

MAKING FOOD BETTER



Half Yearly Report
Half year ended 31 December 2014

Freedom Foods Group Limited
A.B.N 41 002 814 235

Appendix 4D

Results for announcement to the market

In thousands of AUD	\$'000	Percentage change over previous corresponding period
Revenues	45,349	3.6% increase
Net profit *	55,190	1,278.4% increase
Dividends (distributions)	Amount per security	Franked amount per security
Interim dividends payable Ordinary Shares	\$0.015	\$0.015
Record date for determining entitlements to the dividend		1 st April 2015
Interim Dividend payable Converting Redeemable Preference Shares	\$0.0135	\$0.0135
Record date for determining entitlements to the dividend		1 st April 2015

* Includes \$52.2 million after tax gain from the reclassification of the investment in The a2 Milk Company Limited (a2MC)

	31 Dec 14	30 Jun 14
Net tangible assets (in thousands of AUD)	155,430	100,745
Net assets (in thousands of AUD)	176,918	122,233
Total number of ordinary shares (in thousands)	152,690	150,645
Total number of converting redeemable preference shares (in thousands)	137	152
Total number of shares (Ordinary + CRPS)	152,827	150,797
Net assets per security (in dollars of AUD)	1.16	0.81
Net tangible assets per security (in dollars of AUD)	1.02	0.67

The attached interim financial report has been subject to review. The half year report should be read in conjunction with the Management commentary attached.

Rory Macleod
Managing Director
Company Secretary
27th February 2015

Directors' Report

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half-year:

P R Gunner	Chairman	Non Executive
R J F Macleod	Director	Executive
A M Perich	Director	Non Executive
R Perich	Director	Non Executive
M Miles	Director	Non Executive
T J Allen	Director	Non Executive
M R Perich	Alternate Director	Non Executive

Review of operations

Refer to commentary in the half year financial results announcement.

Auditor's independence declaration

The auditor's independence declaration is included on page 18 of the half-year report.

Rounding off of amounts

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 directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The report is signed in accordance with a resolution of the Board of Directors made pursuant to s 306 (3) of the Corporations Act 2001.

Signed on behalf of the Directors



Rory J F Macleod
Managing Director

Dated on this 27th day of February 2015
 Sydney

Condensed consolidated statement of profit or loss and other comprehensive income			
For the half-year ended 31 December 2014			
		Consolidated	
		Half-year ended	
		31-Dec-14	31-Dec-13
	Note	\$'000	\$'000
Revenue from sale of goods	2	45,349	43,774
Cost of sales		(29,758)	(28,232)
Gross Profit		15,591	15,542
Other income		367	375
Gain from reclassification of a2MC investment	5	53,148	-
Marketing expenses		(1,470)	(1,218)
Selling and distribution expenses		(5,823)	(5,298)
Administrative expenses		(2,525)	(2,763)
Profit before depreciation, income tax, finance costs and equity accounted investments		59,288	6,638
Depreciation		(1,542)	(1,289)
Profit before income tax, finance costs and equity accounted		57,746	5,349
Finance costs		(347)	(237)
Share of profit of associates accounted for using the equity method *		-	450
Profit before income tax		57,399	5,562
Income tax expense		(2,209)	(1,558)
Profit for the period		55,190	4,004
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to the profit or loss			
Loss on revaluation of a2MC investment, net of tax	5	(686)	-
Total Comprehensive Income for the Period		54,504	4,004
Profit attributable to:			
Owners of the parent		55,190	4,004
Non-controlling interests		-	-
		55,190	4,004

Notes to the condensed consolidated statement of profit or loss and other comprehensive income are included on pages 9 to 14.

Condensed consolidated statement of profit or loss and other comprehensive income (continued)			
For the half-year ended 31 December 2014			
	Consolidated		
	Half-year ended		
		31-Dec-14	31-Dec-13
	<i>Note</i>	\$'000	\$'000
Total comprehensive income attributable to:			
Owners of the parent		54,504	4,004
Non-controlling interests		-	-
		54,504	4,004
Earnings per share			
Basic (cents per share)		36.39	3.06
Diluted (cents per share)		35.37	2.78

- * In the six months ended 31 December 2013, the group recorded \$450k of equity accounted income related to the a2MC investment based on the estimated a2MC profit for the period. This estimate was subsequently revised in the financial year ended 30 June 2014 and the \$450k was reduced to \$nil to reflect the actual share of profits. The impact of this revision would have been to reduce the profit for the period to 31 December 2013 to \$3,554k.

