

**FARM PRIDE FOODS LIMITED  
ABN 42 080 590 030  
AND CONTROLLED ENTITIES**

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2020**

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2020.

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
**ABN 42 080 590 030**

**Corporate Information**

ABN 42 080 590 030

**Directors**

Peter Bell (Non-executive Chairman)  
Malcolm Ward (Non-executive Director)  
Bruce De Lacy (Non-executive Director)

**Management Team**

Daryl Bird (CEO)  
Geeta Kulkarni (CFO)

**Company Secretary**

Bruce De Lacy

**Registered Office and principal place of business**

551 Chandler Road  
Keysborough, Victoria 3173  
+61 3 9798 7077

**Solicitors**

Gadens  
Level 25 Bourke Place  
600 Bourke Street  
Melbourne, Victoria 3000

**Financiers**

MC FP Pty Ltd  
Level 18, 90 Collins Street  
Melbourne Vic 3000

**Share Register**

Computershare Registry Services Pty. Ltd.  
Yarra Falls, 452 Johnston Street  
Abbotsford, Victoria 3067

ASX: FRM

**Auditors**

Pitcher Partners  
Level 13, 664 Collins Street  
Docklands, Victoria 3008

**Internet Address**

[www.farmpride.com.au](http://www.farmpride.com.au)

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
**ABN 42 080 590 030**

**FINANCIAL REPORT FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2020**

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**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
**ABN 42 080 590 030**

**DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

The Directors present their report together with the financial report of the consolidated entity consisting of Farm Pride Foods Limited ('the Company') and the entities it controlled ('Farm Pride' or the 'Group'), for the half-year ended 31 December 2020 and auditor's report thereon.

**Directors**

The names of Directors in office at any time during or since the end of the year are:

Peter Bell	Non-Executive Director – Appointed 30 May 2008, Appointed Chairman 30 September 2016
Malcolm Ward	Non-Executive Director – Appointed 30 May 2008
Bruce De Lacy	Non-Executive Director – Appointed 30 November 2018, Appointed Company Secretary 30 October 1997

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

**Review of operations**

Statutory consolidated net loss after tax for the half year ended 31 December 2020 was \$5.090m (2019: loss \$0.754m). Underlying EBITDA was loss \$1.040m (2019: \$2.132m).

Underlying EBITDA represents statutory earnings before interest, tax, depreciation and amortisation adjusted for items that are material to revenue or expense that are unrelated to the underlying performance of the business ("significant items"). Farm Pride believes that presenting Underlying EBITDA provides a better understanding of its financial performance by facilitating a more representative comparison of financial performance between financial periods. The results are presented with reference to the Australian Securities and Investment Commission Regulatory Guide 230 "Disclosing non-IFRS financial information".

The following table reconciles the statutory results to Underlying EBITDA for the half year ended 31 December 2020:

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Statutory loss	(5,090)	(754)
Add back:		
- Interest (finance costs)	1,225	1,063
- Income tax (benefit)/ expense	(2,181)	(117)
- Depreciation and amortisation	3,993	4,251
EBITDA	(2,053)	4,443
Significant items:		
- AASB 16 Lease payment adjustment	(2,297)	(2,311)
- Avian Influenza Compensation/recovery	(3,561)	-
- Avian Influenza asset and stock losses	3,652	-
- Impairment of property, plant and equipment (note 9)	3,219	-
Underlying EBITDA	(1,040)	2,132

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
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**Review of operations (continued)**

The results reflect the impact of the Avian Influenza outbreak (AI) in July 2020 that centred on the Company's 2 farm operations in the Lethbridge area South West of Melbourne. As detailed in the ASX market releases following the outbreak, approximately 33% of our productive hen flock was affected.

The business worked with the authorities on completing a thorough decontamination of the affected farms and as advised in our ASX release on 16<sup>th</sup> February 2021 Agriculture Victoria has issued Revocation of Quarantine Notices for those farms. This is a key step in the recovery plan to commence rebuilding productive capacity in line with the future strategic plan and direction of the business.

Compensation in relation to loss of stock and flock was finalised at \$3.414m and received during the reporting period. In addition, cost recovery from other initiatives were recouped at \$0.147m. The value of loss of stock and flock from this event was recognised at \$3.652m.

