

**BELLAMY'S AUSTRALIA LIMITED**

ABN 37 124 272 109

**ASX (Appendix 4E)**

# **Preliminary Final Report**

**For the Year Ended 30 June 2014**

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

# BELLAMY'S AUSTRALIA LIMITED (BELLAMY'S)

## Results for Announcement to the Market For the year ended 30 June 2014

(Previous corresponding reporting period 30 June 2013)

### 1. Key Information

CONSOLIDATED ENTITY	30 June 2014 \$'000	30 June 2013 \$'000	Percentage change over previous corresponding period
Revenues	50,927	28,842	77.0 % increase
Net Profit After tax from ordinary activities and attributable to members	1,266*	1,602	21.0 % decrease
Dividends	No dividends have been declared or paid since the beginning of the financial reporting period		

\*includes one off cash bonuses accrued to 30 June 2014 paid to senior executives and directors as disclosed in the Prospectus.

### 2. Forecast results

Bellamy's listed on the ASX on 5 August 2014. It released a Prospectus dated 4 July 2014 detailing the Offer for shares, which included:

- Forecast Statutory results for the year ended 30 June 2014 (FY 2014)
- Pro-forma forecast results for FY2014 with adjustments made to eliminate non-recurring items, to reflect stand alone public company costs and to reflect Bellamy's operating and capital structure that is now in place since completion of the Offer as detailed in the Prospectus. This included:
  - the accrual of one-off bonuses to senior executives, employees and directors to the year ended 30 June 2014 of \$1.4m
  - Additional public company costs

A comparison of these forecast results against the results for 2014 is shown below:

	Statutory Results	Statutory Forecast Results	Pro Forma Results	Pro Forma Forecast Results
Year Ending 30 June	FY2014	FY2014	FY2014	FY2014
\$'million				
Revenue	50.9	48.2	50.9	48.2
EBIT	2.1	1.8	2.9	2.6
NPAT	1.3	1.2	1.9	1.8

### **3. Commentary on Results**

The results for the year to 30 June 2014, demonstrate the company's commitment to meeting and exceeding the forecast results for 2014.

#### **Revenue**

The revenue reported for the year to 30 June 2014 is ahead of forecast by \$2.7m compared to the Forecast FY2014 results as disclosed in the Prospectus. This is a result of strong Australian domestic sales in the final months of the FY2014 year and has been part of the revenue growth trend over the previous 12 months.

#### **Australian Distribution**

In Australia, Bellamy's has focused on growing the business through deep distribution across all supermarket and pharmacy channels. With the development of an in-house sales team in Melbourne, Sydney and Brisbane, Bellamy's has developed a diversified customer group across multiple retailing platforms. This focus has fuelled the growth in domestic revenue.

#### **Expansion offshore**

Bellamy's continues to expand its operations internationally, with a focus on developing the brand's opportunities in Asia, particularly China and South East Asia.

A key outcome of this focus in South East Asia has been the direct trading with major Singapore supermarket retailers, Cold Storage and Fairprice, which commenced in April 2014.

In China, the operations of the company continue to focus on expanding and deeper distribution of its formula range to continue the growth in this market. The brand awareness of Bellamy's in China is a key driver for the growth and this is the focus of branding and marketing activities undertaken in China.

#### **Product Offerings**

There were no new products launched in 2014, however in July 2014, the business launched a new UHT supplementary milk drink, *Ready to Go*, nationally through major supermarkets and pharmacy chains.

#### **Gross Profit Margins**

The gross profit margin for the period of 36.2% was in line with forecast expectations. Bellamy's operations team is focused on maintaining gross profit margins and works closely with suppliers and distribution channels to deliver sustainable pricing solutions for the entire supply chain.

#### **Cost of Doing Business**

The three key costs of doing business are marketing, employment and other administration expenses.

Bellamy's has a relatively fixed cost base that provides it with operating leverage and the ability to grow earnings faster than revenue.

As a percentage of sales, these costs are shown below for the year ended 30 June 2014 and 30 June 2013.

Year Ending 30 June	Costs as a % of Sales	
	2014	2013
Employment Costs	6.0%*	7.4%
Marketing Costs	1.6%	0.8%
Other Administrative Costs	3.8%	6.4%

\*adjusted to remove one off executive bonus of \$1.4m as detailed in the Prospectus

## Cash Flow

The Prospectus statutory forecast for FY2014 showed expected cash flow from operations to be negative \$2.5m. The final results indicated a positive cash flow from operations for the year of \$0.7m, this is due to the impact of the additional revenues generated over the forecast revenue and collecting revenues in line with expected debtor collection cycles.