Notes to the condensed consolidated statement of profit or loss and other comprehensive income are included on pages 9 to 14.

Condensed consolidated statement of financial position as at 31 December 2014			
		Consolidated	
		31-Dec-14	30-Jun-14
	Note	\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		1,085	4,873
Trade and other receivables		24,169	20,655
Other financial assets		1,687	689
Inventories		24,110	18,967
Prepayments		3,530	1,211
Total current assets		54,581	46,395
Non-current assets			
Investment in associate	4	4,842	15,061
Investment in a2MC	5	63,293	-
Deferred tax assets		-	385
Property, plant and equipment		68,697	54,597
Loans due from associated entities		13,977	13,303
Goodwill		5,214	5,214
Other intangible assets		16,274	16,274
Total non-current assets		172,297	104,834
Total assets		226,878	151,229
Liabilities			
Current liabilities			
Trade and other payables		15,279	13,068
Borrowings	6	16,261	3,899
Current tax liabilities		3,797	4,155
Other liabilities		589	287
Provisions		1,675	1,438
Total current liabilities		37,601	22,847
Non-current liabilities			
Trade and other payables		53	53
Deferred tax liabilities		1,888	-
Borrowings	6	10,201	5,927
Provisions		217	169
Total non-current liabilities		12,359	6,149
Total liabilities		49,960	28,996
Net assets		176,918	122,233
Equity			
Issued capital		96,805	94,419
Reserves		(4,244)	(3,636)
Retained earnings		84,357	31,450
Non-controlling interest		-	-
Total equity		176,918	122,233

Notes to the condensed consolidated statement of financial position are included on pages 9 to 14.

Condensed consolidated statement of changes in equity											
For the half-year ended 31 December 2013											
	Attributable to equity holders of the parent										
	Notes	Fully paid ordinary shares	CRPS Shares	Retained earnings	Equity - settled employee benefits reserve	Other Reserve	Investment revaluation reserve	Asset revaluation reserve	Total	Non-controlling interest	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013		58,008	4,970	22,966	991	(5,013)	-	473	82,395	-	82,395
Issue of ordinary shares under employee share option plan	7	710	-	-	-	-	-	-	710	-	710
Issue of ordinary shares from unlisted options exercised	7	850	-	-	-	-	-	-	850	-	850
Issue of ordinary shares from the conversion of convertible redeemable preference shares	7	5,096	(5,096)	-	-	-	-	-	-	-	-
Issue of ordinary shares in accordance with the dividend replacement plan	7	49	-	-	-	-	-	-	49	-	49
Issue of ordinary shares from a capital raising allotment and entitlement offer	7	29,998	-	-	-	-	-	-	29,998	-	29,998
Share issue costs		(1,889)	277	-	-	-	-	-	(1,612)	-	(1,612)
Related income tax		567	(83)	-	-	-	-	-	484	-	484
Acquisition of subsidiary under common control		-	-	-	-	(451)	-	-	(451)	-	(451)
Profit for the period		-	-	4,004	-	-	-	-	4,004	-	4,004
Foreign exchange translation		-	-	-	-	(6)	-	-	(6)	-	(6)
Total comprehensive income for the year		-	-	26,970	-	(5,470)	-	-	116,421	-	116,421
Recognition of share-based payments		-	-	-	180	-	-	-	180	-	180
Dividends paid	3	-	-	(1,391)	-	-	-	-	(1,391)	-	(1,391)
Balance as at 31 December 2013		93,389	68	25,579	1,171	(5,470)	-	473	115,210	-	115,210

Notes to the condensed consolidated statement of changes in equity are included on pages 9 to 14.

