freedom FOODS GROUP LIMITED

Freedom Foods Group Limited

Annual Report **2011**

Contents

Annual General Meeting

Date 27 October, 2011 **Time** 11.30 am

Venue Deloitte Touche Tohmatsu
Level 9. Grosvenor Place,
225 George Street,
Sydney, NSW, 2000

Financial Highlights and Five Year Summary

	2011	2010	2009	2008	2007
Sales Revenue ($000's)	45,256	44,071	48,596	54,082	48,683
OPERATING EBDITA ($000's)*	4,041	3,816	3,494	3,203	3,173
Net Profit after Tax ($000's)	4,387	3,357	1,320	956	1,174
Basic Earnings per Share (cents)	5.7	5.0	2.4	2.0	2.6
Number of Ordinary Shares Issued (000's)	77,497	77,435	54,660	54,607	44,527
Number of Convertible Redeemable Preference Shares Issued (000's)	19,415	-	-	-	-
Ordinary Dividend per Share (cents)	0.5	-	1.0	2.0	1.0
Convertible Redeemable Preference Dividend per Share (cents)	0.1	-	-	-	-
Dividend Paid ($000's)	405	-	545	891	445
Total Assets ($000's)	76,716	71,090	63,659	56,295	47,428
Shareholders Equity ($000's)	49,983	40,263	30,161	29,239	23,654
Net Assets Per Share (cents)	52	52	55	54	53
Net Tangible Asset Backing (cents)	29	22	13	13	14

** Earnings before depreciation, interest, tax and amortisation*

Chairman's Letter

Dear Shareholder

In the 2011 financial year, Freedom Foods Group Limited ("FFG") achieved a Net Profit of $4.39m for the 12 months ended 30th June 2011, reflecting a 30.7% increase on the previous corresponding period.

The result is after including non operating items that contributed $1,780k to Net Profit. These non operating items included the profit on sale of the Company's 50% interest in A2 Dairy Products Australia Pty Ltd (A2DPA), write off of expenses relating to an unrecoverable claim against a former contract manufacturer, make good costs relating to the closure of Hornsby baking site and the write-down in the carrying value of the Thorpedo Foods investment. In addition, the results included an overall income tax benefit of $138k ($263k prior period) largely resulting from a prior year tax adjustment for increased allowances for research and development.

The result reflected operating EBITDA above the prior corresponding period, with improving sales and margins from Freedom Foods Cereal operations offset by planned higher investment in marketing expenditure and lower sales of biscuits.

Specialty Seafood achieved improved profitability from growth in share of the red salmon segment and increased retail distribution.

Equity Associates contributions reflected increased profitability from the Contract Beverage Packers joint venture, (renamed Pactum Australia) and share of profits from A2 Corporation.

While the Board is pleased with these results, we are focussed on achieving continued improvement in Freedom Foods' to deliver an improved business contribution in FY 12 and meeting our benchmark 15% return on funds employed in the medium term.

The Executive Director's report provides further commentary on operations.

In July 2010 the company exchanged its 50% interest in A2 Dairy Products Australia Pty Limited for an issue of shares representing 25% of the enlarged capital of A2C. Additional subscriptions for shares has resulted in FFG increasing its shareholding in A2C to 27.5% of A2C (26.4% fully diluted), with FFG now the largest single shareholder in A2C. The transaction will enable FFG and its shareholders to share in A2C's growth opportunities in Australia and international markets.

In December 2010, the company invited shareholders to participate in a non-renounceable entitlement offer of converting preference shares which successfully raised $5.8m through the issue of 19,414,800 converting redeemable preference shares. The capital raised was utilised in working capital for the business and for growth initiatives.

With improving profitability, the Board has recommended a final fully franked dividend of $0.005 per ordinary share in November 2011, consistent with the interim dividend paid in June 2011. Dividend priority remains with the converting preference shareholders, with a further dividend to be paid in accordance with the terms of the converting preference shares in October 2011.

The Board thanks the group management team and everyone involved with our Company for the contribution they have made and we look forward to the year ahead.

Perry Gunner
Chairman

Executive Director's Review of Operations

Group Summary Result

Year ended 30th June	2011 $'000	2010 $'000	% Change
Gross Sales Revenues (1)	57,664	56,612	1.9%
Net Sales Revenues	45,353	44,443	2.0%
EBITDA (Operating) (2)	4,041	3,816	5.8%
EBITA (Operating) (2)	2,949	2,812	4.9%
Equity Associates Share of Profit	1,136	1,308	-13.1%
Pre Tax Profit	4,249	3,094	37.3%
Net Profit (Reported)	4,387	3,357	30.7%
Ordinary Dividend – Interim (cps) fully franked (3)	$0.005	-	-
Ordinary Dividend – Final (cps) fully franked	$0.005	-	-
Total Ordinary Dividend (cps)	$0.010	-	-
CRPS Dividend – April (cps) fully franked (3)	$0.001	-	-
CRPS Dividend – October (cps) fully franked	$0.020	-	-
Total CRPS Dividend (cps)	$0.021	-	-
Net Debt / Equity	36.4%	52.9%	-31.3%
EPS (cents per share)(Fully Diluted for CRPS)	$0.050	$0.050	-
Net Assets per Share	$0.516	$0.520	-0.8%
Net Tangible Assets per Share	$0.294	$0.219	34.2%

Notes:

(1) Gross Sales Revenues excludes Royalty income received from Yakult and does not include revenues from group associate entities, A2 Dairy Products, A2 Corporation and Pactum.

(2) Operating EBITDA and EBITA, excludes abnormal or non-operating charges includes add back of non cash employee share option expense.

(3) Interim dividend of $0.005 per ordinary share paid in June 2011 and CRPS dividend for initial December 10 period of $0.001 paid in April 2011.

The Company achieved a Net Profit of $4.39m for the 12 months ended 30th June 2011, reflecting a 30.7% increase on the previous corresponding period.

The result is after including non operating items that contributed $1,780k to Net Profit. These non operating items included the profit on sale of the Company's 50% interest in A2 Dairy Products Australia Pty Ltd (A2DPA), write off of expenses relating to an unrecoverable claim against a former contract manufacturer, make good costs relating to the closure of Hornsby baking site and the write-down in the carrying value of the Thorpedo Foods investment. In addition, the results included an overall income tax benefit of $138k ($263k prior period) largely resulting from a prior year tax adjustment for increased allowances for research and development.

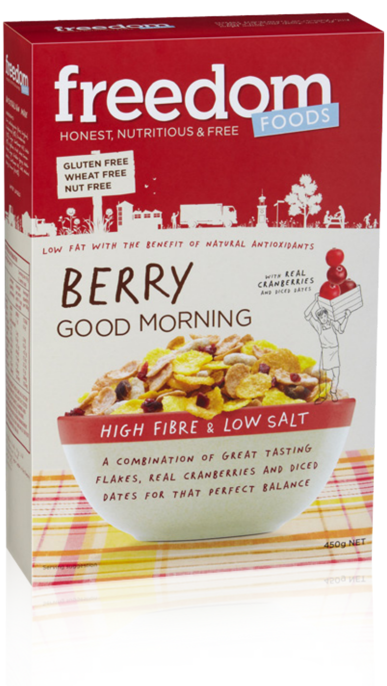
The result reflected operating EBITDA above the prior corresponding period, with improving sales and margins from Freedom Foods Cereal operations offset by planned higher investment in marketing expenditure and lower sales of biscuits. Specialty Seafood achieved improved profitability from growth in share of the red salmon segment and increased retail distribution. Equity Associates contributions reflected increased profitability from the Pactum Australia joint venture and share of profits from A2 Corporation.

HIGHLIGHTS

Highlights for the year included:

- Freedom Cereal volume growth of 28% against the prior period (+14% in Sales), reflecting improved quality from Leeton in house manufacture, investment in lower price points for core cereal products and launch of new products aligned with new look packaging.
- Stabilisation of the Soy & Rice beverage business, resulting from strong growth in the Australia's Own Organic brand.
- Specialty Seafood business performed strongly, reflecting growth in red salmon volumes of 21%. Paramount strengthened its No 2 branded position and Brunswick maintained its No 1 branded position in Sardines in Australia and New Zealand.
- Record sales and profit result in UHT contract manufacturing business, Pactum Australia.
- Completion of the sale of 50% of A2 Dairy Products Australia in exchange for a cornerstone shareholding in A2 Corporation (A2C), resulting in a gain of $3.9m, subsequent subscription of $683k for new shares in A2C in December 2010 and exercise of option through subscription of $2.0m in July 2011.
- Successful convertible preference share capital raising in December 2010 of $5.8m from existing shareholders.
- Successful refinancing of banking facilities with HSBC, Net Debt / Equity down to 36% from 53% at June 2010.
- Net assets per share at $0.52 and net tangible assets increased to $0.29 cents per share
- Resumption of dividend payments with a dividend of $0.005 cents per ordinary share paid in June 2011, a final dividend of $0.005 cents per ordinary share to be paid in November 2011 and dividends for the converting preference shareholders.

BUSINESS UNITS - WHOLLY OWNED



Freedom Foods

The Freedom Foods business continued to progress delivering on the sales and cost opportunities provided by the dedicated gluten, wheat and nut free manufacturing facility near Leeton NSW, a facility which the Company believes is the only integrated scale manufacturing capability in Australia and overseas for cereals and snacks "free from" key allergens such as gluten, nuts and dairy.

The facility delivers capability for Freedom Foods to internally manufacture its core range of shelf stable "free from" products and provides a platform for growth through improved quality, innovation and lower costs.

Significant cash investment occurred during the year on driving the Freedom branded portfolio through lower price points for core cereal products, launch of new Cereal products, new look contemporary packaging and an interactive consumer friendly website to compliment the recent changes to brand and products.

The business reengaged with its core free from consumers, with a resulting volume growth in Cereals of 28% and sales growth of 14%, compared to the prior year. The benefits of Leeton manufacturing facility saw a material improvement in Cereal margins and growing Cereal volumes which are expected to further improve in FY 2012.

The business experienced a decline in biscuit / snack bar volumes and margins in the period, resulting from commissioning challenges that delayed the completion of the integrated biscuit / snack bar line. These challenges have now been largely overcome and integrated production is expected to commence by 2nd quarter FY 2012. The snack bar line is an important part of Freedom's strategy to leverage its Cereal base into breakfast snack alternatives, as well as meeting demand for "nut free" snacks to manage anaphylaxis risks particularly around children.

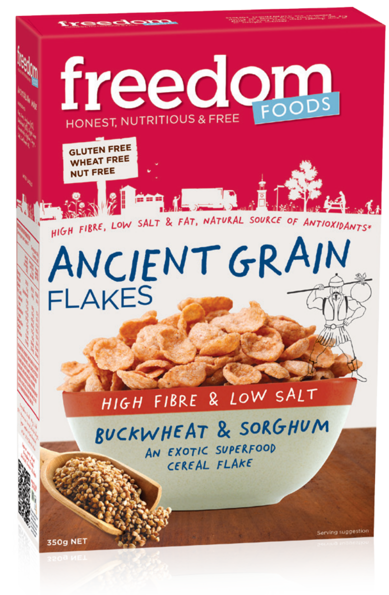
Soy and rice beverage sales stabilised during the year, resulting from strong growth in Australia's Own Organic brand reflecting new packaging and improved distribution, largely offsetting a decline in So Natural branded products. Bakery wraps and mayonnaise products performed generally in line with the prior year.

