

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

**HALF-YEAR INFORMATION  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021  
PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3**

**This half-year financial report is to be read in conjunction with the financial report for the  
year ended 30 June 2021.**

**Appendix 4D****Half Year Report for the six months to 31 December 2021**

Name of entity: FARM PRIDE FOODS LIMITED

ABN or equivalent company reference: 42 080 590 030

**1. Reporting period**

Report for the half year ended: 31 December 2021

Previous corresponding periods: Financial year ended 30 June 2021  
Half- year ended 31 December 2020**2. Results for announcement to the market**

Revenues from ordinary activities ( <i>item 2.1</i> )	Down	3.79%	to	\$40,464,000
Loss from ordinary activities after tax attributable to members ( <i>item 2.2</i> )	Up	48.39%	to	(\$2,627,000)
Net loss for the period attributable to members ( <i>item 2.3</i> )	Up	48.39%	to	(\$2,627,000)
<b>Dividends (<i>item 2.4</i>)</b>		<b>Amount per security</b>		<b>Franked amount per security</b>
Interim dividend		- ¢		- ¢
Final dividend		- ¢		- ¢
Previous corresponding period		- ¢		- ¢
Record date for determining entitlements to the dividend ( <i>item 2.5</i> )				N/A
Brief explanation of any of the figures reported above necessary to enable the figures to be understood ( <i>item 2.6</i> ):				
Refer to Director's report				

**3. Net tangible assets per security (*item 3*)**

	31 Dec 2021	31 Dec 2020
Net tangible asset backing per ordinary security	39.14 ¢	55.39 ¢

**4. Details of entities over which control has been gained or lost during the period: (item 4)**

**Control gained over entities**

Name of entities (item 4.1)	N/A	
Date(s) of gain of control (item 4.2)	N/A	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 4.3)		\$ -
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)		\$ -

**Loss of control of entities**

Name of entities (item 4.1)	N/A	
Date(s) of loss of control (item 4.2)	N/A	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 4.3).		\$ -
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)		\$ -

**5. Dividends (item 5)**

	Date of payment	Total amount of dividend
Interim dividend year ended 30 June 2021	N/A	\$ -
Final dividend year ended 30 June 2021	N/A	\$ -

**Amount per security**

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
<b>Total dividend:</b> Current year	- ¢	- ¢	- ¢
Previous year	- ¢	- ¢	- ¢

**6. The financial information provided in the Appendix 4D is based on the unreviewed half year condensed consolidated financial report (attached).**

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

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2021**

This half-year financial report is to be read in conjunction with  
the financial report for the year ended 30 June 2021.

**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)  
Robin Donohue (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 2021**

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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 2021**

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 (or the 'Group'), for the half-year ended 31 December 2021 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, Chair
Malcolm Ward	Non-Executive Director
Bruce De Lacy	Independent Non-Executive Director and Company Secretary

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

**Review of operation**

Statutory consolidated net loss after tax for the half year ended 31 December 2021 was \$2.627m (2020: loss \$5.090m). Normalised EBITDA was a gain of \$0.414m (2020: gain \$1.257m).

Normalised 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 normalised performance of the business ("significant items"). The Company believes that presenting normalised EBITDA provides a better understanding of its financial performance by facilitating a more representative comparison of 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 normalised EBITDA for the half year ended 31 December 2021:

	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Statutory loss	(2,627)	(5,090)
Add back:		
- Interest (finance costs)	1,043	1,225
- Income tax expense (benefit)	905	(2,181)
- Depreciation and amortisation	3,541	3,993
<b>EBITDA</b>	<b>2,862</b>	<b>(2,053)</b>
Significant items:		
- Profit on sale of Keysborough site	(2,448)	-
- Net result of Avian Influenza event	-	91
- Impairment of property, plant and equipment	-	3,219
<b>Normalised EBITDA</b>	<b>414</b>	<b>1,257</b>

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

The balance of FY22 focus for the Group will remain:

- Finalising the re-financing process of the Group
- Continued tight management of working capital.
- Finalising the detail of the initial stages of the cage free transition with major retailers
- Continued engagement with retail customers and seeking growth opportunities for free range eggs
- Organic and incremental growth of industrial ingredients as a priority
- Accelerate our innovation programs.

The Board of Directors would like to thank all our customers and executive leadership, management and employees for their continued support and efforts.

**The Future**

While the Group maintains a positive outlook based on customer engagement and innovation programs, the flow on impacts of COVID 19, including disruptions to our labour force, supply chains and customer demand requires the Group to apply additional focus on managing operations and customer expectations.

Upwards pressure is being placed on feed costs with strong demand for Australian wheat. Additionally, National flock levels are nearing historic lows which is resulting in restricted egg supply which is expected to continue over the balance of FY22.

