



RETAILFOODGROUP LIMITED

APPENDIX 4E

PRELIMINARY FINAL REPORT

FINANCIAL YEAR ENDED – 30 JUNE 2013

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

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SUMMARY

	REPORTED				
	FY09	FY10	FY11	FY12	FY13
Financial					
Total Revenue ⁽²⁾	\$130.5m	\$118.6m	\$110.0m	\$101.9m	\$117.0m
EBITDA	\$41.6m	\$44.9m	\$45.9m	\$48.4m	\$53.8m
EBIT	\$40.3m	\$43.8m	\$45.1m	\$47.5m	\$52.8m
NPAT	\$23.5m	\$26.0m	\$27.2m	\$28.5m	\$32.0m
Basic EPS	23.7 cps	25.3 cps	25.4 cps	26.4 cps	26.0 cps
Dividend	9.25 cps	11.75 cps	14.5 cps	17.5 cps	19.75 cps
Operating Performance					
Revenue Growth	14.4%	(9.1%)	(7.3%)	(7.4%)	14.8%
EBITDA Growth	16.5%	7.9%	2.2%	5.4%	11.2%
EBIT Growth	17.2%	8.7%	3.0%	5.3%	11.3%
NPAT Growth	33.4%	10.6%	4.6%	4.9%	12.1%
Basic EPS Growth	19.1%	6.8%	0.4%	3.9%	(1.5%)
Outlets	1,063	1,122	1,148	1,251	1,374

CORE OPERATIONS ⁽¹⁾	
FY12	FY13
\$50.9m	\$56.9m
\$50.1m	\$55.9m
\$30.3m	\$34.3m
28.0 cps	27.9 cps
8.9%	11.8%
8.8%	11.7%
8.9%	13.3%
7.7%	(0.3%)

(1) EBIT results from 'Core Operations' exclude the pre-tax impact of the following amounts recognised in the Consolidated Statement of Profit or Loss & Other Comprehensive Income:

EBIT - REPORTED

Administration of failed Michel's Patisserie supplier operations, including direct financial assistance provided to franchisees

Corporate restructuring and redundancy costs

Loss on cash flow hedges (interest rate swaps)

Acquisition transaction costs

Other

EBIT - CORE OPERATIONS

NPAT results from 'Core Operations'

NPAT - REPORTED

Post-tax impact of non-core EBIT adjustments

NPAT - CORE OPERATIONS

FY12	FY13
\$47.5m	\$52.8m
\$1.7m	\$2.1m
\$0.7m	\$0.2m
\$0.2m	-
-	\$0.7m
-	\$0.1m
\$50.1m	\$55.9m
\$28.5m	\$32.0m
\$1.8m	\$2.3m
\$30.3m	\$34.3m

Core EBIT & Core NPAT are non-IFRS profit measures used by the Directors and management to assess the underlying performance of the Group.

(2) Total Revenue excludes revenue derived from marketing activities (FY13: \$24.0m; FY12: \$14.5m; FY11: \$15.7m; FY10: \$15.4m; FY09: \$12.6m)

APPENDIX 4E-SECTION A

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reporting Period

Current Reporting Period: Financial Year Ended 30 June 2013
 Previous Corresponding Period: Financial Year Ended 30 June 2012

Revenue and Net Profit

Details		Growth PCP %		FY13 \$'000
Revenue from operations	Up	21.1%	to	140,666
Profit from ordinary activities after tax attributable to members	Up	12.1%	to	32,006
Net profit attributable to members	Up	12.1%	to	32,006

Dividends

Details	Cents Per Share	Total Amount \$'000	Franked / Unfranked	Payment Date
Declared and paid during the financial year				
Final FY12 dividend	9.00	9,802	100% Franked	11 October 2012
Interim FY13 dividend	9.50	12,372	100% Franked	9 April 2013
Declared after the end of the financial year				
Final FY13 dividend	10.25	13,356	100% Franked	11 October 2013

Record date for determining entitlements to the final FY13 dividend: 13 September 2013

Net Tangible Assets Per Security

Details	30 June 2013	30 June 2012
Net tangible assets (liabilities) per security ⁽¹⁾	(43.7 cents) ⁽²⁾	(72.6 cents) ⁽³⁾

(1) Net tangible assets defined as net assets less intangible assets.