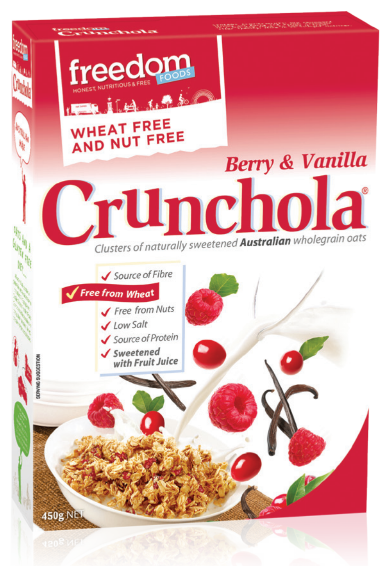
The business continued to invest in sales resources to increase retail distribution in supermarkets and independent channels, including establishing a small but growing sales base of Cereal products specific to the Food Service and Industrial channels, as well as an initial export order of Cereals into North America.

Additional cost benefits were achieved during the period including commencement of milling at site of rice brokens into rice flour, a major raw material component. The Leeton operation now processes from gluten free grains approximately 90% of its flour requirements.

With material capital expenditure planned for Leeton now largely complete and the core consumer market reengaged with the Freedom brand, the focus for the business in the next 12 months will be on increasing sales through growth in distribution channels and increased awareness of the brand and products across a broader consumer market.

This growth focus, along with continued improvement in manufacturing efficiencies at the Leeton site is expected to deliver an improved business contribution in FY 12, progressing to meeting our benchmark 15% return on funds employed in the medium term.

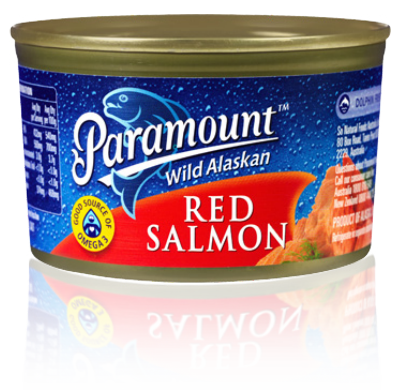


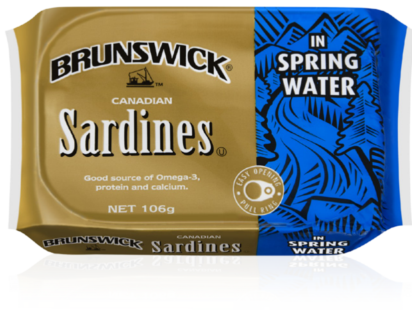


Specialty Seafood

The Speciality Seafood business performed strongly with increased sales and business contribution for the year.

Paramount, the No 2 proprietary brand in the Salmon category, increased its salmon sales volumes, with Red Salmon volume up 21% reflecting increasing consumer awareness of the Paramount offer and improved retail distribution. Pink Salmon sales were in line with previous years, as higher pink inventory costs from 2010 catch flowed through to retail pricing.





Brunswick sardines maintained its No 1 brand leadership position in Australia and New Zealand with increased sales volumes on the prior year, reflecting increased market share in New Zealand.

While the business benefitted from higher exchange rates on inventories purchased in $USD and $CAD, this assisted in managing cost increases in salmon and sardine procurement, while also facilitating increased trade investment.

The business continued to utilise the procurement power of Bumble Bee Foods of North America, with Bumble Bee securing annual inventory requirements and assisting in managing short term requirements for additional Red Salmon inventory in the later part of the financial year.

BUSINESS UNITS - JOINT VENTURES

Pactum Australia Pty Limited, 50% Equity Interest

Pactum Australia (Pactum) which provides contract manufacture of UHT beverages for private label and proprietary customers delivered a record sales and business contribution since its formation in 2005.

Sales grew on the prior year period by 15% from higher volumes and business contribution (EBDITA) increased to approximately $3.9m from improved manufacturing efficiencies and higher mix of sales of value added UHT products. The business return on funds employed was above the internal benchmark of 15%.

PACTUM AUSTRALIA

As the only independent low cost manufacturer of UHT beverages on east coast of Australia, the Pactum business is focussed on expanding capabilities to meet the increasing demands from its private label customer base. Initially, this will involve an expansion of its packaging capability at its southern Sydney site in FY 2012 to provide portion pack UHT (250-330ml configuration) for value added beverages and dairy milk for export markets such as China.

As a result of the improved financial returns and FFG's strategy to build further critical mass in earnings and cashflow, the Company is reviewing an acquisition of the 50% shareholding held by the Perich Group in Pactum. A full acquisition of Pactum is subject to agreement of definitive terms and shareholder approval.

A2 Corporation Limited, 27.5% (26.4% fully diluted) Equity Interest

As detailed at the half year, FFG completed in July 2010 the sale of its 50% interest in A2DPA in consideration for a cornerstone shareholding in A2 Corporation being approximately 23.3% of the enlarged capital of A2C.

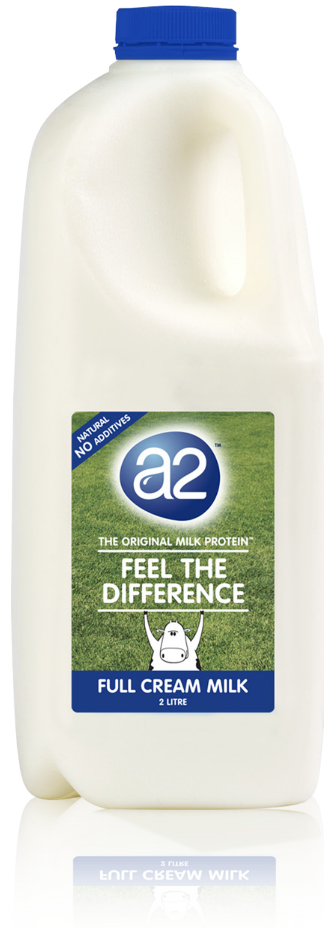
The transaction has proven to have provided a stable platform for the ongoing development of the business in Australia, create an integrated business model with A2C and enable FFG and its shareholders to share in A2C's growth opportunities in Australia and international markets. FFG equity accounted $295k, being its share of A2C net profit for FY 2011.

A2C announced that its a2 Milk™ business in Australia has continued to grow strongly with sales volumes of 21.6m litres, an increase on prior year of 32%. The planned commencement of processing of a2 milk at its new South West Sydney facility in early 2012 will allow for the continued expansion of the business.

Following on the initial transaction, FFG subscribed for 9.1 million shares for a total consideration of A$682k to support the establishment of A2C's own milk processing facility in Australia and under an anti-dilution provision subscribed in June for 1.59m ordinary shares and 6.15m partly paid shares for a total consideration of A$129k.

In July 2011, FFG announced that under the terms of an option agreement between A2C and FFG, FFG has subscribed for 18.7m fully paid ordinary shares in A2C at a price of NZ$0.13 (A$0.11) for a total consideration of A$2.06 million, which resulted in FFG increasing its shareholding in A2C to 27.5% of A2C (26.4% fully diluted), with FFG now the largest single shareholder in A2C.

A2C is listed on the alternative market (NZAX) of the New Zealand Stock Exchange (NZX: ATM), with a current market capitalisation of NZ$129m (A$102m), implying a value for FFG's 27.5% investment above its book value of approximately A$11.7million.



Thorpedo Foods (75% owned)

Yakult Honsha, our licensee for Thorpedo beverages in Japan, continued to support the portfolio, however sales in the period were below last year and were additionally impacted in the second half by the Japanese Tsunami in March which resulted in closure of certain of Yakult's beverage manufacturing facilities for a period of time. As indicated at the half year, FFG wrote-down the carrying value of its goodwill investment by an amount of $1.78m (no tax effect on write-down of goodwill), which has no cash impact on the financial results.

CAPITAL RAISING

In December 2010, the company invited shareholders to participate in a non-renounceable entitlement offer of converting preference shares which successfully raised $5.8m through the issue of 19,414,800 converting redeemable preference shares. The capital raised was utilised in working capital for the business and for growth initiatives.

FINANCE FACILITIES

In December 2010, the Company refinanced its existing bank facilities of approximately $15.0m (excluding equipment finance facilities) with HSBC. The refinancing was achieved at a similar cost of funds to the prior facility and provides increased flexibility to meet the working capital requirements of the business. The Company amortised approximately $1.65 million of its banking facilities during the financial year.

OUTLOOK

FFG has continued to make progress in the development of its unique business platforms in specialised areas of the food market, with three key growth opportunities within Freedom Foods, Pactum and A2 Milk and a stable business base in Specialty Seafood.

The continued progress in realisation of the benefits from the unique "free from" Leeton facility provides a strong base from which to continue to grow sales and earnings in Freedom Foods over the medium term.

The sales and profitability improvements in Pactum provides opportunity for the business to expand its capabilities to meet the increasing demands from its private label customer base, while reviewing opportunities to increase its exposure to value added beverages including dairy milk for growing export markets such as China. The potential integration of Pactum into FFG will assist in building more critical mass in earnings and cashflow of the group.

The repositioning of the investment in a2 milk™ enables FFG and its shareholders to share in A2C's growth opportunities in Australia and international markets.

The Company will pay a final fully franked dividend of $0.005 per ordinary share in November 2011, consistent with the interim dividend paid in June 2011. Dividend priority remains with the converting preference shareholders, with a further dividend to be paid in accordance with the terms of the converting preference shares in October 2011.

Rory J F Macleod
Group Executive Director
29 September 2011

Director's Report

Your Directors submit the financial report of Freedom Foods Group Limited (the Company) for the year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

For the names and particulars of the Directors of the Company during or since the end of the financial year, refer to the Corporate Governance Statement.

Company Secretary

Mr Rory J F Macleod was appointed Company Secretary on 28th September 2010. He has been with the Company for over 8 years and is the Group Executive Director and Chief Financial Officer.

Principal activities

The principal activities of the consolidated entity during the financial year were:

- manufacture, distribution and marketing of allergen free cereals, nutritional snacks and biscuits;
- manufacture and distribution of long life beverages;
- distribution and marketing of canned seafood;
- investment in branded dairy milk manufacture, marketing and distribution activities

There were no significant changes in the nature of the principal activities during the financial year.

Review of operations

The consolidated entity's profit attributable to equity holders of the Company, after providing for income tax, amounted to $4,387,000 (2010 profit: $3,357,000).

Refer to the commentary in the Executive Directors Review of Operations.

Dividends paid or recommended

In respect of the financial year ended 30 June 2011, the Directors are recommending that a final ordinary dividend of $0.005 per share be paid in November 2011 and a converting preference share (CRPS) dividend of $0.02 per CRPS be paid in October 2011. During the financial year 2011, an interim ordinary dividend of $0.005 per share was declared and paid totaling $387,200 and a CRPS dividend of $0.001 per CRPS was delcared and paid totalling $19,415.

Significant changes in state of affairs

There were no significant changes to the state of affairs of the consolidated entity that occurred during the financial year, not otherwise disclosed in this report.