## 4. Net Tangible Assets

The below table shows the Net Tangible Assets of the consolidated group as at 30 June 2014 compared to 30 June 2013.

On 10 June 2014, the shareholders approved a capital reconstruction whereby each ordinary share was split into 6.5224 ordinary shares. In order to provide a constructive comparison, the number of shares used to calculate Net assets per Security and Net tangible assets per Security as at 30 June 2013 has been restated to reflect the share split.

Net tangible assets per security	30 June 2014	30 June 2013
Net assets (\$'000)	15,592	9,477
Net tangible assets (\$'000)	15,364	9,477
Net assets per security (cents)	22.3	14.6
Net tangible assets per security (cents)	21.9	14.6

## 5. Status of Audit

This preliminary financial report is based on accounts that are in the process of being audited, and there are no areas of likely audit dispute or audit qualification.

## 6. Annual General Meeting

The next AGM will be held in Hobart on Thursday 30 October 2014.

# BELLAMY'S AUSTRALIA LIMITED

## Consolidated statement of profit and loss and other comprehensive income For the year ended 30 June 2014

	Note	2014 \$000	2013 \$000
Revenue	3(a)	50,927	28,842
Cost of sales		(32,507)	(18,338)
<b>Gross Profit</b>		<b>18,420</b>	<b>10,504</b>
Other income	3(b)	194	235
Direct costs		(9,042)	(4,903)
Employee costs		(4,456)	(2,125)
Marketing & promotion costs		(829)	(245)
Administrative costs		(1,959)	(1,851)
Depreciation, amortisation and impairments		(270)	(97)
<b>Earnings before net interest and tax (EBIT)</b>		<b>2,058</b>	<b>1,518</b>
Net interest (expense)/revenue	4	(178)	(102)
<b>Profit before income tax</b>		<b>1,880</b>	<b>1,416</b>
Income tax (expense) / benefit		(614)	186
<b>Net profit for the year</b>		<b>1,266</b>	<b>1,602</b>
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to profit and loss			
Exchange differences - translating foreign operations		(13)	-
<b>Total comprehensive income for the year</b>		<b>1,253</b>	<b>1,602</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (cents)		1.9	2.8**
Diluted earnings per share (cents)		1.9	2.8**

There were no potential dilutive ordinary shares outstanding

\*\* Comparative results for Earnings per share have been restated to reflect the capital reconstruction approved by shareholders on 10 June 2014, whereby each ordinary share was split into 6.5224 ordinary shares.

The accompanying notes form part of these financial statements.

# BELLAMY'S AUSTRALIA LIMITED

## Consolidated statement of financial position As at 30 June 2014

	Note	2014 \$000	2013 \$000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash		4,434	2,663
Receivables	5	6,568	5,767
Financial assets		244	129
Inventories	6	7,737	6,486
Other (includes prepayments)		2,695	164
<b>TOTAL CURRENT ASSETS</b>		<b>21,678</b>	<b>15,209</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		553	683
Intangibles – product development		228	-
Deferred tax assets		331	158
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,112</b>	<b>841</b>
<b>TOTAL ASSETS</b>		<b>22,790</b>	<b>16,050</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		6,514	2,602
Borrowings		184	3,613
Provisions		96	68
Current tax liabilities		-	4
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,794</b>	<b>6,287</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		212	262
Provisions		47	23
Deferred tax liabilities		145	1
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>404</b>	<b>286</b>
<b>TOTAL LIABILITIES</b>		<b>7,198</b>	<b>6,573</b>
<b>NET ASSETS</b>		<b>15,592</b>	<b>9,477</b>
<b>EQUITY</b>			
Issued capital	8(a)	15,756	10,900
Reserves		(7)	-
Retained profits / (Accumulated losses)		(157)	(1,423)
<b>TOTAL EQUITY</b>		<b>15,592</b>	<b>9,477</b>

The accompanying notes form part of these financial statements.

