

Appendix 4E Preliminary Final Report

Name of entity

FARM PRIDE FOODS LTD

ABN or equivalent company reference:

42 080 590 030

1. Reporting period

Report for the financial year ended	30 JUNE 2015
Previous corresponding period is the financial year ended	30 JUNE 2014

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	down	5.4%	to	\$91.34m
Profit from ordinary activities after tax attributable to members (<i>item 2.2</i>)	up	133%	to	\$5.05m
Net profit for the period attributable to members (<i>item 2.3</i>)	up	133%	to	\$5.05m
Dividends (<i>item 2.4</i>)¹	Amount per security		Franked amount per security	
Interim dividend	-	¢	-	¢
Final dividend	-	¢	-	¢
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. Statement of Comprehensive Income (*item 3*)

Refer to the attached statement and relevant notes

4. Statement of Financial Position (item 4)
Refer to the attached statement and relevant notes

5. Statement of Cash Flows (item 5)
Refer to the attached statement and relevant notes

6. Statement of retained earnings (item 6)

	Consolidated Entity	
	2015	2014
	\$'000	\$'000
Balance at the beginning of year	(4,599)	(6,768)
Net profit attributable to members of the parent entity	5,053	2,169
Total available for appropriation	454	(4,599)
Dividends paid	-	-
Balance at end of year	454	(4,599)

7. Net tangible assets per security (item 7)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	52.98 ¢	43.65 ¢

8. Significant information relating to the entity's financial performance and financial position.

Refer to the attached Financial Report

9. The financial information provided in the Appendix 4E is based on the annual financial report (attached), which has been prepared in accordance with Australian Accounting Standards.

10. Commentary on the results for the period.

Refer to Director's report

11. Audit of the financial report

The financial report has been audited

12. The audit has been completed.

The financial report contains an independent audit report that is not subject to a modified opinion, emphasis of matter or other matter paragraph.

Farm Pride Foods Limited

ABN 42 080 590 030

and Controlled Entities

Financial Report

For the year ended 30 June 2015

Corporate Information

Farm Pride Foods Ltd.

ABN 42 080 590 030

Directors

Bruce De Lacy (Executive Director / CEO)

Peter Bell (Non-Executive Chairman)

Malcolm Ward (Non-Executive Director)

Company Secretary

Bruce De Lacy

Registered Office

551 Chandler Road

Keysborough, Victoria 3173

(+61-3) 9798 7077

Solicitors

B2B Lawyers

76 Jolimont St

East Melbourne, Victoria 3002

Bankers

Westpac Banking Corporation

Level 16, 109 St. Georges Terrace

Perth, WA 6000

Share Register

Computershare Registry Services Pty. Ltd.

Yarra Falls, 452 Johnston Street

Abbotsford, Victoria 3067

ASX: FRM

Auditors

Pitcher Partners

Level 19 / 15 William Street

Melbourne, Victoria 3000

Internet Address

www.farmpride.com.au

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Chairman's Report

Total revenue for the Company was \$91.34m, down 5.4% (2014: \$96.56m). The consolidated profit after tax was \$5.05m (2014 \$2.17m).

EBITDA was \$12.19m compared with \$5.98m at 31 December 2014 and \$7.33m at 30 June 2014.

At 30 June 2015 the Company had borrowings of \$5.57m (\$14.16m 30 June 2014). Net Assets increased from \$24.76m to \$29.94m. Net cash provided by operating activities increased from \$4.76m in FY14 to \$9.23m in FY15.

The previously expected reduced margins in the second half did not take place. The industry and Farm Pride experienced only a short period of surplus during the first couple of months of the second half. The remaining months achieved similar margins to the first half. Current indications are for a relatively balanced national egg supply during the first half of FY16.

Prior to 30th June 2015, the Company's bank approved the extension of our facilities for a 3 year period.

During FY15 industry egg production remained relatively balanced with demand although indications have been for increasing free range demand. To that end we have commenced staged construction of new free range capacity in Victoria which should lift our free range supply by approximately 15%. This is expected to be completed by the end of the 2016 calendar year.

Discussion and debate about free range standards is creating pressure on both our business and the egg industry and changed requirements could substantially reduce our production capacity. The risk of Avian Influenza, biosecurity risks associated with increased free range production and the more recent announcements by the Bureau of Meteorology that the 2015 El Niño has continued to strengthen all mean the potential for industry volatility is expected to continue.

In our previous annual and half year reports we advised of the Australian Competition and Consumer Commission (ACCC) had instituted proceedings in May 2014 against the Australian Egg Corporation Ltd and others, including Farm Pride, alleging an attempt to induce egg producers to enter into an arrangement for the purpose of reducing the amount of eggs available. The proceedings have been heard in the Federal Court. Farm Pride denied engaging in any such conduct and, as at the date of this report, there has been no decision handed down by the court.

Our continued challenge is to maintain high levels of customer service, ensure a continued focus on operational capability whilst continuing to target a lower cost business.

The board of directors would like to thank all Farm Pride customers and its employees for their continued support and efforts during FY15.

Peter Bell
Chairman

Directors' Report

The Directors present their report together with the financial report of the consolidated entity consisting of Farm Pride Foods Ltd and the entities it controlled, for the financial year ended 30 June 2015 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

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
Malcolm Ward	Non-executive Director – Appointed 30 May 2008
Bruce De Lacy	Executive Director – Appointed 30 April 2014

Principal Activities

The principal activities of the consolidated entity during the financial year were the production, processing, manufacturing and sale of egg and egg products.

There has been no significant change in the nature of these activities during the financial year.

Results and Review of operations

The consolidated profit after income tax attributed to the members of Farm Pride Foods Ltd was \$5.05m (2014: \$2.17m). Net revenue decreased by 5.4% to \$91.34m (2014: \$96.56m) and EBITDA increased by 66.3% to \$12.19m (2014: \$7.33m). For further clarification of the review and results of operations of the Company reference should be made to the Chairman's Report.

Significant changes in the state of affairs

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

After balance date events

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely Developments

The Company will continue to pursue its operating strategy to create shareholder value.

Environmental Regulation

The consolidated entities operations are not subject to any significant environmental, Commonwealth or State regulations or laws.

The consolidated entity is not aware of any significant breaches of environmental regulations during the financial year.

Directors' Report (continued)

Dividend paid, recommended and declared

No dividends were paid, declared or recommended since the start of the financial year.

Share options

No options over unissued shares or interests in the consolidated entity were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

Information on directors and company secretary

The qualifications, experience and special responsibilities of each person who has been a director of Farm Pride Foods Ltd at any time during or since 1 July 2014 is provided below, together with details of the company secretary as at the year end.

Peter Bell

(Non-executive Chairman - Appointed 30 May 2008, Member of the Audit Committee)

Peter has been involved in the egg industry for 50 years and comes from a third generation poultry farming family. He continues to be directly involved in the management and servicing of commercial egg farms. He is also the Managing Director of AAA Egg Company Pty Ltd, a director of West Coast Eggs Pty Ltd, a director of Novo Foods Pty Ltd, a director of Days Eggs Pty Ltd and Pure Foods Eggs Pty Ltd as well as being a Director of a number of other egg related businesses.



Malcolm Ward

(Non-executive Director – Appointed 30 May 2008, Chairman of the Audit Committee)

Malcolm has been in the egg industry for over 25 years having owned and operated cage and free range farms and has served on industry related boards in the area of farm management and feed supply. He is also a director of AAA Egg Company Pty Ltd and its subsidiary West Coast Eggs Pty Ltd as well as being a director on a number of other private companies. Malcolm is the Managing Director of his family's independent supermarkets and also has commercial interests in property. He is also a director of Australian United Retailers Limited (NSX: AFO), appointed 17 November 2010.