Subsequent Events

On 28 July 2011 the Company announced that it had subscribed for new shares in A2 Corporation Limited (NZX: A2C) under the terms of an option agreement between A2C and FFG. The subscription was for 18,761,657 fully paid ordinary shares in A2C at a price of NZ$0.13 (A$0.11) for a total consideration of A$2.06 million. The subscription for shares has resulted in the Company increasing its shareholding in A2C to 27.5% of the total number of fully paid ordinary shares in A2C (26.4% fully diluted for partly paid shares in A2C), with the Company now the largest single shareholder in A2C.

On 29 August 2011, the Company announced that as a result of the improved financial returns and its strategy to build further critical mass in earnings and cashflow, it is reviewing an acquisition of the 50% shareholding held by the Perich Group in Pactum. A full acquisition of Pactum is subject to agreement of definitive terms and shareholder approval.

No other matters or circumstances have arisen since the end of the financial year which 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 subsequent financial years.

Future developments

Likely developments in the operation of the consolidated entity and the expected results of these operations have not been included in this report as the Directors believe, on reasonable grounds, that inclusion of such information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulations

The consolidated entity's operations are subject to environmental regulation under the law of the Commonwealth (AQIS) and the State (Workcover, EPA, Sydney Water, Safe Food NSW) and local council regulations.

- The consolidated entity operates under a Dangerous Goods Licence issued by Workcover.
- There were no breaches of environmental laws, regulations or permits during the year.
- The consolidated entity is currently operating in accordance with local council consent in regard to hours of operation.

Indemnification of officers and auditors

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings; with the exception of the following matter:

During the financial year the Company 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 an officer of the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Rounding off of amounts

The Company is an entity to which ASIC Class Order 98/0100 applies. Accordingly amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Meetings of Directors

During the financial year 15 meetings of Directors (including committees) were held.

The following persons acted as Directors of the company during or since the end of the financial year with attendances to meetings of Directors as follows:

	Directors Meeting		Audit, risk & compliance committee meetings		Remuneration & nomination committee meetings	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
P.R. Gunner	11	11	2	2	2	2
G.H. Babidge	11	11	-	-	-	-
A.M. Perich	11	9	-	-	-	-
R. Perich	11	11	2	2	2	2
M. Miles	11	11	2	2	2	2
R.J.F. Macleod	11	10	-	-	-	-
M.R. Perich (alternate director)	11	10	-	-	-	-

Remuneration report - audited

This report details the nature and amount of remuneration for each Director and the Executives receiving the highest remuneration.

Key management personnel (incorporating the Group and Company Executive who receive the highest remuneration for the year) include:

P.R. Gunner - Chairman and Non-Executive Director
R.J.F. Macleod - Group Executive Director, Chief Financial Officer and Company Secretary
G.H. Babidge - Non-Executive Director
A.M. Perich - Non-Executive Director.
R. Perich - Non-Executive Director.
M. Miles - Non-Executive Director
M Bracka, Chief Operating Officer (Freedom Foods and Specialty Seafood Business Units)
P. Brown - Executive General Manager Sales (Freedom Foods and Specialty Seafood Business Units)
P. Bartier - National Supply Chain Manager (Freedom Foods and Specialty Seafood Business Units)
C. Pensini - Manufacturing Operations Manager (Freedom Foods Leeton Operation)

Remuneration policy

Remuneration arrangements for key management personnel of the Company and Group ("the Directors and Executives") are set competitively to attract and retain appropriately qualified and experienced Directors and Executives. As part of its agreed mandate, the Remuneration and Nomination Committee obtains independent advice when required on the appropriateness of remuneration packages given trends in comparable companies and the objectives of the consolidated entity's remuneration strategy.

The remuneration structures explained below are designed to attract suitably qualified candidates. The remuneration structures take into account:

- The capability and experience of the Directors and Executives;
- The Directors and Executives' ability to control the relevant operational performance; and
- The amount of incentives within each Director and Executive's remuneration.

Executive Director and Executives

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

The Group Executive Director and Executives remuneration levels are reviewed annually by the Remuneration and Nomination Committee through a process that considers the overall performance of the Group.

Performance based remuneration

Performance based remuneration is at the discretion of the Remuneration and Nomination Committee. These can take the form of share options or cash payments. During the year, no cash payments were made and no further options were issued.

Options are valued using the binomial method.

Options have been issued to key management personnel in the past, however these options do not relate to the performance of the Company but are used to assist in retaining personnel for future periods by linking the vesting of such options to a personnel's employment.

Non-Executive Directors

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Total fees for all Non-Executive Directors, last voted upon by shareholders was in October 2006, was not to exceed $300,000 in total. Total fees paid to Non-Executive Directors for 2011 was $170,000 (2010: $163,000). To align director interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

The Chairman receives twice the base fee of Non-Executive Directors. Non-Executive Directors do not receive performance related remuneration. Directors' fees cover all main Board activities. Non-Executive Directors who sit on the Remuneration and Nomination Committee and the Audit, Risk and Compliance Committee receive an additional payment of $1,000 and the Chairman of each receives $2,000. There are no termination or retirement benefits for Non-Executive Directors.

Service agreements

Neither the Group Executive Director or any other Executive has a fixed term contract.

Company performance, shareholder wealth and directors and senior management remuneration

The remuneration policy of the company and group does not directly link the remuneration of the Directors and senior Executives to Company performance or shareholder wealth.

The following table shows the revenue, profits, dividends and earnings per share for the past five years for the consolidated entity.

	2011	2010	2009	2008	2007
Revenue ($000s)	45,256	44,071	48,596	54,082	48,683
Net Profit / (Loss) After Tax ($000s)	4,387	3,357	1,320	956	1,174
Ordinary Dividends Per Share (cents)	0.5	-	1	2	1
CRPS Dividends Per Share (cents)	0.01				-
Basic Earnings per Share (cents)	5.7	5.0	2.4	2.0	2.6

The Remuneration and Nomination Committee considers that the Company's remuneration structure is appropriate to building shareholder value in the medium term.

Directors and executive officers emoluments

The benefits of each Director who held office and five highest paid Executive Officers for the year ended 30 June 2011 are as follows:

2011	Short-term employee benefits					Post employment benefits	Share based payments		% of total being
Directors	**Salary**	**Directors' Fees**	**Committee Fees**	**Other**	**Non-cash Benefits**	**Superannuation Contributions**	**Options**	**Total**	**Options**
	$	$	$	$	$	$	$	$	
P.R. Gunner	-	60,000	3,000	-	-	5,670	-	68,670	-
R.J.F. Macleod	259,800	-	-	-	-	15,199	43,680	318,679	14%
G.H. Babidge (1)	64,133	-	-	75,425	-	2,533	43,680	185,771	19%
A.M. Perich	-	31,800	-	-	-	1,125	-	32,925	-
R. Perich	-	30,000	2,000	-	-	2,880	-	34,880	-
M. Miles	-	30,000	2,000	-	-	2,880	-	34,880	-
Executive Officers									
M. Bracka (2)	232,351	-	-	-	-	11,399	-	243,750	-
(Chief Operating Officer)									
P. Wilson (3)	151,000	-	-	-	-	-	-	151,000	-
(General Manager Leeton Manufacturing Operations)									
P. Bartier	148,409	-	-	-	-	11,890	-	160,299	-
(National Supply Chain Manager)									
P. Brown	162,385	-	-	-	-	12,444	-	174,829	-
(Executive General Manager Sales)									
C. Pensini (4)	137,614	-	-	-	-	11,728	-	149,342	-
(Manufacturing and Operations Manager)									
	1,155,692	151,800	7,000	75,425	-	77,748	87,360	1,555,025	6%

(1) Other is payment for leave and other statutory entitlements relating to change in role from executive to non executive director in September 2010

(2) Commenced 17 October 2010

(3) Resigned April 2011

(4) Commenced 1 July 2009

2010	Short-term employee benefits					Post employment benefits	Share based payments		% of total being
Directors	Salary	Directors' Fees	Committee Fees	Other	Non-cash Benefits	Superannuation Contributions	Options	Total	Options
	$	$	$	$	$	$	$	$	
P.R. Gunner	-	60,000	3,000	-	-	5,670	-	68,670	-
R.J.F. Macleod	255,778	-	-	-	-	14,222	42,934	312,934	14%
G.H. Babidge	375,778	-	-	-	-	15,428	42,934	434,140	10%
A.M. Perich	-	36,000	-	-	-	2,700	-	38,700	-
R. Perich	-	30,000	2,000	-	-	2,880	-	34,880	-
M. Miles	-	30,000	2,000	-	-	2,880	-	34,880	-
Executive Officers									
G.J. Hughes (1)	-	-	-	141,356	-	-	-	141,356	-
(Chief Operating Officer)									
P. Wilson	187,692	-	-	-	-	-	-	187,692	-
(General Manager Leeton Manufacturing Operations)									
M. Gilio	159,011	-	-	-	-	14,323	-	173,334	-
(Group Finance Manager & Company Secretary)									
P. Bartier	136,697	-	-	-	-	12,303	-	149,000	-
(National Supply Chain Manager)									
P. Brown (2)	144,084	-	-	-	-	12,968	-	157,052	-
(Executive General Manager Sales)									
C. Pensini (3)	137,615	-	-	-	-	12,385	-	150,000	-
(Manufacturing and Operations Manager)									
	1,396,655	156,000	7,000	141,356	-	95,759	85,868	1,882,638	5%

(1) $141,356 termination payment made 3 July 2009

(2) Commenced 10 August 2009

(3) Commenced 1 July 2009

No Director or senior management person appointed during the year received a payment as part of his or her consideration for agreeing to hold the position.

Bonus payments as compensation for the current financial year

Other than for bonus payments in equity associates company, Pactum Australia Pty Limited, no bonus payments were granted to other group executives during 2011.

Bonus payments as compensation for the prior financial year

Other than for bonus payments in equity associates company, CBPA Pty Limited, no bonus payments were granted during 2010.

Employee share options

During and since the end of the financial year no share options were granted to key management personnel of the Company and consolidated entity as part of their remuneration.

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of options	Expiry date of options
Freedom Foods Group Limited (i)	3,400,000	Ordinary	$0.50	30 November 2011
Freedom Foods Group Limited (ii)	300,000	Ordinary	$0.50	26 April 2012

Grant date	Fair value at grant
(i) Issued 30 November 2006	$0.10
(ii) Issued 26 April 2007	$0.10

Recipients	Name	Number	Fair Value ($)	Conditions
Issued 30 November 2006	G.H. Babidge	1,700,000	170,000	Employment
	R.J.F. Macleod	1,700,000	170,000	Employment
Issued 26 April 2007	P. Nathan	300,000	30,000	Employment

There are no further performance criteria that need to be met in relation to options granted. Options vest over a period of either 2 or 4 years and relate to an employee's service period only.

The holders of these options do not have the right by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

Directors' shareholding

Refer to Principle 2 "Structure of the Board to add value" in the Corporate Governance Statement.