Condensed consolidated statement of changes in equity											
For the half-year ended 31 December 2014											
	Attributable to equity holders of the parent										
	Notes	Fully paid ordinary shares	CRPS Shares	Retained earnings	Equity - settled employee benefits reserve	Other Reserve	Investment revaluation reserve	Asset revaluation reserve	Total	Non-controlling interest	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2014		94,378	41	31,450	1,351	(5,460)	-	473	122,233	-	122,233
Issue of ordinary shares under employee share option plan	7	714	-	-	-	-	-	-	714	-	714
Issue of ordinary shares from unlisted options exercised	7	-	-	-	-	-	-	-	-	-	-
Issue of ordinary shares from the conversion of convertible redeemable preference shares	7	5	(5)	-	-	-	-	-	-	-	-
Issue of ordinary shares in accordance with the dividend replacement plan	7	1,717	-	-	-	-	-	-	1,717	-	1,717
Issue of ordinary shares from a capital raising allotment and entitlement offer	7	-	-	-	-	-	-	-	-	-	-
Share issue costs		(59)	(5)	-	-	-	-	-	(64)	-	(64)
Related income tax		17	2	-	-	-	-	-	19	-	19
Revaluation of investment in a2MC		-	-	-	-		(686)	-	(686)	-	(686)
Profit for the period		-	-	55,190	-	-	-	-	55,190	-	55,190
Foreign exchange translation		-	-	-	-	(102)	-	-	(102)	-	(102)
Total comprehensive income for the year		-	-	86,640	-	(5,562)	(686)	-	179,021	-	179,021
Recognition of share-based payments		-	-	-	180	-	-	-	180	-	180
Dividends paid	3	-	-	(2,283)	-	-	-	-	(2,283)	-	(2,283)
Balance as at 31 December 2014		96,772	33	84,357	1,531	(5,562)	(686)	473	176,918	-	176,918

Notes to the condensed consolidated statement of changes in equity are included on pages 9 to 14.

Freedom Foods Group Limited		
Condensed consolidated statement of cash flows		
For the half-year ended 31 December 2014		
	Consolidated	
	Half-year ended	
	31-Dec-14	31-Dec-13
	Note	
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	41,662	43,385
Payments to suppliers and employees	(43,049)	(38,634)
Cash (utilised)/generated from operations	(1,387)	4,751
Interest and other costs of finance paid	(645)	(562)
Receipt of grants	78	-
Net cash (utilised)/provided by operating activities	(1,954)	4,189
Cash flows from investing activities		
Payment for property, plant and equipment	(16,750)	(5,847)
Investment in Equity Interest	(1,874)	(4,541)
Payment for shares in available for sale investment	(645)	-
Proceeds from sale of shares in available for sale investment	107	-
Advance to Associates	-	(17,500)
Net cash utilised in investing activities	(19,162)	(27,888)
Cash flows from financing activities		
Proceeds from issue of shares	714	31,558
Payment of share issue costs	(45)	(1,128)
Dividends paid	(565)	(1,342)
Proceeds from borrowings	17,829	-
Repayment of borrowings	(1,109)	(12,131)
Proceeds from/(repayment) of related party loan	504	(588)
Net cash provided by financing activities	17,328	16,369
Cash and cash equivalents at the beginning of the period	4,873	14,106
Net decrease in cash and cash equivalents	(3,788)	(7,330)
Cash and cash equivalents at the end of the period	1,085	6,776

Notes to the condensed consolidated statement of cash flows are included on pages 9 to 14.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. 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 directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2014 annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

Adoption of new and revised Standards and Interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new standards and amendments to standards that are mandatory for the first time for the half year beginning 1 July 2014 have not affected any of the amounts recognised in the current period or any prior period and are not likely to significantly affect future periods.

2. Segment information

The operating segments analysed below are those regularly reviewed by the Board of Directors in their capacity as the chief operating decision maker of the company in order to allocate resources to the segments and assess their performance. The segments identified do not represent a significant change from those presented in prior years.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	External sales		Total	
	Half-year ended		Half-year ended	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Segment revenue	\$'000	\$'000	\$'000	\$'000
<i>Continuing operations</i>				
Freedom Foods	23,519	22,171	23,519	22,171
Freedom Foods North America	660	212	660	212
Seafood	6,519	6,317	6,519	6,317
Pactum	24,830	22,961	24,830	22,961
Net Sales Revenue	55,528	51,661	55,528	51,661

Notes to the condensed consolidated financial statements (continued)

	External sales		Total	
	Half-year ended		Half-year ended	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
Intercompany sales elimination	(10,803)	(7,887)	(10,803)	(7,887)
Other		-	624	-
Total revenue of the consolidated group	44,725	43,774	45,349	43,774

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

In the six months ended 31 December 2013, the group recorded \$450k of equity accounted income related to the a2MC investment based on the estimated a2MC profit for the period. This estimate was subsequently revised in the financial year ended 30 June 2014 and the \$450k was reduced to \$nil to reflect the actual share of profits. The impact of this revision would have been to reduce the profit for the period to 31 December 2013 to \$3,554k.