# BELLAMY'S AUSTRALIA LIMITED

## Consolidated statement of changes in equity For the year 30 June 2014

	Issued capital \$000	Foreign currency translation reserve \$000	Share based payment reserve \$000	Retained earnings \$000	Total \$000
<b>Balance as at 1 July 2012</b>	8,720	-	-	(3,025)	5,695
<b>Comprehensive income</b>					
Profit for the year	-	-	-	1,602	1,602
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	1,602	1,602
Issue of shares	2,180	-	-	-	2,180
Dividends	-	-	-	-	-
Other transfers	-	-	-	-	-
<b>Balance as at 30 June 2013</b>	<b>10,900</b>	<b>-</b>	<b>-</b>	<b>(1,423)</b>	<b>9,477</b>
<b>Balance as at 1 July 2013</b>	10,900	-	-	(1,423)	9,477
<b>Comprehensive income</b>					
Profit for the year	-	-	-	1,266	1,266
Other comprehensive income	-	(13)	-	-	(13)
<b>Total comprehensive income</b>	-	(13)	-	1,266	1,253
Issue of shares (a)	4,856	-	-	-	4,856
Dividends	-	-	-	-	-
Share based payments (b)	-	-	6	-	6
<b>Balance as at 30 June 2014</b>	<b>15,756</b>	<b>(13)</b>	<b>6</b>	<b>(157)</b>	<b>15,592</b>

- a) On 20 June 2014, the company completed a placement of 5,000,000 shares to various institutions at the issue price of \$1.00. The institutional placement costs were \$143,500 net of tax and the net increase in share capital was \$4,856,500. (Refer to Note 8 for further details in relation to movements in share capital)
- b) Effective 26 June 2014 and pursuant to the Employee Share Option Plan, the company issued 2,200,000 conditional vesting options to the managing director and other senior executives. The options were valued at \$0.29 each totalling \$638,000 and will be amortised over the period to vesting date which will be no later than 31 August 2015. For further details, refer to the Prospectus dated 4 July 2014 which is available on the ASX announcements platform. (Refer to Note 8(b) for further details).

The accompanying notes form part of these financial statements.

# BELLAMY'S AUSTRALIA LIMITED

## Consolidated statement of cash flows For the year 30 June 2014

	Note	2014 \$000	2013 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		50,239	26,577
Grants received		77	64
Interest received		24	76
Dividends received		4	3
Payments to suppliers & employees		(48,707)	(30,124)
Interest paid		(202)	(122)
Income taxes paid		(662)	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<u>773</u>	<u>(3,526)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds share issue		4,795	2,180
Repayment of borrowings		(3,630)	(181)
Proceeds from borrowings		201	2,431
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>		<u>1,366</u>	<u>4,430</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds sale property plant & equipment		5	22
Purchases of property, plant & equipment		(145)	(413)
Purchases intangibles		(228)	-
Payments for investments		-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(368)</u>	<u>(391)</u>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		1,771	513
Cash at the beginning of the financial year		2,663	2,150
Effects of exchange rate changes		-	-
<b>CASH AT END OF THE FINANCIAL YEAR</b>		<u>4,434</u>	<u>2,663</u>

The accompanying notes form part of these financial statements.



# BELLAMY'S AUSTRALIA LIMITED

## Notes to and forming part of the financial statements For the year ended 30 June 2014

### 1. REPORTING ENTITY

Bellamy's Australia Limited (the "Company") is a company domiciled in Australia. The consolidated financial report of the Company as at 30 June 2014 comprises the Company and its subsidiaries (together referred to as the "Group").

#### Change of company name

The shareholders passed a resolution on 10 June 2014 to change the name of the company to Bellamy's Australia Limited. Previously the company's name was Tasmanian Pure Foods Limited.

### 2. STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. 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').

#### Basis of preparation

These consolidated financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

All amounts are presented in Australian dollars, unless otherwise noted. The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

#### Significant accounting policies

The financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the Audit Reviewed Accounts for the 9 months ended 31 March 2014 and the IPO Prospectus dated 4 July 2014 both of which are available on the ASX platform and the company website. Subsequent amendments, if any, to significant accounting policies will be disclosed in the Group's annual financial report for the year ended 30 June 2014.

#### Segment reporting

For management purposes, the Group is organised into two operating and geographic segments, namely organic branded food operations in Australia and Asia. There are no separate reportable divisions within the geographic based segments. In line with the recent Prospectus dated 4 July 2015, at this stage segment reporting is not considered to be significant in terms of investors being able to make an informed assessment of the Group's financial performance and financial position.