Part of the recovery plan is to realign the Company's farming operations with the changing market direction and the business has taken steps to convert the latent value in property deemed surplus to these needs and direct capital proceeds to support growth and innovation and reduction of debt. As part of this realignment the Company is pleased to report the sale of its cage free farm at Pittsworth, Qld was completed Friday 26<sup>th</sup> March. Proceeds from the sale have been directed to the reduction of the company's principal debt and to support working capital. The financial statements have recognised an impairment of \$3.219m on this property to align with the realised sale value.

The increase in borrowings at 31 Dec 2020 to \$19.538m (2019: \$19.441m) is for the amortisation of capitalised borrowing costs. There was no further drawdown of our finance facility in the reporting period and subsequent to the sale of Pittsworth net debt has been reduced by \$1.5m. Net cash used in investing activities for the reporting period was limited to \$0.145m demonstrating strict fiscal management as part of the AI recovery plan.

As previously reported, our ingredients business was impacted by COVID 19 in Q4 FY20 and the impact on sales continued into H1 FY21. With the recent easing of COVID conditions, sales of ingredients to industrial users and the foodservice sector have shown positive signs of recovery and is now starting to trade at normally expected levels. The impact of COVID on our ingredients business also affected earnings in the H1 results.

The balance of FY21 focus for the Group will remain:

- Continued tight management of working capital
- Re-establish laying flocks at the 2 farms impacted by AI
- Accelerate our innovation programs
- Continued re-alignment of our farm assets to reduce cost and support cage free evolution
- Moving back to a sustainable growth setting with our ingredients business
- Review of potential and additional measures to further reduce debt and provide stronger working capital to support business growth and development

The Board of Directors would like to thank all our customers and express special thanks to our executive leadership, management and employees for their determination and efforts managing and limiting the impact of the AI event.

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
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**Significant changes in the state of affairs**

There have been no significant changes in the Group's entity's state of affairs during the half year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year ended 31 December 2020 is provided with this report.

**Rounding of amounts to nearest thousand dollars**

The amounts contained in the report and in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the company under ASIC Corporations Instrument 2016/191. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.



Peter Bell  
Chairman  
01 April 2021


FARM PRIDE FOODS LIMITED  
AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF FARM PRIDE FOODS LIMITED

In relation to the independent auditor's review for the period ended 31 December 2020, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



STEPHEN SCHONBERG  
Partner

1 April 2021



PITCHER PARTNERS  
Melbourne

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
**ABN 42 080 590 030**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Half-year	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
<b>Revenue and other income from continuing operations</b>		
Sales revenue	38,447	45,638
Other income	3,609	50
	42,056	45,688
<b>Less: Expenses</b>		
Changes in inventories of finished goods and work in progress	(956)	(220)
Raw materials and consumables	(26,673)	(31,922)
Employee benefits expense	(7,770)	(7,970)
Depreciation	(3,993)	(4,251)
Impairment of property, plant & equipment	(6,871)	-
Financial costs	(1,225)	(1,063)
Other expenses	(1,839)	(1,133)
	(7,271)	(871)
<b>Loss before income tax expense</b>	(7,271)	(871)
Income tax benefit	2,181	117
	(5,090)	(754)
<b>Loss after tax</b>	(5,090)	(754)
<b>Total comprehensive loss for the half-year</b>	(5,090)	(754)
<b>Earnings per share for profit attributable to the equity holders of the parent entity:</b>		
Basic loss per share (cents per share)	(9.22)	(1.37)
Diluted loss per share (cents per share)	(9.22)	(1.37)

The condensed consolidated statement of profit or loss and comprehensive income should be read in conjunction with the notes to the financial statements.