94% of total external sales of the consolidated group and equity accounted associates are generated in Australia (2013: 97%).

	Half-year ended	
	31-Dec-14	31-Dec-13
Segment result	\$'000	\$'000
Continuing operations		
Freedom Foods	2,512	3,535
Freedom Foods North America	(356)	(250)
Seafood	1,337	1,230
Pactum	4,258	3,652
Other Income	367	375
Gain from reclassification of a2MC investment	53,148	-
Group share of equity accounted associate	-	450
	61,266	8,992
Shared services	(1,978)	(1,904)
Finance costs	(347)	(237)
Depreciation	(1,542)	(1,289)
Profit before tax	57,399	5,562
Income tax expense	(2,209)	(1,558)
Profit for the period from continuing operations	55,190	4,004

Notes to the condensed consolidated financial statements (continued)

3. Dividends

	Half-year ended 31 Dec 2014		Half-year ended 31 Dec 2013	
	Cents per Share	Total \$'000	Cents per Share	Total \$'000
Recognised amounts				
Fully paid ordinary shares				
Final Dividend	1.50	561	1.00	1,101
Dividends Reinvested	2.84	1,718	2.46	49
Fully paid convertible redeemable preference shares				
Final Dividend	1.35	4	1.40	241
Total Dividends for the period		2,283		1,391
Unrecognised amounts				
Fully paid ordinary shares				
Interim Dividend	1.50	2,290	1.50	2,233
Fully paid convertible redeemable preference shares				
Interim Dividend	1.35	2	1.35	3

On 26th February 2015, the directors declared a fully franked interim dividend of \$0.015 cents per share to the holders of ordinary shares in respect of the 6 month period ended 31 December 2014, which is to be paid to shareholders on 30th April 2015. The record date for determining entitlements to the final dividend is Wednesday 1st April 2015. The dividend has not been included as a liability in these financial statements. The estimated total dividend to be paid is \$2,290k.

On 26th February 2015, the directors declared a fully franked dividend of \$0.0135 cents per share to the holders of converting redeemable preference shares in respect of the 6 month period ended 30 April 2015, which is to be paid to shareholders on 15th April 2015. The record date for determining entitlements to the final dividend is Wednesday 1st April 2015. The dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$2k.

4. Investment in associate

Pactum Dairy Group Limited (PDG)	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Opening Balance	4,474	-
Share of profits for the period	-	(26)
Equity investment	-	4,500
Loan note interest	286	
Convertible note interest	82	-
Closing Balance	4,842	4,474

The Group has a Joint Venture agreement via Pactum Australia Pty Limited (Pactum) with Australian Consolidated Milk Pty Limited (ACM) to form the company Pactum Dairy Group (PDG). PDG has developed a new high speed low cost UHT processing and packaging facility at Shepparton, Victoria to supply low cost liquid products to the Domestic and International market. Pactum holds 1% of the equity. The investment also includes 999,900 Convertible notes of \$1 and \$3,500k in loan notes.

Notes to the condensed consolidated financial statements (continued)

The a2 Milk Company Limited (a2MC)	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Opening Balance	10,587	9,909
Share of profits for the period *	-	-
Equity investment	538	678
Reclassification of investment	(11,125)	-
Dividends	-	-
Cost associated with investment	-	-
Closing Balance	-	10,587

- * In the six months ended 31 December 2013, the group recorded \$450k of equity accounted income related to the a2MC investment based on the estimated a2MC profit for the period. This estimate was subsequently revised in the financial year ended 30 June 2014 and the \$450k was reduced to \$nil to reflect the actual share of profits. The impact of this revision would have been to reduce the profit for the period to 31 December 2013 to \$3,554k.

The group holds 117,699,229 (17.8%) of the ordinary shares of The a2 Milk Company (a2MC), a company listed on the main board of the New Zealand Stock Exchange (NZX:ATM).

Mr P R Gunner resigned from the board of a2MC at the conclusion of the a2MC Annual General Meeting on 18 November 2014, leaving Mr M Miles as the only common director on the a2MC board.

As a result of the resignation of Mr P R Gunner, the directors of the group have re-assessed whether the group continues to exercise significant influence over this investment as contemplated in AASB 128 Investments in Associates and Joint Ventures (AASB 128). The directors have considered the following factors in assessing their significant influence; the total number of directors on a2MC, the group's intent and ability to appoint directors to a2MC, the group's extent of ownership relative to other a2MC shareholders, the lack of any material transactions with a2MC and the ability of the group to participate in the policy-making processes, including participation in decisions about dividends or other distributions of a2MC. In the directors' judgment, these considerations in conjunction with the view that the directors retain the option to realise capital from the investment to support further growth opportunities, result in the group no longer being able to clearly demonstrate that they exercise significant influence over a2MC.