**Significant changes in the state of affairs**

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

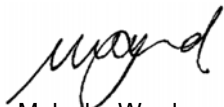
**Auditor's independence declaration**

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 2021 is provided with this report.

**Rounding of amounts to nearest thousand dollars**

The amounts contained in the report and in the half year 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.



Malcolm Ward  
Director  
25 February 2022



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 half-year ended 31 December 2021, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the Corporations Act 2001; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Farm Pride Foods Limited and the entities it controlled during the period.



STEPHEN SCHONBERG  
Partner

25 February 2022



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 2021**

	Notes	Half-year	
		31 Dec 2021 \$'000	31 Dec 2020 \$'000
<b>Revenue and other income</b>			
Revenue from contracts with customers	3	37,957	38,447
Interest revenue and other income	2,3	2,507	3,609
		40,464	42,056
<b>Less: Expenses</b>			
Changes in inventories of finished goods and work in progress		427	(956)
Raw materials and consumables		(28,066)	(26,673)
Employee benefits expense		(8,342)	(7,770)
Depreciation		(3,541)	(3,993)
Impairment of property, plant & equipment	2	-	(3,219)
Loss on disposal of biological assets	2	-	(3,652)
Finance costs		(1,043)	(1,225)
Other expenses		(1,621)	(1,839)
		(1,722)	(7,271)
<b>Loss before income tax expense</b>		(1,722)	(7,271)
Income tax (expense) / benefit	4	(905)	2,181
		(2,627)	(5,090)
<b>Loss after tax</b>		(2,627)	(5,090)
<b>Total comprehensive loss for the half-year</b>		(2,627)	(5,090)
 <b>Earnings per share for profit attributable to the equity holders of the parent entity:</b>			
Basic loss per share (cents per share)		(4.76)	(9.22)
Diluted loss per share (cents per share)		(4.76)	(9.22)

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Notes	31 Dec 2021 \$'000	30 June 2021 \$'000
<b>Current Assets</b>			
Cash and short-term deposits		5,607	1,285
Trade and other receivables		8,209	6,105
Inventories		4,968	4,541
Biological assets		8,258	7,603
Other current assets		645	778
Assets held for re-sale	6	-	2,868
<b>Total current assets</b>		<u>27,687</u>	<u>23,180</u>
<b>Non-current Assets</b>			
Biological assets		195	414
Deferred tax assets	4	4,922	5,827
Lease assets	7	11,614	10,966
Property, plant and equipment		31,144	31,627
<b>Total non-current assets</b>		<u>47,875</u>	<u>48,834</u>
<b>TOTAL ASSETS</b>		<u>75,562</u>	<u>72,014</u>
<b>Current Liabilities</b>			
Trade and other payables		10,646	10,610
Lease liabilities	7	4,799	3,959
Provisions		1,847	1,928
Borrowings	8	11,311	-
<b>Total current liabilities</b>		<u>28,603</u>	<u>16,497</u>
<b>Non-current liabilities</b>			
Borrowings		-	18,709
Lease liabilities	7	20,220	7,462
Provisions		221	201
<b>Total non-current liabilities</b>		<u>20,441</u>	<u>26,372</u>
<b>TOTAL LIABILITIES</b>		<u>49,044</u>	<u>42,869</u>
<b>NET ASSETS</b>		<u>26,518</u>	<u>29,145</u>
<b>EQUITY</b>			
Contributed capital		29,578	29,578
Retained earnings / (losses)		(3,060)	(433)
<b>TOTAL EQUITY</b>		<u>26,518</u>	<u>29,145</u>

**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 2021**

	<b>Contributed capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2021</b>	29,578	(433)	29,145
Loss for the half -year	-	(2,627)	(2,627)
<b>Total comprehensive income for the half-year</b>	-	(2,627)	(2,627)
<b>Balance as at 31 December 2021</b>	<u>29,578</u>	<u>(3,060)</u>	<u>26,518</u>

	<b>Contributed capital</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)
<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>

**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 2021**

		<b>Half-year</b>	
	<b>Notes</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flow from operating activities</b>			
Receipts from customers		35,999	42,144
Payments to suppliers and employees		(38,114)	(41,088)
Interest received		-	-
Finance costs		(923)	(1,126)
Income tax received/(paid)		-	-
<b>Net cash provided by operating activities</b>		<b>(3,038)</b>	<b>(70)</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment	2	18,500	-
Transaction costs from sale of property	2	(383)	-
Payment for property, plant and equipment		(838)	(145)
<b>Net cash used in investing activities</b>		<b>17,279</b>	<b>(145)</b>
<b>Cash flow from financing activities</b>			
Repayment of borrowings	8	(7,500)	-
Repayment of lease liability	7	(2,419)	(2,130)
<b>Net cash provided by financing activities</b>		<b>(9,919)</b>	<b>(2,130)</b>
Net increase/(decrease) in cash and cash equivalents		4,322	(2,345)
Cash and cash equivalents at beginning of the half-year		1,285	4,412
<b>Cash and cash equivalents at end of the half-year</b>		<b>5,607</b>	<b>2,067</b>

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2021**

**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 2021 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 2021.

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

The Group has applied all new and revised Australian Accounting Standards that apply to reporting periods beginning on or after 1 July 2021.