# BELLAMY'S AUSTRALIA LIMITED

## Notes to and forming part of the financial statements For the year ended 30 June 2014

### 3. REVENUE

	2014 \$000	2013 \$000
<b>a. Revenue from continuing operations</b>		
Sales	<u>50,927</u>	<u>28,842</u>
<b>b. Other revenue</b>		
Grants received	77	64
Dividends received	4	4
Fair value increment - investments	115	49
Exchange gains/(losses)	(38)	2
Gain/(loss) on disposal of assets	-	(19)
Other income	36	135
Total revenue	<u>194</u>	<u>235</u>

### 4. NET INTEREST EXPENSE

Interest revenue	25	35
Interest expense	<u>(203)</u>	<u>(137)</u>
	<u>(178)</u>	<u>(102)</u>

### 5. RECEIVABLES

Current		
Trade debtors (a)	6,151	5,504
Provision for doubtful debts	-	-
Tax refundable	125	48
Other debtors	292	215
	<u>6,568</u>	<u>5,767</u>

a) Trade debtors - credit risk information

The average number of days outstanding for trade debtors is approximately 45 days. Interest is not charged on overdue balances. Less than 5% of the balance is past the due date with all balances considered to be recoverable; hence a provision for doubtful debts is not required. The top 5 debtors comprise major Australian retail outlets and represent 63% of the total balance

### 6. INVENTORY

Current		
Raw materials & stores at cost	1,109	503
Finished goods at cost	6,628	5,983
Finished goods at net realisable value	-	-
	<u>7,737</u>	<u>6,486</u>

# BELLAMY'S AUSTRALIA LIMITED

## Notes to and forming part of the financial statements For the year ended 30 June 2014

### 7. GROUP ENTITIES

	Ownership %	
	2014	2013
Bellamy's Australia Limited (Parent)	-	-
Bellamy's Organic Australia Pty Ltd	100	100
TPF Properties Pty Ltd (a)	-	100
Bellamy's Kitchen Pty Ltd – non operating	100	100
Yum Mum Pty Ltd – non operating	100	100
Bellamy's Organic (Hong Kong) Company Ltd	100	100
Bellamy's Organic (South East Asia) Pte Ltd	100	100
Bellamy's Food Trading (Shanghai) Co Ltd	100	100

a). In June 2014, TPF Properties Pty Ltd was sold for a nominal sum of \$1. At the time of sale the company was dormant and had net assets amounting to \$0.

	2014	2013
8 SHARE CAPITAL	\$000	\$000

a. Fully paid ordinary shares		
70,000,392 (2013: 10,900,003)	15,756	10,900

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

	Number of shares '000.	Share capital \$000
Movements in fully paid ordinary shares		
Balance 30 June 2013	9,966	10,900
10 June 2014 – share split 6.5224:1	55,034	-
20 June 2014 - institutional placement	5,000	4,856
Balance 30 June 2014	70,000	15,756

- i. On 10 June 2014, a capital reconstruction was approved by shareholders, whereby each ordinary share was split into 6.5224 ordinary shares increasing the number of shares on issue by 55,034,676.
- ii. On 20 June 2014, the company completed a placement of 5,000,000 shares to various institutions at the issue price of \$1.00. The institutional placement costs were \$145,500 net of tax and the net increase in share capital was \$4,856,500.

b. Share options granted under the Company's employee share option plan  
As at 30 June 2014, executives and employees held options over 2,200,000 (2013: nil) ordinary shares of the Company.

# BELLAMY'S AUSTRALIA LIMITED

## Notes to and forming part of the financial statements For the year ended 30 June 2014

### **9. EVENTS SUBSEQUENT TO BALANCE DATE**

Bellamy's (ASX:BAL) was admitted to the ASX official list effective 5 August 2014, following the issue of 25,000,000 ordinary shares at \$1.00 each pursuant to a Prospectus and Initial Public Offer document dated 4 July 2014. The net proceeds from the share issue was approximately \$23.7m after taking into account capital raising costs of \$1.3m (net of tax). The number of ordinary shares on issue is now 95,000,392.

In response to the needs of the business growth plans, on 11 August 2014 Bellamy's Australia Limited announced the appointment of Shona Ollington as Chief Financial Officer (CFO), allowing Brian Green the outgoing CFO to focus on the role of Company Secretary whilst also providing ongoing support to the finance and accounting team.