**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
**ABN 42 080 590 030**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	<b>31 Dec 2020 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>CURRENT ASSETS</b>		
Cash and short term deposits	2,067	4,412
Trade and other receivables	6,609	7,439
Inventories	5,056	6,011
Biological assets	4,786	6,382
Other current assets	1,014	812
<b>TOTAL CURRENT ASSETS</b>	<b>19,532</b>	<b>25,056</b>
<b>NON-CURRENT ASSETS</b>		
Biological assets	2,265	3,146
Deferred tax assets	5,461	3,280
Lease assets	13,538	15,581
Property, plant and equipment	40,167	45,020
<b>TOTAL NON-CURRENT ASSETS</b>	<b>61,431</b>	<b>67,027</b>
<b>TOTAL ASSETS</b>	<b>80,963</b>	<b>92,083</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	9,312	13,303
Lease liabilities	4,212	4,380
Provisions	1,979	1,983
<b>TOTAL CURRENT LIABILITIES</b>	<b>15,503</b>	<b>19,666</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	19,538	19,441
Lease liabilities	9,727	11,648
Provisions	169	212
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>29,434</b>	<b>31,301</b>
<b>TOTAL LIABILITIES</b>	<b>44,937</b>	<b>50,967</b>
<b>NET ASSETS</b>	<b>36,026</b>	<b>41,116</b>
<b>EQUITY</b>		
Contributed capital	29,578	29,578
Retained earnings	6,448	11,538
<b>TOTAL EQUITY</b>	<b>36,026</b>	<b>41,116</b>

The condensed consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
**ABN 42 080 590 030**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	<b>Contributed equity</b>	<b>Retained earnings</b>	<b>Total equity</b>
	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2019</b>	29,578	13,707	43,285
Loss for the half -year	-	(754)	(754)
Other comprehensive income (net of tax)	-	-	-
<b>Total comprehensive income for the half-year</b>	-	(754)	(754)
<b>Balance as at 31 December 2019</b>	<u>29,578</u>	<u>12,953</u>	<u>42,531</u>
	<b>Contributed equity</b>	<b>Retained earnings</b>	<b>Total equity</b>
	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2020</b>	29,578	11,538	41,116
Loss for the half -year	-	(5,090)	(5,090)
Other comprehensive income (net of tax)	-	-	-
<b>Total comprehensive income for the half-year</b>	-	(5,090)	(5,090)
<b>Balance as at 31 December 2020</b>	<u>29,578</u>	<u>6,448</u>	<u>36,026</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
**ABN 42 080 590 030**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Half-year	
	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	42,144	45,304
Payments to suppliers and employees	(41,088)	(41,056)
Interest received	-	(2)
Interest Lease <sup>1</sup>	(219)	(273)
Finance costs	(907)	(1,063)
Income tax received/(paid)	-	-
<b>Net cash provided by operating activities</b>	<b>(70)</b>	<b>2,910</b>
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	(145)	(1,710)
<b>Net cash used in investing activities</b>	<b>(145)</b>	<b>(1,710)</b>
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from new funding borrowings	-	17,345
Repayment of borrowings	-	(14,469)
Repayment of finance leases <sup>1</sup>	(2,130)	(1,901)
<b>Net cash provided by financing activities</b>	<b>(2,130)</b>	<b>975</b>
 Net increase/(decrease) in cash and cash equivalents	(2,345)	2,175
Cash and cash equivalents at beginning of the half-year	4,412	185
<b>Cash and cash equivalents at end of the half-year</b>	<b>2,067</b>	<b>2,360</b>

<sup>1</sup> For cash flow the repayment of lease liability principal is classified as repayment of finance leases (financing).

Repayment of interest on the lease liability is classified as operating – finance costs.

The condensed consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
**ABN 42 080 590 030**

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2020**

**NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

The condensed consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Farm Pride Foods Limited (the Company) during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

This condensed half-year financial report covers the Company and its controlled entities as a consolidated entity. Farm Pride Foods Limited is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is 551 Chandler Road, Keysborough, Victoria. The Company is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of the Director's Report.

**(a) Basis of preparation**

The condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, as appropriate for for-profit entities, and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Except as disclosed in Note 1(b), the accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2020.

**(b) Summary of the significant accounting policies**

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2020, including the following.

**AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material**

AASB 2018-7 principally amends AASB 101: Presentation of Financial Statements and AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

**NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

**(c) Accounting standards issued but not yet effective**

**AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current**

AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

**(d) Going concern**

During the half year ended 31 December 2020 the Group incurred a net loss after tax of \$5.090m (loss 2019: \$0.754m). Net cash flow generated by operating activities was an outflow of \$0.070m (2019: \$2.910m). As at 31 December 2020 current assets of \$19.532m exceed current liabilities of \$15.503m by \$4.029m.