**(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.

AASB 2020-1 mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Group in the financial year commencing 1 July 2023.

**AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments**

AASB 2020-3 amends AASB 1 First-time Adoption of Australian Accounting Standards, AASB 3 Business Combinations, AASB 9 Financial Instruments, AASB 116 Property, Plant and Equipment, AASB 137 Provisions, Contingent Liabilities and Contingent Assets and AASB 141 Agriculture as a consequence of the recent issuance by IASB of the following IFRS: Annual Improvements to IFRS Standards 2018-2020, Reference to the Conceptual Framework, Property, Plant and Equipment: Proceeds before Intended Use and Onerous Contracts – Cost of Fulfilling a Contract.

AASB 2020-3 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

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

**(d) Going concern**

During the half year ended 31 December 2021 the Group incurred a net loss after tax of \$2.627m (loss 2020: \$5.090m). Net cash flow generated by operating activities was an outflow of \$3.038m (2020: \$0.070m). As at 31 December 2021 current assets of \$27.687m were exceeded by current liabilities of \$28.603m by \$0.916m. As outlined in Note 8 the group's current finance facilities expire in August 2022 and therefore have been classified as a current liability.

The Group is dependent on continuing support from its financiers to maintain its operations. The process to re-finance the Group is well underway with funding proposals received as at the date of signing. Management are continuing to evaluate the funding proposals received to ensure they align with the Groups strategic plans. The directors have reasonable expectations that the group will be re-financed.

The half year 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 half year financial report have reviewed the Group's cash flow forecasts and revenue projections based on current market conditions and business plans.

No adjustments have been made to the half year 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 half year financial report has been prepared on a going concern basis.

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.

Should the Group be unsuccessful with the refinancing initiative 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 half year financial report.

**(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.

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

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

	<b>31 Dec 2021 \$'000</b>	<b>31 Dec 2020 \$'000</b>
Profit on sale of Keysborough site <sup>1</sup>	2,448	-
Net result of Avian Influenza event	-	91
Impairment of Pittsworth assets	-	(3,219)

<sup>1</sup>Included in Interest revenue and other income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The sale of Keysborough generated cash inflows of \$18.500m less transaction costs of \$0.383m. With the sale subject to a long-term lease of fifteen years with an additional five-year option, the proceeds from the sale have been accounted for in accordance with AASB 16 Leases. As a result, a significant amount of the proceeds from sale are offset against the right of use asset for the Keysborough site instead of being recognised as profit on sale of an asset in the current period. This results in the recognition of a right of use asset of \$1.866m, a lease liability of \$14.998m and a gain on sale of \$2.448m.

**NOTE 3: REVENUE AND OTHER INCOME**

	<b>31 Dec 2021 \$'000</b>	<b>31 Dec 2020 \$'000</b>
<b>Revenue from contracts with customers</b>		
Shell egg	25,412	28,083
Product egg	11,856	9,997
Other	689	367
	<u>37,957</u>	<u>38,447</u>
<b>Other income</b>		
Compensation due to Avian Influenza event	-	3,561
Profit on sale of Keysborough site	2,448	-
Other income	59	48
Total revenue and other income	<u>40,464</u>	<u>42,056</u>



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

**NOTE 4: INCOME TAX**

	<b>31 Dec 2021 \$'000</b>	<b>31 Dec 2020 \$'000</b>
<b>(a) Components of tax expense / (benefit):</b>		
Current tax (benefit) / expense	-	-
Deferred tax (benefit) / expense	802	(2,181)
Under provision in prior years	103	-
Income tax expense / (benefit)	<u>905</u>	<u>(2,181)</u>

**(b) Income tax reconciliation:**

(Loss) before income tax	(1,722)	(7,271)
At the statutory income tax rate of 30% (2020: 30%)	(517)	(2,181)
Under/(over) provision in prior years	103	-
Tax losses not brought to account	1,321	-
Other	(2)	-
Income tax expense	<u>905</u>	<u>(2,181)</u>

	<b>31 Dec 2021 \$'000</b>	<b>30 June 2021 \$'000</b>
<b>(c) Deferred tax assets and (liabilities) relate to the following:</b>		
Employee benefits	620	639
Provisions and accruals	115	201
Fixed assets and leases	4,118	4,987
Carry forward losses	-	-
Net deferred tax assets	<u>4,922</u>	<u>5,827</u>