(2) 30 June 2013 calculation based on 130,277,856 shares.

(3) 30 June 2012 calculation based on 108,422,615 shares.

APPENDIX 4E-SECTION B

COMMENTARY ON THE RESULTS

For comments on trading performance during the financial year, refer to the FY13 media release.

The final fully franked dividend of 10.25 cents per share was approved by the Directors on 29 August 2013. In complying with accounting standards, as the dividend was not approved prior to year end, no provision has been recognised for this dividend in the full year financial statements.



RETAILFOODGROUP LIMITED
PRELIMINARY FINAL REPORT
FINANCIAL YEAR ENDED – 30 JUNE 2013

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

Consolidated	Note	FY13 \$'000	FY12 \$'000
Continuing operations			
Revenue from sale of goods	4	45,086	37,492
Cost of sales		(22,773)	(20,109)
Gross profit		22,313	17,383
Other revenue	4	95,946	78,900
Other gains and losses	5	(11)	(298)
Selling expenses		(12,857)	(8,994)
Marketing expenses		(24,283)	(14,632)
Occupancy expenses		(2,556)	(3,024)
Administration expenses		(6,043)	(4,724)
Operating expenses		(16,541)	(14,410)
Finance costs	6	(7,389)	(7,031)
Other expenses		(3,046)	(2,712)
Profit before tax	7	45,533	40,458
Income tax expense		(13,527)	(11,912)
Profit for the year from continuing operations		32,006	28,546
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Net gain on cash flow hedges		851	784
Net gain/(loss) on net investment hedge		(182)	86
Other comprehensive income for the year, net of tax		669	870
Total comprehensive income for the year		32,675	29,416
Profit attributable to:			
Equity holders of the parent		32,006	28,546
Total comprehensive income attributable to:			
Equity holders of the parent		32,675	29,416
Earnings per share			
From continuing operations:			
Basic (cents per share)	8	26.0	26.4
Diluted (cents per share)	8	25.9	26.3

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

Consolidated	Note	FY13 \$'000	FY12 \$'000
Current assets			
Cash and cash equivalents		16,822	12,785
Trade and other receivables		18,602	16,545
Other financial assets		5,707	4,704
Inventories		5,180	3,654
Other		236	343
Total current assets		46,547	38,031
Non-current assets			
Trade and other receivables		444	77
Other financial assets		6,965	380
Property, plant and equipment		18,719	8,277
Deferred tax assets		1,310	1,008
Intangible assets		297,425	248,449
Total non-current assets		324,863	258,191
Total assets		371,410	296,222
Current liabilities			
Trade and other payables		9,977	6,372
Current tax liabilities		4,793	4,904
Provisions		1,607	1,506
Other		3,507	2,581
Total current liabilities		19,884	15,363
Non-current liabilities			
Borrowings	9	108,897	110,814
Provisions		373	363
Other		1,797	-
Total non-current liabilities		111,067	111,177
Total liabilities		130,951	126,540
Net assets		240,459	169,682
Equity			
Issued capital	10	160,469	99,876
Reserves	11	38	(314)
Retained earnings	12	79,952	70,120
Total equity		240,459	169,682

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

Consolidated	Fully Paid Ordinary Shares	Equity Settled Employee Benefits Reserve	Hedging Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2011	98,772	734	(1,563)	58,906	156,849
Profit for the year	-	-	-	28,546	28,546
Other comprehensive income	-	-	870	-	870
Total comprehensive income	-	-	870	28,546	29,416
Share issue costs	(14)	-	-	-	(14)
Related income tax	4	-	-	-	4
Issue of shares under executive share option plan	759	-	-	-	759
Transfer from equity-settled employee benefits reserve	355	(355)	-	-	-
Payment of dividends	-	-	-	(17,332)	(17,332)
Balance as at 30 June 2012	99,876	379	(693)	70,120	169,682
Balance as at 1 July 2012	99,876	379	(693)	70,120	169,682
Profit for the year	-	-	-	32,006	32,006
Other comprehensive income	-	-	669	-	669
Total comprehensive income	-	-	669	32,006	32,675
Issue of ordinary shares	60,540	-	-	-	60,540
Share issue costs	(1,809)	-	-	-	(1,809)
Related income tax	543	-	-	-	543
Issue of shares under executive share option plan	1,002	-	-	-	1,002
Transfer from equity-settled employee benefits reserve	317	(317)	-	-	-
Payment of dividends	-	-	-	(22,174)	(22,174)
Balance as at 30 June 2013	160,469	62	(24)	79,952	240,459

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

Consolidated	Note	FY13 \$'000	FY12 \$'000
Cash flows from operating activities			
Receipts from customers		150,317	120,612
Payments to suppliers and employees		(98,389)	(77,426)
Interest and other costs of finance paid		(7,050)	(7,213)
Income taxes paid		(13,761)	(11,691)
Net cash provided by operating activities		31,117	24,282
Cash flows from investing activities			
Interest received		330	249
Amounts advanced to other entities		(6,578)	(1,226)
Payments for property, plant and equipment		(11,123)	(1,004)
Proceeds from sale of property, plant and equipment		31	5
Payment for intangible assets		(107)	(32)
Payment for business	16	(38,193)	(33,196)
Net cash used in investing activities		(55,640)	(35,204)
Cash flows from financing activities			
Proceeds from issues of equity securities		54,543	759
Payment for share issue costs		(1,809)	(14)
Proceeds from borrowings		9,000	35,362
Payment for debt costs		-	(241)
Repayment of borrowings		(11,000)	(10,000)
Dividends paid		(22,174)	(17,332)
Net cash generated/(used in) financing activities		28,560	8,534
Net (decrease)/increase in cash and cash equivalents		4,037	(2,388)
Cash and cash equivalents at the beginning of year		12,785	15,173
Cash and cash equivalents at the end of year		16,822	12,785

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Significant Accounting Policies

Statement Of Compliance

The Preliminary Final Report has been prepared to satisfy the financial reporting requirements prescribed by ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The Preliminary Final Report has been prepared in accordance with the recognition and measurement principles prescribed by Accounting Standards and Interpretations. Accounting Standards include Australian Accounting Standards.

The Preliminary Final Report does not include notes of the type normally included in an annual financial report. Accordingly, this Preliminary Final Report should be read in conjunction with the most recent annual financial report, most recent half-year financial report, and any public announcements made to the ASX by the Company during the reporting period, in accordance with the Continuous Disclosure requirements of the Corporations Act 2001 and the Listing Rules of the ASX.

The Preliminary Final Report was authorised for issue by the Directors on 29 August 2013.

Basis Of Preparation

The Preliminary Final Report has been prepared on the basis of historical cost, except for the revaluation of certain 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 Preliminary Final 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 Preliminary Final Report are consistent with those policies and methods adopted and disclosed in the Company's 2012 annual financial report for the financial year ended 30 June 2012. The 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 reporting period.

2. Commentary On Results

Comments on trading performance during the year are set out in the FY13 media release.

3. Segment Information

3.1 Products And Services From Which Reportable Segments Derive Their Results

AASB 8 *Operating Segment* requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed regularly by the chief operating decision maker, in order to allocate resources to the segments and to assess their performance.

For management purposes, the Group is organised into two major operating divisions – franchising operations and wholesale / retail operations. These divisions are the basis on which the Group reports its primary segment information. The Group's reportable segments under AASB 8, and the principal products and services of each, are as follows:

Segment	Description
Franchising Operations	<p>Franchising Operations incorporate the development and management of the Group's retail franchise systems – Donut King, bb's café, Brumby's Bakery, Michel's Patisserie, Esquires Coffee Houses, Pizza Capers Gourmet Kitchen, Crust Gourmet Pizza Bar and The Coffee Guy – and involves the following principal activities:</p> <ul style="list-style-type: none"> ▪ The establishment and grant of new franchises; ▪ The administration of royalties collection, supplier licensing, franchise compliance, franchise training and administration; and ▪ The performance of marketing and promotional activities, brand development and awareness, and product research and development.
Wholesale / Retail Operations	<p>Wholesale / Retail Operations incorporates the development and management of the Group's Procurement, Wholesale & Manufacturing division, Non-Voluntary Company Store (NVCS) and Voluntary Company Stores (VCS), being Project Evo pilot outlets. These pursuits are managed and reported separately to the Franchising Operations segment, and involve the following principal activities:</p> <ul style="list-style-type: none"> ▪ The procurement, sale and distribution of bakery and other related items to Michel's Patisserie franchisees; ▪ The manufacture and sale of roasted coffee and related products to franchisees and external customers; ▪ The interim operation of NVCS and VCS across each of the franchise systems; and ▪ The return of NVCS to franchisee stewardship.

3.2 Segment Revenues And Results

The following table sets out an analysis of the Group's revenue and results from continuing operations by reportable segment:

Segment	Segment Revenues		Segment Profit	
	FY13 \$'000	FY12 \$'000	FY13 \$'000	FY12 \$'000
Franchising Operations	95,580	78,651	50,602	44,657
Wholesale / Retail Operations	45,086	37,492	3,865	3,895
	140,666	116,143	54,467	48,552
Other gains and losses			(11)	(297)
Interest revenue	330	249	330	249
Finance costs			(7,389)	(7,031)
Unallocated	36	-	(1,864)	(1,015)
Profit before tax			45,533	40,458
Income tax expense			(13,527)	(11,912)
Revenue and profit for the year	141,032	116,392	32,006	28,546

Revenue reported in this table represents revenue generated from external customers and franchising revenue includes marketing revenue of \$24.0m (FY12: \$14.5m).

The accounting policies of the reportable segments are the same as the Group's accounting policies.

3. Segment Information (cont.)

3.2 Segment Revenues And Results (cont.)

Segment profit represents the profit earned by each segment without allocation of gains derived / losses incurred from derivative financial instruments, disposals of financial assets and plant and equipment, interest revenue, finance costs, depreciation, corporate expenses and income tax expense. This segment profit is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

3.3 Geographical Information

An insignificant portion of the Group's activities are located outside of Australia, and hence no geographical information has been disclosed.

4. Revenue

An analysis of the Group's revenue for the year, from continuing operations, is as follows:

Consolidated	FY13 \$'000	FY12 \$'000
Revenue from the sale of goods	45,086	37,492
Revenue from the rendering of services	95,580	78,651
	140,666	116,143
Interest revenue:		
Bank deposits	304	238
Other loans and receivables	26	11
	330	249
Rental revenue	36	-
	141,032	116,392

5. Other Gains And Losses

Consolidated	FY13 \$'000	FY12 \$'000
Gain / (loss) on disposal of property, plant and equipment	-	(103)
Loss on cash flow hedges	(11)	(195)
	(11)	(298)

6. Finance Costs

Consolidated	FY13 \$'000	FY12 \$'000
Interest on bank overdrafts and loans	7,306	7,018
Total interest expense	7,306	7,018
Other finance costs	83	13
	7,389	7,031

7. Profit For The Year From Continuing Operations

Profit for the year from continuing operations has been arrived at after charging (crediting):

Consolidated	FY13 \$'000	FY12 \$'000
Cost of sales	22,773	20,109
Inventory write-down of inventory to net realisable value	90	-
Impairment of trade receivables	1,547	1,823
Depreciation of property, plant and equipment	910	861
Employee benefits expenses:		
Post-employment benefits (defined contribution plans)	2,183	1,631
Termination benefits	209	288
Other employee benefits (wages and salaries)	31,981	25,105
Total employee benefits expenses	34,373	27,024