Non-audit services

During the year Deloitte Touche Tohmatsu, the auditors have performed certain other services in addition to their statutory duties. With respect to the non-audit services provided during the year by the auditor, the Board has considered written advice provided and a recommendation of the Audit, Risk and Compliance Committee. The Board is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporation Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit, Risk and Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by The Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Details of the amounts paid/payable to the auditor of the consolidated entity, Deloitte Touche Tohmatsu for audit and non-audit services provided during the year are set out below:

	Consolidated	
	2011 $	2010 $
Audit Services		
Auditors of the Company - Deloitte Touche Tohmatsu		
- audit and review of financial reports	148,985	167,660
- taxation advice	58,952	43,542
- accounting advice	-	5,838
- research and development advice	19,751	-
	227,688	217,040

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act follows the Directors' Report.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all of those proceedings.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Perry Gunner
Chairman
Dated at Sydney 29 September 2011.

Rory J F Macleod
Executive Director

Lead Auditor's Independence Declaration

Deloitte.

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

29 September 2011

Dear Board Members

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 audit of the financial statements of Freedom Foods Group Limited for the financial year ended 30 June 2011, 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 audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Catherine Hill

Catherine Hill
Partner
Chartered Accountants

Corporate Governance Statement

Freedom Foods Group Limited (the Company) is committed to implementing the highest possible standards of corporate governance and ensures, wherever possible, that its practices are consistent with the Second Edition of the Australian Securities Exchange (ASX) Corporate Governance Council's Principles and Recommendations. In relation to the amendments of July 2010, the change in reporting requirements will apply to Freedom Foods Group first financial year commencing on or after 1 January 2011. Accordingly, as Freedom Foods Group financial year begins on 1 July, disclosure will be required in relation to the financial year ended 30 June 2012 and will be made in the annual report published by end of October 2012.

Each of the eight principles are listed in turn. In certain circumstances, due to the size and stage of development of the Company and its operations, it may not be practicable or necessary to implement the ASX Principles in their entirety. In such instances, the Company will identify the areas of divergence. The Corporate Governance Statement, policies and Charters are published on the Company's website: http://www.ffgl.com.au.

Principle 1

Lay solid foundations for management and oversight by the Board

The Board's responsibilities are encompassed in a charter which is published on http://www.ffgl.com.au (the Company's website). The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include:

(1) oversight of the Company, including its control and accountability systems;

(2) appointing and removing executive management, for the ongoing management task of developing and implementing suitable strategies consistent with the Company's policies and strategic direction, including approving remuneration of executive management and remuneration policy and succession plans for executive management;

(3) reviewing and determining the strategic direction and policies of the Company, the allocation of resources, planning for the future and succession planning;

(4) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;

(5) monitoring executive management performance and implementation of strategy and ensuring appropriate resources are available;

(6) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;

(7) continuously monitoring and overseeing the Company's financial position; and

(8) approving and monitoring financial and other reporting.

Key responsibilities of the Board include the overseeing of the strategic direction of the Company, determining its policies and objectives and monitoring executive management performance. The Board adopts a three-year business plan and a 12 month operating plan for the Company. Financial results and general performance are closely monitored against the operating plan objectives.

To assist in carrying out its responsibilities, the Board has established the following committees of its members. They are:

(1) Audit, Risk and Compliance Committee; and

(2) Remuneration and Nomination Committee.

The responsibilities delegated by the Board to the Company's management, as set out in the Company's Statement of Delegated Authority, include managing the day-to-day operations of the Company and Consolidated entities. The Statement of Delegated Authority has been posted to the Company's website http://www.ffgl.com.au.

Group Executive management have service contracts and position descriptions respectively setting out their duties, responsibilities, and conditions of service and termination entitlements. Any new Directors appointed will receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment.

Group executive management are subject to a formal performance review process on an annual basis. The Remuneration and Nomination Committee reviews the performance of executive management against clear performance objectives. Principal and secondary objectives for the financial year have been established which are evaluated against and includes monthly monitoring of performance. A performance evaluation was undertaken in July 2011 in accordance with the process disclosed.

Principle 2

Structure of the Board to add value

The Board determines the Board's size and composition, subject to limits imposed by the Company's Constitution. The Constitution provides for a minimum of three Directors and a maximum of ten. At this time the Board comprises of six Directors (excluding alternate Director), two of whom are non-executive independent Directors including the Chairman. A Director is deemed to be independent if he or she is a Non-Executive Director and:

(1) is not a substantial shareholder;

(2) has not been employed in an executive capacity in the Company in the last three years;

(3) has not acted as a material consultant to the Company in the last three years;

(4) is not a material supplier or customer of the Company;

(5) has no material contractual relationship with the Company;

(6) has not served on the Board for a period which could materially interfere with his or her ability to act in the best interests of the Company; and

(7) is free from any interest which could materially interfere with his or her ability to act in the best interests of the Company.

The test of independence for Directors is set out in detail under section 4 of the Board Charter, which has been posted on the website of the Company: http://www.ffgl.com.au. Materiality thresholds referred to above are assessed on a case-by-case basis.

Whilst the Board is not structured with a majority of independent directors in terms of the ASX Corporate Governance Council's discussion of independent status, the Board believes that the Directors are able, and do make, quality and independent judgement in the best interests of the Company on all relevant issues before the Board. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of a majority of independent Directors.

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Mr P.R. Gunner
Chairman (Non-Executive), Age 64. Appointed in April 2003, Director 8 years.

B.Ag.Sc - is former Chairman and CEO of Orlando Wyndham Wine Group. Also current Deputy Chairman of Viterra Inc and Director of Australian Vintage Ltd. Appointed Chairman in July 2006. Chairman of the Remuneration & Nomination Committee.

Interest in shares and options are 510,732 ordinary shares, 159,604 convertible redeemable preference shares and 159,604 $0.40 options over ordinary shares. Measured against the independence criteria adopted by the Company, Mr. Gunner is considered an independent Director.

Mr R.J.F. Macleod
Group Executive Director, Chief Financial Officer, Company Secretary Age 43. Appointed Director in May 2008, Director 3 years.

B.Econ (Hons) - currently Group Executive Director and director of all Group entities. Has been with group for the past 8 years responsible for strategic and corporate development, finance & administration. Former senior Director, corporate finance for UBS in Australasia and Europe where he gained extensive experience in strategy and commercial development, mergers and acquisitions and corporate analysis.

Interest in shares and options are 182,775 ordinary shares, 6,666 convertible redeemable preference shares, 6,666 $0.40 options over ordinary shares and 1,700,000 options under the employee share option scheme. Mr Macleod, being an Executive Director of the Company, is not considered independent.

Mr G.H. Babidge
Non Executive Director, Age 58. Appointed Director in January 2002, Director 9 years.

B.Comm., ACA – extensive public company experience within the food industry. Currently Managing Director of A2 Corporation Limited. Former Managing Director of Freedom Foods Group Limited, former CEO of the major milling and baking group, Bunge Defiance and many years Managing Director of the dairy interests of National Foods Limited.

Interest in shares and options are 98,057 ordinary shares, 30,643 convertible redeemable preference shares, 30,643 $0.40 options over ordinary shares and 1,700,000 options under the employee share option scheme. Mr Babidge, being a former Executive Officer of the Company within the past 3 years, is not considered independent.

Mr A.M. Perich

Director (Non-Executive), Age 70. Appointed Director in July 2006, Director 6 years.

Member of the Order of Australia - Joint Managing Director of Arrovest Pty Limited, Leppington Pastoral Company, one of Australia's largest dairy producers, and various other entities associated with Perich Enterprises Pty Limited. He is also a property developer, farmer and business entrepreneur. Outside of the Perich Group Mr. A.M. Perich holds a number of other directorships which include MRC Biotech Limited, Greenfields Narellan Holdings, East Coast Woodshavings Pty Limited, Breeders Choice Woodshavings Pty Limited, Austral Malaysian Mining Limited, Pulai Mining Sdn Bhd (Malaysia) and Inghams Health Research Institute. Memberships include Narellan Chamber of Commerce, Narellan Rotary Club, Urban Development Institute of Australia, Urban Taskforce, Property Council of Australia, past President of Narellan Rotary Club and Past President of Dairy Research at Sydney University.

Interest in shares and options are 51,465,265 ordinary shares, 15,995,142 convertible redeemable preference shares and 15,995,142 $0.40 options over ordinary shares. Being a substantial shareholder of the Company, Mr. A.M. Perich is not considered an independent Director.

Mr R. Perich

Director (Non-Executive), Age 68. Appointed Director in April 2005, Director 7 years.

Joint Managing Director of Arrovest Pty Limited, Leppington Pastoral Company, one of Australia's largest dairy producers, and various other entities associated with Perich Enterprises Pty Limited. He is also a property developer, farmer and business entrepreneur. Former Director of United Dairies Limited. Appointed Director in April 2005. Member of the Audit, Risk & Compliance Committee and member of the Remuneration & Nomination Committee.

Interest in shares and options are 51,465,265 ordinary shares, 15,995,142 convertible redeemable preference shares and 15,995,142 $0.40 options over ordinary shares. Being a substantial shareholder of the Company, Mr. R. Perich is not considered an independent Director.

Mr M. Miles

Director (Non-Executive), Age 62. Appointed Director in November 2006, Director 5 years.

B.Sc (Hons) F.I.B.D. - former Vice President of Carlton and United Breweries and Foster's Group, former Director of Carlton & United Breweries & its subsidiaries and former Chairman of South Pacific Distilleries, Fiji. Member of the Strategic Planning Committee of the Institute of Brewing and Distilling Asia Pacific. Chairman of Audit, Risk & Compliance Committee and member of the Remuneration and Nomination Committee.

Interest in shares and options are 210,110 ordinary shares, 64,584 convertible redeemable preference shares and 64,584 $0.40 options over ordinary shares. Measured against the independence criteria adopted by the Company, Mr. Miles is considered an independent director.

Mr M.R. Perich

Alternate Director (Non-Executive), Age 36. Appointed Alternate Director for A.M Perich and R. Perich in March 2009, Director 2 years.

B AppSci (SysAg), Director of Arrovest Pty Limited, Leppington Pastoral Company, one of Australia's largest dairy producers, and various other entities associated with Perich Enterprises Pty Limited. Former Director of Contract Beverages Packers of Australia Pty Limited, a joint venture controlled equally by the Company and Arrovest, Director of Australian Dairy Conference, affiliated with NSW Farmers Association (Diary Section), Future Dairy Steering Group, Intensive Agriculture Consultative Committee, Dairy Research Foundation and Graduate Member of the Australian Institute of Company Directors post nominals.

Interest in shares and options are 51,465,265 ordinary shares, 15,995,142 convertible redeemable preference shares and 15,995,142 $0.40 options over ordinary shares. Being a substantial shareholder of the Company, Mr. M. Perich is not considered an independent Director.

In order to facilitate independent judgement in decision making, each Director may seek indendent professional advice at the Companys expense. If advice is sought by the Chairman, he must obtain board approval if the fees for such advice exceeds $50,000 (exclusive of GST), such approval is not to be unreasonably withheld. Where advice is sought by the other Directors, prior written approval by the Chairman is required but approval will not be unreasonably withheld. If the Chairman refuses to give approval, the matter must be referred to the Board. All Directors are made aware of the professional advice sought and obtained.

There is a clear division of responsibility between the Chairman and Group Executive Director.