Significant influence was deemed to be lost at the conclusion of the a2MC AGM and therefore on this date the group has reclassified the investment to an Available for Sale investment (AFS) under the requirements of AASB 139 Financial Instruments: Recognition and Measurement on this date.

5. Investment in a2MC

The group reclassified the investment in a2MC as Available For Sale on 19 November 2014. At the date of reclassification, a fair value gain of \$53.1 million (\$52.2 million net of tax) was recorded in the statement of profit or loss. The investment in a2MC continues to be recorded at fair value, with any gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve.

The a2 Milk Company Limited (a2MC)	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Opening Balance	-	-
Reclassification of investment	11,125	-
Gain on reclassification	53,148	-
Fair value movement before tax	(980)	-
Closing Balance	63,293	-

Notes to the condensed consolidated financial statements (continued)

6. Standby arrangement and unused credit facilities

	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Secured loan facilities - trade finance		
- amount used	4,375	228
- amount unused	5,325	9,472
	9,700	9,700
Secured finance facilities - debtor and equipment finance		
- amount used	22,087	9,598
- amount unused	12,613	23,557
	34,700	33,155
Financing facilities used	26,462	9,826
Financing facilities unused	17,938	33,029
Amounts used represented by		
- current	16,261	3,899
- non-current	10,201	5,927
	26,462	9,826

The bank facilities are arranged with HSBC Bank Australia Limited with general terms and conditions and certain facility components that are subject to annual review. The bank facilities of the Group are secured by a first equitable mortgage over the whole of the Group's assets and undertakings (including uncalled capital), (except items specifically discharged under the Freedom Foods and Pactum Australia equipment finance arrangements), and a first registered mortgage over the Group's Leeton property.

The equipment finance facilities relate to specific equipment operating at the Freedom Foods Leeton facility and Pactum Taren Point facility, arranged with National Australia Bank. These facilities are secured over the assets financed under the facility, which have been specifically discharged from the first registered mortgage held over all of the Group's property. The leases are over a period of 3 to 7 years and the final residual on the current leases will be due in 2019. The group is fully compliant with it's covenant's with National Australia Bank.

7. Issuances, repurchases and repayment of equity securities

During the half-year reporting period Freedom Foods Group Limited did not issue any options under its executive share option plan.

The below shows the movements in the share account

	Half-year ended		Half-year ended	
	31 Dec 2014		31 Dec 2013	
	No of Shares	Value \$	No of Shares	Value \$
Employee Share Options Exercised	1,424,999	713,749	1,683,333	710,000
Unlisted Options Exercised	-	-	2,147,612	849,897
CRPS conversions	15,100	4,530	16,985,766	5,095,730
DRP (Dividend Replacement Plan) shares	604,193	1,717,458	20,126	49,059
Capital Raising Allotment (including Entitlement Offer)	-	-	14,284,819	29,998,120
Movement for the period	2,044,292	2,435,737	35,121,656	36,702,806

Notes to the condensed consolidated financial statements (continued)**8. Fair value of financial instruments**

The available for sale investment in a2MC is recorded at fair value. As this investment is quoted on an active market the directors have deemed this to be a level 1 financial asset. The Fair value has been determined using the share price on the NZX at the period end. Refer to note 5 for further details. The \$0.7 million change in fair value in the period has been recorded in other comprehensive income.

The directors consider that the carrying value of all financial assets and financial liabilities recognised in the financial statements approximates fair value.

9. Subsequent events

There have been no significant events or transactions since the period end.

Directors' declaration

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors



Rory J F Macleod
Managing Director

Dated on this 27th day of February 2015
Sydney

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

We have reviewed the accompanying half-year financial report of Freedom Foods Group Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 3 to 15.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Freedom Foods Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Freedom Foods Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU.

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants
Parramatta, 27 February 2015

The Board of Directors
Freedom Foods Group Limited
80 Box Road
TAREN POINT NSW 2229

27 February 2015

Dear Board Members

Auditor's Independence Declaration to Freedom Foods Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Freedom Foods Group Limited.

As lead audit partner for the review of the financial statements of Freedom Foods Group Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU.

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants