit; and

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A. Coleman.

Andrew J Coleman
Partner
Chartered Accountants

CORPORATE GOVERNANCE

Freedom Foods Group Limited ('the Company') continued to follow best practice recommendations as set out by the ASX Corporate Governance Council. Where the Company has not followed best practice for any recommendation, explanation is given in the Corporate Governance Statement which is available on the Company's website at www.ffgl.com.au.

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
Revenue			
Revenue from sale of goods	5	476,214	352,987
Cost of sales		(358,038)	(265,754)
Gross profit		118,176	87,233
Gain on disposal of Ingleburn land and buildings		-	3,330
Gain on purchase	3	2,062	-
Other income		3,155	3,219
Other gains/(losses)	6	(2,037)	415
Expenses			
Marketing expenses		(10,394)	(9,232)
Selling and distribution expenses		(44,032)	(33,736)
Administrative expenses		(20,831)	(11,636)
Depreciation and amortisation		(19,809)	(13,413)
Restructuring expenses		(194)	(6,914)
Acquisition costs		(1,336)	(217)
Other expenses		(2,213)	(1,441)
Net finance costs		(3,986)	(3,471)
Share of profits of associates accounted for using the equity method	13	480	480
Profit before income tax expense		19,041	14,617
Income tax expense	20	(7,464)	(1,902)
Profit after income tax expense for the year attributable to the owners of Freedom Foods Group Limited		11,577	12,715
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	25	88	349
Other comprehensive income for the year, net of tax		88	349
Total comprehensive income for the year attributable to the owners of Freedom Foods Group Limited		11,665	13,064

		CENTS	CENTS
Earnings per share			
Basic earnings per share	8	4.69	5.98
Diluted earnings per share	8	6.90	6.33

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	NOTE	CONSOLIDATED 2019 $'000	2018 $'000
Assets			
Current assets			
Cash and cash equivalents	9	55,385	98,106
Trade and other receivables	10	87,745	62,849
Inventories	11	120,211	81,101
Derivative financial instruments	12	287	293
Prepayments		3,179	2,825
Total current assets		266,807	245,174
Non-current assets			
Investments accounted for using the equity method	13	23,777	17,428
Property, plant and equipment	14	548,400	388,883
Intangibles	15	145,910	111,130
Deferred tax	22	-	2,053
Loans due from other parties		-	1,182
Total non-current assets		718,087	520,676
Total assets		984,894	765,850
Liabilities			
Current liabilities			
Trade and other payables	16	111,881	88,069
Borrowings	17	49,022	9,730
Derivative financial instruments	19	1,111	548
Income tax	21	-	4,893
Provisions		9,248	6,543
Other liabilities		275	1,293
Total current liabilities		171,537	111,076
Non-current liabilities			
Borrowings	18	128,395	124,461
Deferred tax	22	13,821	-
Provisions		284	413
Total non-current liabilities		142,500	124,874
Total liabilities		314,037	235,950
Net assets		670,857	529,900
Equity			
Issued capital	23	589,123	453,388
Reserves	25	(49,152)	(55,019)
Retained profits		130,886	131,531
Total equity		670,857	529,900

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	18	455,815	361,125
Payments to suppliers and employees (inclusive of GST)		(444,298)	(324,108)
Cash generated from operations		11,517	37,017
Payment for business acquisition costs		(538)	(44)
Payments for restructuring		(2,305)	(2,537)
Interest received		236	560
Interest and other finance costs paid		(4,952)	(3,143)
Income taxes paid		(4,850)	(7,477)
Net cash from/(used in) operating activities	34	(892)	24,376
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		(1,765)	-
Payments for property, plant and equipment	14	(171,341)	(122,195)
Payments for intangibles	15	(27,613)	(16,153)
Advances to associates		-	(1,182)
Proceeds from disposal of assets		170	74,966
Investment in equity interest	13	(5,869)	(8,414)
Net cash used in investing activities	35	(206,418)	(72,978)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company	23	130,532	200,285
Payment of share issue costs	23	(3,806)	(5,233)
Dividends paid	24	(4,344)	(2,816)
Proceeds/(repayments) of borrowings		43,226	(50,966)
Payment/(repayments) of related party balances		(1,019)	1,254
Net cash from financing activities	35	164,589	142,524
Net increase/(decrease) in cash and cash equivalents		(42,721)	93,922
Cash and cash equivalents at the beginning of the financial year		98,106	4,184
Cash and cash equivalents at the end of the financial year	9	55,385	98,106

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED	ISSUED CAPITAL $'000	RESERVES $'000	NON-CONTROLLING INTEREST $'000	RETAINED PROFITS $'000	TOTAL EQUITY $'000
Balance at 1 July 2017	249,954	(56,397)	-	127,879	321,436
Profit after income tax expense for the year	-	-	-	12,715	12,715
Other comprehensive income for the year, net of tax	-	349	-	-	349
Total comprehensive income for the year	-	349	-	12,715	13,064
Transactions with owners in their capacity as owners:					
Issue of ordinary shares under employee share option plan (Note 23)	135	-	-	-	135
Issue of ordinary shares in accordance with the dividend reinvestment plan (Note 23)	6,227	-	-	-	6,227
Issue of ordinary shares from an entitlement offer (Note 23)	200,150	-	-	-	200,150
Share issue costs (Note 23)	(5,233)	-	-	-	(5,233)
Related income tax (Note 23)	2,155	-	-	-	2,155
Share based payments (Note 25)	-	1,029	-	-	1,029
Dividends paid (Note 24)	-	-	-	(9,063)	(9,063)
Balance at 30 June 2018	453,388	(55,019)	-	131,531	529,900

CONSOLIDATED	ISSUED CAPITAL $'000	RESERVES $'000	NON-CONTROLLING INTEREST $'000	RETAINED PROFITS $'000	TOTAL EQUITY $'000
Balance at 1 July 2018	453,388	(55,019)	-	131,531	529,900
Profit after income tax expense for the year	-	-	-	11,577	11,577
Other comprehensive income for the year, net of tax	-	88	-	-	88
Total comprehensive income for the year	-	88	-	11,577	11,665
Transactions with owners in their capacity as owners:					
Issue of ordinary shares in accordance with the dividend reinvestment plan (Note 23)	7,869	-	-	-	7,869
Issue of ordinary shares from an entitlement offer (Note 23)	130,532	-	-	-	130,532
Share issue costs (Note 23)	(3,806)	-	-	-	(3,806)
Related income tax (Note 23)	1,140	-	-	-	1,140
Share based payments (Note 25)	-	5,779	-	-	5,779
Dividends paid (Note 24)	-	-	-	(12,222)	(12,222)
Balance at 30 June 2019	589,123	(49,152)	-	130,886	670,857

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

NOTE 1. GENERAL INFORMATION

The financial statements of Freedom Foods Group Limited ("Group" or "Company") for the year ended 30 June 2019 was authorised for issue in accordance with resolution of Directors on 29 August 2019. The Directors have the power to amend and reissue the financial statements.

Freedom Foods Group Limited is a Company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The Company is trading under the symbol 'FNP'.

The nature of the operations and principal activities of the Group are described in Note 4.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The following accounting policies have been adopted in the preparation and presentation of the financial statements.

(A) STATEMENT OF COMPLIANCE

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

(B) BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, 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.

The Company is of the kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial/ Directors' Reports) Instrument, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

The financial statements are presented in Australian dollars.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(C) BASIS OF CONSOLIDATION

The Consolidated financial statements incorporate the financial statements of Freedom Foods Group Limited and its subsidiaries as at 30 June each year ('the Group'). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of profit or loss and comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The non-controlling interests in the investments of Freedom Foods North America Inc. are entitled to their proportionate share of that entity's net assets, profits and losses and other comprehensive income during the period.

The amounts attributable to the non-controlling interests are not separately disclosed as the financial statements are rounded to the nearest thousand dollars under Australian Securities and Investments Commission Corporations Instrument 2016/191.

(D) BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(E) FINANCIAL INSTRUMENTS

Recognition of investments

Investments are initially measured at fair value, net of transaction costs. Subsequent to initial recognition these investments are measured as set out below.

Loans and receivables

Loans and receivables have fixed or determinable payments that are not quoted in an active market and are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate.

Available for sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial instruments held for trading

Derivative financial instruments such as forward foreign exchange contracts are included under this classification. The Group does not designate any derivatives as hedges in a hedging relationship.

(F) KEY ESTIMATES AND JUDGEMENT AREAS

In applying the Group's accounting policies, the Directors are required to make estimates, judgements and assumptions that affect the amounts reported in the financial report.

The estimates, judgments and assumptions are based on historical experience, adjusted for current conditions and other factors that are believed to be reasonable under the circumstances and reviewed on a regular basis.

The actual results may differ from these estimates.

The estimate and judgements which involve a higher degree of complexity or that have a higher likelihood of causing adjustment to the carrying amounts of assets and liabilities are included in the following notes:

- Note 13: Judgement in determining whether to apply equity accounting to certain investments
- Note 14: Estimates of useful lives of assets and the timing of the transfer of capital work in progress to property, plant and equipment
- Note 15: Determining the recoverable amounts of assets

Revisions to accounting estimates are recognised in the period in which the estimate is revised.

New and amended standards adopted by the Group

Impact of the application of AASB 9 Financial Instruments

In the current year, the Group has applied AASB 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other AASB Standards that are effective for an annual period that begins on or after 1 January 2018. AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and liabilities,
- Impairment of financial assets using an expected credit loss model to recognise an allowance, and
- General hedge accounting.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The impact assessment of AASB 9 has been completed and it is concluded that the adoption of AASB 9 does not have a material impact to the Group's financial assets and liabilities in the current year and is not likely to significantly affect future periods.

Impact of the application of AASB 15 Revenue from Contracts with Customers

In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduces a 5-step approach to revenue recognition as follows:

- Identification of contract,
- Identification of the performance obligations in the contract,
- Determine the transaction price,
- Allocation of the transaction price to the performance obligations in the contract, and
- Recognition of revenue when performance obligations are satisfied.

The impact assessment of AASB 15 has been completed and it is concluded that the adoption of AASB 15 does not have a material retrospective or prospective impact to the financial statements of the Group in the current year and is not likely to significantly affect future periods.

ISSUED STANDARDS AND INTERPRETATIONS NOT EARLY ADOPTED

The below lists the standards and amendments to standards that were available for early adoption and were applicable to the Group. The Group has not applied any of the following new and revised standards that have been issued but are not yet effective.

STANDARD/AMENDMENT	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER
AASB 16 Leases	1 January 2019

General impact of application of AASB Leases

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. AASB 16 will supersede the current lease guidance including AASB 117 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of AASB 16 for the Group will be 1 July 2019.

The Group has chosen to apply AASB 16 in accordance with the transitional approach "Option 2B". Consequently, the Group will not restate the comparative information. In contrast to lessee accounting, AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.

Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. AASB 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the lessee. Control is considered to exist if the lessee has:

a) The right to obtain substantially all of the economic benefits from the use of an identified asset; and

b) The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or modified on or after 1 July 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of AASB 16, the Group has carried out an implementation project. The project has shown that the new definition in AASB 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact of the lease accounting

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. In accordance with the transition approach Option 2B, on initial application of AASB 16, for all leases (except as noted below), will result in the:

a) Recognition of a right-of-use asset and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments on a prospective basis at the date of initial application (i.e. 1 July 2019);

b) Recognition of depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;

c) Separation of the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

STANDARD/AMENDMENT	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER

Lease incentive (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentives, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This will also replace the previous requirement to recognise a provision for onerous lease contracts. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as printers), the Group will elect to recognise a lease expense on a straight-line basis as permitted by AASB 16.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of $206.3 million.

A preliminary assessment indicated that $205,293,000 of these arrangements relate to leases other than short-term leases and leases of low-value assets, and hence the Group will initially recognise a right-of-use asset of $130,544,196 and a corresponding lease liability of $130,544,196 in respect of all these leases. Lease liability incentives with a carrying value of $nil previously recognised in respect of the operating leases will be included in the right-of-use assets.

The preliminary assessment indicates that $1,006,923 of these arrangements relate to short-term leases and leases of low-value assets.

The preliminary assessment is that operating EBDITA will increase by $13,491,622 in FY 2020.

Under AASB 117, all lease payments on operating leases are presented as part of cash flows from operating activities. The impact of the changes under AASB 16 would be to increase the cash generated by operating activities by $13.5 million in year 1 and the increase net cash used in financing activities by the same amount.

Finance Leases

The main difference between AASB 16 and AASB 117 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. AASB 16 requires that the Group recognises as part of its leases liability only the amount expected to be payable under the residual guarantee, rather than the maximum amount guaranteed as required by AASB 117. On the application the Group will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowings, will be presented in a separate line for lease liabilities.

AASB 17 Insurance Contracts	1 January 2021

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes AASB 4 Insurance Contracts.

The standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees. The implementation of the standard is likely to bring significant changes to an entity's processes and systems, and will require much greater co-ordination between many functions of the business, including finance and IT.

The standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity applies the standard, and the transition date is the beginning of the period immediately preceding the date of initial application. The Group do not anticipate that the application of the standard in the future will have an impact on the Group's financial statements.

	1 January 2022 (Editorial corrections in AASB 2017-5 apply from 1 January 2018)

AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an investor and its Associate or Joint Venture [AASB 10 & AASB 128], AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

STANDARD/AMENDMENT	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER
AASB 2017-6 Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation, AASB 2017-7 Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures, AASB 2008-1 Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle, AASB 2008-2 Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement and Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

NOTE 3. BUSINESS COMBINATIONS

In August 2018, the Group completed an agreement to acquire Crankt Protein brand (Crankt). The acquisition consideration was a gross value of $3.6 million. After deductions for working capital loans and other offsets, the net cash consideration payable was $2.4 million. $1.8 million was paid in August 2018, with the remaining balance of $0.6 million paid 5 August 2019. The acquisition of Crankt is considered to be a bargain purchase under AASB 3, which the value of the identifiable assets acquire exceeds the consideration payable, resulting in a gain in profit or loss on the acquisition date. The gain on the acquisition of Crankt is disclosed in the consolidated statement of profit or loss and other comprehensive income. As a consequence of the Crankt acquisition, trademark intangible assets have been valued at $5.9 million and is disclosed on the consolidated statement of financial position. A resulting deferred tax liability has been recognised on this indefinite life intangible asset.

	FAIR VALUE $'000
Trademark intangible	5,883
Provisions	(271)
Net assets acquired	5,612
Gain on purchase	(2,062)
Acquisition date fair value of the total consideration	3,550
Total consideration is as follows:	
Net cash consideration paid	1,765
Net cash consideration payable	587
Working capital loans and other offsets	1,198
Acquisition date fair value of the total consideration	3,550

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

NOTE 4. OPERATING SEGMENTS

The Group is organised into five segments which is the basis on which the Group reports and the principal products and services of each of these operating segments are as follows:

Dairy and Nutritional Ingredients	A range of UHT (long life) dairy milk beverage and nutritional ingredient products. These products are manufactured and sold in Australia and overseas.
Plant Based Beverages	A range of UHT (long life) food and beverage products including liquid stocks, soy, rice and almond beverages. These products are manufactured and sold in Australia and overseas.
Cereal and Snacks	A range of products for consumers including allergen free (ie. gluten free, wheat free, nut free), nutritional oat based, low sugar or salt, highly fortified or functional. The product range covers breakfast cereals, snack bars and other complimentary products. These products are manufactured and sold in Australia and overseas.
Consumer Nutritionals	A range of performance and adult nutritional products. The product range covers powders, bars and drinks. These products are manufactured and sold in Australia.
Specialty Seafood	A range of canned seafood covering sardines, salmon and specialty seafood. These products are manufactured and sold in Australia and overseas.

The 'Unallocated Shared Services' group consists of the Group's other operating segments that are not separately reportable as well as various shared service functions.

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors in its capacity as the chief operating decision maker of the Group in order to allocate resources to the segments and assess their performance.

Intercompany sales are eliminated in the Group's statutory results, however are included in the segment analysis as this is how the Group conducts its business operations.

NOTE 4. OPERATING SEGMENTS (CONT.)

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review, together with prior year comparatives:

CONSOLIDATED 2019	DAIRY & NUTRITIONAL INGREDIENTS $'000	PLANT BASED BEVERAGES $'000	CEREAL & SNACKS $'000	CONSUMER NUTRITIONALS $'000	SPECIALTY SEAFOOD $'000	UNALLOCATED SHARED SERVICES $'000	TOTAL $'000
Revenue							
Sales to external customers	249,264	104,940	87,709	19,005	15,296	-	476,214
Total revenue	249,264	104,940	87,709	19,005	15,296	-	476,214
EBDITA	35,891	27,624	9,166	5,280	(160)	-	77,801
Share of associates profits	-	-	-	-	-	480	480
Other income	-	-	-	-	-	2,422	2,422
Shared services (including non-cash ESOP and EIP)	-	-	-	-	-	(28,479)	(28,479)
Depreciation and amortisation	(3,959)	(3,115)	(7,258)	(41)	-	(5,436)	(19,809)
Net finance costs	-	-	-	-	-	(3,986)	(3,986)
Acquisition costs	-	-	-	-	-	(1,336)	(1,336)
Other expenditure	-	-	-	-	-	(8,052)	(8,052)
Profit/(loss) before income tax expense	31,932	24,509	1,908	5,239	(160)	(44,387)	19,041
Income tax expense	-	-	-	-	-	-	(7,464)
Profit after income tax expense	31,932	24,509	1,908	5,239	(160)	(44,387)	11,577
Assets	383,988	212,795	152,956	35,641	25,484	-	810,864
Unallocated assets:							
Shared services						150,253	150,253
Investment in associate						23,777	23,777
Total assets	383,988	212,795	152,956	35,641	25,484	174,030	984,894
Acquisition of businesses	-	-	-	-	-	-	-
Segment assets	383,988	212,795	152,956	35,641	25,484	174,030	984,894
Liabilities	49,884	38,821	24,191	1,390	3,399	-	117,685
Unallocated liabilities:							
Shared services						196,352	196,352
Total liabilities	49,884	38,821	24,191	1,390	3,399	196,352	314,037
Acquisition of businesses	-	-	-	-	-	-	-
Segment liabilities*	49,884	38,821	24,191	1,390	3,399	196,352	314,037

** The segment liabilities include finance leases, debtor finance facilities and multi advance facilities relevant to the appropriate operating segment.*

CONSOLIDATED 2018	DAIRY & NUTRITIONAL INGREDIENTS $'000	PLANT BASED BEVERAGES $'000	CEREAL & SNACKS $'000	CONSUMER NUTRITIONALS $'000	SPECIALTY SEAFOOD $'000	UNALLOCATED SHARED SERVICES $'000	TOTAL $'000
Revenue							
Sales to external customers	139,228	81,170	103,270	14,364	14,955	-	352,987
Total revenue	139,228	81,170	103,270	14,364	14,955	-	352,987
EBDITA	16,882	18,730	14,027	3,589	1,447	-	54,675
Interest income	-	-	-	-	-	560	560
Share of associates profits	-	-	-	-	-	480	480
Other income	-	-	-	-	-	4,054	4,054
Shared services (including non-cash ESOP and EIP)	-	-	-	-	-	(17,234)	(17,234)
Depreciation and amortisation	(2,932)	(2,583)	(3,369)	(40)	-	(4,489)	(13,413)
Net finance costs	-	-	-	-	-	(4,716)	(4,716)
Acquisition costs	-	-	-	-	-	(217)	(217)
Other expenditure	-	-	-	-	-	(9,572)	(9,572)
Profit/(loss) before income tax expense	13,950	16,147	10,658	3,549	1,447	(31,134)	14,617
Income tax expense							(1,902)
Profit after income tax expense	13,950	16,147	10,658	3,549	1,447	(31,134)	12,715
Assets	235,515	166,604	133,346	24,008	18,530	-	578,003
Unallocated assets:							
Shared services						170,419	170,419
Investment in associate						17,428	17,428
Total assets	235,515	166,604	133,346	24,008	18,530	187,847	765,850
Acquisition of businesses	-	-	-	-	-	-	-
Segment assets	235,515	166,604	133,346	24,008	18,530	187,847	765,850
Liabilities	49,240	22,917	23,164	1,268	3,346	-	99,935
Unallocated liabilities:							
Shared services						136,015	136,015
Total liabilities	49,240	22,917	23,164	1,268	3,346	136,015	235,950
Acquisition of businesses	-	-	-	-	-	-	-
Segment liabilities*	49,240	22,917	23,164	1,268	3,346	136,015	235,950

** The segment liabilities include finance leases, debtor finance facilities and multi advance facilities relevant to the appropriate operating segment.*

All operating segments are conducted in Australia, with the exception of Freedom Foods North America, which operates in North America.

Revenue generated by equity accounted associates from external sales is not consolidated, instead under the equity method of accounting, the carrying amounts of interest in joint venture entities are increased or decreased to recognise the Group's share of post-acquisition profits or losses and other changes in net assets of the joint venture/minority interest.

79% of total external sales of the Consolidated Group are generated in Australia (2018: 86%) and 46% of total external sales (2018: 47%) are through major Australian retailers.

Information about major customers

Included in revenues arising from external sales of $476.2 million (2018: $353.0 million) (see segment revenue above) are revenues of approximately $169.7 million (2018: $156.8 million) which arose from sales to the Group's two largest customers. One other customer contributed 10% or more to the Group's revenue for 2019 (2018: 7%).

NOTE 5. REVENUE

	CONSOLIDATED	
	2019 $'000	2018 $'000
Revenue		
Revenue from sale of goods	476,214	352,987

SIGNIFICANT ACCOUNTING POLICIES

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for terms, rebates and other similar allowances.

SALE OF GOODS

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- Identification of contract,
- Identification of the performance obligations in the contract,
- Determine the transaction price,
- Allocation of the transaction price to the performance obligations in the contract, and
- Recognition of revenue when performance obligations are satisfied.