Bruce De Lacy

(Company Secretary – Appointed 30 October 1997, Chief Financial Officer – Appointed 10 June 2013, Executive Director – Appointed 30 April 2014, Chief Executive Officer – Appointed 19 March 2015)

Bruce has over 35 years' experience in the egg industry and has previously been employed in a number of positions at the Company including General Manager and Chief Operating Officer.



Bruce has a Bachelor of Business Studies from Swinburne University, majoring in Accounting, is a CPA and is a Fellow of the Governance Institute of Australia.

Directors' Report (continued)

Directors meetings

The number of meetings of the Board of Directors (including meetings of committees of Directors) held during the year were:

	Board of Directors		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Malcolm Ward	11	10	5	5
Peter Bell	11	9	5	5
Bruce De Lacy	11	11	-	5*

All directors were eligible to attend all meetings held.

* Mr. Bruce De Lacy attended by invitation.

Directors' interests in shares

Directors' relevant interests in shares of Farm Pride Foods Ltd or options over shares in the Company are detailed below:

Directors' relevant interests in:	Ordinary shares of Farm Pride Foods Ltd.	Options over shares in Farm Pride Foods Ltd.
Peter Bell	2,463,919	-
Malcolm Ward	2,031,772	-
Bruce De Lacy	195,502	-

Indemnification and Insurance of directors and officers

During the financial year, the Company has 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 Director of the Company.

The current contracts as held by the Company do not permit premiums to be disclosed.

Proceedings on behalf of the consolidated entity

The ACCC instituted proceedings in the Federal Court in May 2014 against the Australian Egg Corporation Limited (AECL), Farm Pride Foods Ltd and Mr. Zelko Lendich, a previous director of Farm Pride Foods Ltd and a number of other corporate and individual respondents.

The ACCC alleged the AECL and the other corporate and individual respondents attempted to induce egg producers who were members of AECL to enter into an arrangement to cull hens or otherwise dispose of eggs, for the purpose of reducing the amount of eggs available for supply to consumers and businesses in Australia.

It was acknowledged by the ACCC that this attempt to make a cartel arrangement involving Australian egg producers was not successful.

Directors' Report (continued)

The ACCC alleged that from November 2010, in AECL member publications, the AECL board (which included Messrs. Kellaway, Ironside and Lendich) encouraged its members to reduce egg production in order to avoid oversupply which would affect egg prices. It is also alleged that, in February 2012, AECL held an 'Egg Oversupply Crisis Meeting' attended by egg producers in Sydney, where it allegedly sought a coordinated approach by egg producers to reducing the supply of eggs, in response to a perceived oversupply of eggs. Mr. Kellaway and Mr. Lendich both attended and spoke at this meeting, which was Chaired by Mr. Ironside.

The ACCC was seeking declarations, injunctions, pecuniary penalties, orders that AECL, Farm Pride Foods Ltd and Twelve Oaks Poultry establish and maintain a compliance program and that Messrs. Kellaway, Ironside and Lendich attend compliance training, an adverse publicity order and a community service order against AECL, disqualification orders against Messrs. Kellaway, Ironside and Lendich, and costs.

Farm Pride Foods Ltd strenuously denied and strongly defended the allegations made against it by the ACCC. Farm Pride Foods Ltd expressly denied engaging in any conduct by which it made or agreed to any proposal or attempted to reach any understanding with any other AECL member to limit the production for supply or the supply of eggs.

Although the hearing has now concluded the likely outcome of the proceeding in relation to both liability and quantum will not be known until a judgement is handed down.

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 audit for the financial year is provided with this report.

Non audit Services

Non-audit services are approved by resolution of the audit committee and approval is provided in writing to the board of directors. Non-audit services were provided by the auditors of entities in the consolidated group during the year, namely Pitcher Partners Melbourne, network firms of Pitcher Partners, and other non-related audit firms, as detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

	2015 \$	2014 \$
Taxation services		
Pitcher Partners	14,700	14,500
	14,700	14,500

Remuneration Report (Audited)

The directors present the consolidated entity's 2015 remuneration report which details the remuneration information for Farm Pride Foods Ltd's executive directors, non-executive directors and other key management personnel.

Directors' Report (continued)

Details of key management personnel

Directors	Period of Responsibility	Position
Peter Bell	Appointed 30 May 2008	Non-executive Director
Malcolm Ward	Appointed 30 May 2008	Non-executive Director
Bruce De Lacy	Appointed 30 October 1997 Appointed 10 June 2013 Appointed 30 April 2014 Appointed 30 April 2014 Appointed 19 March 2015	Company Secretary Chief Financial Officer Executive Director Interim CEO CEO

Remuneration Policy

The Board policy for determining the nature and amount of remuneration of key management personnel (KMP) is agreed by the Board of Directors as a whole. The board has not obtained any professional advice on Remuneration during the year ended 30 June 2015.

For executives, the Company provides a remuneration package that incorporates cash based remuneration and may include share-based remuneration. The contracts for service between the Company and executives are on a continuing basis the terms of which are not expected to change in the immediate future. The remuneration policy is directly related to Company performance at the discretion of the Board of Directors. The Board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the Company for shareholders.

Bonuses are payable at the discretion of the Board of Directors, there are no set performance hurdles. No resolution was made during the year for the payment of any discretionary bonus.

Non-executive directors receive fees and do not receive options or bonus payments.

In accordance with Article 13.2 of the Company Constitution the aggregate amount payable as non-executive director's fees shall not exceed \$250,000 per annum.

The Company determines the maximum amount for remuneration, including thresholds for share-based remuneration, for directors by resolution. Further details regarding components of directors' and executive remuneration are provided in the notes to the financial statements.

Service Agreement

The company has a service agreement with Mr. Bruce De Lacy.

There is no expiry date on the service agreement. The service agreement can be terminated by giving a period of notice, or equivalent payment in lieu based on the length of service as set out below.

Continuous service

Not more than 1 year	<i>Notice Period</i> 1 week
More than 1 year / not more than 3 years	2 weeks
More than 3 years / not more than 5 years	3 weeks
More than 5 years	4 weeks

The period of notice is increased by 1 week if over 45 years of age and more than 2 years' continuous service has been completed.

Directors' Report (continued)

A. Details of key management personnel remuneration

(a) Director's remuneration

	Short Term Benefits			Long Term Benefits	Post-employment			Performance Based	Total
	Salary & Fees	Performance Based Payment	Non-cash Benefits	Incentive Plans	Super	Termination Benefits	Options		
2015	\$	\$	\$	\$	\$	\$	\$	%	\$
Peter Bell	23,000	-	-	-	2,128	-	-	-	25,128
Malcolm Ward	23,000	-	-	-	2,128	-	-	-	25,128
Bruce De Lacy (iii)	187,170	-	3,323	-	17,781	-	-	-	208,274
Total	233,170	-	3,323	-	22,037	-	-	-	258,530
2014	\$	\$	\$	\$	\$	\$	\$	%	\$
Zelko Lendich (i)	280,000	-	-	-	-	-	-	-	280,000
Peter Bell	23,000	-	-	-	2,128	-	-	-	25,128
Malcolm Ward	23,000	-	-	-	2,128	-	-	-	25,128
Bruce De Lacy (ii)	27,677	-	1,165	-	2,560	-	-	-	31,402
Total	353,677	-	1,165	-	6,816	-	-	-	361,658

(i) Resigned as director 30 April 2014.

(ii) Appointed as director and Interim CEO on 30 April 2014.

(iii) Appointed as CEO 19 March 2015.

Directors' Report (continued)

(b) Directors' shareholding

2015

	Balance 01/07/2014	Received as remuneration	Options exercised	Other Off market purchases/(sales)	Balance 30/06/2015
Bruce De Lacy	195,502	-	-	-	195,502
Malcolm Ward	1,981,122	-	-	50,650	2,031,772
Peter Bell	2,413,269	-	-	50,650	2,463,919
	4,589,893	-	-	101,300	4,691,193

2014

	Balance 01/07/2013	Received as remuneration	Options exercised	Other Off market purchases/(sales)	Balance 30/06/2014
Zelko Lendich (Managing Director)	2,803,000	-	-	(10,000)	2,793,000
Bruce De Lacy	195,502	-	-	-	195,502
Malcolm Ward	1,981,122	-	-	-	1,981,122
Peter Bell	2,413,269	-	-	-	2,413,269
	7,392,893	-	-	(10,000)	7,382,893

Messrs. Peter Bell and Malcolm Ward have an indirect interest in the 27,486,302 shares held by West Coast Eggs Pty Ltd (2014: 25,830,902 shares).

Mr. Zelko Lendich resigned as a director of the company 30 April 2014.

Relationship between remuneration and company performance

The non-executives remuneration policy is not directly related to company performance. The board considers a remuneration policy based on short-term returns may not be beneficial to the long term creation of wealth by the company for shareholders.

Voting and comments made at the company's 2014 Annual General Meeting (AGM)

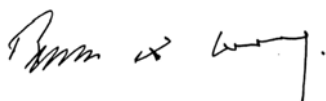
At the company's 2014 AGM, a resolution to adopt the prior year remuneration report was put to the vote and at least 75% of "yes" votes were cast for the adoption of the that report. No comments were made on the remuneration report that was considered at the AGM.

This is the end of the audited remuneration report.

Rounding of Amounts

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.



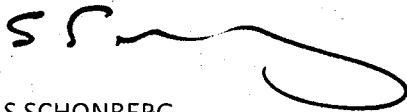
Bruce De Lacy
Director
27 August 2015

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

In relation to the independent audit for the year ended 30 June 2015, to the best of my knowledge and belief there have been:

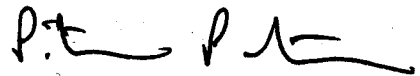
- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*;
and
- (ii) No contraventions of any applicable code of professional conduct.

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



S SCHONBERG
Partner

27 August 2015



PITCHER PARTNERS
Melbourne

Consolidated Statement of Comprehensive Income For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Revenue and other income			
Sales revenue	5	91,204	96,423
Other income	5	137	135
		91,341	96,558
Less Expenses			
Changes in inventories of finished goods and work in progress	6	(286)	(769)
Raw materials and consumables used	6	(60,018)	(69,162)
Employee benefits	6	(12,052)	(13,075)
Depreciation	6	(3,394)	(3,292)
Impairment of property, plant & equipment	6	(599)	-
Finance costs	6	(979)	(1,511)
Other expenses		(6,795)	(6,220)
		7,218	2,529
Profit before income tax		7,218	2,529
Income tax expense	7	(2,165)	(360)
Net Profit from continuing operations		5,053	2,169
Net Profit for the year		5,053	2,169
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss			
Cash flow hedge reserve – gain		187	188
Income tax expense		(55)	(57)
Other comprehensive profit for the period, net of income tax	19(a)	132	131
Total comprehensive profit for the period		5,185	2,300
Basic earnings per share (cents per share)	22	9.16	3.93
Diluted earnings per share (cents per share)	22	9.16	3.93

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position As at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Current Assets			
Cash and cash equivalents	9	586	507
Receivables	10	8,525	8,490
Inventories	11	4,585	4,871
Biological assets	13	7,059	7,299
Other current assets	12	286	129
Total current assets		21,041	21,296
Non-current assets			
Deferred tax assets	7(c)	710	671
Property, plant and equipment	14	29,025	32,571
Total non-current assets		29,735	33,242
TOTAL ASSETS		50,776	54,538
Current liabilities			
Payables	15	11,204	13,015
Borrowings	16	1,069	11,177
Provisions	17	1,766	1,571
Current tax payable	7(d)	2,023	497
Derivative financial liabilities		128	315
Total current liabilities		16,190	26,575
Non-current liabilities			
Borrowings	16	4,502	2,987
Provisions	17	142	219
Total non-current liabilities		4,644	3,206
TOTAL LIABILITIES		20,834	29,781
NET ASSETS		29,942	24,757
EQUITY			
Contributed capital	18	29,578	29,578
Cash flow hedge reserve	19(a)	(90)	(222)
Retained earnings / (Accumulated losses)	19(b)	454	(4,599)
		29,942	24,757

The accompanying notes form part of these financial statements

**Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2015**

	Contributed Capital \$'000	Retained earnings/ (Accumulated losses) \$'000	Cash Flow hedge reserve \$'000	Total \$'000
Balance as at 1 July 2013	29,578	(6,768)	(353)	22,457
Profit for the period	-	2,169	-	2,169
Other comprehensive income	-	-	131	131
Total comprehensive income	-	2,169	131	2,300
Balance as at 30 June 2014	<u>29,578</u>	<u>(4,599)</u>	<u>(222)</u>	<u>24,757</u>
Balance as at 1 July 2014	<u>29,578</u>	<u>(4,599)</u>	<u>(222)</u>	<u>24,757</u>
Profit for the period	-	5,053	-	5,053
Other comprehensive income	-	-	132	132
Total comprehensive income	-	5,053	132	5,185
Balance as at 30 June 2015	<u>29,578</u>	<u>454</u>	<u>(90)</u>	<u>29,942</u>

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows For the Year Ended 30 June 2015

Notes	2015 \$'000	2014 \$'000
Cash flow from operating activities		
Receipts from customers	91,713	99,745
Payments to suppliers and employees	(80,794)	(93,487)
Finance costs	(953)	(1,495)
Income tax paid	(733)	-
Net cash provided by operating activities	20(a) 9,233	4,763
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	71	44
Payments for property, plant and equipment	(606)	(831)
Net cash used in investing activities	(535)	(787)
Cash flow from financing activities		
Proceeds from borrowings	-	10
Repayment of borrowings	(6,750)	(547)
Repayment of finance leases	(1,869)	(1,713)
Net cash used in financing activities	(8,619)	(2,250)
Net increase in cash and cash equivalents	79	1,726
Cash and cash equivalents at beginning of the year	507	(1,219)
Cash and cash equivalents at end of the year	20(b) 586	507

The accompanying notes form part of these financial statements

Notes to and forming part of the Financial Statements

Note 1: Statement of significant accounting policies

The following is a summary of significant accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

This financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Farm Pride Foods Ltd and controlled entities as a consolidated entity. Farm Pride Foods Ltd is a company limited by shares, incorporated and domiciled in Australia. Farm Pride Foods Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the directors as at the date of the directors' report.

Compliance with IFRS

The consolidated financial statements of Farm Pride Foods Ltd also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The 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.

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) Going concern

The financial report has been prepared on a going concern basis.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which the parent entity controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are derecognised from the date that control ceases.

Note 1: Summary of Significant Accounting Policies (continued)

(d) Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered to have passed to the buyer at time of delivery of the goods to the customer.

Revenue from the sale of goods is recognised upon delivery of the goods to the customer and is presented in the statement of comprehensive income net of rebates and discounts provided to customers.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct material, direct labour and a proportion of manufacturing overheads based on normal operating capacity. Costs are assigned on a standard cost basis which approximates cost. The standard cost basis is reviewed by management and adjusted to reflect current conditions, where necessary.