The Remuneration and Nomination Committee of the Board comprises of three Non-Executive Directors; Messrs. P.R Gunner, R.Perich and M.Miles. Two out of three committee members are independent. Mr Gunner, who is an independent Director, is the Committee Chairman. The

Committee Charter which has been posted on the website of the Company: http://www.ffgl.com.au details out the process and timing for re election of directors. The Board's policy for nomination and appointment of Directors also forms part of the Charter.

The Company Constitution states that at each Annual General Meeting (AGM) one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the nearest number greater than one-third, shall retire from office. A retiring Director shall be eligible for re-election. No Director (other than a Managing Director) may hold office without re-election past the third annual general meeting following their appointment or three years, whichever is longer or, in the case of a Director appointed by the Directors as an additional Director or to fill a casual vacancy, past the next annual general meeting of the company. Any Director appointed by the Board since the last AGM must stand for election at the next AGM.

The Committee is responsible for ensuring that the Board is of a size and composition that allows for:

(1) decisions to be made expediently;

(2) a range of different perspectives to be put forward regarding issues before the Board;

(3) a range of different skills to be brought to Board deliberations; and

(4) Board decisions to be made in the best interests of the Company as a whole rather than of individual shareholders or interest groups.

The Committee's functions are to review and report to the Board on:

- Remuneration policy for the entire consolidated entity (including Executive Officers and Non-Executive Directors);
- identifying nominees for Directorships and other key Executive appointments;
- assessing Director competencies;
- evaluating the Board's performance annually; and
- remuneration policies and practices.

The Remuneration and Nomination Committee is responsible for the:

(1) evaluation and review of the performance of the Board (excluding the Chairman);

(2) evaluation and review of the performance of individual Directors;

(3) review of and making of recommendations on the size and structure of the Board; and

(4) review of the effectiveness and programme of Board meetings.

A review of the performance of the individual Directors occurs each year. The Board undertook an evaluation of itself and its committees in July 2011, with all Directors providing input as to the effectiveness of the board processes, meetings, composition and reporting with Directors having an opportunity to discuss and comment on such matters with the Chairman. The Board review its performance and composition on an annual basis to ensure that its has the appropriate mix of expertise and experience. The Board also reviews the performance and composition of its committees on an annual basis.

The Committee meets as frequently as required and at least once a year. The quorum for such meetings is two members, at least one of whom shall be independent. Details of the Committee members' attendance at Committee meetings are set out in the Directors' Report.

Subject to normal privacy requirements, each Director has the right of access to all of the Company's records, information and senior Executives. They receive regular detailed reports on financial and operational aspects of the Company's business and may request elaboration or explanation of these reports at any time. New Directors undergo an induction process in which they are given a full briefing of the operations of the Company. Where possible, this includes meetings with key Executives, tours of the operating sites (if practicable), provision of an induction package containing key corporate information and presentations. Directors and Executives are encouraged to broaden their knowledge of the Company's business and to keep abreast of developments in business more generally by attendance at relevant courses, seminars, conferences, etc. The Company meets expenses involved in such activities.

Names of Members of Committees

	Remuneration and Nomination Committee	Audit Risk and Compliance Committee
P.R. Gunner	✓	-
G.H. Babidge	-	✓
A.M. Perich	-	-
R. Perich	✓	✓
M. Miles	✓	✓
R.J.F. Macleod	-	-

Principle 3

Promote ethical and responsible decision-making

The Directors acknowledge the need for, and continued maintenance of, a high standard of corporate governance practices and ethical conduct by all Directors and employees. In maintaining its ethical standards, the Company will:

(1) behave with integrity in all its dealings with customers, shareholders, employees, suppliers, business partners and the community;

(2) ensure its actions comply with applicable laws and regulations;

(3) not engage in any activity that could be construed to involve an improper inducement;

(4) achieve a working environment where:

  (i) equal opportunity is rigorously practised;

  (ii) harassment and other offensive forms of behaviour are not tolerated;

  (iii) confidentiality of commercially sensitive information is protected; and

  (iv) employees are encouraged to discuss concerns and ethical behaviour with Directors and senior Executives.

The Board, senior Executives and all employees of the Company are committed to implementing this Code of Ethics and each individual is accountable for such compliance. A copy of the Code is made available to Directors, employees, contractors and relevant personnel on the Company's website: http://www.ffgl.com.au

The Group executive management is responsible for establishing, implementing and reviewing the effectiveness of the Code of Ethics as well as for overseeing that all of the Company's employees and contractors understand, and act in accordance with the Code.

The Board has implemented a range of procedures designed to oversee that the Company complies with the law and achieves high ethical standards in identifying and resolving or managing conflicts of interest. All Directors must advise the Chairman of all business dealings with the Company.

As a part of active promotion of ethical behaviour, any behaviour that does not comply with the Code must be duly reported. Protection will be provided for those who report violations in good faith.

"The Company has a Securities Trading Policies for Directors and senior executives, which was updated and lodged with the ASX on 18 January 2011. The policies generally allow Directors and senior executives to deal in the Company's securities other than the following:

a. from 1 month prior to the release of the annual or half yearly accounts;

b. within the period of 1 month prior to the issue of a prospectus; and

c. where there is price sensitive information that has not been disclosed because of an ASX Listing Rule exemption; and

d. any additional period arising from time to time that the Board imposes a prohibition on trading by Key Management Personnel as an 'ad-hoc' prohibition on trading of Securities. It is the policy that generally Directors and senior executives should wait at least 2 days after the relevant release before dealing in Securities so that the market has had time to absorb the information. Further details of the policies are available on the website of the Company: http://www.ffgl.com.au

In accordance with the ASX Corporate Governance Recommendations on diversity, the Board will establish a diversity policy in the upcoming financial year which includes:

a. a requirement that the Board establish measurable objectives for achieving gender diversity; and

b. a requirement for the Board to assess annually both the gender objectives and the progress in achieving them.

This policy once adopted will be available on the website of the Company http://www.ffgl.com.au and assessments will be reported in the annual report.

Principle 4

Safeguard integrity in financial reporting

The Board has established an Audit, Risk and Compliance Committee comprising three Non-Executive Directors, with appropriate experience. Every member of the Committee must be able to read and understand financial statements with experience in financial and accounting matters. Currently, the Committee comprises of Mr M. Miles (Chairman), Mr R. Perich and Mr G H Babidge. One out of the three Committee members are independent. The Chairman of the Committee is an independent Director and is not Chairman of the Board.

The Group Executive Director, other senior management and external audit partner attend Committee meetings at the discretion of the Committee.

The external auditors have a direct line of communication at any time to either the Chairman of the Audit, Risk and Compliance Committee or the Chairman of the Board.

The Audit, Risk and Compliance Committee is responsible for:

(1) reviewing and reporting to the Board on the half yearly and annual reports and financial statements of the Company and consolidated entities;
(2) nominating the external auditor and reviewing the adequacy, scope and quality of the annual statutory audit and half yearly statutory review;
(3) reviewing the effectiveness of the Company's internal control systems;
(4) monitoring and reviewing the reliability of financial reporting;
(5) monitoring and reviewing the compliance of the Company with applicable laws and regulations;
(6) monitoring the Australian Accounting Standards and Interpretations;
(7) monitoring financial risks and exposure of the Company's assets;
(8) monitoring the risk management policy and plans;
(9) reviewing the Company's Occupational Health and Safety obligations and the Company's compliance;
(10) reviewing the Company's insurance policies and coverage; and
(11) overseeing the independence of external auditors and annually reviewing the Company's policy on maintaining the independence of external auditor.

The Committee has a formal Charter which is posted on the website of the Company http://www.ffgl.com.au. The Committee meets as frequently as required and at least twice a year. The quorum for such meetings is two members, at least one of whom shall be independent. Details of the Committee members' attendance at Committee meetings are set out in the Directors' Report. The minutes of each Committee meeting are reviewed at the subsequent Board meeting and signed as an accurate record of proceedings. At the subsequent Board meeting the Chairman of the Committee reports on the Committee's conclusions and recommendations.

The candidates for the position of external auditor must be able to demonstrate complete independence from the Company and an ability to maintain independence throughout the engagement period. The external auditors have advised, after consultation with the Company, that the audit engagement partner shall be rotated every five years. The Board may select an external auditor based on the criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, costs, and any other matters deemed relevant by the Board.

Principle 5

Make timely and balanced disclosure

The purpose of the Continuous Disclosure Policy is to ensure that there are mechanisms in place to provide all investors with equal and timely access to material information concerning the Company. Such information must be presented in a clear and balanced way so as not to omit any material information.

This Policy is designed to ensure that the Company meets its continuous disclosure obligations under the ASX Listing Rules and has been posted to the website of the Company http://www.ffgl.com.au

Type of information that needs to be disclosed

Listing Rule 3.1 states that any information that a reasonable person would consider to have a material effect on the value of the Company securities must be disclosed. Examples of such information include a change in revenue, asset values or significant transactions.

Directors receive copies of all announcements immediately after notification to the ASX. All announcements are posted to the Company's website. A report is submitted to each Board meeting of disclosures to the ASX since last meeting with the Disclosure File available for review.

Disclosure Officer

The Board has appointed the Company Secretary to act as the Disclosure Officer, responsible for communications with the ASX. The Company Secretary in discussion with the Company Chairman decides what information must be disclosed. The Disclosure Officer holds the primary responsibility for ensuring that the Company complies with its disclosure obligations. In addition, Directors, employees or consultants are all responsible for reporting price sensitive information that is not generally available to the Disclosure Officer.

To enhance clarity and balance of reporting and to enable investors to make an informed assessment of the Company's performance, financial results are accompanied by commentary.

Principle 6

Respect the rights of shareholders

The Company aims to keep shareholders informed of the Company's performance in an ongoing manner. Apart from information provided pursuant to the Company's legal and ASX Listing Rules obligations regarding continuous disclosure of information, the Company also communicates with shareholders through the:

(1) Annual Report which is available to all shareholders. The Annual Report includes relevant information about the Company's operations and performance;

(2) Invitation to the annual general meeting and all accompanying papers;

(3) The Company's website at http://www.ffgl.com.au;

(4) Reports to the ASX and the press;

(5) Half year and full year profit announcements; and

(6) Information and presentations to analysts (which are released to the ASX).

The Annual General Meeting provides an important opportunity for shareholders to express their views and respond to initiatives being proposed by the Board.

The Company also requests that the external auditor attend the Annual General Meeting and be available to answer shareholder questions about the audit and the preparation and content of the audit reports.

In accordance The Company will establish a Communications with Shareholder Policy, incorporating matters disclosed above. The policy once adopted will be available on the website of the Company http://www.ffgl.com.au

Principle 7

Recognise and manage risk.

Risk oversight and management policies

The Company has recently adopted a Risk Management Policy, which has been posted to its website http://www.ffgl.com.au. The Policy covers the areas of oversight, risk management, risk profile, compliance and control and assessment of effectiveness. The Audit, Risk and Compliance Committee (details and composition of which have been set out earlier) is responsible for providing the Board with advice and recommendations regarding the ongoing development of the Policy.