The financial report has been prepared on the basis that the Group is a going concern, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The directors in their consideration of the appropriateness of the going concern basis for the preparation of the financial report have reviewed the Group's cash flow forecasts and revenue projections based on current market conditions and business plans.

To continue as a going concern the Group requires generation of sufficient funds from its operating activities and financial initiatives.

The generation of sufficient funds from operating activities is dependent upon the successful execution of the operational and financial initiatives described in the 'Review of operations' section of the Directors' Report and on feed prices (particularly wheat as a key component of feed cost which can be impacted by environmental factors) reducing in line with the Group's forecasts.

The Group continues to actively manage its cash flows through management of inventory levels, debtors and creditors within strict terms and limits. The Group continues to refine its internal controls and governance. This includes targeted capital expenditure to improve asset life, quality and safety with a view to support the Group's focus on diversified revenue sources to adapt to changing market conditions.

The Group also expects to undertake additional action to strengthen working capital by realising further value contained within its balance sheet and in particular its strong property portfolio.

On this basis, no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unsuccessful with the initiatives detailed above then, the Group may in the future not be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statement.

**(e) Segment reporting**

Management has determined the operating segments based on the reports reviewed by the board of directors (the chief operating decision maker as defined under AASB 8) that are used to make strategic and operating decisions. The board of directors considers the business primarily from a geographic perspective. On this basis the Group has identified one reportable segment, Australia. The Group does not operate in any other geographic segment.

**(f) Rounding amounts**

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
**ABN 42 080 590 030**

**NOTE 2: SIGNIFICANT OR UNUSUAL INCOME AND EXPENSE ITEMS**

	<b>31 Dec 2020 \$'000</b>	<b>31 Dec 2019 \$'000</b>
Compensation and recovery due to Avian Influenza event	3,561	-
Asset disposal cost of Avian Influenza event	(3,652)	-
Impairment of Pittsworth assets	(3,219)	-

**NOTE 3: REVENUE AND OTHER INCOME**

	<b>31 Dec 2020 \$'000</b>	<b>31 Dec 2019 \$'000</b>
<b>Revenue from contracts with customers</b>		
Shell egg	28,083	34,428
Product egg	9,997	10,957
Other	367	253
	<hr/> 38,447	<hr/> 45,638
<b>Other income</b>		
Other revenue	3,609	52
Currency translation gains	-	(2)
Total revenue and other income	<hr/> 42,056	<hr/> 45,688

**NOTE 4: DIVIDENDS**

No dividends were paid or proposed during the half-year (2019: nil).

**NOTE 5: CONTRIBUTED CAPITAL**

	<b>As at</b>	
	<b>31 Dec 2020 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Issued and paid up capital</b>		
Ordinary shares fully paid	29,578	29,578
	<hr/> 29,578	<hr/> 29,578

As at 31 December 2020, the Company had 55,180,175 shares on issue (30 June 2020: 55,180,175).

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
**ABN 42 080 590 030**

**NOTE 6: CASH AND CASH EQUIVALENTS**

	<b>31 Dec 2020 \$'000</b>	<b>30 June 2020 \$'000</b>
Cash at bank	2,067	4,412
	<u>2,067</u>	<u>4,412</u>

**NOTE 7: RECEIVABLES**

	<b>31 Dec 2020 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>CURRENT</b>		
Receivables from contracts with customers	6,607	7,115
Allowance for credit losses	(6)	(6)
	<u>6,601</u>	<u>7,109</u>
Other receivables	8	330
	<u>6,609</u>	<u>7,439</u>

**NOTE 8: INVENTORIES**

	<b>31 Dec 2020 \$'000</b>	<b>30 June 2020 \$'000</b>
Raw materials – at cost	3,500	3,622
Finished goods	1,556	2,389
Total inventories	<u>5,056</u>	<u>6,011</u>

Write-downs of finished goods to net realisable value were \$24k during the period (half-year ended 31 December 2019: Nil). The write-downs were recognised as part of changes in inventories of finished goods and work in progress in profit or loss for the period.