NOTE 6. OTHER GAINS/(LOSSES)

	CONSOLIDATED	
	2019 $'000	2018 $'000
Net foreign exchange (losses)/gains	(1,467)	670
Net losses on financial assets held at fair value through profit or loss	(570)	(255)
	(2,037)	415

NOTE 7. EXPENSES

	CONSOLIDATED	
	2019 $'000	2018 $'000
Profit before income tax includes the following specific expenses:		
Superannuation expenses	3,768	2,362
Share-based payments expense	5,779	1,029
Employee benefits expense excluding superannuation and share-based payment expense	39,391	27,490

NOTE 8. EARNINGS PER SHARE

	CONSOLIDATED	
	2019 $'000	2018 $'000
Profit after income tax attributable to the owners of Freedom Foods Group Limited	11,577	12,715
Share-based payments expense	5,779	1,029
Profit after income tax attributable to the owners of Freedom Foods Group Limited used in calculating diluted earnings per share	17,356	13,744

	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	246,860,296	212,525,802
Adjustments for calculation of diluted earnings per share:		
CRPS	114,217	114,217
ESOP	4,561,666	4,587,334
Weighted average number of ordinary shares used in calculating diluted earnings per share	251,536,179	217,227,353

	CENTS	CENTS
Basic earnings per share	4.69	5.98
Diluted earnings per share	6.90	6.33

At 30 June 2019, there were 272,903,282 ordinary shares (2018: 243,983,810) on issue and 101,627 convertible redeemable preference shares (2018: 101,627).

At 30 June 2019, there were nil unlisted ordinary share options (2018: nil). There were 11,911,666 employee share options outstanding (2018: 9,061,666), 561,666 at $1.65 per share (2018: 561,666), 4,000,000 at $2.92 per share (2018: 4,000,000), 4,500,000 at $4.50 per share (2018: 4,500,000) and 2,850,000 at $5.75 per share (2018: nil).

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of Freedom Foods Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, as well as the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 9. CURRENT ASSETS - CASH & CASH EQUIVALENTS

	CONSOLIDATED	
	2019 $'000	2018 $'000
Cash	55,385	80,106
Term deposit	-	18,000
	55,385	98,106

NOTE 10. CURRENT ASSETS - TRADE & OTHER RECEIVABLES

	CONSOLIDATED	
	2019 $'000	2018 $'000
Trade receivables	77,658	55,303
Less: loss allowance	(695)	(1,228)
	76,963	54,075
Other receivables	10,782	8,774
	87,745	62,849

NOTE 10. CURRENT ASSETS - TRADE & OTHER RECEIVABLES (CONT.)

The credit period on sales of goods ranges from 30 to 60 days. No interest is charged on trade receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from past sale of goods, determined by expected credit losses. During the current financial year, the loss allowance decreased by $533,000 (2018: increased by $1,180,000) in the Group. The loss allowance as at 30 June 2019 is $695,000 (2018: $1,228,000). The Group does not hold any collateral over these balances.

Customers with balances past due but without loss allowance amount to $19,781,896 (2018: $34,777,448). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience with the customer and other indicators of impairment. Management considers that there are no indications as of the reporting date that the debtors will not meet their payment obligations.

The Group does not have significant risk exposure to any one debtor, however 44% (2018: 47%) of sales are concentrated in major supermarkets throughout Australia and 56% of year end receivables are concentrated to the top five customers (2018: 44%).

NOTE 11. CURRENT ASSETS - INVENTORIES

	CONSOLIDATED	
	2019 $'000	2018 $'000
Raw materials - at cost	58,304	47,567
Finished goods - at cost	62,342	38,636
Less: provision for impairment*	(435)	(5,102)
	120,211	81,101

** 2018 includes a provision for the shutdown of Taren Point.*

All inventories of the Group are expected to be recovered within a 12 month period.

The cost of inventories recognised as an expense during the year in respect of continuing operations was $358,037,665 (2018: $265,754,170).

SIGNIFICANT ACCOUNTING POLICIES

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost on a first in, first out basis.
- Manufactured finished goods: cost of direct materials, direct labour and an appropriate proportion of manufacturing variable and fixed overheads based on normal operating capacity but excluding borrowing costs.
- Purchased finished goods: purchase cost on a weighted average cost basis.
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTE 12. CURRENT ASSETS - DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED	
	2019 $'000	2018 $'000
Forward foreign exchange contracts	287	293

Refer to Note 26 for further information on financial instruments.

NOTE 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

NAME	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2019 %	2018 %
Australian Fresh Milk Holdings Pty Limited (AFMH)	Australia	10.00%	10.00%
Shenzhen JiaLiLe Co. Limited (JLL)	China	10.00%	10.00%

	CONSOLIDATED	
	2019 $'000	2018 $'000
Investment in associate - AFMH	18,707	12,427
Investment in associate - JLL	5,070	5,001
	23,777	17,428

The Group's interest in joint ventures represent jointly controlled entities which have been measured by applying the equity method of accounting. Under the equity method of accounting the carrying amounts of interests in joint venture entities are increased or decreased to recognise the Group's share of the post-acquisition profits or losses and other changes in net assets of the joint ventures.

SHENZHEN JIALILE CO. LIMITED (JLL)

Australia's Own Dairy Company China trading as JLL

In FY 2018, the Company entered into a Subscription and Shareholders Deed with JLL to subscribe for an initial investment of 10% for a cash consideration of RMB 22 million (AUD $4.7 million), before associated costs. The Company has an option to subscribe for up to 30% of JLL's registered capital within 3 years from the date of the initial subscription. The other shareholder in JLL is Guangzhou Langfeng Investment Co. Limited.

JLL will continue to grow Australia's Own branded Kid's Milk products in China, as well as launch other dairy products, including ambient drinking yoghurt, adult milk and infant formula powder.

Although the Company holds less than 20% of the equity shares of JLL, the Group exercises significant influence by virtue of the currently exercisable call option to increase its potential voting rights to 30%. The Group ownership remains at 10%.

AUSTRALIAN FRESH MILK HOLDINGS PTY LIMITED (AFMH)

The consortium comprises Leppington Pastoral Investments Pty Limited (LPI), NewAustralia Holdings Pty Limited, Paul Moxey Family Trust, Quentin Moxey Family Trust and Freedom Foods Group Operations Limited. The Group acquired its 10% interest in the consortium for an initial investment of $5.7 million. During the year, the Group made an additional investment of $5,800,000. The Group ownership remains at 10%.

The completion of the acquisition of Coomboona Dairy operations ensures AFMH has a scalable operating platform to invest in additional greenfield dairy sites, enabling the consortium to become a significant player in the Australian dairy industry.

Although the Company holds less than 20% of the equity shares of AFMH, the Group exercises significant influence by virtue of having a Board seat and having a related party holding 32% of the equity shares.

	JLL 2019 $'000	JLL 2018 $'000
Reconciliation of the Group's carrying amount in JLL		
Opening carrying amount	5,001	-
Share of profit after income tax	-	-
Equity investment	69	5,001
Closing carrying amount	5,070	5,001

NOTE 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT.)

SUMMARISED FINANCIAL INFORMATION

	AFMH 2019 $'000	AFMH 2018 $'000
Summarised statement of financial position		
Current assets	89,751	54,108
Non-current assets	248,617	173,821
Total assets	338,368	227,929
Current liabilities	21,154	20,908
Non-current liabilities	144,075	95,583
Total liabilities	165,229	116,491
Net assets	173,139	111,438
Summarised statement of profit or loss and other comprehensive income		
Revenue	70,039	50,180
Expenses	(64,418)	(48,877)
Profit before income tax	5,621	1,303
Income tax expense	(1,686)	(194)
Profit after income tax	3,935	1,109
Other comprehensive income	-	-
Total comprehensive income	3,935	1,109
Reconciliation of the Group's carrying amount in AFMH		
Opening carrying amount	12,427	7,594
Share of profit after income tax	480	480
Equity investment	5,800	4,353
Closing carrying amount	18,707	12,427

NOTE 14. NON-CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT

	CONSOLIDATED	
	2019 $'000	2018 $'000
Freehold land - at independent valuation	5,222	5,296
Buildings - at independent valuation	11,959	11,955
Less: accumulated depreciation	(2,621)	(2,099)
	9,338	9,856
Plant and equipment - at cost	249,612	175,172
Less: accumulated depreciation and impairment	(55,769)	(44,784)
Add: capital work in progress - at cost	339,983	243,274
	533,826	373,662
Motor vehicles	453	473
Less: accumulated depreciation	(439)	(404)
	14	69
	548,400	388,883

Movements in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year:

CONSOLIDATED	FREEHOLD LAND $'000	BUILDINGS $'000	PLANT & EQUIPMENT $'000	MOTOR VEHICLES $'000	TOTAL $'000
Balance at 1 July 2017	5,296	10,748	324,200	112	340,356
Additions to plant and equipment*	-	48	49,933	28	50,009
Additions through capital work in progress (net of transfers to plant and equipment)*	-	-	79,475	-	79,475
Sale of Ingleburn land and buildings	-	-	(71,671)	-	(71,671)
Transfer to intangibles	-	-	(1,091)	-	(1,091)
Disposals	-	-	-	(18)	(18)
Impairment of assets	-	-	(67)	-	(67)
Depreciation expense**	-	(940)	(7,117)	(53)	(8,110)
Balance at 30 June 2018	5,296	9,856	373,662	69	388,883
Additions to plant and equipment*	-	4	74,440	-	74,444
Additions through capital work in progress (net of transfers to plant and equipment)*	-	-	96,709	-	96,709
Disposals	(74)	-	-	(20)	(94)
Depreciation expense	-	(522)	(10,985)	(35)	(11,542)
Balance at 30 June 2019	5,222	9,338	533,826	14	548,400

* *Included in additions is $6,465,906 of capitalised interest (July-December 2018: $2,844,958, January-June 19: $3,620,948) (2018: $7,597,000 being July to December 2018: $3,771,000, January to June 2018: $3,826,000).*

** *Included in depreciation expense is a depreciation method change from diminishing to straight line and the adjustment of asset effective lives to be consistent with industry standards for Popina (Vic) Pty Limited.*

SIGNIFICANT ACCOUNTING POLICIES

All owned freehold land and buildings are carried at fair value as at 30 June 2019, less any subsequent accumulated depreciation and impairment. Fair value is determined on the basis of an independent valuation which is carried out regularly by an external valuer, based on comparable sales approach or capitalisation of net income, as appropriate.

Plant and equipment, motor vehicles and equipment under finance lease are stated at cost less accumulated depreciation and impairment.

Capital work in progress (CWIP) is stated at cost less impairment (if any).

CWIP includes all expenditure directly attributable to bringing the asset to its working condition for its intended use, and includes the estimated cost of dismantling and removing the asset and restoring the site (where applicable).