(g) Property, plant and equipment

Cost and valuation

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance are recognised in profit or loss as incurred.

Depreciation

Land is not depreciated. The depreciable amounts of all other property, plant and equipment are calculated using the straight-line method over their estimated useful lives commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

	2015	2014
Freehold land and land improvements	Up to 40 years	Up to 40 Years
Buildings on freehold land and building improvements	Up to 40 years	Up to 40 years
Plant and equipment	1 to 20 years	1 to 20 years

Note 1: Summary of Significant Accounting Policies (continued)

(h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the consolidated entity are classified as finance leases. Finance leases are capitalised, recording an asset and liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in financial costs in the statement of comprehensive income. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely the consolidated entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Operating lease payments are recognised as an operating expense on a straight line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(i) Impairment of non-financial assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136.

Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicates that they carrying amount of the assets may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(j) Income tax

Current income tax expenses or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Note 1: Summary of Significant Accounting Policies (continued)

Tax consolidation

Farm Pride Foods Ltd and its wholly owned Australian controlled entities have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 July 2005.

The head entity, Farm Pride Foods Ltd and its controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

(k) Provision

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Employee benefits

(i) Short term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

(ii) Long term employee benefit obligations

The provision for employee benefits in respect of long service leave and annual leave which, are not expected to be settled within twelve months of the reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Superannuation

The consolidated entity makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

(iv) Termination benefits

Termination benefits are payable when employment of an employee or group of employees is terminated before the normal retirement date, or when the entity provides termination benefits as a result of an offer made and accepted in order to encourage voluntary redundancy.

The consolidated entity recognises a provision for termination benefits when the entity can no longer withdraw the offer of those benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it.

Note 1: Summary of Significant Accounting Policies (continued)

(v) Share-based payments

The consolidated entity provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

There is currently one plan in place (Employee Share Option Plan – ESOP) which provides benefits to directors and senior executives.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Farm Pride Foods Ltd (market conditions) if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

If the terms of equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

No share options were granted on the period ended 30 June 2015 (2014: Nil).

(m) Borrowing costs

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred.

(n) Financial instruments

Classification

The consolidated entity classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial instruments at initial recognition.

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit or loss. After initial recognition, non-derivative financial instruments are measured as described below.

Note 1: Summary of Significant Accounting Policies (continued)

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial Liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derivative financial instruments

The consolidated entity holds derivative financial instruments to hedge its risk exposures from foreign currency and interest rate movements.

Derivatives are initially recognised at fair value and applicable transaction costs are recognised in profit or loss as they are incurred. After initial recognition, derivatives that are not designated in a qualifying hedge relationship are measured at fair value and changes in value are recognised immediately in profit or loss. Derivatives designated as hedging instruments are accounted for as described below.

Some financial instruments have embedded derivatives within them. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through the profit and loss.

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment.

For loans and receivables or held-to-maturity investments carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss reduces the carrying amount of the asset and is recognised in profit or loss. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

Hedge accounting

Certain derivatives are designated as hedging instruments and are further classified as either fair value hedges or cash flow hedges.

At the inception of each hedging transaction, the consolidated entity documents the relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Note 1: Summary of Significant Accounting Policies (continued)

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

To qualify as a cash flow hedge the underlying transactions generating the cash flows must be highly probable.

Changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in equity in the cash flow hedging reserve. This gain or loss is released to profit or loss in the same period when the forecast transactions occur, thereby mitigating any exchange fluctuations that would have transpired in the absence of the hedge.

(o) Foreign currency translations and balances

Functional and presentation currency

The financial statements of each entity within the consolidated entity are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies of entities within the consolidated entity are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or restatement are recognised as revenues and expenses for the financial year.

(p) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Biological Assets

Biological assets comprise of flocks of hens and are valued at fair value. The capitalised cost of poultry is amortised over the productive life of the flock, which is between 50 and 60 weeks. The poultry flock is held for the purposes of producing eggs.

The amortised cost of poultry is deemed a proxy for fair value.

(r) Comparatives

Where necessary the comparative information has been reclassified and repositioned for consistency with current year disclosures.

Note 1: Summary of Significant Accounting Policies (continued)

(s) Rounding Amounts

The parent entity and consolidated entity have applied for relief available under ASIC Class Order CO 98/0100 and accordingly amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(t) Accounting standards issued but not yet effective at 30 June 2015

There are a number of Standards and Interpretations that will be mandatory in future reporting periods. We have not elected to early adopt these standards and interpretations. We are yet to quantify the effect on the reporting positions or performance of the consolidated entity.

The Standards and Interpretations that are most relevant to the consolidated entity are set out below:

AASB 9 *Financial Instruments* - Operative date 1 January 2018

AASB 15 *Revenue from Contracts with Customers* – Operative date 1 January 2017

Note 2: Significant accounting estimates and judgements

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there would be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment of non-financial assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment or future product expectations. If an indicator of impairment exists the recoverable amount of the asset is determined.

(b) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax 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 are recognised for deductible temporary differences and tax losses as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(c) Fair value measurements

Certain financial assets and liabilities are measured at fair value. Fair values have been determined in accordance with fair value measurement hierarchy. Refer to Note 4: Fair Value Measurements for the details of the fair value measure key assumptions and inputs.

(d) Other current assets

Poultry stock fair value is based upon cost amortised over its effective productive life, which is between 50 and 60 weeks.

Given the short productive life of the flock, an amortised cost approach has been adopted, which the directors deem a proxy for the fair value of the biological asset at the reporting date.

Note 2: Significant accounting estimates and judgements (continued)

(e) Trade and other receivables

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the consolidated entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(f) Revision in Accounting Estimates

During the period the consolidated entity reviewed and revised the effective lives applied to a number of items of plant and equipment. The useful lives of certain assets that were previously treated as having between 2-16 years remaining useful life have been revised downwards to 5 years from 1 July 2014 in accordance with *AASB 116 Property, Plant and Equipment*. As a result the revision of useful lives, an additional \$203,973 in depreciation was recognised in accordance with *AASB 108 Accounting policies, changes in Accounting Estimates and Errors*.

In addition, during the review several items of property, plant and equipment were identified as being impaired in accordance with *AASB 136 – Impairment of Assets*. This resulted in an impairment loss of \$599,299 being recognised.

Note 3: Financial risk management

The consolidated entity is exposed to a variety of financial risks comprising:

- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

The board of directors has overall responsibility for identifying and managing operational and financial risks.

The consolidated entity holds the following financial instruments:

	2015	2014
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	586	507
Receivables	8,525	8,490
	9,111	8,997
Financial liabilities		
Payables	11,204	13,015
Borrowings	5,571	14,164
Derivative financial liabilities	128	315
	16,903	27,494

Note 3: Financial risk management (continued)

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Forward exchange contracts are entered into in order to buy and sell specified amounts of foreign currency in the future at stipulated exchange rates. The objective in entering into the forward exchange contracts is to protect against unfavourable exchange rate movements for both the contracted and anticipated transactions undertaken in foreign currencies. The accounting policy for forward exchange contracts is detailed in Note 1(o).