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
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**NOTE 9: PROPERTY, PLANT AND EQUIPMENT**

During the half-year ended 31 December, the Group recognised an impairment loss of \$3.219m in respect of property, plant and equipment (half-year ended 31 December 2019: Nil). The impairment loss was included in the line item "Impairment losses" in profit and loss.

The carrying amount of the impaired property, plant and equipment as at 31 December 2020 is \$3.280m. The recoverable amount is determined on the basis of the plant and equipment's fair value less costs of disposal. Fair value of the plant and equipment was determined based on recent sales prices of comparable items.

	<b>31 Dec 2020 \$'000</b>	<b>30 June 2020 \$'000</b>
Land and buildings		
At cost	36,164	35,457
Accumulated depreciation and impairment	(14,596)	(10,531)
 Plant and equipment		
At cost	49,468	48,995
Accumulated depreciation	(35,055)	(34,161)
Capital works in progress	4,186	5,260
Total carrying amount	40,167	45,020

Reconciliations of the carrying amounts at the beginning and end of the half-year ending 31 December 2020 are provided below.

	<b>Land and buildings \$'000</b>	<b>Plant and equipment \$'000</b>	<b>Capital works in progress \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2020	24,926	14,834	5,260	45,020
Disposals				
Additions	-	-	194	194
Transfers	673	595	(1,268)	-
Reclassifications to lease assets	-	(53)	-	(53)
Depreciation expense	(812)	(963)	-	(1,775)
Impairment losses	(3,219)	-	-	(3,219)
Balance at 31 December 2020	21,568	14,413	4,186	40,167



**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
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**NOTE 10: LEASE ASSETS AND LEASE LIABILITIES**

At the commencement date of a lease (other than leases of 12 months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

	<b>31 Dec 2020 \$'000</b>	<b>30 June 2020 \$'000</b>
Carrying amount of lease assets, by class of underlying asset:		
<i>Buildings under lease arrangements</i>		
At cost	18,533	18,684
Accumulated depreciation	(5,938)	(4,081)
	12,595	14,603
 <i>Equipment under lease arrangements</i>		
At cost	1,429	1,323
Accumulated depreciation	(486)	(345)
	943	978
Total carrying amount of lease assets	13,538	15,581

	<b>Buildings \$'000</b>	<b>Equipment \$'000</b>
Reconciliation of the carrying amount of lease assets at the beginning and end of the financial period:		
Opening net book value 30 June 2020	14,603	978
Amount reclassified during the period	-	53
Reassessment of lease liabilities	69	-
Additions	-	53
Depreciation	(2,077)	(141)
Carrying amount at 31 December 2020	12,595	943

	<b>31 Dec 2020 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Lease liabilities</b>		
Current lease liabilities	4,212	4,380
Non-current lease liabilities	9,727	11,648
Total carrying amount of lease liabilities	13,939	16,028

<b>Lease expenses and cashflows</b>		
Interest expense on lease liabilities	219	537
Repayment of lease liability	2,130	3,963
Total cash outflow in relation to leases	2,349	4,500
Depreciation expense on lease assets	2,218	4,426

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
**ABN 42 080 590 030**

**NOTE 11: BORROWINGS**

The total facility is \$23.5 million comprising of Tranche A \$15 million has been drawn down in full and Tranche B of \$8.5 million to be drawn down to meet the needs of the business. Tranche B includes a \$3.5 million limit exclusive for capitalised interest, if any. The term of the facility is for three years commencing Aug 2019.

	31 Dec 2020	30 June 2020
<b>Current</b>		
<i>Secured</i>		
Bank loans	-	-
Bank overdraft	-	-
	-	-
<b>Non-current</b>		
<i>Secured</i>		
Bank loans	-	-
Long term loan – Tranche A <sup>2</sup>	15,000	15,000
Working capital loan – Tranche B <sup>1</sup>	4,538	4,441
	19,538	19,441
<b>Total borrowings</b>	19,538	19,441

<sup>1</sup> In line with AASB 9, the Working capital loan – Tranche B is measured net of transaction costs of \$324k.

<sup>2</sup> Secured by fixed charge over selected property and Group assets.