Cost includes installation costs, delivery costs, consultant's costs incurred to install the asset, fit out costs, interest on associated borrowings and labour costs of dedicated project staff associated with these projects. Start-up costs and similar pre-production costs do not form part of the cost of an asset unless they are necessary to bring the asset to its working condition. Initial operating losses incurred prior to an asset achieving planned performance must be recognised as an expense.

The costs will be initially recognised as a CWIP asset from the time that it satisfies the general recognition criteria for assets under the accounting standards. The approval (as required by the relevant delegation of authority) to proceed with a project is the point in time when the Group is able to satisfy the recognition criteria.

The Group formally assesses whether project costs are to be reclassified from CWIP. This assessment is done on a quarterly basis each year taking into consideration when the Commissioning Phase of each asset has been completed i.e. when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. At this point, it is classified as property, plant and equipment, to be depreciated from the date of reclassification over the useful life of the asset.

Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTE 14. NON-CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT (CONT.)

ACCOUNTING ESTIMATES

The following depreciation rates are used in the calculation of depreciation:

Buildings	2-6%
Plant and equipment	4-25%
Leased plant and equipment	4-20%
Motor vehicles	15-33%
Leased motor vehicles	15-33%

Freehold land is not depreciated.

NOTE 15. NON-CURRENT ASSETS - INTANGIBLES

	CONSOLIDATED	
	2019 $'000	2018 $'000
Goodwill	68,755	59,204
Capitalised development	54,940	27,450
Less: Accumulated amortisation	(16,084)	(7,817)
Less: Impairment	-	(63)
	38,856	19,570
Brand names and trademarks	37,720	31,837
Software acquisition and development	579	519
	145,910	111,130

CONSOLIDATED	GOODWILL $'000	CAPITALISED DEVELOPMENT $'000	BRAND NAMES & TRADEMARKS $'000	SOFTWARE $'000	TOTAL $'000
Balance at 1 July 2017	59,204	11,106	31,837	464	102,611
Additions	-	12,672	-	55	12,727
Transfer from property, plant and equipment	-	1,091	-	-	1,091
Impairment of assets	-	(63)	-	-	(63)
Amortisation expense	-	(5,236)	-	-	(5,236)
Balance at 30 June 2018	59,204	19,570	31,837	519	111,130
Additions	-	27,553	-	60	27,613
Additions through business combinations (Note 3)	-	-	5,883	-	5,883
Additions through business combinations*	9,551	-	-	-	9,551
Amortisation expense	-	(8,267)	-	-	(8,267)
Balance at 30 June 2019	68,755	38,856	37,720	579	145,910

** The Group has reassessed the recognition of deferred tax liabilities for indefinite useful life assets acquired. Previously the Group measured deferred tax liabilities arising on acquisitions on the assumption that the tax consequences would arise solely from the sale of the assets. The Group now considers its expected manner of recovery to be through use. At 30 June 2019, this change in treatment has resulted in an increase of $9.551 million in goodwill relating to the Powerfoods acquisition and other historical Brand names and Trademarks acquired before 2009 with a corresponding increase in deferred tax liabilities, refer to Note 22.*

SIGNIFICANT ACCOUNTING POLICIES

Goodwill has been allocated for impairment testing purposes to the following cash generating units:

- Cereal and snacks
- Dairy and nutritional ingredients
- Consumer nutritionals
- Specialty seafood

GOODWILL

The carrying amount of goodwill is as follows:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Cereal and snacks	22,960	21,242
Dairy and nutritional ingredients	31,630	31,630
Consumer nutritionals	9,019	4,350
Specialty seafood	5,146	1,982
	68,755	59,204

CAPITALISED DEVELOPMENT

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

BRAND NAMES AND TRADEMARKS

The Group carries an amount of $37,719,546 (2018: $31,836,945) referable to brand names with indefinite useful lives allocated between the Cereal and snacks, Consumer nutritionals and Specialty seafood cash generating units. The brand names relate to established major brands purchased as part of business combinations and are considered to be market leaders within their market segment. The brand names operate in a stable industry with a strong positioning in the consumer functional foods market.

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the asset's estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

NOTE 15. NON-CURRENT ASSETS - INTANGIBLES (CONT.)

SOFTWARE ACQUISITION AND DEVELOPMENT

The Group carries an amount of $578,688 (2018: $519,000) referable to software acquisition and development.

INTANGIBLES WITH A FINITE LIFE

- Capitalised development such as new product development, is deferred and amortised on a straight-line basis over the period of their expected benefit, being an estimated finite life of 3 years.
- Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

Determining whether goodwill or other intangible assets are impaired requires an estimation of the value in use of the cash generating units to which the goodwill or other intangible assets have been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value.

The value of goodwill as at the end of the financial year was $68,755,000 (2018: $59,204,000), with no impairment loss charged against goodwill.

The value of other intangible assets as at the end of the financial year was $77,155,000 (2018: $52,000,000), with nil impairment loss (2018:$63,000) charged against the other intangible assets.

ACCOUNTING ESTIMATES

The recoverable amounts of the intangible assets contained in the cash generating units are determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five year period, a terminal value and a discount rate of 8.48% pa post tax and 12.12% pa pre-tax (2018: 8.72% pa post tax and 12.46% pre-tax).

Key assumptions used in the value in use calculations for cash generating units:

- Budgeted market share - average market share in the period immediately before the budget period plus a growth percentage of market share per year. Management believes that the planned market share growth per year for the next four years is reasonable.
- Budgeted gross margin - average gross margins achieved in the period immediately before the budget period is consistent with that used by management.

The discount rate is based on the weighted average cost of capital determined by prevailing or benchmarked market inputs and includes a risk premium considered appropriate to a newly established business in a development phase.

NOTE 16. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2019 $'000	2018 $'000
Trade payables	57,778	48,967
Other payables and accruals	54,103	39,102
	111,881	88,069

Refer to Note 26 for further information on financial instruments.

Amounts not expected to be settled within the next 12 months

	CONSOLIDATED	
	2019 $'000	2018 $'000
Payables to related parties - refer Note 30 Related party transactions	274	1,293

Trade payables, including amounts payable for capital expenditure, are paid on average within 68 days of invoice date (2018: 74 days).

NOTE 17. CURRENT LIABILITIES - BORROWINGS

	CONSOLIDATED	
	2019 $'000	2018 $'000
Term loan facilities	5,250	4,200
Debtor financing facilities	20,926	-
Equipment financing facilities	22,846	5,530
	49,022	9,730

Refer to Note 18 for further information on assets pledged as security and financing arrangements.

Refer to Note 26 for further information on financial instruments.

The loan due dates and facility renewal dates as at 30 June 2019 are summarised as follows:

	DUE DATE	FACILITY RENEWAL DATE	TOTAL $'000
Current term loan facilities	June 2020[(a)]	December 2020	5,250
Non-current term loan facilities	December 2020[(a)]	December 2020	87,100
Debtor financing facilities	n/a	December 2020	20,926
Equipment financing facilities	various	December 2020	64,141
			177,417

(a) Current term loan facilities are amortised quarterly.

NOTE 18. NON-CURRENT LIABILITIES - BORROWINGS

	CONSOLIDATED	
	2019 $'000	2018 $'000
Term loan facilities	87,100	92,700
Equipment financing liabilities	41,295	31,761
	128,395	124,461

Refer to Note 26 for further information on financial instruments.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Term loan facilities	92,350	96,900
Debtor financing facilities	20,926	-
Equipment financing liabilities	64,141	37,291
	177,417	134,191

Assets pledged as security

The Group's primary bank facilities are arranged with HSBC Bank Australia Limited (HSBC) and National Australia Bank (NAB), organised under a Common Terms arrangement and secured by a General Security Deed over all the property of the Group (subject to exceptions for certain asset-backed facilities and low-value subsidiaries). The security comprises first-ranking security over all personal property and mortgages over real property owned by the Group and key property leases. The individual facilities include debtor finance, equipment finance, bilateral agreements (term loan and revolver) and other general transactional banking facilities as required for the operations of the Group's business.

The equipment finance facilities relate to specific equipment operating at the Company's Leeton, Shepparton, Dandenong and Ingleburn facilities. The equipment finance facilities are secured over the assets financed under the relevant facility, and are therefore subject to their own security and excluded from the application of the General Security Deed. The leases are over a period of 2 to 7 years and the final residuals on the current leases will be due between 2019 and 2025.

NOTE 18. NON-CURRENT LIABILITIES - BORROWINGS (CONT.)

Banking facilities restructure

The Group entered into a $201 million syndicated banking facility with its long term banking partners HSBC and NAB in December 2017. The facility provides a more flexible group finance and liquidity structure that provides working capital and capital expenditure funding for the Group as it continues to grow. The term of the facility is for 3 years.

As part of the banking facility restructure, HSBC has provided the Group with a limited recourse debtor finance facility of $60 million, which is being utilised as a source of working capital. Under this facility, the Group sells receivables of its major grocery retail customers to HSBC in exchange for cash. These receivables are de-recognised as an asset, as the significant risk associated with the collection of the receivables are transferred to HSBC at the time of sale. The amount funded under this facility is not recognised as a liability by the Group. The funded value of this facility was $46.8 million as at 30 June 2019 (2018: $34.7 million).

In the statement of cash flows, the funds received from the bank under this facility are included in cash flows from operations as receipts from customers. Prior to the banking facility restructure, funding received from the previous full recourse facility was included in the statement of cash flows under financing activities as proceeds from borrowings. As a consequence of this change, the net cash from operating activities in the year ended 30 June 2018 includes a one off lump sum increase in receipts of $24.1 million due to the change in facility.

FINANCING ARRANGEMENTS

	CONSOLIDATED	
	2019 $'000	2018 $'000
Total facilities		
Term loan facilities	92,350	96,900
Debtor financing facilities	32,000	32,082
Equipment financing liabilities	69,753	42,107
Revolver facilities	30,000	30,000
	224,103	201,089
Used at the reporting date		
Term loan facilities	92,350	96,900
Debtor financing facilities	20,926	-
Equipment financing liabilities	64,141	37,291
Revolver facilities	-	-
	177,417	134,191
Unused at the reporting date		
Term loan facilities	-	-
Debtor financing facilities	11,074	32,082
Equipment financing liabilities	5,612	4,816
Revolver facilities	30,000	30,000
	46,686	66,898

UNUSED FINANCING FACILITIES

The Company has unused banking facilities relating to debtor financing, revolver and equipment financing facilities requirements amounting to $46.7 million (2018: $66.9 million).

Interest rates are variable and subject to adjustment.

NOTE 19. CURRENT LIABILITIES - DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED	
	2019 $'000	2018 $'000
Forward foreign exchange contracts	48	280
Interest rate swap contracts	1,063	268
	1,111	548

Refer to Note 26 for further information on financial instruments.