Risk management and risk profile

The Committee is responsible for:

(1) providing the Board with advice and recommendations regarding the Company's:

  (i) risk management system; and

  (ii) risk profile that describes the material risks (including financial and non-financial risks)

(2) reviewing the effectiveness of the Company's implementation of the risk management system at least once a year;

(3) regularly reviewing and updating the Company's risk profile; and

(4) ensuring that the appropriate Executives have established and implemented a system for identifying, assessing, monitoring and managing risk throughout the organisation. The system is to include the Company's internal compliance and control systems.

Executive management provide the Committee and Board with regular reports on operational, financial, regulatory and commercial matters within their business divisions. This ensures Management accountability. Executive management is responsible for designing and implementing a risk management and internal control system to manage the Company's material business risks. Executive management identifies and reviews the major risks impacting each area of the business and develops strategies to effectively mitigate these risks.

As required by the ASX Principles, Executive management has reported to the Board on the effectiveness of the management of its material business risks. The ultimate responsibility for risk oversight and management rests with the Board.

Due to the size and scale of operations of the Company, there is no separate internal audit function.

Executive Management Assurances

As part of the structure of financial review and authorisation, the Group Executive Director and other executive management are required to provide written assurances that the financial reports present a true and fair view of the Company's and consolidated entities financial position in all material aspects and that the integrity of the financial statements is founded on a system of risk management and internal compliance and control which implements the policies adopted by the Board and is operating efficiently and effectively in all material aspects in relation to financial reporting risks. As part of internal management reporting policy relevant senior personnel provide written assurances regarding the integrity of the financial reports to support the Executive Director and other executive management assurances to the Board. The Board received the written assurances with respect to the 2011 financial year.

Principle 8

Remunerate fairly and responsibly.

The Board has established a Remuneration and Nomination Committee to consider and report on, among other matters, remuneration policies and packages applicable to Board members and to senior executives of the Company. The Committee is responsible for ensuring that any equity-based Executive or Non-Executive Director's remuneration is made in accordance with any thresholds approved by shareholders. The composition and details of the Committee have been detailed earlier in this Statement.

In respect of remuneration issues, the responsibilities of the Committee include determining, evaluating and reporting to the Board with respect to:

(1) executive remuneration and incentive policies, including ensuring that the remuneration policies and practices of the Company are consistent with its strategic goals and human resource objectives;
(2) the Company's recruitment, retention and termination policies and procedures for executives;
(3) incentive schemes;
(4) superannuation arrangements; and
(5) the remuneration framework for Directors.

The Committee operates independently of the senior management of the Company in its recommendations to the Board in relation to:

(1) reviewing on an annual basis the performance and salary of the Executive management group including Executive and Employee Share Option Plan participation;
(2) the remuneration packages and other terms and conditions of appointment and continuing employment of senior Executives; and
(3) reviewing Non-Executive Directors' remuneration within the maximum amount approved by shareholders.

The Board believes that Directors are properly rewarded through payment of a fee which is reviewed annually in the light of market conditions and has regard to the responsibilities placed on the Directors by the legal and financial framework within which they act.

The Committee's main functions include:

(1) Conditions of service and remuneration of Executive management and their direct reports:
(2) Performance of the Executive management;
(3) Ensure that the remuneration policy achieves both a level and composition of remuneration that is both competitive and reasonable.

Remuneration policies are designed to attract and maintain talented and motivated Directors and employees as well as raising the level of performance of the Company.

(4) Recommendation to the Board, which has the discretion to reward eligible employees with the payment of bonuses, share options and other incentive payments. These incentive payments are designed to link reward to performance and are determined by both financial and non-financial imperatives.

Executive management attend meetings of the Remuneration and Nomination Committee by invitation when required to report on, and discuss, senior management performance, remuneration matters, etc.

Non-Executive Directors receive fees determined by the Board, but within the aggregate limit approved by Shareholders at a General Meeting.

The structure of remuneration for Non-Executive Directors and Executive Directors is different. As explained in the Remuneration Report, the Executive Director and key management personnel receive fixed remuneration, employer contributions to superannuation funds and options. Options are valued using the binomial method and are not linked to the performance of the Company, but to the personnel's employ. The Securities Trading Policy for Directors and senior executives restricts entering into transactions with securities in associated products which operate to limit the economic risk of any unvested entitlements under any equity based remuneration scheme offered by the Company. Remuneration packages of Non-Executive Directors are fee based. Non-Executive Directors do not participate in bonus payments or any retirement benefits other than statutory superannuation.

Consolidated Statement of Comprehensive Income
For the financial year ended 30 June 2011

	Notes	Consolidated $000	
		2011	2010
Revenue from sale of goods	5	45,353	44,443
Cost of sales		(31,262)	(30,676)
Gross profit		14,091	13,767
Other income	5	403	465
Marketing expenses		(2,042)	(1,558)
Selling and distribution expenses		(5,338)	(4,862)
Administrative expenses		(3,160)	(3,741)
Loss on disposal of Non Current Assets		-	(250)
Profit before depreciation, income tax, finance costs and equity accounted investments	6	3,954	3,821
Depreciation		(1,092)	(1,004)
Profit before income tax, finance costs and equity accounted investments		2,862	2,817
Finance costs	6	(1,529)	(1,031)
Profit on sale of A2DP shares		3,884	-
Impairment of Goodwill		(1,778)	-
Write off of non recurring legal expense and unrecoverable amounts		(326)	-
Share of profit of joint ventures accounted for using the equity method	34	841	1,308
Share of profit of associates accounted for using the equity method	35	295	-
Profit before tax		4,249	3,094
Income tax benefit	7	138	263
Profit for the year		4,387	3,357
Other comprehensive income		-	-
Total comprehensive income for the year		4,387	3,357
Profit attributable to:			
Owners of the company		4,387	3,357
Non-controlling interests		-	-
		4,387	3,357
Total comprehensive income attributable to:			
Owners of the company		4,387	3,357
Non-controlling interests		-	-
		4,387	3,357
Earnings per share			
From continuing operations:			
Basic earnings per share (cents per share)	9	5.67	5.00
Diluted earnings per share (cents per share)	9	4.99	5.00
Ordinary Dividends per share paid - Interim (cents per share)		0.50	-
CRPS Dividends per share paid (cents per share)		0.1	-

Notes to the statement of comprehensive income are included on pages 30 to74.

Consolidated Statement of Financial Position

For the financial year ended 30 June 2011

	Notes	Consolidated $000	
		2011	2010
ASSETS			
Current assets			
Cash and cash equivalents	22(a)	182	34
Trade and other receivables	10	10,097	9,362
Other financial assets	11	-	784
Inventories	12	5,349	7,121
Current tax assets	7	-	151
Prepayments		665	610
		16,293	18,062
Assets Classified as held for Sale	38	-	4,141
Total Current Assets		16,293	22,203
Non-current assets			
Investments in associates	11	11,440	1,152
Deferred tax assets	7	3,401	2,038
Property, plant and equipment	14	24,095	22,431
Goodwill	13	5,214	6,992
Other intangible assets	13	16,274	16,274
Total non-current assets		60,424	48,887
TOTAL ASSETS		76,717	71,090
LIABILITIES			
Current liabilities			
Trade and other payables	15	5,579	7,252
Borrowings	16	10,357	15,576
Other liabilities	11	53	-
Provisions	17	855	868
Total current liabilities		16,844	23,696
Non-current liabilities			
Trade and other payables	15	504	1,064
Borrowings	16	7,995	5,766
Deferred tax liability	7	1,261	47
Provisions	17	130	254
Total non-current liabilities		9,890	7,131
TOTAL LIABILITIES		26,734	30,827
NET ASSETS		49,983	40,263
EQUITY			
Capital and Reserves			
Equity attributable to owners of the company			
Issued capital	18	39,288	33,637
Reserves	19	1,006	919
Retained earnings	20	9,689	5,707
TOTAL EQUITY		49,983	40,263

Notes to the statement of comprehensive income are included on pages 30 to 74.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2011

	Notes	Consolidated $000	
		2011	**2010**
Cash flows from operating activities			
Receipts from customers		44,143	45,082
Payments to suppliers and employees		(40,061)	(40,982)
Cash generated from operations		4,082	4,100
Interest paid		(1,612)	(1,338)
Income tax refund		152	9
Receipt of government grants		75	-
Net cash generated by operating activities	22(b)	2,697	2,771
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		-	19
Payment for property, plant and equipment		(2,460)	(7,225)
Investment in Equity Interest		(812)	-
Investment in jointly controlled entity		-	(10)
Costs asscociated with Sale of Joint Venture		(383)	-
Dividends paid		(359)	-
Advance (to) / from Joint Venture		(356)	294
Net cash used in investing activities		(4,370)	(6,922)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the company		5,825	2,332
Payment of share issue costs		(192)	(215)
Proceeds from borrowings		11,108	4,362
Repayment of borrowings		(13,520)	(3,023)
Net cash provided by financing activities		3,221	3,456
Net increase / (decrease) in cash and cash equivalents		1,548	(695)
Cash and cash equivalents at beginning of financial year		(1,366)	(671)
Cash and cash equivalents at end of financial year	22(a)	182	(1,366)

Notes to the statement of comprehensive income are included on pages 30 to 74.

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2011

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
	Notes	Fully paid ordinary shares $000	CRPS Shares $000	Retained earnings $000	Equity - settled employee benefits reserve $000	Asset revaluation reserve $000	Total $000	Non controlling interest $000	Total Equity $000
CONSOLIDATED									
Balance as at 30 June 2009		27,019	-	2,350	319	473	30,161	-	30,161
Equity issues	**18**	6,833	-	-	-	-	6,833	-	6,833
Share issue costs	**18**	(307)	-	-	-	-	(307)	-	(307)
Related income tax		92	-	-	-	-	92	-	92
Profit for the year		-	-	3,357	-	-	3,357	-	3,357
Other comprehensive income for the year		-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	3,357	-	-	3,357	-	3,357
Recognition of share-based payments	**19**	-	-	-	127	-	127	-	127
Dividends paid	**21**	-	-	-	-	-	-	-	-
Balance as at 30 June 2010		33,637	-	5,707	446	473	40,263	-	40,263
Equity issues	**18**	18	5,824	-	-	-	5,842	-	5,842
Share issue costs	**18**	-	(272)	-	-	-	(272)	-	(272)
Related income tax		-	81	-	-	-	81	-	81
Profit for the year		-	-	4,387	-	-	4,387	-	4,387
Other comprehensive income for the year		-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	4,387	-	-	4,387	-	4,387
Recognition of share-based payments	**19**	-	-	-	87	-	87	-	87
Dividend paid	**21**	-	-	(405)	-	-	(405)	-	(405)
Balance as at 30 June 2011		33,655	5,633	9,689	533	473	49,983	-	49,983

Notes to the statement of comprehensive income are included on pages 30 to 74.

Notes to the Financial Statements
For the financial year ended 30 June 2011

1. General Information

The financial report of Freedom Foods Group Limited ("Group" or "Company") for the year ended 30 June 2011 was authorised for issue in accordance with resolution of Directors on 29 September 2011.

Freedom Foods Group Limited is a company incorporated in Australia whose shares are publicly traded on the Australian securities exchange. The company is trading under the symbol 'FNP'.

The nature of the operations and principal activities of the Group are described in note 4.