At balance date, the details of outstanding forward exchange contracts are:

	Buy Euro		Average Exchange Rate	
	2015 Euro €000	2014 Euro €000	2015 \$	2014 \$
Sell Australian Dollars Settlement				
Less than 6 months	255	108	0.67	0.68
	255	108	0.67	0.68

Sensitivity

If foreign exchange rates were to increase/decrease by 10% from rates used to determine fair values of all financial instruments as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	2015 \$'000	2014 \$'000
+/- 10%		
Impact on profit after tax	18	8
Impact on equity	18	8

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

Interest rate swaps are used to manage the consolidated entity's cash flow interest rate risk. Accounting policy for interest rate swaps is detailed in Note 1(n): Financial Instruments. Disclosure in relation to interest rate swaps used as hedging instruments and hedge accounting is detailed in Note 29: Derivative Financial Instruments.

Note 3: Financial risk management (continued)

The exposure to interest rate risks in relation to future cash flows and the weighted average effective interest rates on classes of financial assets and financial liabilities is as follows:

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate	Fixed / variable rate
	\$'000	\$'000	\$'000	%	
2015					
<i>(i) Financial assets</i>					
Cash	586	-	586	0.00%	Variable
Receivables	-	8,525	8,525	-	
Total financial assets	586	8,525	9,111	-	
<i>(ii) Financial liabilities</i>					
Payables	-	11,204	11,204	-	
Lease liabilities	2,571	-	2,571	7%	Fixed
Bank loans	3,000	-	3,000	4.2%	Variable
Derivative financial instrument	128*	-	128	6%	Fixed
Total financial liabilities	5,699	11,204	16,903		
2014					
<i>(i) Financial assets</i>					
Cash	507	-	507	0.01%	Variable
Receivables	-	8,490	8,490	-	
Total financial assets	507	8,490	8,997		
<i>(ii) Financial liabilities</i>					
Payables	-	13,015	13,015	-	
Lease liabilities	4,414	-	4,414	10%	Fixed
Bank loans	9,750	-	9,750	6%	Fixed
Derivative financial instrument	315*	-	315	6%	Fixed
Total financial liabilities	14,479	13,015	27,494		

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

* The derivative financial instrument is an interest rate swap with a face value of \$6million.

Note 3: Financial risk management (continued)

Sensitivity

If interest rates were to increase/decrease by 100 basis points from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	2015 \$'000	2014 \$'000
+/- 100 basis points		
Impact on profit after tax	2	59
Impact on equity	2	59

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to forward exchange contracts is the net fair value of these contracts.

The consolidated entity does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

i) Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

ii) Trade receivables

Credit risk for trade receivables is managed by setting credit limits and completing credit checks for customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

The aging analysis of trade and other receivables is provided in Note 10(b). As the consolidated entity undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with credit terms.

iii) Other financial instruments

The consolidated entity does not have any other material credit risk exposure for other receivables or other financial instruments.

Note 3: Financial risk management (continued)

(d) Liquidity risk

Maturity analysis

The tables below represents the undiscounted contractual settlement terms for financial instruments and managements expectation for settlement of undiscounted maturities.

	<6months	6 – 12 months	1-5 years	Total contractual cash flows	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2015					
Cash and cash equivalents	586	-	-	586	586
Receivables	8,525	-	-	8,525	8,525
Payables	(11,204)	-	-	(11,204)	(11,204)
Borrowings	(599)	(600)	(4,974)	(6,173)	(5,571)
Derivative financial instruments	(128)	-	-	(128)	(128)
Net maturities	<u>(2,820)</u>	<u>(600)</u>	<u>(4,974)</u>	<u>(8,394)</u>	<u>(7,792)</u>
Year ended 30 June 2014					
Cash and cash equivalents	507	-	-	507	507
Receivables	8,490	-	-	8,490	8,490
Payables	(13,015)	-	-	(13,015)	(13,015)
Borrowings	(10,764)	(988)	(3,156)	(14,908)	(14,164)
Derivative financial instrument	(315)	-	-	(315)	(315)
Net maturities	<u>(15,097)</u>	<u>(988)</u>	<u>(3,156)</u>	<u>(19,241)</u>	<u>(18,497)</u>

(e) Fair value compared with carrying amounts

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

(f) Working Capital Policy

Management and the Board monitor the consolidated entity's working capital and liquidity on the basis of expected cash flow. The information that is prepared by management and reviewed by the Board includes annual profit and loss, cash flow and balance sheet forecasts as well as forecast revisions to accommodate potential new projects. Forecasts take account of significant items such as capital expenditure projects.

(g) Price risk

The consolidated entity does not currently have any direct exposure to equity securities price risks, whilst exposure to commodity price risk is minimal.

Where appropriate, the Group forward buys grain and/or feed stock through its key suppliers for the purposes of providing an economic hedge against feed costs, subject to Board approval.

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1.

Note 4: Fair Value Measurements

(a) Fair value hierarchy

Assets and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

30 June 2015	Level 1	Level 2	Level 3	Total
Recurring Fair Value Measurements	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>				
Hedging instruments	-	15	-	15
Total financial assets	-	15	-	15
<i>Non-financial assets</i>				
Biological assets at fair value less cost to sell	-	-	7,059	7,059
Total non-financial assets	-	-	7,059	7,059
<i>Financial liabilities</i>				
Hedging instruments	-	4	-	4
Total financial liabilities	-	4	-	4

(b) Valuation techniques and inputs used in level 2 and 3 fair value measurement

(i) Biological assets

Biological assets held by the consolidated entity comprise flocks of hens. The amortised cost value of closing flock stock at balance date is deemed a proxy for fair value. The capitalised cost of poultry is amortised over the productive life of the flock. The flock is held for the purposes of producing eggs.

(ii) Foreign currency contracts

The consolidated entity holds a number of foreign currency contracts for the purposes of hedging exchange rate exposure relating to the purchase of goods and the repayment of lease liabilities denominated in Euros. Fair value of foreign currency contracts is calculated as the difference between the contracted forward exchange rate and the spot rate offered by the consolidated entity's financier at balance date.

(iii) Interest rate swap

The Company holds an interest rate swap for the purpose of hedging interest rates by swapping a variable rate of interest for a fixed interest rate. Fair value is determined as the mark-to-market value of the swap contract as at balance date, as determined by the consolidated entity's financier. Mark-to-market value is determined by comparing the interest rate swap to similar contracts within the market.

(c) Significant unobservable inputs used in level 3 fair value measurements

The fair value of biological assets are based upon amortised cost over their productive life which is between 50-60 weeks.

Note 4: Fair Value Measurements (continued)**(d) Reconciliation of recurring level 3 fair value movements**

	Consolidated Entity	
	2015 \$'000	2014 \$'000
Biological assets at fair value less cost to sell		
Opening balance	7,299	7,116
Purchases	9,690	10,241
Amortisation (fair value adjustment)	(9,930)	(10,058)
Closing balance	7,059	7,299

(e) Valuation processes used for level 3 fair value measurements

The amortised cost of closing flock stock at balance date is deemed a proxy for fair value. The capitalised cost of poultry is amortised over the productive life of the flock, which is between 50-60 weeks.