NOTE 20. INCOME TAX EXPENSE

	CONSOLIDATED	
	2019 $'000	2018 $'000
Income tax expense		
Current tax expense/(benefit)	(2,081)	(1,854)
Adjustments recognised in the current year in relation to the current tax of prior years	189	(1,202)
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	9,356	4,958
Aggregate income tax expense	7,464	1,902
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	19,041	14,617
Tax at the statutory tax rate of 30%	5,712	4,385
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of revenue/expenses that are not deductible in determining taxable profit	1,619	358
Over-provision in respect of prior years	189	(1,202)
Current tax benefit recognised	(2,081)	(1,854)
Acquisition of indefinite useful life intangible asset	1,768	-
	7,207	1,687
Effect of overseas tax rates	257	215
Income tax expense	7,464	1,902

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	CONSOLIDATED	
	2019 $'000	2018 $'000
Deferred tax balances		
Deferred tax assets/(liabilities) comprises temporary differences attributable to:		
Plant and equipment	(7,107)	(5,790)
Provisions	3,809	3,277
Other	6,862	3,544
Tax losses	9,133	7,430
Intangibles	(21,961)	(4,013)
Finance facilities	(4,557)	(2,395)
Total deferred tax (liabilities)/assets	(13,821)	2,053

NOTE 20. INCOME TAX EXPENSE (CONT.)

SIGNIFICANT ACCOUNTING POLICIES

The Company and its wholly-owned Australian subsidiaries have formed a tax consolidated group and are therefore taxed as a single entity. The head entity within the tax consolidated group is Freedom Foods Group Limited. Income tax expense/benefit, current tax liabilities and assets and deferred tax are recognised by the Company (as head entity in the tax consolidated group)

Entities within the tax consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Freedom Foods Group Limited and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

The tax sharing agreement entered into between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

CURRENT TAX

Current tax is calculated as the expected amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

DEFERRED TAX

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. No deferred tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

CURRENT AND DEFERRED TAX FOR THE PERIOD

Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

NOTE 21. CURRENT LIABILITIES - INCOME TAX

	CONSOLIDATED	
	2019 $'000	2018 $'000
Income tax payable attributable to - entities in the tax consolidated group	-	4,893

NOTE 22. NON-CURRENT (LIABILITIES)/ASSETS - DEFERRED TAX

	CONSOLIDATED	
	2019 $'000	2018 $'000
Deferred tax (liability)/asset	(13,821)	2,053
Movements:		
Opening balance	2,053	1,835
Provisions	532	4,842
Property, plant and equipment	(1,317)	(8,238)
Other	3,318	5,965
Tax losses	1,703	2,460
Intangibles	(17,948)	(4,013)
Finance facilities	(2,162)	(798)
Closing balance	(13,821)	2,053

NOTE 23. EQUITY - ISSUED CAPITAL

	CONSOLIDATED			
	2019 SHARES	2018 SHARES	2019 $'000	2018 $'000
Ordinary shares - fully paid	272,903,282	243,983,810	589,109	453,374
Convertible redeemable preference shares - fully paid	101,627	101,627	14	14
	273,004,909	244,085,437	589,123	453,388

MOVEMENTS IN ORDINARY SHARE CAPITAL

DETAILS	DATE	SHARES	ISSUE PRICE	$'000
Balance	1 July 2017	200,853,531		249,940
Employee share options exercised		82,000	$1.65	135
Dividend reinvestment plan ('DRP') shares		720,773	$4.29	3,095
Dividend reinvestment plan ('DRP') shares		629,518	$4.98	3,132
Shares issued under the entitlement offer		41,697,988	$4.80	200,150
Transaction costs		-	$0.00	(3,078)
Balance	30 June 2018	243,983,810		453,374
Dividend reinvestment plan ('DRP') shares		889,640	$4.79	4,265
Dividend reinvestment plan ('DRP') shares		836,368	$4.31	3,604
Shares issued under the entitlement offer		27,193,464	$4.80	130,532
Transaction costs		-	$0.00	(2,666)
Balance	30 June 2019	272,903,282		589,109

NOTE 23. EQUITY - ISSUED CAPITAL (CONT.)

ORDINARY SHARES

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Changes to the then Corporation Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1988. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

The DRP provides shareholders with the opportunity to receive ordinary shares, in lieu of cash dividends, at a discount (set by the directors) from the market price at the time of issue.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

CONVERTIBLE REDEEMABLE PREFERENCE SHARES (CRPS)

The CRPS are perpetual with no maturity, but redeemable after 3 years at the option of the Company. The CRPS are transferable and are convertible at the option of the CRPS holder. The dividend rate is 9.0% p.a. on the issue price of $0.30. It is a preferred, discretionary and non-cumulative dividend and CRPS holders have no claim or entitlement in respect of a non-payment.

Dividends are to be payable half-yearly in arrears. CRPS holders who convert their CRPS prior to a dividend payment date will not be entitled to any dividend for that part period in respect of that CRPS. However, upon conversion to ordinary shares a holder who is on the register on the record date for a dividend payable in respect of ordinary shares will be entitled to the full ordinary dividend for that period. Dividends on the CRPS will be payable in April and November each year until converted or redeemed. CRPS holders are entitled to receive dividends in priority to holders of ordinary shares and equally with the holders of other CRPS that may be issued by Company on these terms.

CRPS are convertible into fully paid ordinary shares in the Company on the basis that each CRPS is convertible at the election of the CRPS holder into one ordinary share, subject to any restrictions imposed by the Corporations Act and ASX Listing Rules. There is no time limit within which CRPS must be converted. No additional consideration is payable on conversion.

Notwithstanding the right of holders of CRPS to convert at any time, all CRPS will convert into ordinary shares automatically on the occurrence of certain trigger events including certain transactions involving a change in control of Company, such as a takeover of Company or a scheme or merger between Company and another body.

The Company may redeem the CRPS, 3 years from the date of issue of the CRPS, being 16 December 2013, at its option for the payment per CRPS of the higher of:

- the issue price of $0.30; and
- an amount determined by the Board of the Company with reference to the value of a CRPS as determined by an independent expert appointed by the Board.

The Company at this time has no plans to redeem the remaining CRPS still on issue due to the expense of the process of redemption being significantly more than the current value of the CRPS on issue.

SHARE OPTIONS GRANTED UNDER THE EMPLOYEE SHARE OPTION PLAN (ESOP) AND EQUITY INCENTIVE PLAN (EIP)

For information relating to the Freedom Foods Group Limited ESOP and EIP, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to Note 32.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

NOTE 24. EQUITY - DIVIDENDS

DIVIDENDS

Dividends paid during the financial year were as follows:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Final 50% franked dividend for the year ended 30 June 2018 of 2.75 cents per ordinary share paid in cash (2017: 2.25 cents fully franked)	2,445	1,429
Dividends reinvested: fully franked at 30% tax rate	4,265	3,095
Interim 50% franked dividend for the year ended 30 June 2019 of 2.25 cents per ordinary share paid in cash (2018: 2.25 cents fully franked)	1,906	1,405
Dividends reinvested: fully franked at 30% tax rate	3,604	3,132
Final 50% franked dividend for the year ended 30 June 2018 of 1.35 cents per convertible redeemable preference share (2017: 1.35 cents fully franked)	1	1
Interim 50% franked dividend for the year ended 30 June 2019 of 1.35 cents per convertible redeemable preference share (2018: 1.35 cents fully franked)	1	1
	12,222	9,063

On 29 August 2019, the directors declared an unfranked final dividend of 3.25 cents per share to the holders of fully paid ordinary shares in respect of the financial year ending 30 June 2019, which is to be paid to shareholders on 2 December 2019. The record date for determining the entitlement to the final dividend is 4 November 2019. The dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $8,869,357.

On 29 August 2019, the directors declared an unfranked final dividend of 1.35 cents per share to the holders of the convertible redeemable preference shares in respect of the financial year ending 30 June 2019, which is to be paid to shareholders on 2 December 2019. The record date for determining the entitlement to the final dividend is 4 November 2019. The dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $1,372.

Franking credits

	CONSOLIDATED	
	2019 $'000	2018 $'000
Franking credits available at the reporting date based on a tax rate of 30%	46	261
Franking credits available for subsequent financial years based on a tax rate of 30%	46	261
Franking debits that will arise from the payment of dividends declared subsequent to the reporting date	-	(1,437)
Net franking credits available	46	(1,176)

NOTE 25. EQUITY - RESERVES

	CONSOLIDATED	
	2019 $'000	2018 $'000
Land and buildings revaluation reserve	2,416	2,416
Foreign currency translation reserve	(105)	(193)
Equity-settled employee benefits reserve	9,415	3,636
Common control reserve	(60,878)	(60,878)
	(49,152)	(55,019)

NOTE 25. EQUITY – RESERVES (CONT.)

LAND AND BUILDINGS REVALUATION RESERVE

The land and buildings revaluation reserve arises on the revaluation of land and buildings. Where a revalued land or building is sold that portion of the asset revaluation reserve which relates to the asset and is effectively realised, is transferred directly to retained earnings.

FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE

The equity-settled employee benefits reserve arises on the grant of share options to executives and senior employees under the Employee Share Option Plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share based payments to employees is made in Note 33 to the financial statements.

COMMON CONTROL RESERVE

The common control reserve is used to account for the acquisition of Pactum Australia and Pactum Dairy Group by the Group. The difference between the fair value of the consideration paid and the existing book values of the assets and liabilities of Pactum Australia has been debited to a common control reserve ($5,464,000). On 31 January 2017, the reserve was increased due to the additional interest acquired in Pactum Dairy Group. The difference between the fair value of the consideration paid and the non-controlling interest balance on that date has been debited to a common control reserve ($55,414,000). Upon disposal of all interests in Pactum Australia or Pactum Dairy Group by the Group, the applicable reserve would be transferred to retained earnings.

MOVEMENTS IN RESERVES

Movements in each class of reserve during the current and previous financial year are set out below:

CONSOLIDATED	LAND & BUILDINGS REVALUATION RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE $'000	COMMON CONTROL RESERVE $'000	TOTAL $'000
Balance at 1 July 2017	2,416	(542)	2,607	(60,878)	(56,397)
Foreign currency translation	-	349	-	-	349
Share-based payments	-	-	1,029	-	1,029
Balance at 30 June 2018	2,416	(193)	3,636	(60,878)	(55,019)
Foreign currency translation	-	88	-	-	88
Share-based payments	-	-	5,779	-	5,779
Balance at 30 June 2019	2,416	(105)	9,415	(60,878)	(49,152)

NOTE 26. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balances.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in their respective notes. The Company has entered into a syndicated banking facility with its long term banking partners HSBC and NAB. The facility provides a more flexible group finance and liquidity structure that will provide working capital and capital expenditure funding for the Company as it continues to grow its revenue. The term of the $201 million secured bilateral and syndicated facility is for 3 years, expiring December 2020.

Operating cash flows are used to maintain and expand the Group's manufacturing and distribution assets, as well as to make the routine outflows of tax, dividends and repayment of maturing debt. The Group's policy is to borrow centrally; using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

MARKET RISK

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. The Group enters into forward exchange contracts to manage exposure to foreign currency risk for its imports and exports. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Significant accounting polices

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Forward foreign exchange contracts

The Group enters into forward foreign exchange contracts to buy specified amounts of foreign currencies in the future at stipulated exchange rates. The objective of entering into the forward exchange contracts is to protect the Group against unfavourable exchange rate movements for the contracted purchases and sales undertaken in foreign currencies.