2. Adoption of New and Revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

Amendments to AASB 7 'Financial Instruments: Disclosure' (adopted in advance of effective date of 1 January 2011)
Amendments to AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'
Amendments to AASB 101 'Presentation of Financial Statements' (adopted in advance of effective date of 1 January 2011)
Amendments to AASB 107 'Statement of Cash Flows'

2.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'
AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-Settled Sharebased Payment Transactions'
AASB 2009-10 'Amendments to Australian Accounting Standards – Classification of Rights Issues'
AASB 2010-3 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'
AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'
Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

2. Adoption of New and Revised Accounting Standards (continued...)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 124 *'Related Party Disclosures' (revised December 2009)*	1 January 2011	30 June 2012
AASB 2009-12 *'Amendments to Australian Accounting Standards'*	1 January 2011	30 June 2012
AASB 9 *'Financial Instruments'*	1 January 2013	30 June 2014
AASB 2009-11 *'Amendments to Australian Accounting Standards arising from AASB 9'*	1 January 2013	30 June 2014
AASB 2010-7 *'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'*	1 January 2013	30 June 2014
AASB 2009-14 *'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'*	1 January 2011	30 June 2012
AASB 2010-5 *'Amendments to Australian Accounting Standards'*	1 January 2011	30 June 2012
AASB 2010-6 *'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'*	1 July 2011	30 June 2012
AASB 2010-8 *'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'*	1 January 2012	30 June 2013
AASB 1054 *'Australian Additional Disclosures'*	1 July 2011	30 June 2012
AASB 2011-8 *'Amendments to Australian Accounting Standards arising from AASB 13'*	1 January 2013	30 June 2014
AASB 2011-9 *'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income'*	1 July 2012	30 June 2013
AASB 10 *'Consolidated Financial Statements'*	1 January 2013	30 June 2014
AASB 11 *'Joint Arrangements'*	1 January 2013	30 June 2014
AASB 12 *'Disclosure of Involvement with Other Entities'*	1 January 2013	30 June 2014
AASB 119 *'Employee Benefits'*	1 January 2013	30 June 2014
AASB 127 *'Separate Financial Statements (2011)'*	1 January 2013	30 June 2014
AASB 128 *'Investments in Associates and Joint Ventures'*	1 January 2013	30 June 2014

3. Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Statement of compliance

The financial report is a general-purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the consolidated financial statements of the Group. Accounting Standards include Australian equivalents to International Financial Reporting standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting standards ('IFRS').

The financial statements were authorised for issue by the directors on 29th September 2011.

(b) Basis of preparation

The financial report has been prepared on the historical cost basis, 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.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Parent under ASIC Class Order 98/0100, dated 10 July 1998. The Parent is an entity to which the class order applies.

(c) Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Significant Accounting Policies
(continued...)

Key sources of estimation uncertainty:

Impairment of goodwill and other intangible assets

Determining whether goodwill or other intangible assets are impaired requires an estimation of the value in use of the cash generating units to which the goodwill or other intangible assets have been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value.

The value of the goodwill as at the end of the financial year was $5,214,000, with $1,778,000 impairment loss charged against this goodwill.

The value of other intangible assets as at the end of the financial year was $16,274,000, with no impairment loss charged against the other intangible assets.

Further details in relation to the goodwill and other intangible assets of the consolidated entity are set out in note 13.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Freedom Foods Group Limited and its subsidiaries as at 30 June each year ('the Group'). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(e) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Acquisition related costs are recognised in profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(f) Interests in joint ventures

The Group's interest in joint ventures represent jointly controlled entities which have been measured by applying the equity method of accounting. Under the equity method of accounting the carrying amounts of interests in joint venture entities are increased or decreased to recognise the Group's share of the post acquisition profits or losses and other changes in net assets of the joint ventures.

(g) Foreign currency translation

Both the functional and presentation currency of Freedom Foods Group Limited and its Australian subsidiaries is Australian dollars (AUD). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the rate of exchange ruling at the end of

3. Significant Accounting Policies (continued...)

each reporting period. Exchange differences are recognised in the profit or loss in the period in which they arise.

(h) Property, plant and equipment

Plant and equipment, motor vehicles and equipment under finance lease are stated at cost less accumulated depreciation and impairment.

Land and Buildings held for use in the production of goods, are carried in the statement of financial position at fair value, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value is determined on the basis of an independent valuation prepared by external valuation experts, based on discounted cash flows or capitalisation of net income, as appropriate. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Any revaluation increase arising on the revaluation of land and buildings is credited to a revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in the profit or loss, in which case the increase is credited to the proift or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Construction in progress is stated at cost. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following depreciation rates are used in the calculation of depreciation:

Class of Fixed Assets	Depreciation Rate
Buildings	2-6%
Plant and equipment	5-20%
Leased plant and equipment	5-20%
Motor vehicles	15-33%

(i) Non-current assets classified as held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for such a sale and the sale is highly probable. The sale of the asset (or disposal group) must be expected to be completed within one year from the date of classification, except in the circumstances where sale is delayed by events or circumstances outside the Group's control and the Group remains committed to a sale.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. Significant Accounting Policies (continued...)

(k) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition. Goodwill is subsequently measured at its cost less any impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. If the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or groups of CGUs), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or groups of CGUs) and then to the other assets of the cash-generating units pro-rata on the basis of the carrying amount of each asset in the CGU (or groups of CGUs). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

(l) Intangible assets

Brand names

Brand names recognised by the group have an indefinite useful life and are not amortised. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy in note 3(m).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(m) Impairment of long-lived assets excluding goodwill

At each reporting date the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(n) Inventories

Inventories are measured at the lower of cost and net realisable value.

3. Significant Accounting Policies (continued...)

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials: purchase cost on a first-in, first-out basis;

Manufactured finished goods: cost of direct materials, direct labour and an appropriate portion of manufacturing variable and fixed overheads based on normal operating capacity but excluding borrowing costs;

Purchased finished goods: purchase cost on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(o) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and cash equivalents, which are short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(p) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recoverable amount is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(r) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of short term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(s) Share-based payments

Equity-settled payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 29.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

3. Significant Accounting Policies (continued...)

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

(t) Leased Assets

Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. However, contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to the qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Refer to note 3(j). Contingent rentals are recognised as expenses in the periods in which they are incurred. Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(u) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for terms, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Licensing fees

Revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Revenue is calculated on the basis of the turnover of the licensee.

Interest revenue

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly

3. Significant Accounting Policies (continued...)

discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income

Revenue from operating leases is recognised in accordance with the Group's accounting policy outlined in note 3(t).

(v) Government grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the group other than the requirement to operate in certain regions or industry sectors.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire long-term assets are recognised as deferred income in the statement of financial position and recognised as income on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which it becomes receivable.

(w) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for on the basis of temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in branches and associates and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and its probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/Group intends to settle its current tax assets and liabilities on a net basis.

3. Significant Accounting Policies (continued...)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(x) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST') except:

- where the amount of GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of acquisition of the asset or as part of the expense item as applicable; or
- for receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified within operating cash flows.

(y) Financial instruments

Recognition of investments

Investments are initially measured at fair value, net of transaction costs, except for those financial assets carried at fair value through profit and loss, which are initially measured at fair value when the related contractual rights or obligations exist. Subsequent to initial recognition these investments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in their fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Loans and receivables

Loans and receivables have fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method less impairment. Interest income is recognised by applying the effective interest rate.

Held-to maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method less impairment.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained

3. Significant Accounting Policies (continued...)

interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

Financial liabilities

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

(z) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 26 to the financial statements. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group has not adopted hedge accounting during the financial year or previous corresponding period.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at their fair value with changes in fair value recognised in profit or loss.

4. Operating Segments

The Group is organised into three segments which is the basis on which the Group reports. The principal products and services of these segments are as follows:

Seafood: A range of canned seafood covering sardines, salmon, tuna and specialty seafood. These products are produced overseas and sold in Australia and overseas.

Freedom Foods: A range of products for consumers requiring a solution to specific dietary or medical conditions including gluten free, wheat free, low sugar or salt or highly fortified. The product range covers breakfast cereals, cookies, snack bars, soy and rice beverage, frozen prepared foods and other complimentary products. These products are produced and sold in Australia and overseas.

Thorpedo Foods: Thorpedo range of low GI beverages. These products are produced and sold in Australia and overseas.

Operating segments are identified on the basis of internal reports about components of the Group that are 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.

Information regarding these segments is presented below. The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	External sales		Other revenue		Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Segment revenue						
Continuing operations						
Seafood	18,914	18,093	-	-	18,914	18,093
Freedom Foods	26,256	25,804	-	-	26,256	25,804
Thorpedo Foods	85	174	72	378	157	552
Other	-	-	-	-	429	459
Total revenue of the consolidated group					45,756	44,908

4. Operating Segments
(continued...)

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 joint venture entities are increased or decreased to recognise the Group's share of post acquisition profits or losses and other changes in net assets of the joint venture/minority interest.

97% of total external sales of the consolidated group and equity accounted associates are generated in Australia (2010: 97%) and more than 80% of total external sales are through major Australian retailers.

	2011 $'000	2010 $'000
Segment result		
Continuing operations		
Seafood	3,978	3,440
Freedom Foods	3,249	4,010
Thorpedo Foods	(1,748)	249
	5,479	7,699
FFG share of equity accounted associates	1,136	1,308
Shared services	(3,303)	(3,878)
Finance costs	(1,529)	(1,031)
Depreciation	(1,092)	(1,004)
Profit before income tax	691	3,094
Profit on sale of A2DP shares	3,884	-
Write off of non recurring legal expense and unrecoverable amounts	(326)	-
Income tax benefit	138	263
Profit for the year from continuing operations	4,387	3,357

Total profit from equity accounted associates for the period totalled $2,422,000 (2010: $2,616,000). The consolidated entities share of these profits was $1,136,000 (2009: $1,308,000).

5. Revenue

	Consolidated $000	
	2011	2010
Segment revenue		
Continuing operations		
Sale of goods	45,256	44,071
Interest received		
• Loans and receivables		
• Cash and Cash equivalents	25	16
License fee	72	356
	45,353	44,443
Other revenue		
Government/State grants - refer below	81	85
Gain/(loss) on disposal of fixed assets	-	13
Payroll Tax Refund	70	10
Rental income	14	3
Management fee received	238	354
	403	465

5. Revenue

(continued...)

The above government grant is the Export Market Development Grant received for 2010 and receivable for 2011 (2011 $20,000, 2010 $22,000).

The above state grants are the Dept of Innovation Grant (2010 $20,000), State Training Grant (2011 $30,000, 2010 $43,000) and Department of Education, Employment and Workplace Relations Grant (2011 $31,000) received for 2010 and receivable for 2011.