**(d) Movement in deferred tax assets and (liabilities):**

Balance at beginning of period	5,827	3,280
Recognised in profit or loss	(905)	2,547
Balance at the end of the period	<u>4,922</u>	<u>5,827</u>

**(e) Deferred tax assets not brought to account:**

Operating tax losses at 30%	<u>2,890</u>	<u>1,569</u>
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With the Group continuing to record operating losses, the Directors have chosen not to recognise a deferred tax asset in relation to the current period loss. The Group will re-assess the status of the deferred tax losses at the end of each reporting period. Upon returning to sufficient levels of taxable income, the tax losses will be available to record as an asset.

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

**NOTE 5: DIVIDENDS**

No dividends were paid or proposed during the half-year (2020: nil).

**NOTE 6: ASSETS HELD FOR RE-SALE**

	<b>31 Dec 2021 \$'000</b>	<b>31 Dec 2020 \$'000</b>
Assets held for re-sale	-	<u>2,868</u>

**Assets held for re-sale**

The Group announced on 29 June 2021 that after completing an open market Expression of Interest (EOI) sale process conducted by CBRE Melbourne it had entered into an unconditional agreement to sell its Keysborough manufacturing site. The settlement process was completed on the 9 July 2021. Refer to Note 2 for further details of the sale and leaseback transaction.

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

**NOTE 7: LEASES**

	<b>31 Dec 2021 \$'000</b>	<b>30 June 2021 \$'000</b>
Carrying amount of lease assets, by class of underlying asset:		
<i>Buildings under lease arrangements</i>		
At cost	20,625	18,094
Accumulated depreciation	(9,615)	(7,891)
	11,010	10,203
 <i>Equipment under lease arrangements</i>		
At cost	1,408	1,408
Accumulated depreciation	(804)	(645)
	604	763
Total carrying amount of lease assets	11,614	10,966
 Reconciliation of the carrying amount of lease assets at the beginning and end of the financial period:		
	<b>Buildings \$'000</b>	<b>Equipment \$'000</b>
Opening net book value 30 June 2021	10,203	763
Additions	2,883	-
Depreciation	(2,076)	(159)
Carrying amount at 31 December 2021	11,010	604
 <b>Lease liabilities</b>		
Current lease liabilities	4,799	3,959
Non-current lease liabilities	20,220	7,462
Total carrying amount of lease liabilities	25,019	11,421
 <b>Lease expenses and cashflows</b>		
Interest expense on lease liabilities	388	400
Repayment of lease liability	2,419	4,279
<b>Total cash outflow in relation to leases</b>	<b>2,807</b>	<b>4,679</b>
 Depreciation expense on lease assets	2,235	4,378

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

**NOTE 8: BORROWINGS**

	<b>31 Dec 2021 \$'000</b>	<b>30 June 2021 \$'000</b>
<b>Current</b>		
<i>Secured</i>		
Long term loan – Tranche A	6,571	
Working capital loan – Tranche B	4,740	-
	11,311	-
<b>Non-current</b>		
<i>Secured</i>		
Long term loan – Tranche A	-	13,652
Working capital loan – Tranche B	-	5,057
	-	18,709
<b>Total borrowings</b>	11,311	18,709

The facility is secured by a fixed charge over selected property and company assets. Tranche B is measured net of transaction costs totalling \$121k.

At the reporting date, the Group's financing is as follows.

	<b>31 Dec 2021 \$'000</b>	<b>30 June 2021 \$'000</b>
<b>(i) Long Term Loan – Tranche A</b>		
Facilities available	6,571	13,651
Facilities used	6,571	13,651
Facilities unused	-	-
<b>(ii) Working capital loan – Tranche B</b>		
Facilities available	8,500	8,500
Facilities used	4,861	5,280
Facilities unused	3,639	3,220

Tranche B includes \$3.5 million limit exclusively for capitalised interest, if any. The term of the facility is for three years from the date of the first drawdown, 16 August 2019. The current facilities expire in August 2022.

**NOTE 9: SUBSEQUENT EVENTS**

Other than disclosed in the half year financial report there are no matters or circumstances which have arisen since 31 December 2021 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**

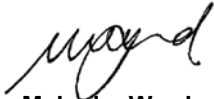
**DIRECTORS DECLARATION**

The Directors declare that the financial statements and notes set out on pages 8 to 18 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 2021 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.



**Malcolm Ward**  
**Director**

**Melbourne**  
**25 February 2022**

**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 2021, 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 2021 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's current finance facilities expire in August 2022. 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 conclusion 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 2021 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

25 February 2022