(f) Sensitivity analysis for recurring level 3 fair value measurements

At balance date if the amount amortised for the year had varied as illustrated below, post-tax profit and other comprehensive income would have been affected as follows:

+5% variation	247	255
-5% variation	(247)	(255)

Note 5: Revenue and other income

	Consolidated Entity	
	2015 \$'000	2014 \$'000
Revenues and other income from continuing operations		
<i>Sales revenue</i>		
Sale of goods	91,204	96,423
<i>Other income</i>		
Other income	137	109
Profit on sale of property, plant & equipment	-	26
	137	135

Note 6: Profit from continuing operations

Profit from continuing operations before income tax has been determined after the following specific expenses:

	Consolidated Entity	
	2015	2014
	\$'000	\$'000
Cost of goods sold		
Changes in inventories of finished goods and work in process	286	769
Raw materials and consumables used	60,018	69,162
	60,304	69,931
Employee benefits expenses	12,052	13,075
Depreciation of non-current assets		
Land improvements	33	42
Buildings	428	453
Plant & equipment	2,933	2,797
Total depreciation of non-current assets	3,394	3,292
Impairment losses – property, plant and equipment	599	
Provision for doubtful debts	-	15
Foreign exchange translation loss	-	13
Amortisation of poultry	9,930	10,058
Finance costs expensed – interest expense	979	1,511
Operating lease rentals	3,374	3,233
Net loss on disposal of property, plant & equipment	88	-

Note 7: Income Tax

	Consolidated Entity	
	2015 \$'000	2014 \$'000
(a) Components of tax expense:		
Current tax	2,260	497
Deferred tax	(95)	(137)
Under/(over) provision in prior years	-	-
Income tax expense	2,165	360
(b) Numerical reconciliation between income tax expense in the income statement and that calculated		
At the statutory income tax rate of 30% (2014: 30%)	(2,165)	(759)
Tax effect of amounts which are not deductible in calculating taxable income	-	-
Deferred tax assets not previously brought to account	-	399
Income tax expense	(2,165)	(360)
(c) Deferred tax assets and liabilities relate to the following:		
Employee benefits	572	537
Provisions and accruals	397	340
Tax loss adjustments	-	-
Hedge Reserve	38	94
Gross deferred tax assets	1,007	971
Fixed assets	(295)	(300)
Prepayments	(2)	-
Gross deferred tax liabilities	(297)	(300)
Net deferred tax assets	710	671
(d) Movement in current tax liability:		
Balance at beginning of year	497	-
Current tax expense	2,259	497
Tax paid	(733)	-
Balance at the end of the year	2,023	497
(e) Deferred taxes recognised directly in equity		
Hedge Reserve	56	94

Note 8: Dividends

	Consolidated Entity	
	2015 \$'000	2014 \$'000
(a) Dividends proposed and recognised as a liability	Nil	Nil
(b) Franking credit balance		
Balance of franking account at year end	1,742	1,009

Note 9: Cash and cash equivalents

Cash at bank	586	507
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Note 10: Receivables

Trade receivables	8,313	8,243
Allowance for impairment loss	(200)	(200)
	8,113	8,043
Other receivables	412	447
	8,525	8,490

(a) Terms and conditions

- (i) Trade receivables are non-interest bearing and generally on 30 to 60 day terms.
- (ii) Other receivables are non-interest bearing and have repayment terms between 30 and 60 days.

Note 10: Receivables (continued)**(b) Provision for impairment loss**

	Consolidated Entity	
	2015 \$'000	2014 \$'000
Movements in the provision for impairment were:		
Opening balance at 1 July	200	185
Increase in provision for impairment of trade receivables	-	15
	200	200

Trade and other receivables ageing analysis at 30 June is:

	Gross 2015 \$'000	Impairment 2015 \$'000	Gross 2014 \$'000	Impairment 2014 \$'000
Not past due	7,789	-	7,905	-
Past due 31-60 days	360	-	174	-
Past due 61-90 days	164	200	2	140
Past due more than 91 days	-	-	162	60
	8,313	200	8,243	200

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.

Note 11: Inventories

Raw materials at cost	2,917	3,012
Finished goods	1,668	1,859
Total inventories at lower of cost and net realisable value	4,585	4,871

Note 12: Other current assets

Prepayments	286	129
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Note 13: Biological assets

	Consolidated Entity	
	2015	2014
	\$'000	\$'000
Poultry	7,059	7,299
(a) Poultry		
Flock stock at cost	16,989	17,357
Less: Accumulated amortisation	(9,930)	(10,058)
	7,059	7,299
Opening flock stock written down value	7,299	7,116
Additions	9,690	10,241
Amortisation	(9,930)	(10,058)
Closing flock stock	7,059	7,299

The amortised cost of closing flock stock is deemed a proxy for fair value.

The number of birds held by the Company as at 30 June 2015 was 1,292,907 (2014: 1,248,734).

The average output per hen is approximately 5 eggs per week during their productive period.

Note 14: Property, plant and equipment

	Consolidated Entity	
	2015 \$'000	2014 \$'000
<i>Freehold land and land improvements</i>		
At cost	6,857	7,202
Accumulated depreciation	(117)	(227)
Total freehold land	6,740	6,975
<i>Buildings and building improvements</i>		
At cost	9,140	9,127
Accumulated depreciation	(3,935)	(3,507)
Total buildings & building improvements	5,205	5,620
Total land and buildings	11,945	12,595
<i>Plant and equipment</i>		
At cost	38,966	41,592
Accumulated depreciation	(21,921)	(22,013)
Total plant and equipment	17,045	19,579
Projects under construction	35	397
Total property, plant and equipment		
Cost	56,155	58,318
Total accumulated impairment	(599)	-
Total accumulated depreciation	(26,531)	(25,747)
Total written down amount	29,025	32,571

Note 14: Property, plant and equipment (continued)

(a) Assets pledged as security

Included in the balances of freehold land and buildings and plant and equipment are assets over which first mortgages have been granted as security over bank loans (see note 16). The terms of the first mortgage preclude the assets from being sold or being used as security for further mortgages without the permission of the first mortgage holder. The mortgage also requires buildings that form part of the security to be fully insured at all times.

	Consolidated Entity	
	2015	2014
	\$'000	\$'000
(b) Reconciliations		
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.		
<i>Freehold Land and Land Improvements</i>		
Carrying amount at beginning	6,975	7,002
Additions	-	15
Depreciation Expense	(33)	(42)
Impairment	(202)	-
	6,740	6,975
<i>Buildings on Freehold Land and Building Improvements</i>		
Carrying amount at beginning	5,620	6,062
Additions	13	11
Depreciation Expense	(428)	(453)
	5,205	5,620
<i>Plant & equipment</i>		
Carrying amount at beginning	19,579	21,698
Additions	955	696
Depreciation expense	(2,933)	(2,797)
Impairment	(397)	-
Disposals	(159)	(18)
	17,045	19,579
<i>Projects under construction</i>		
Carrying amount at beginning	397	212
Additions / transfers	(362)	185
	35	397
<i>Total Assets</i>		
Carrying amount at beginning	32,571	34,974
Additions	606	907
Depreciation expense	(3,394)	(3,292)
Impairment	(599)	-
Disposals	(159)	(18)
Total	29,025	32,571

Note 15: Payables**Consolidated Entity**

	2015	2014
	\$'000	\$'000
Trade Creditors/other payables and accruals	11,204	13,015

(a) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Related party payables

For terms and conditions relating to related party payables refer Note 25.

Note 16: Borrowings

CURRENT		
Secured		
Lease liability	1,069	1,427
Bank loans	-	9,750
	<u>1,069</u>	<u>11,177</u>
NON- CURRENT		
Secured		
Lease liability	1,502	2,987
Bank loans	3,000	-
	<u>4,502</u>	<u>2,987</u>

(a) Details of assets pledged as security

The bank loans are secured by a fixed and floating charge (mortgage debenture) over all assets and uncalled capital.

The Company's banking facility is subject to various specific covenants that are related to the consolidated entity's performance. These covenants are monitored closely by management and the Board.

The carrying amounts of the consolidated entity's current and non-current borrowings approximate their fair value. The consolidated entity's interest bearing borrowings consist of a mixture of fixed and variable interest rate loans.