8. Earnings Per Share

Consolidated	FY13 Cents Per Share	FY12 Cents Per Share
Basic earnings per share		
From continuing operations	26.0	26.4
	26.0	26.4
Diluted earnings per share		
From continuing operations	25.9	26.3
	25.9	26.3

Basic Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Consolidated	FY13 \$'000	FY12 \$'000
Profit for the year	32,006	28,546
Earnings used in the calculation of basic EPS	32,006	28,456
Earnings used in the calculation of basic EPS from continuing operations	32,006	28,546

	FY13 No. '000	FY12 No. '000
Weighted average number of ordinary shares for the purpose of basic EPS	123,324	108,268

8. Earnings Per Share (cont.)

Diluted Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

Consolidated	FY13 \$'000	FY12 \$'000
Profit for the year	32,006	28,546
Earnings used in the calculation of diluted EPS	32,006	28,546
Earnings used in the calculation of diluted EPS from continuing operations	32,006	28,546

	FY13 No. '000	FY12 No. '000
Weighted average number of ordinary shares for the purpose of basic EPS	123,324	108,268
Shares deemed to be issued for no consideration in respect of executive options	32	338
Weighted average number of ordinary shares for the purpose of diluted EPS	123,356	108,606

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted EPS:

	FY13 No. '000	FY12 No. '000
Executive share options	-	190

9. Borrowings

Consolidated	FY13 \$'000	FY12 \$'000
Secured at amortised cost		
Non-current		
Bank loans	108,897	110,814
	108,897	110,814

On 1 August 2013, the Company extended the present maturity date of its senior debt facility with the National Australia Bank to 30 March 2016. The senior debt facility of \$135 million and all its covenants remain unchanged.

NOTES TO THE PRELIMINARY FINAL REPORT

10. Issued Capital

Consolidated	FY13 \$'000	FY12 \$'000
130,277,856 fully paid ordinary shares (FY12: 108,422,615)	160,469	99,876
	<u>160,469</u>	<u>99,876</u>

	FY13		FY12	
	No. '000	\$'000	No. '000	\$'000
Fully paid ordinary shares				
Balance at beginning of period	108,423	99,876	107,789	98,772
Issue of ordinary shares	21,144	60,540	-	-
Share issue costs	-	(1,809)	-	(14)
Related income tax	-	543	-	4
Issue of shares under executive share option plan ⁽¹⁾	711	1,002	634	759
Transfer from equity-settled employee benefits reserve	-	317	-	355
Balance at end of period	<u>130,278</u>	<u>160,469</u>	<u>108,423</u>	<u>99,876</u>

(1) During the year, a total of 710,833 shares were issued following the exercise of options under the Executive Share Option Plan (ESOP).

11. Reserves

Consolidated	FY13 \$'000	FY12 \$'000
Equity-settled employee benefits reserve	62	379
Hedging reserve	(24)	(693)
	<u>38</u>	<u>(314)</u>

Equity-settled employee benefits reserve	FY13 \$'000	FY12 \$'000
Balance at beginning of year	379	734
Share-based payments	-	-
Transfer to share capital	(317)	(355)
Balance at end of year	<u>62</u>	<u>379</u>

Hedging reserve	FY13 \$'000	FY12 \$'000
Balance at beginning of year	(693)	(1,563)
Gain / (loss) recognised on:		
Cash flow hedges (interest rate swaps)	1,211	1,120
Net investment hedge	(182)	55
Income tax related to amounts recognised in equity	(360)	(305)
Balance at end of year	<u>(24)</u>	<u>(693)</u>