The Group had entered into contracts (for terms not exceeding 12 months) to purchase finished goods from suppliers in the United States and Canada equipment from Europe and for sales receipts denominated in United States dollars from export customers. The contracts related to highly probable forecasted transactions for the purchase of inventory for the Specialty Seafood business (Salmon - USD and Sardines - CAD) and the Freedom Foods business (Spreads - USD and Almond paste - USD) with the purchase consideration being settled in the above currencies and on sales orders from export customers. The Group's objective in entering into forward foreign exchange contracts is to provide certainty to the income and cash flow implications for the designated foreign currency purchase, relating to purchase of inventory or other capital assets. The Group had USD 12,518,094 (Buy) and USD 7,264,407 (Sell) outstanding foreign exchange contracts as at 30 June 2019.

The Group does not adopt hedge accounting.

The following table details the forward foreign exchange contracts outstanding as at reporting date in Australian dollars:

	SELL AUSTRALIAN DOLLARS		AVERAGE EXCHANGE RATES	
	2019 $'000	2018 $'000	2019	2018
Buy US dollars				
Maturity:				
0 - 3 months	17,638	7,473	0.7090	0.7571
3 - 6 months	-	1,915	-	0.7554
Buy Canadian Dollars				
Maturity:				
0 - 3 months	-	602	-	0.9747

NOTE 26. FINANCIAL INSTRUMENTS (CONT.)

	SELL US DOLLARS		AVERAGE EXCHANGE RATES	
	2019 $'000	2018 $'000	2019	2018
Buy Australian dollars				
Maturity:				
0 - 3 months	10,236	10,691	0.7093	0.7541
3 - 6 months	-	4,738	-	0.7386

The following table details the forward foreign exchange contracts at fair value as at reporting date in Australian dollars:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Buy US dollars - less than 3 months	200	231
Buy CAD dollars - less than 3 months	-	(2)
Buy US dollars - 3-6 months	-	54
Sell US dollars - less than 3 months	38	(241)
Sell US dollars - 3-6 months	-	(29)
Net fair value	238	13

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

FOREIGN CURRENCY RISK MANAGEMENT

The Group undertakes transactions denominated in foreign currencies on both sales and purchases. Consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by utilising forward foreign exchange contracts.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows (in the respective foreign currency):

CONSOLIDATED	ASSETS		LIABILITIES	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
US dollar	24,179	9,797	10	1,338
Canadian dollar	5	3	61	363
Euro	-	-	1,518	1,442
Thai baht	-	-	293	168
New Zealand dollar	-	-	10	57
Chinese Yuan	32	40	266	50
Singapore dollars	-	-	62	10

There have been no changes to the Group's exposure to foreign currency risks or the manner in which it manages and measures the risks from the previous period.

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The following table details the sensitivity to an increase/decrease in the Australian dollar against the relevant currencies in relation to foreign exchange exposures. Sensitivity rates of 3% (USD), 2% (EUR), 3% (CNY) and 2% (SGD) have been used as these represent management's assessment of a likely maximum change in foreign exchange rates.

A positive number indicates an increase in profit where the Australia Dollar strengthens against the respective currency. For a weakening of the Australia Dollar against the respective currency there would be an equal and opposite impact on the profit and the balances below would be negative.

CONSOLIDATED - 2019	% CHANGE	AUD STRENGTHENED EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	AUD WEAKENED EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
US dollar	3%	951	(951)	3%	(902)	902
Euro	2%	53	(53)	2%	(50)	50
Chinese Yuan	3%	2	(2)	3%	(2)	2
Singapore dollars	2%	1	(1)	2%	(1)	1
		1,007	(1,007)		(955)	955

CONSOLIDATED - 2018	% CHANGE	AUD STRENGTHENED EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	AUD WEAKENED EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
US dollar	2%	255	(255)	2%	(245)	245
Canadian dollar	2%	7	(7)	2%	(7)	7
New Zealand dollar	3%	1	(1)	3%	(1)	1
Euro	2%	(54)	54	2%	52	(52)
		209	(209)		(201)	201

This is mainly attributable to the exposure outstanding on foreign currency receivables and payables at year end in the Group and the parent.

INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The Group manages this risk by maintaining an appropriate mix between fixed and floating rate borrowings.

Exposures to interest rate risk, which is the risk that a financial instrument's value, its borrowing costs and interest income will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial instruments are set out below:

CONSOLIDATED	2019		2018	
	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	BALANCE $'000	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	BALANCE $'000
Cash and cash equivalents	-	55,385	-	98,106
Term loan facilities	5.61%	(92,350)	5.61%	(96,900)
Debtor financing facilities	4.41%	(20,926)	-	-
Equipment financing facilities	5.26%	(64,141)	5.23%	(37,291)
		(122,032)		(36,085)

During the financial year there has been no change to the Group's interest rate risk exposure or the manner in which it manages and measures risks.

INTEREST RATE SENSITIVITY ANALYSIS

The sensitivity analysis below has been determined based on the impact of 25 basis point increase in interest rates on exposure to interest rates as detailed in the above table.

The impact of a 25 basis point (2018: 50 basis point) interest rate movement during the year with all other variables being held constant would be:

- an increase/(decrease) on the Group's net profit of $86,148 (2018: $400,515).

This is attributable to the Group's exposure to interest rates on its variable borrowings.

A 25 basis point movement represents management's assessment of the possible change in interest rates.

NOTE 26. FINANCIAL INSTRUMENTS (CONT.)

CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate values of transactions concluded are spread amongst approved counterparties.

Credit risk from balances with banks and financial institutions is managed in accordance with a Board approved policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board on an annual basis and may be updated throughout the year subject to approval of the Board. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at statement of financial position date, to recognised financial assets of the Group which have been recognised on the statement of financial position is the carrying amount, net of any allowance for doubtful debts.

LIQUIDITY RISK MANAGEMENT

Liquidity risk arises from the possibility that the Group may be unable to settle a transaction on the due date. The ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Included in Note 18 is a listing of additional undrawn facilities that the Company and the Group has at their disposal to further reduce liquidity risk.

Unused borrowing facilities at the reporting date:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Debtor financing facilities	11,074	32,082
Equipment financing liabilities	5,612	4,816
Revolver facilities	30,000	30,000
	46,686	66,898

In addition to the unused facilities above, there is also an unused portion of the limited recourse facility as disclosed in Note 18 of $13.2 million (2018: $25.3 million).

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

CONSOLIDATED - 2019	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	LESS THAN 1 YEAR $'000	BETWEEN 1 & 5 YEARS $'000	REMAINING CONTRACTUAL MATURITIES $'000
Non-derivatives				
Non-interest bearing				
Trade payables	-	57,778	-	57,778
Other payables	-	274	-	274
Interest-bearing - variable				
Debtor financing facilities	4.41%	21,849	-	21,849
Interest-bearing - fixed rate				
Term loan facilities	5.61%	5,492	91,984	97,476
Equipment financing liabilities	5.26%	25,496	49,473	74,969
Total non-derivatives		110,889	141,457	252,346

CONSOLIDATED - 2018	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	LESS THAN 1 YEAR $'000	BETWEEN 1 & 5 YEARS $'000	REMAINING CONTRACTUAL MATURITIES $'000
Non-derivatives				
Non-interest bearing				
Trade payables	-	48,967	-	48,967
Other payables	-	1,293	-	1,293
Interest-bearing - fixed rate				
Term loan facilities	5.61%	4,435	97,898	102,333
Equipment financing liabilities	5.23%	7,446	34,549	41,995
Total non-derivatives		62,141	132,447	194,588

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivatives instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives.

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including forward foreign exchange contracts. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group has not adopted hedge accounting during the financial year or previous corresponding period.

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's financial management team provides services to each of the group businesses, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk and price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, credit risk and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

	CONSOLIDATED	
	2019 $'000	2018 $'000
Debt(i)	177,417	134,191
Cash and cash equivalents	(55,385)	(98,106)
Net debt	122,032	36,085
Equity(ii)	670,857	529,900
Net debt to equity ratio	18%	7%

(i) Debt is defined as long and short-term borrowings, as detailed in the notes to the financial statements.

(ii) Equity includes all capital and reserves.

NOTE 27. CAPITAL & LEASING COMMITMENTS

	CONSOLIDATED	
	2019 $'000	2018 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Plant and equipment	16,588	16,227
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	14,555	11,688
One to five years	46,292	46,674
More than five years	145,416	156,279
	206,263	214,641
Lease commitments - finance		
Minimum future lease payments:		
Within one year	25,496	7,446
One to five years	25,833	34,549
More than five years	23,640	-
Total commitment	74,969	41,995
Less: Future finance charges	(10,828)	(4,704)
Net commitment recognised as liabilities	64,141	37,291
Representing:		
Equipment financing facilities - current (Note 17)	22,846	5,530
Equipment financing liabilities - non-current (Note 18)	41,295	31,761
	64,141	37,291

NOTE 28. INTERESTS IN SUBSIDIARIES

The Consolidated Statement of profit or loss and other comprehensive income and Statement of financial position of the entities party to the deed of cross guarantee is the Consolidated Statement of profit or loss and other comprehensive income and Statement of financial position included in the 2019 financial statements.

NAME		OWNERSHIP INTEREST	
	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	2019 %	2018 %
Paramount Seafoods Pty Limited*	Australia	100.00%	100.00%
Freedom Foods Group Operations Pty Limited*	Australia	100.00%	100.00%
Freedom Foods Group Financing Pty Limited*	Australia	100.00%	100.00%
Freedom Foods Pty Limited*	Australia	100.00%	100.00%
Pactum Australia Pty Limited*	Australia	100.00%	100.00%
Pactum Dairy Group Pty Limited*	Australia	100.00%	100.00%
Freedom Foods Group IP Pty Limited*	Australia	100.00%	100.00%
Thorpedo Foods Group Pty Limited*	Australia	100.00%	100.00%
Thorpedo Foods Pty Limited	Australia	75.00%	75.00%
Thorpedo Seafoods Pty Limited	Australia	75.00%	75.00%
Freedom Foods North America Inc	North America	80.00%	80.00%
Freedom Foods Group Dandenong Pty Limited (formerly Popina (Vic) Pty Limited)*	Australia	100.00%	100.00%
Freedom Foods Group Ingleburn Pty Limited*	Australia	100.00%	100.00%
Freedom Foods Group Nutritionals Pty Limited*	Australia	100.00%	100.00%
Freedom Foods Group Trading Pty Limited*	Australia	100.00%	100.00%
Crankt Protein International Pty Limited	Australia	100.00%	-

** These companies are members of the tax consolidated group.*

NOTE 29. DEED OF CROSS GUARANTEE

The following have entered into a deed of cross guarantee as a condition to obtaining relief under ASIC Class Order 98/1418 from the Corporations Act 2001 requirements to prepare and lodge audited financial statements and a Directors' Report.

Freedom Foods Group Limited

Paramount Seafoods Pty Limited

Freedom Foods Group Operations Pty Limited

Freedom Foods Group Financing Pty Limited

Freedom Foods Pty Limited

Pactum Australia Pty Limited

Freedom Foods Group IP Pty Limited

Thorpedo Foods Group Pty Limited

Freedom Foods Group Dandenong Pty Limited (formerly Popina (Vic) Pty Limited)

Pactum Dairy Group Pty Limited

Freedom Foods Group Nutritionals Pty Limited

Freedom Foods Group Trading Pty Limited

Each party to the deed of cross guarantee, guarantees to each creditor in the Group payment in full of any debt upon winding up under the provisions of the Corporations Act 2001 or, in any other case, if six months after a resolution or order for winding up, any debt of a creditor that has not been paid in full. The consolidated financial statements of the closed Group would not be materially different from the report of the Group as a whole. The main difference is the Freedom Foods North America result which is disclosed in Note 3 above.

NOTE 30. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	PARENT	
	2019 $'000	2018 $'000
Loss after income tax	(1,925)	(572)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	(1,925)	(572)

STATEMENT OF FINANCIAL POSITION

	PARENT	
	2019 $'000	2018 $'000
Total current assets	-	-
Total non-current assets	672,323	523,796
Total assets	672,323	523,796
Total current liabilities	57	4,940
Total non-current liabilities	13,821	-
Total liabilities	13,878	4,940
Net assets	658,445	518,856
Equity		
Issued capital	589,123	453,388
Reserves	9,415	3,636
Retained profits	59,907	61,832
Total equity	658,445	518,856

The Company is able to use the Group's cash to settle its debts when they fall due and therefore continue to operate as a going concern.

Certain 2018 numbers in the above table have been amended to ensure consistency with the current year.

NOTE 31. RELATED PARTY TRANSACTIONS

SUBSIDIARIES

Interests in subsidiaries are set out in Note 28.

ASSOCIATES

Interests in associates are set out in Note 13.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in Note 32 and the remuneration report included in the Directors' report.

TRANSACTIONS WITH RELATED PARTIES

Other related parties include:

- entities with joint control or significant influence over the Group;
- joint ventures in which the entity was a venturer;
- subsidiaries; and
- other related parties.

The following transactions occurred with related parties:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Sale of goods and services:		
Sale of goods to subsidiaries	3,597,399	5,169,751
Payment for goods and services:		
Purchase of goods and services from Leppington Pastoral Company	1,076,995	1,327,920
Purchase of goods and services from Fresh Dairy One Pty Limited	3,684,844	8,605,091
Payment for other expenses:		
Payment for rent and outgoings under a lease commitment with Perich Property Holdings	3,959,047	4,453,965
Payment for rent and outgoings under a lease commitment with Perich Property Unit Trust	9,283,120	-
Payment of interest to Perich Property Holdings on short term loan facility*	-	232,641
Payment of interest to Arrovest Pty Limited on short term loan facility*	1,125,737	-
Payables for other expenses:		
Payable for rent and outgoings under a lease commitment with Perich Property Holdings	273,956	435,004
Payable for goods and services from Leppington Pastoral Company	-	107,018
Payable for goods and services from Fresh Dairy One Pty Limited	-	751,093

** The Company entered into an arm's length transaction with Arrovest Pty Limited (2019) and Perich Property Holdings (2018) for short term construction funding of $47.0 million (2018: $7.1 million) for the new nutritionals facility and the UHT capacity expansion project at Shepparton ahead of the capital raising. This transaction was entered into to bring forward the construction of this plant given the material benefit it will bring to the Company. No principal was outstanding at 30 June 2019 (2018: nil).*

These services are provided under normal terms and conditions.

NOTE 32. KEY MANAGEMENT PERSONNEL DISCLOSURES

COMPENSATION

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Short-term employee benefits	2,163,149	2,104,246
Post-employment benefits	132,010	126,503
Long-term benefits	178,212	150,703
Share-based payments	3,406,159	513,322
	5,879,530	2,894,774

NOTE 33. SHARE-BASED PAYMENTS

Senior employees are eligible to participate in the share scheme under which executives are issued options to acquire shares in the Parent. Each employee share option converts into one ordinary share of the Parent on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. There are no vesting conditions attached to these options other than continuing employment within the Group with the exception of the performance based options detailed in the Directors' Report.

The options vest as follows:

1 July 2013 Options

There is no performance criteria that need to be met in relation to 1 July 2013 series options granted above. These options vest over a period of 3 years and relate to an employee's service period only. The holders of these options do not have the right by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

1 July 2015 Options

These options have a 5 year exercise period and will vest based on the achievement of Group operating EBDITA performance within the 5 year exercise period per the below:

1,200,000 of options on achievement of audited Group operating EBDITA of A$44.5 million;

1,200,000 of options on achievement of audited Group operating EBDITA of A$51.5 million; and

1,600,000 of options on achievement of audited Group operating EBDITA of A$63.5 million.

1 October 2017 Options

There are two sets of vesting criteria to be satisfied concurrently. The first test is that a minimum return on funds employed (ROFE) (defined as Group operating EBDITA to funds employed, excluding capital work in progress and net debt) of 12% must be achieved for the vesting to be approved. The second test involves the achievement of certain Group operating EBDITA targets, which vary between the series of options awarded.

The first series of 2,250,000 options, with an expiry date of 1 October 2019, will vest, assuming achievement of the ROFE test, based on the achievement of Group operating EBDITA performance within the exercise period as follows:

30% of the options on achievement of audited Group operating EBDITA of A$34.5 million;

30% of the options on achievement of audited Group operating EBDITA of A$38.5 million;

20% of the options on achievement of audited Group operating EBDITA of A$47.5 million; and

20% of the options on achievement of audited Group operating EBDITA of A$52.5 million.

The second series of 2,250,000 options, with an expiry date of 1 October 2020, will vest, assuming achievement of the ROFE test, based on the achievement of Group operating EBDITA performance within the exercise period as follows:

30% of the options on achievement of audited Group operating EBDITA of A$40.0 million;

30% of the options on achievement of audited Group operating EBDITA of A$50.0 million;

20% of the options on achievement of audited Group operating EBDITA of A$55.0 million; and

20% of the options on achievement of audited Group operating EBDITA of A$60.0 million.

18 April 2019 Options

This series, with an expiry date of 30 November 2020, will vest based on the achievement of a Group operating EBDITA target of an aggregate of $160 million over the two performance periods of FY 2019 and FY 2020 as follows:

20% of the options on achievement of audited Group aggregate operating EBDITA of $144 million i.e. 90% of the target;

65% of the options on achievement of audited Group aggregate operating EBDITA of $152 million i.e. 95% of the target;

75% of the options on achievement of audited Group aggregate operating EBDITA of $160 million i.e. 100% of the target;

100% of the options on achievement of audited Group aggregate operating EBDITA of $168 million i.e. 105% of the target;

110% of the options on achievement of audited Group aggregate operating EBDITA of $176 million i.e. 110% of the target; and

120% of the options on achievement of audited Group aggregate operating EBDITA of $192 million i.e. 120% of the target.

The options issued on 18 April 2019 vest based on the achievement of a Group operating EBDITA target of an aggregate of $160 million over the two performance periods of FY 2019 and FY 2020. Up to 570,000 additional options will be awarded if targets are exceeded.

The following reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the financial year:

2019

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXPIRED/ FORFEITED/ LAPSED/EXERCISED	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE
01/07/2013	01/09/2019	$1.65	561,666	-	-	561,666	561,666
01/07/2015	30/06/2020	$2.92	4,000,000	-	-	4,000,000	2,400,000
01/10/2017	01/10/2019	$4.50	2,250,000	-	-	2,250,000	2,250,000
01/10/2017	01/10/2020	$4.50	2,250,000	-	-	2,250,000	1,800,000
18/04/2019	30/11/2020	$5.75	-	2,850,000	-	2,850,000	-
			9,061,666	2,850,000	-	11,911,666	7,011,666
Weighted average exercise price			$3.63	$5.75	$0.00	$4.13	

2018

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXPIRED/ FORFEITED/ LAPSED/EXERCISED	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE
01/07/2013	01/09/2019	$1.65	643,666	-	(82,000)	561,666	561,666
01/07/2015	30/06/2020	$2.92	4,000,000	-	-	4,000,000	-
01/10/2017	01/10/2019	$4.50	-	2,250,000	-	2,250,000	1,350,000
01/10/2017	01/10/2020	$4.50	-	2,250,000	-	2,250,000	-
			4,643,666	4,500,000	(82,000)	9,061,666	1,911,666
Weighted average exercise price			$2.74	$4.50	$1.65	$3.63	

The weighted average exercise price during the financial year was nil (2018: $1.65).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.0 years (2018: 1.8 years).

Expected volatility is based on historical share price volatility over the past two years. It is expected that options will be exercised only in the event of the market price exceeding the exercise price.

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE
01/07/2013	01/09/2019	$1.80	$1.65	5.00%	2.50%	5.00%	$0.181
01/07/2015	30/06/2020	$2.94	$2.92	50.00%	0.49%	2.25%	$1.195
01/10/2017	01/10/2019	$4.04	$4.50	37.57%	0.47%	2.03%	$0.618
01/10/2017	01/10/2019	$4.04	$4.50	37.57%	0.47%	2.03%	$0.735
01/10/2017	01/10/2020	$4.04	$4.50	37.57%	0.47%	2.12%	$0.748
01/10/2017	01/10/2020	$4.04	$4.50	37.57%	0.47%	2.12%	$0.951
18/04/2019	30/11/2020	$5.18	$5.75	37.01%	0.50%	1.50%	$0.729

NOTE 33. SHARE-BASED PAYMENTS (CONT.)

In FY 2018, a provisional internal valuation was used for the options resulting in a prior year expense of $581,006. In the current year, these options have been valued using an independent valuation from Ian S. Crichton (BA, FCS, MFTA), Principal, Crichton + Associates Pty Limited which results in a current year expense of $2,759,527. If the independent valuation had been used, the expense recognised in the prior year would have been $1,251,857.

The change in valuation from the provisional calculation and the annual expense has been reflected in the Statement of profit or loss and comprehensive income and in the Remuneration Report.

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

NOTE 34. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM/(USED IN) OPERATING ACTIVITIES

	CONSOLIDATED	
	2019 $'000	2018 $'000
Profit after income tax expense for the year	11,577	12,715
Adjustments for:		
Depreciation and amortisation	19,808	13,413
Financial derivative losses/(gains)	569	(349)
Gain on purchase	(2,062)	-
Share based payments	5,779	1,338
Deferred tax on share issue costs	1,140	2,155
Share of loss/(profit) of associates	(480)	(480)
Restructuring costs	-	3,848
Gain from sale of assets	(96)	-
Movements in working capital:		
Decrease/(increase) in trade and other receivables	(24,900)	3,071
Increase in inventories	(38,860)	(22,130)
Decrease/(increase) in deferred tax assets	6,320	(218)
Increase in other operating assets	(351)	(1,107)
Increase in trade and other payables	22,983	17,176
Decrease in provision for income tax	(4,894)	(6,749)
Increase for provision in employee entitlements	2,575	1,732
Decrease in other operating liabilities	-	(39)
Net cash from/(used in) operating activities	(892)	24,376

Details of credit standby arrangements available and unused loan facilities are shown in Note 17 to the financial statements.