Note 17: Provisions

CURRENT		
Employee benefits	1,766	1,571
NON-CURRENT		
Employee benefits	142	219
Aggregate employee benefits liability	<u>1,908</u>	<u>1,790</u>

Note 18: Contributed Equity

	Consolidated Entity	
	2015 \$'000	2014 \$'000
(a) Issued and paid up capital		
55,180,175 (2014 : 55,180,175) Ordinary shares fully paid	29,578	29,578
Each share is entitled to 1 vote per share.		
	29,578	29,578

(b) Share Options

At 30 June 2015 there were nil (2014: Nil) unissued ordinary shares.

Employee Share Option Plan (ESOP)

Share options are granted to employees of the consolidated entity with at least 3 months' service or any executive director at the Board's discretion. The ESOP is designed to align the participants' interest with those of shareholders by increasing the value of the consolidated entity's shares. Under the ESOP, the exercise price of the options is set at the time of granting the options at the determination of the Board, the price shall be no less than the greater of market price of 20 cents. There are no individual or consolidated entity performance hurdles that are required to be achieved in order for the options to vest other than continued employment with the consolidated entity.

As at 30 June 2015 there are no options on issue (2014: Nil)

(c) Capital Management

When managing capital, management's objective is to ensure the consolidated entity continues to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

During 2015 no dividends were paid (2014: Nil)

Note 19: Reserves and Accumulated Losses

	Consolidated Entity	
	2015 \$'000	2014 \$'000
(a) Cash flow hedge reserve	(90)	(222)
(b) Retained earnings / (Accumulated loss)	454	(4,599)
(a) Cash flow hedge reserve		
This reserve is used to account for the fair value movement of the cash flow hedge.		
Balance at beginning of year	(222)	(353)
Revaluation of reserve	132	131
Balance at end of year	(90)	(222)
(b) Retained earnings / (Accumulated losses)		
Balance at the beginning of year	(4,599)	(6,768)
Net profit attributed to members of Farm Pride Foods Ltd	5,053	2,169
Balance at end of year	454	(4,599)

Note 20: Cash Flow Information

	Consolidated Entity	
	2015 \$'000	2014 \$'000
(a) Reconciliation of cash flow from operations with profit after tax:		
Profit from ordinary activities after tax	5,053	2,169
Non-cash items		
Depreciation	3,394	3,292
Impairment	599	-
Flock amortisation	9,930	10,058
Inventory write down	585	809
Net gain on foreign exchange	-	(14)
Provision for doubtful debts	-	15
Net loss/(profit) on disposal of property, plant and equipment	88	(26)
Non-cash movement on loan	26	16
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(35)	2,827
(Increase)/decrease in inventory	(299)	240
Increase in biological asset	(9,690)	(10,241)
(Increase)/decrease in other assets	(157)	16
Decrease in trade and other creditors	(1,811)	(4,611)
Increase in deferred tax asset	1,526	80
Increase in employee entitlements	118	133
Increase/(decrease) in current tax liability	(94)	-
Net cash flow from operating activities	<u>9,233</u>	<u>4,763</u>
(b) Reconciliation of cash		
Cash and cash equivalents	586	507
	<u>586</u>	<u>507</u>
(c) Overdraft with bank		
Credit facility	1,250	1,250
Amount utilised	-	-
Unused credit facility	<u>1,250</u>	<u>1,250</u>
(d) Loan facilities		
Loan facility	10,000	10,000
Amount utilised	(3,000)	(9,750)
Unused loan facility	<u>7,000</u>	<u>250</u>

Note 21: Commitments

Consolidated Entity

	2015 \$'000	2014 \$'000
Lease expenditure commitments		
(i) <i>Operating leases (non-cancellable)</i>		
Minimum lease payments		
Not later than one year	4,705	4,445
Later than one year and not later than five years	10,684	11,858
Later than five years	4,422	5,910
Aggregate lease expenditure contracted for at reporting date	19,811	22,213
<p>The property leases are non-cancellable leases with terms varying from one to eleven years, with rent payable monthly in advance. Contingent rental provisions within the lease agreements require the minimum lease payments shall be increased with reference to the CPI or market.</p>		
(ii) <i>Finance leases (manufacturing equipment)</i>		
Future minimum lease payments and the present value of the net minimum lease payments:		
Not later than one year	1,199	1,966
Later than one year and not later than five years	1,584	3,156
Later than five years	-	-
Total minimum lease payments	2,783	5,122
Future finance charges	(212)	(708)
Present value of minimum lease payments	2,571	4,414
Current liability	1,069	1,427
Non-current liability	1,502	2,987
Total	2,571	4,414
(iii) <i>Flock replacement commitment</i>	796	562

Note 22: Earnings per share

The following reflects the income and share data used in calculations of basic and diluted loss/earnings per share computations:

Consolidated Entity	
2015 \$'000	2014 \$'000
5,053	2,169

Net profit from continuing operations

Weighted average

	2015 No. of shares	2014 No. of shares
Weighted average number of ordinary shares used in calculating basic loss/earnings per share	55,180,175	55,180,175
Weighted average number of shares used to calculate diluted earnings per share	55,180,175	55,180,175

Note 23: Directors' and Executives Compensations

Compensation by category

Consolidated Entity	
2015 \$'000	2014 \$'000
Short-term employment benefits	355
Superannuation	7
258	362

Note 24: Controlled Entities

(a) The consolidated financial statements include the financial statements of Farm Pride Foods Ltd and its controlled entities listed below:

List of companies in the group	Country of incorporation	Percentage owned	
		2015	2014
Parent entity:			
Farm Pride Foods Ltd	Australia	100%	100%
Subsidiaries of Farm Pride Foods Ltd			
Big Country Products Pty Ltd	Australia	100%	100%
Farm Pride Property Pty Ltd	Australia	100%	100%
Mooroopna Breeding Farm Pty Ltd	Australia	100%	100%
Farm Pride North Pty Ltd	Australia	100%	100%
Carton Packaging Pty Ltd	Australia	100%	100%

Note 25: Related Party Disclosures**(c) Related party balances included in Receivables/Payables:**

	Consolidated Entity	
	2015	2014
	\$'000	\$'000
Trade debtors	566	226
Trade creditors	(818)	(1,514)
Net receivable/(payable)	(252)	(1,288)

Note 26: Parent Entity Information

Information relating to Farm Pride Foods Ltd:

	2015	2014
	\$'000	\$'000
Summarised statement of financial position		
Current assets	21,032	21,296
Total assets	50,768	54,538
Current liabilities	15,798	26,276
Total liabilities	20,381	29,717
Total equity of the Parent comprises of the following:		
Share capital	29,578	29,578
Retained earnings	(4,535)	(6,489)
Cash flow hedge reserve	(90)	(222)
Total shareholder's equity	24,953	22,867
Summarised statement of comprehensive income		
Profit/(loss) of the parent entity	5,434	1,954
Total comprehensive profit/(loss) of the parent entity	5,434	1,954

Farm Pride Foods Ltd as parent has provided security over the loans of its subsidiaries by a fixed and floating charge (see note 16).

Note 27: Related party Disclosures

Directors and major shareholders 2014 and 2015

The value of transactions (inclusive of GST) and amounts receivable/(payable) between Directors and their related entities and Farm Pride Foods Ltd and its controlled entities.