12. Retained Earnings

Consolidated	FY13 \$'000	FY12 \$'000
Balance at beginning of year	70,120	58,906
Net profit attributable to members of the parent entity	32,006	28,546
Dividends provided for or paid	(22,174)	(17,332)
Balance at end of year	<u>79,952</u>	<u>70,120</u>

13. Dividends

Company	FY13		FY12	
	Cents Per Share	Total \$'000	Cents Per Share	Total \$'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend – fully franked at 30% tax rate ⁽¹⁾	9.000	9,802	7.500	8,116
Interim dividend – fully franked at 30% tax rate ⁽²⁾	9.500	12,372	8.500	9,216
	<u>18.500</u>	<u>22,174</u>	<u>16.000</u>	<u>17,332</u>
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend – fully franked at 30% tax rate ⁽³⁾	10.250	13,356	9.000	9,802

(1) In respect of the financial year ended 30 June 2012, as detailed in the Directors' report for that financial year, a final dividend of 9.00 cents per share, based on 108,910,114 shares on issue at 13 September 2012, franked to 100% at 30% corporate income tax rate, was paid on 11 October 2012. The final dividend was approved by the Directors following the conclusion of the 30 June 2012 financial year and, therefore, was not provided for in the Company's financial report. It was resolved that the FY12 final dividend would not constitute an eligible dividend for the purpose of the Company's dividend reinvestment plan.

(2) In respect of profits of the financial year ended 30 June 2013, an interim dividend of 9.50 cents per share, based on 130,227,856 shares on issue at 21 March 2013, franked to 100% at 30% corporate income tax rate, was paid on 9 April 2013. The interim dividend was approved by the Directors on 21 February 2013 and it was resolved that the interim dividend would not constitute an eligible dividend for the purposes of the Company's dividend reinvestment plan.

(3) In respect of profits of the financial year ended 30 June 2013, a final dividend of 10.25 cents per share, based on 130,301,190 shares on issue at 29 August 2013, franked to 100% at 30% corporate income tax rate, will be paid on 11 October 2013. The final dividend was approved by the Directors on 29 August 2013 and, therefore, was not provided for in the Company's financial report. It was resolved that the FY13 final dividend would not constitute an eligible dividend for the purpose of the Company's dividend reinvestment plan.

14. Net Tangible Assets Per Security

Consolidated	FY13 \$'000	FY12 \$'000
Net tangible assets / (liabilities) per security ⁽¹⁾	(43.7 cents) ⁽²⁾	(72.6 cents) ⁽³⁾

(1) Net tangible assets defined as net assets less intangible assets.

(2) 30 June 2013 calculation based on 130,277,856 shares.

(3) 30 June 2012 calculation based on 108,422,615 shares.

15. Details Of Entities Over Which Control Has Been Gained Or Lost During The Period

Name Of Entity	Country Of Incorporation	Date Control Gained	Ownership Interest	
			FY13 (%)	FY12 (%)
Subsidiaries				
Nil	-	-	-	-

16. Acquisitions

Name Of Businesses Acquired	Principal Activity	Date Of Acquisition	Total Cost Of Acquisition \$'000	Cash Cost Of Acquisition \$'000	Non-Cash Cost Of Acquisition \$'000
Crust Gourmet Pizza Bar ('Crust')	Owner and franchisor of the Crust franchise system	19 October 2012	44,797	34,000	10,797
The Coffee Guy Group ('TCGG')	Owner and franchisor of mobile and portable coffee franchise system	19 November 2012	4,193	4,193	-
Total Consideration:			48,990	38,193	10,797

Crust Gourmet Pizza Bar

On 23 August 2012, the Group announced its entry into a conditional Sale & Purchase Agreement (SPA), subject to normal contractual terms and finalisation of due diligence enquiry, by which the business and intellectual property assets of the Crust Gourmet Pizza Bar ('Crust') brand system would be acquired.

On 19 October 2012, the Group completed the acquisition of Crust for the following consideration:

- \$25 million on settlement in the form of \$22 million cash and the issue of RFG ordinary shares to the value of \$3 million;
- \$16 million in December 2012 in the form of \$12 million cash and the issue of RFG ordinary shares to the value of \$4 million; and
- An earnout payable up to a maximum value of \$4 million, contingent upon Crust achieving future earnings performance targets.