**NOTE 12: PROVISIONS**

	31 Dec 2020 \$'000			30 June 2020 \$'000		
	Current	Non-current	Total	Current	Non-current	Total
Employee benefits	1,979	169	2,148	1,983	212	2,195
	1,979	169	2,148	1,983	212	2,195

The following table provides a reconciliation of the opening and closing balances of provisions for the reporting period.

	Employee benefits	Total
Balance at 1 July 2020	2,195	2,195
Additional provisions made during the period	246	246
Amounts used during the period	(293)	(293)
Balance at 31 Dec 2020	2,148	2,148
Current provision	1,979	1,979
Non-current provision	169	169
	2,148	2,148

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
**ABN 42 080 590 030**

**NOTE 13: RELATED PARTY TRANSACTIONS**

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

**Transactions with director related entities**

Messrs. Bell and Ward through their related entities provide birds, eggs and egg products to and acquire eggs, egg product and packaging from Farm Pride Foods Limited and its controlled entities as follows:

Directors and related entities 2019/2020	Transaction	Revenue		Expenditure		Balance Receivable / (Payable)	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AAA Egg Company Pty Ltd (P. Bell / M. Ward)	Purchases	-	-	-	6	-	-
Days Eggs Pty Ltd (P. Bell)	Egg supply / Purchases	19	113	80	158	7	(5)
Hy-line Australia Pty Ltd <sup>1</sup> (P. Bell)	Purchases / Packaging sales	-	-	-	1,873	(212)	(257)
Pure Foods Eggs Pty Ltd (P. Bell)	Egg sales / Purchases	28	16	-	2	12	7
West Coast Eggs Pty Ltd (P. Bell / M. Ward)	Egg sales / Purchases	463	396	98	79	105	72

<sup>1</sup> Mr Bell resigned as a director of Specialised Breeders Australia Pty Ltd, Hy-Line Australia Pty Ltd and Lohmann Layers Australia Pty Ltd effective 31 Oct 2019. There were no reportable related party transactions with these entities.

Transactions in the above table represent related party transactions for the half-year Jul 2020 to Dec 2020 and Jul 2019 to Dec 2019.

Director's administrative expenses are reimbursed at cost.

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
**ABN 42 080 590 030**

**NOTE 15: SUBSEQUENT EVENTS**

As recently advised to the market, the Company determined that its farm located in Pittsworth, Queensland, is no longer a core asset and is therefore not relevant to our longer-term strategy. Accordingly, the Company resolved to offer the Pittsworth farm for sale through an open market Expression of Interest process (EOI).

The Company is pleased to advise that a contract was entered into with Hall & McLean Pty Ltd to purchase the farm and associated assets and settlement was completed 26 March 2021.

As advised in our ASX release on 16 Feb 2021, the Company confirmed that at the end of week ending 12 Feb 2021, Agriculture Victoria issued a Revocation of Quarantine Notice for both our Lethbridge sites.

As a result, our restocking program for those 2 farms has commenced and will return to full production as quickly as possible with particular focus on cage-free and free-range egg production.

Other than disclosed in the financial report there are no matters or circumstances which have arisen since 31 December 2020 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

**FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES**  
**ABN 42 080 590 030**

**DIRECTORS DECLARATION**

The Directors declare that the financial statements and notes set out on pages 8 to 20 and in accordance with the *Corporations Act 2001*:

- (a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) Give a true and fair view of the financial position of the Group as at 31 December 2020 and of its performance for the half-year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Farm Pride Foods Limited and its controlled entities will be able to pay its debts as and when they become due and payable.

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



**Peter Bell**  
**Chairman**

**Melbourne**  
**01 April 2021**

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF FARM PRIDE FOODS LIMITED**

*Conclusion*

We have reviewed the half-year financial report of Farm Pride Foods Ltd ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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 review report

*Material Uncertainty relating to Going Concern*

We draw attention to Note 1 (d) – Going Concern in the financial report, which indicates that the Group incurred a net loss of \$5,090,000 for the half year ended 31 December 2020. As stated in Note 1 (d) this event, along with the other matters as set forth in Note 1 (d), indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of the matter.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF FARM PRIDE FOODS LIMITED**


*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



STEPHEN SCHONBERG  
Partner



PITCHER PARTNERS  
Melbourne

1 April 2021