Directors and major shareholders 2014/2015	Note	Transaction	Revenue		Expenditure		Balance Receivable / (Payable)	
			2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
AAA Egg Company Pty Ltd (P. Bell / M. Ward)	(a)	Purchases	-	-	1	9	(1)	(9)
Altona Hatchery Pty Ltd (P. Bell)	(a)	Purchases	-	-	-	-	-	(6)
Days Eggs Pty Ltd (P. Bell)	(a)	Egg supply / Purchases	947	1,242	493	144	195	105
Hy-line Australia Pty Ltd (P. Bell)	(a)	Purchases / Packaging sales	-	-	4,274	3,323	(753)	(434)
Pure Foods Eggs Pty Ltd (P. Bell)	(a)	Egg sales / Purchases	387	226	264	264	92	(89)
West Coast Eggs Pty Ltd (P. Bell / M. Ward / Z. Lendich)	(a)	Egg sales / Purchases	1,445	3,263	33	709	214	(855)
Novo Foods Ltd (P. Bell / Z. Lendich)	(c)	Marketing	-	-	118	-	-	-
Hensman Nominees Pty Ltd (Z Lendich)	(c)	Director / Consulting	-	-	-	308	-	-
Hensman Nominees Pty Ltd (Z Lendich)	(c)	Expense Reimbursement	-	-	-	50	-	-

- (a) 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 Ltd and its controlled entities. These transactions are on normal trading terms and conditions.
- (b) Novo provided marketing services to Farm Pride Foods Ltd. These transactions are on normal trading terms and conditions.
- (c) Mr. Zelko Lendich was a director of Hensman Nominees Pty Ltd and formerly a director of Farm Pride Foods Ltd, West Coast Eggs Pty Ltd and Novo Foods Ltd.

Note 28: Auditor's remuneration

	Consolidated Entity	
	2015 \$	2014 \$
Amounts paid and payable to Pitcher Partners		
An audit or review of the financial report of the entity and any other entity in the consolidated entity	144,350	141,500
Taxation services	14,700	14,500
Other assurance related fees	-	-
	159,050	156,000

Note 29: Derivative Financial Instruments**Current liabilities**

Interest rate swap contract – cash flow hedge	128	315
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Instruments used by the consolidated entity.

(a) Interest rate swap

Interest bearing loans of the consolidated entity currently bear an average variable interest rate of 4.2%. In order to protect against rising interest rates the consolidated entity has entered into interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates.

Swaps in place cover approximately 200% (2014: 71.8%) of the principal outstanding total borrowings and are timed to expire at the expected conclusion date of each loan. The fixed interest rate is 6%.

At the 30 June 2015 the notional principal amounts and periods of expiry of the interest rate swap contract are as follows:

	Consolidated Entity	
	2015 \$'000	2014 \$'000
0 – 1 Years	6,000	1,000
1 - 2 Years	-	1,000
2 - 3 Years	-	5,000
	6,000	7,000

The interest rate swap requires settlement of net interest receivable or payable each 30 days. The current settlement dates on which interest is payable on the underlying debt is every 30 days.

The interest rate swap is settled on a net basis. The swaps are measured at fair value and all gains and losses attributable to the hedged risk is taken directly to equity and re-classified into profit or loss (2015: \$219,088 and 2014: \$241,121) when the interest expense is recognised.

Note 30: Subsequent Events

There are no matters or circumstances, which have arisen since 30 June 2015 that have significantly affected or may significantly affect:

- (a) The operations, in financial years subsequent to 30 June 2015, of the consolidated entity, or
- (b) The result of those operations, or
- (c) The state of affairs, in financial years subsequent to 30 June 2015, of the consolidated entity.

Note 31: Company details

The registered office of the Company is:

Farm Pride Foods Ltd
551 Chandler Road
Keysborough, Victoria 3173
Australia

Directors' Declaration

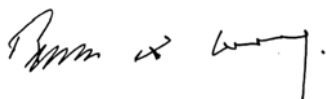
The Directors declare that the financial statements and notes set out on pages 12 to 46 in accordance with the *Corporations Act 2001*:

- (a) Comply with Australian Accounting Standards and the *Corporations Regulation 2001*, and other mandatory professional reporting requirements;
- (b) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards and;
- (c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2015 and of its performance for the year ended on that date.

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

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the Directors in accordance with other mandatory professional reporting requirements and sections 295A of the *Corporations Act 2001* for the financial year ending 30 June 2015.

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



Bruce De Lacy
Director

27 August 2015
Melbourne

FARM PRIDE FOODS LIMITED
ABN 42 080 590 030

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

Report on the Financial Report

We have audited the accompanying financial report of Farm Pride Foods Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

FARM PRIDE FOODS LIMITED
ABN 42 080 590 030

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

Independence

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

Opinion

In our opinion:

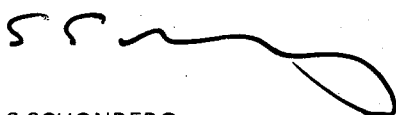
- (a) the financial report of Farm Pride Foods Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion, the Remuneration Report of Farm Pride Foods Limited and controlled entities for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.



S SCHONBERG
Partner

27 August 2015



PITCHER PARTNERS
Melbourne

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 27 August 2015.

(a) Distribution of equity security

The number of shareholders, by size of holding, in each class of share are:

	No. of shareholders	No. of shares
1 - 1,000	92	42,226
1,001 - 5,000	120	354,367
5,001 - 10,000	67	532,866
10,001 - 100,000	116	4,037,597
100,001 +	49	50,213,119

The number of shareholders holding less than a marketable parcel of shares are:	54	10,002
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(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

	Listed ordinary shares held	Percentage of ordinary shares
1 West Coast Eggs Pty Ltd	27,486,302	49.81
2 Glenmon Pty Ltd	2,870,453	5.20
3 Markcamp Pty Ltd	2,568,942	4.66
4 Normpat Pty Ltd	2,064,250	3.74
5 Oakmeadow Pty Ltd	2,011,772	3.65
Jadog Superannuation Pty Ltd	1,000,000	1.81
GO Drew Pty Ltd	986,793	1.79
Mr. Clinton James Quay	802,762	1.45
Lippo Securities Nominees (BVI) Ltd	750,000	1.36
Mr. Bartlomiej Ryszard Stepien	745,149	1.35
SSRAY Asset & Co Pty Ltd	581,360	1.05
Glenmark Distributors Pty Ltd.	485,634	0.88
Citicorp Nominees Pty Limited	484,998	0.88
Mr. Gerald Francis Pauley & Mr. Michael James Pauley	482,262	0.87
A & R Moncrieff Pty Limited	420,000	0.76
Mrs. Trisha Marie Verran	399,669	0.72
Mr. Theo Versteden & Mrs. Maureen Helen Versteden	341,051	0.62
Nearlart Pty Ltd	333,333	0.60
Stepien Value Investing Pty Ltd	324,683	0.59
Mr. George Scaunich	323,694	0.59
	<hr/> 45,463,107	<hr/> 82.39

ASX Additional Information (continued)

(c) Substantial shareholders

The names of substantial shareholders listed in the Company's register.

	No. held	Percentage of ordinary shares
West Coast Eggs Pty Ltd	27,486,302	49.81
Glenmon Pty Ltd	2,870,453	5.20

(d) Voting rights

The voting rights are set out in Article Number 10 of the Company's Articles of Association. In summary, voting by or on behalf of members at a meeting shall be by show of hands or upon poll exercised by one vote for each fully paid ordinary share held or proportionate to the amount paid on each partly paid ordinary share held.

(e) Unquoted securities

Nil share options are on issue (2014: Nil).

(f) Stock Exchange listing

Quotation has been granted for all the ordinary shares of the Company on all members Exchanges of the Australian Stock Exchange Limited.

Publicly accessible information

For information on corporate governance policies adopted by Farm Pride Foods Ltd refer to our website:

www.farmpride.com.au