Consideration Transferred	FY13 \$'000
Cash	34,000
RFG Ordinary Shares	7,000
Contingent consideration	3,797
Total	44,797

16. Acquisitions (Cont.)

Crust Gourmet Pizza Bar (Cont.)

The transaction has been accounted for using the acquisition method of accounting. The net assets acquired in the business combination, and the goodwill arising, are as follows:

Net Assets Acquired	Book Value	Fair Value Adjustment	Fair Value On Acquisition
	\$'000	\$'000	\$'000
Non-current assets			
Property, plant & equipment	501	(313)	188
Intangible Asset (franchise system)	76	42,233	42,309
	<u>577</u>	<u>41,920</u>	<u>42,497</u>
Goodwill on acquisition of business			2,300
			<u>44,797</u>

Net Cash Flow On Acquisition	\$'000
Total purchase consideration	44,797
Less: non-cash consideration	(10,797)
Consideration paid in cash	<u>34,000</u>
Less: cash and cash equivalent balances acquired	-
	<u>34,000</u>

The Coffee Guy Group

On 5 November 2012, the Group announced its entry into a conditional Sale & Purchase Agreement (SPA), to acquire the business and intellectual property assets of the New Zealand domiciled The Coffee Guy Group ('TCGG').

On 19 November 2012, the Group completed the acquisition of TCGG for a cash consideration of \$4.2 million.

Consideration Transferred	FY13 \$'000
Cash	4,193
Contingent consideration	-
Total	<u>4,193</u>

16. Acquisitions (Cont.)

The Coffee Guy Group (Cont.)

The transaction has been accounted for using the acquisition method of accounting. The net assets acquired in the business combination, and the goodwill arising, are as follows:

Net Assets Acquired	Book Value	Fair Value Adjustment	Fair Value On Acquisition
	\$'000	\$'000	\$'000
Non-current assets			
Property, plant & equipment	56	-	56
Intangible Asset (franchise system)	-	4,137	4,137
	56	4,137	4,193
Goodwill on acquisition of business			-
Acquisition price			4,193

Net Cash Flow On Acquisition	\$'000
Total purchase consideration	4,193
Less: non-cash consideration	-
Consideration paid in cash	4,193
Less: cash and cash equivalent balances acquired	-
	4,193

17. Details Of Associates And Joint Venture Entities

Name Of Entity	Ownership Interest	
	FY13 (%)	FY12 (%)
Joint Venture Entity		
Nil	-	-

18. Events After The Reporting Date

There has not been any matter or circumstance occurring, other than that referred to in this Preliminary Final Report, that has arisen since the end of the year, that has significantly affected, or, in the reasonable opinion of the Directors, may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the group in future financial periods, other than the following items:

- **Banking Facility**

On 1 August 2013, the Company extended the present maturity date of its senior debt facility with the National Australia Bank to 30 March 2016. The senior debt facility of \$135 million and all its covenants remain unchanged.

- **Final Dividend**

On 29 August 2013, the Board of Directors declared a final dividend for the financial year ended 30 June 2013, as set out in the "Dividends" section of this financial report.

19. Information On Audit

This Preliminary Final Report is based on accounts to which one of the following applies:

- | | | | |
|-------------------------------------|--|--------------------------|---|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have not yet been audited or reviewed. |

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review: none advised.

Description of dispute or qualification if the accounts have been audited or subjected to review: none advised.



Company Secretary	Registered Office	Principal Administration Office	Share Registry
Mr Anthony Mark Connors RFG House 1 Olympic Circuit Southport QLD 4215	RFG House 1 Olympic Circuit Southport QLD 4215	RFG House 1 Olympic Circuit Southport QLD 4215	Computershare Investor Services 117 Victoria Street West End QLD 4000