Non-cash financing and investing activities

Refer to Note 35 for non-cash financing and investing activities.

NOTE 35. RECONCILIATION OF ASSETS & LIABILITIES ARISING FROM INVESTING & FINANCING ACTIVITIES

The table below details changes in the Group's assets and liabilities arising from investing and financing activities, including both cash and non-cash changes. Assets and liabilities arising from investing and financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from financing activities.

			NON-CASH CHANGES			
	BALANCE 30 JUNE 2018 $'000	FINANCING CASH FLOWS $'000	DRP $'000	RELATED INCOME TAX $'000	OTHER NON-CASH $'000	BALANCE 30 JUNE 2019 $'000
Movements in financing activities:						
Debtor financing facilities (Note 18)	-	(20,926)	-	-	-	(20,926)
Term loan facilities (Note 18)	(96,900)	4,550	-	-	-	(92,350)
Equipment financing facilities (Note 18)	(37,291)	(26,850)	-	-	-	(64,141)
Related party balances (Note 16)	(1,293)	1,019	-	-	-	(274)
Share capital (Note 24)	(453,388)	(126,726)	(7,869)	(1,140)	-	(589,123)
Dividends paid (Note 25)	-	4,344	7,869	-	9	12,222
	(588,872)	(164,589)	-	(1,140)	9	(754,592)

			NON-CASH CHANGES					
	BALANCE 30 JUNE 2018 $'000	INVESTING CASH FLOWS $'000	DEPRECIATION & AMORTISATION $'000	GAIN ON SALE $'000	SHARE OF PROFITS USING EQUITY METHOD $'000	OTHER NON-CASH $'000	ACQUISITIONS THROUGH BUSINESS COMBINATION $'000	BALANCE 30 JUNE 2019 $'000
Movements in investing activities:								
Property, plant, equipment & intangibles (Note 14)	388,883	171,171	(11,542)	96	-	(208)	-	548,400
Intangibles (Note 15)	111,130	27,613	(8,267)	-	-	-	15,434	145,910
Associates & other parties	1,182	-	-	-	-	(1,182)	-	-
Investment accounted for using the equity method (Note 13)	17,428	5,869	-	-	480	-	-	23,777
Purchase of business	-	1,765	-	-	-	-	-	1,765
	518,623	206,418	(19,809)	96	480	(1,390)	15,434	719,852

NOTE 36. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	369,700	392,300
Other services - Deloitte Touche Tohmatsu		
Research and development advice	31,500	31,500
Tax compliance services	88,200	172,013
	119,700	203,513
	489,400	595,813

NOTE 37. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date;
- 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
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 28 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Perry R. Gunner
Chairman

Rory J.F. Macleod
Managing Director and Chief Executive Officer

29 August 2019
Sydney

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX: 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the to the Members of Freedom Foods Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Freedom Foods Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Capitalisation of construction costs In 2019 the Group capitalised $171 million of construction costs as part of the Capital Work in Progress (CWIP), resulting in a closing balance of $340 million, as disclosed in Note 14. The assessment as to whether costs capitalised meet the recognition criteria per AASB 116 Property, Plant and Equipment and the point at which to transfer the assets from CWIP to Property, Plant and Equipment (PPE) and commence depreciation requires judgement by management including determining when assets capitalised are ready for use as intended by management in accordance with the accounting policies in Note 14.	Our procedures included, but were not limited to: • Assessing management's processes and controls in respect of applying the recognition and measurement criteria of the relevant accounting standard when capitalising these costs • Evaluating management's processes and controls in respect of the transfer from CWIP to PPE • Testing on a sample basis costs capitalised into CWIP, tracing these to supporting documentation and assessing whether the costs have met the criteria to be capitalised • Evaluating on a sample basis, whether projects included in the CWIP register have been commissioned into production, and • Testing on a sample basis, the transfer of completed projects from CWIP to PPE and assessing whether this has taken place in the correct period. We also assessed the appropriateness of the related disclosures in Note 14 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman's letter and Managing Director's Report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's letter and Managing Director's Report disclosures, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Deloitte.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 19 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Freedom Foods Group Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A. Coleman

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 29 August 2019

SHAREHOLDERS INFORMATION

The shareholder information set out below was applicable as at 31 July 2019.

20 LARGEST SHAREHOLDERS AS AT 31 JULY 2019

Stock exchanges that have granted quotation to the securities of the Parent quoted in Australia:

All Member Exchanges.

DISTRIBUTION OF ORDINARY SHAREHOLDERS

	NUMBER OF HOLDERS OF ORDINARY SHARES
1-1,000	2,467
1,001-5,000	2,061
5,001-10,000	484
10,001-100,000	427
100,001 and over	65
	5,504

There were 435 shareholders that held less than a marketable parcel of Freedom Foods Group Limited ordinary shares.

ORDINARY SHAREHOLDERS

		NUMBER HELD	% OF TOTAL ORDINARY SHARES ISSUED
1.	Arrovest Pty Limited	143,136,915	52.45
2.	HSBC Custody Nominees (Australia) Limited	25,526,889	9.35
3.	J P Morgan Nominees Australia Limited	22,588,098	8.28
4.	Citicorp Nominees Pty Limited	15,684,681	5.75
5.	National Nominees Limited	8,838,014	3.24
6.	Netwealth Investments Limited	5,583,906	2.05
7.	Australian Foundation Investment Company Limited	5,162,030	1.89
8.	BNP Paribas Nominees Pty Ltd	3,741,628	1.37
9.	Argo Investments Limited	2,787,764	1.02
10.	UBS Nominees Pty Ltd	2,394,495	0.88
11.	BPC Custody Pty Ltd	1,556,606	0.57
12.	HSBC Custody Nominees (Australia) Limited - A/C 2	1,293,493	0.47
13.	BNP Paribas Noms Pty Ltd	1,242,471	0.46
14.	Mutual Trust Pty Ltd	1,239,913	0.45
15.	Mirrabooka Investments Limited	1,000,000	0.37
16.	Mr Perry Richard Gunner & Mrs Felicity Jane Gunner	780,493	0.29
17.	Goldacre Investments Pty Limited	698,188	0.26
18.	Netwealth Investments Pty Ltd	656,851	0.24
19.	AMP Life Limited	544,956	0.20
20.	Moorebank Property Management Pty Ltd	502,950	0.18
		244,960,341	89.77

CONVERTIBLE REDEEMABLE PREFERENCE SHARE (CRPS) SHAREHOLDERS

	NUMBER HELD	% OF TOTAL CRPS
1. R & M Gugliotta Pty Limited	30,000	29.51
2. Lewis Little River Pty Limited	23,438	23.07
3. Mr Hugh Middendorp & Mr Peter Charles	16,664	16.40
4. Alan Ong Enterprises Pty Limited	8,000	7.87
5. Est John William Hartigan & Mrs Enid May Hartigan	5,000	4.92
6. Mr Craig Sargent	3,394	3.34
7. GWG Investments Pty Limited	3,125	3.08
8. Lokit Investments Pty Limited	2,214	2.18
9. Mr Robert William Russell	1,924	1.89
10. Mr Robert David Napier Nicholls	1,736	1.71
11. Palatine Holdings Pty Limited	1,697	1.67
12. Mr Gerald Millman	1,000	0.98
13. Mr Tjeerd Veenstra & Mrs Susan Lesley Veenstra	963	0.95
14. Mrs Michelle Louise Farrell	640	0.63
15. Mr Andrew Jonathon Achilles	500	0.49
16. Mr Stuart William McDonald	497	0.49
17. Mr Neville Thiele	273	0.27
18. Mrs Dianne Joan Thiele	219	0.22
19. Mr Andrew Macfarlane	200	0.20
20. Mr Kim Wigram Jones	133	0.13
	101,617	100.00

DISTRIBUTION OF CRPS SHAREHOLDERS

	NUMBER OF HOLDERS OF CRPS SHARES
1-1,000	10
1,001-5,000	7
5,001-10,000	1
10,001-100,000	3
	21

SUBSTANTIAL SHAREHOLDERS

The number of shares held by substantial shareholders as listed in the Parent's register as at 31 July 2018 are:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
Arrovest Pty Limited	143,136,915	52.45
HSBC Custody Nominees (Australia) Limited	25,526,889	9.35

The Parent's listed ordinary shares are of one class with equal voting rights and all are quoted on a Member Exchange of the Australian Stock Exchange Limited (the home exchange being the Australian Stock Exchange (Sydney) Limited).

CORPORATE DIRECTORY

DIRECTORS

Perry R. Gunner - Chairman & Non-Executive Director

Rory J.F. Macleod - Managing Director & Chief Executive Officer

Anthony M. Perich - Non-Executive Director, Deputy Chairman

Ronald Perich - Non-Executive Director

Trevor J. Allen - Non-Executive Director

ALTERNATE DIRECTOR

Michael R. Perich (for Anthony M. Perich and Ronald Perich)

COMPANY SECRETARY

Campbell Nicholas

NOTICE OF ANNUAL GENERAL MEETING

The details of the Annual General Meeting of Freedom Foods Group Limited are:

15 November 2019 at 10am
PwC
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000

REGISTERED OFFICE

80 Box Road
Taren Point
NSW 2229
Tel: +61 2 9526 2555

PRINCIPAL PLACE OF BUSINESS

80 Box Road
Taren Point
NSW 2229
Tel: +61 2 9526 2555

SHARE REGISTER

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Tel: +61 2 8280 7111
Fax: +61 2 9287 0303

AUDITOR

Deloitte Touche Tohmatsu
Grosvenor Place, 225 George St
Sydney NSW 2000
Tel: +61 2 9237 1171

SOLICITORS

PWC Legal
One International Towers
Barangaroo
Sydney NSW 2000

BANKERS

HSBC Australia Limited
Level 3, 255 George Street
Sydney NSW 2000

National Australia Bank Limited
Level 37, 100 Barangaroo Ave
Sydney NSW 2000

STOCK EXCHANGE LISTING

Freedom Foods Group Limited shares are listed on the Australian Securities Exchange (ASX code: FNP)

WEBSITE

www.ffgl.com.au

ABN

41 002 814 235

INSURANCE BROKERS

GSA Insurance Brokers Pty Ltd
'The Old Presbytery'
137 Harrington St
Sydney NSW 2000
Tel: +61 2 8274 8100

MAKING FOOD BETTER

ANNUAL REPORT 2019
WWW.FFGL.COM.AU

freedom FOODS GROUP LIMITED
Making food better

RESPONSIBLE FORESTRY PRACTICES
RECYCLED
PROCESS CHLORINE FREE
HP INDIGO CERTIFIED
ISO14001 EMS
ARCHIVAL GUARANTEED

PRINTED ON
ecoStar+ 100% recycled uncoated
Cover 300gsm, Internals 140gsm

DESIGNED & PRODUCED BY
121 Creative Circular Quay