6. Profit for the year before tax

	Consolidated $000	
Profit for the year was arrived at after charging the following expenses:	**2011**	**2010**
Finance costs		
• Interest on bank overdrafts and loans	1,502	990
• Interest on obligations under finance leases	27	41
• Interest on convertible notes	-	-
Total borrowing costs	1,529	1,031
Unrealised fair value mark-to-market of derivative financial instruments (i)	-	-
Unrealised foreign currency exchange losses/(gains)	-	8
Depreciation on property, motor vehicles, plant and equipment	1,092	1,004
Loss / (Gain) on disposal of plant and equipment	-	(13)
Rental expense on operating leases (equipment)	145	123
Rental expense on operating leases (property)	73	222
Research and development costs expensed	500	100
Impairment of trade receivables	(27)	10
Employee benefit expense		
Post employment benefits - defined contribution plans	580	587
Share-based payments - equity settled share based payments	87	127
Redundancies	-	321
Other employee benefits	4,959	5,302
Total employee benefit costs	5,626	6,337

(i) The Group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational, financing and investment activities.

In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

During the financial year the Group utilised foreign exchange contracts for the purchase of inventory. The foreign exchange contracts were denominated in $USD. As at 30 June 2011 we held foreign exchange contracts totalling $USD590K.

The contracts related to highly probable forecasted transactions for the purchase of inventory for the Specialty Seafood business (Salmon and Sardines) and the Freedom Foods business (Spreads) with the purchase consideration being settled in the above currencies. The Group's objective in entering into foreign exchange contracts is to provide certainty to the income and cash flow implications for the designated foreign currency purchase, relating to purchase of inventory.

As the Group does not utilise hedge accounting, derivative financial instruments held by the Group are required under the Australian Accounting Standards to be valued at fair value as at balance date. A valuation at fair value assumes that the Group would settle the contracts at a specific date and recognise a gain or loss depending on the prevailing spot rate at value date, even though the intention of the Group is to settle the contract at contract expiry in relation to the purchase of inventory or an asset required for manufacturing.

6. Profit for the year before tax

(continued...)

The gain or loss value at fair value is required by Australian Accounting Standards to be recognised in profit or loss. There were USD foreign exchange contracts open as at 30 June 2011 with a fair value loss of $18K, this being immaterial, the valuation of foreign exchange contracts held at balance date reflected no adjustment and there were no foreign exchange contracts held at 30 June 2010.

(ii) Operating EBDITA (being EBDITA adjusted for corporate development costs, redundancies, equity settled share based payments, share of profits under equity accounting, unrealised exchange losses, fair value mark to market of derivative financial instruments and asset write downs) was $4,041,000 (2010: $3,816,000).

7. Income Taxes

	Consolidated $000	
	2011	2010
Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax expense in respect of the current year	1,342	(258)
Adjustments recognised in the current year in relation to the current tax of prior years	(1,330)	45
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	(150)	(50)
Total (income) tax recognised in the current year relating to continuing operations	(138)	(263)
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit before tax from continuing operations	4,249	3,094
Income tax expense calculated at 30%	1,275	928
Effect of revenue/expenses that are not deductible in determining taxable profit	67	(1,228)
Effect of tax concessions (research and development)	(150)	(8)
Adjustments recognised in the current year in relation to the current tax of prior years		
Prior year R&D claim	(951)	
Other	(379)	45
	(138)	(263)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Income tax recognised directly in equity

An amount of $81,000 was credited to equity in relation to share issue costs during the year (2010 $92,000).

Income tax recognised in other comprehensive income

No current or deferred tax amounts were charged/(credited) directly to the other comprehensive income during the year.

	Consolidated $000	
	2011	2010
Current tax assets		
Income tax receivable attributable to:		
• Entities in the tax-consolidated group	-	151
	-	151

7. Income Taxes

(continued...)

Deferred tax balances

Deferred tax assets/(liabilities) arise from the following:

Consolidated 2011	Opening Balance $'000	Charged to income $'000	Closing balance $'000
Temporary differences:			
Provisions	337	(41)	296
Doubtful debts	12	(8)	4
Property plant & equipment	(24)	1	(23)
Other	165	(1,148)	(983)
	490	(1,196)	(707)
Unused tax losses and credits:			
Tax losses (i)	1,161	1,342	2,503
Withholding tax paid	340	4	344
	1,501	1,346	2,847
	1,991	150	2,140
Presented in the statement of financial position as follows:			
Deferred tax (liability) - non current			(1,261)
Deferred tax asset - non current			3,401
			2,140

(i) Current year earnings together with forecast future earnings support the recognition of carried forward losses as deferred tax assets

Consolidated 2010	Opening Balance $'000	Charged to income $'000	Closing balance $'000
Temporary differences:			
Provisions	273	64	337
Doubtful debts	9	3	12
Property plant & equipment	7	(31)	(24)
Other	317	(152)	165
	606	(116)	490
Unused tax losses and credits:			
Tax losses	1,013	148	1,161
Withholding tax paid	322	18	340
	1,335	166	1,501
	1,941	50	1,991
Presented in the statement of financial position as follows:			
Deferred tax (liability) - non current			(47)
Deferred tax asset - non current			2,038
			1,991

8. Auditors remuneration

	Consolidated $	
	2011	2010
Current year		
Remunerations of the auditors of the Group for:		
• audit or review of the financial report	148,985	167,660
• taxation advice and preparation of tax returns	58,952	43,542
• accounting advice	-	5,838
• research and development advice and preparation of the return	19,751	-
	227,688	217,040

The auditor of the consolidated entity is Deloitte Touche Tohmatsu.

9. Earnings per share

	Consolidated Cents per share	
	2011	2010
Basic earnings per share from continuing operations	5.67	5.0
Diluted earnings per share from continuing operations	4.99	5.0
The earnings and weighed average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
	$000	
(a) Earnings used in the calculation of basic EPS	4,387	3,357
(b) Earnings used in the calculation of diluted EPS	4,387	3,357
	Number '000	
(c) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	77,435	66,823
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS including CRPS	87,861	66,823

During 2011, 19,414,800 Convertible Redeemable Preference Shares were issued by the Parent
During 2011, 19,377, 235 options were issued over ordinary shares by the Parent
At 30 June 2011, 19,376,362 options were outstanding (Exercisable at $0.40 cents per share)

10. Trade and other receivables

	Consolidated $000	
	2011	2010
Current		
Trade receivables	9,513	8,712
Allowance for doubtful debts	(14)	(43)
	9,499	8,669
Other receivables	598	693
	10,097	9,362

10. Trade and other receivables
(continued...)

The average credit period on sales of goods is 34 days (2010: 37 days). No interest is charged on trade receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from past sale of goods, determined by reference to past default experience. During the current financial year, the allowance for doubtful debts decreased by $28,000 (2010: increased by $12,000) in the Group. Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of $15,000 (2010: $43,000). The Group does not hold any collateral over these balances.

	Consolidated $000	
	2011	2010
Current (i)	9,218	8,545
Past due but not impaired (ii)	281	124

(i) The current receivables for the Group are with a weighted average of 38 days (2010: 38 days). Management considers that there are no indications as of the reporting date that the debtors will not meet their payment obligations.

(ii) The past due but not impaired receivables for the Group are with a weighted average of 61 days (2010: 135 days). These relate to a number of customers for whom there is no recent history of default and other indicators of impairment. Management considers that no provision is required on these balances.

The Group does not have significant risk exposure to any one debtor, however 83% (2010 - 81%) of sales and 82% (2010 - 86%) of year end receivables are concentrated in major supermarkets throughout Australia.

Movement in the allowance for doubtful debts

	Consolidated $000	
	2011	2010
Balance at the beginning of the year	43	31
Impairment losses recognised on receivables	-	8
Amounts written off as uncollectable	(1)	-
Amounts recovered during the year	-	4
Impairment losses reversed	(28)	-
Balance at the end of the year	14	43

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Management has assessed that these are all recoverable and no impairment has been taken.

11. Other financial assets / (liabilities)

	Consolidated $000	
	2011	2010
Current		
Loans to joint ventures - refer Note 28 Related party transactions	(53)	784
Non-current		
Investment in joint venture entities - refer note 34 Jointly controlled operations and assets	1,882	1,152
Investment in associates - refer Note 28 Related party transactions	9,558	-
	11,440	1,152

11. Other financial assets / (liabilities)
(continued...)

(i) Loans to related parties:

The Group has provided short-term loans to joint venture entities interest free and at call. Management has assessed that these are all recoverable and no impairment exists. Further information in relation to amounts due from related entities is set out in note 28.

12. Inventories

	Consolidated $000	
	2011	2010
Current		
Raw materials	1,468	1,228
Finished goods	3,985	5,909
Provision for stock obsolescence	(119)	(36)
Work In Progress Factory	16	20
	5,349	7,121

All inventories of the Group are expected to be recovered within a 12 month period.

13. Intangibles

	Goodwill $'000	Brand Names $'000	Total $'000
2011			
Balance at 1 July 2010	6,992	16,274	23,266
Impairment of Goodwill	(1,778)	-	(1,778)
Balance at 30 June 2011	5,214	16,274	21,488
2010			
Balance at 1 July 2009	6,992	16,274	23,266
Balance at 30 June 2010	6,992	16,274	23,266

Goodwill and brands are initially recorded at cost. All brands have been assessed as having indefinite useful lives because there is no expiration date and all brands are profitable. Impairment losses of $1,778,000 were charged during the 2011 financial year (2010: $nil).

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:
Seafood
Freedom Foods
Thorpedo Foods

The consolidated entity carries an amount of $16,274,000 of brand names with indefinite useful lives allocated between the Seafood and Freedom Foods cash generating units. The brand names relate to major brands purchased as part of business combinations that have long establishment and are considered to be market leaders within their market segment. The brand names operate in a stable industry with a strong positioning in the consumer functional foods market.

13. Intangibles
(continued...)

The carrying amount of goodwill has been allocated to the identified cash-generating units as follows:

	Consolidated $000	
	2011	2010
Seafood	1,982	1,982
Freedom Foods	3,232	3,232
Thorpedo Foods	-	1,778
	5,214	6,992

The recoverable amounts of the cash generating units are determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10.3% pa (2010: 10.3% pa). Cash flow projections during the budget period for the cash-generating units are also based on the same expected gross margins during the budget period.

Key assumptions	Cash-generating units
Budgeted market share	Average market share in the period immediately before the budget period plus a growth of up to 1% of market share per year. Management believes that the planned market share growth per year for the next four years is reasonable.
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period is consistent with that used by management.

Impairment of cash-generating units including goodwill

There was an impairment loss recognised of $1,778,000 during the period for Thorpedo Foods cash generating unit.

14. Property, plant and equipment

	Consolidated $000	
	2011	**2010**
Non-current		
Freehold land (at fair value)	160	150
Accumulated depreciation	-	-
Total Land	160	150
Buildings (at fair value)	4,850	4,850
Accumulated depreciation	(384)	(263)
Total Buildings	4,466	4,587
Total Land and Buildings	4,626	4,737

14. Property, plant and equipment
(continued...)

	Consolidated $000	
	2011	2010
Plant and Equipment (at cost)	16,432	15,553
Accumulated depreciation	(2,981)	(2,039)
	13,451	13,514
Capital work in progress at cost	5,976	4,122
Total Owned Plant and Equipment	19,427	17,636
Motor Vehicles (under finance leases)	157	157
Accumulated depreciation	(115)	(99)
Total Motor Vehicles	42	58
Total property, plant and equipment	24,095	22,431

Movements in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year:

	Freehold Land	Buildings	Plant & Equipment	Motor Vehicles	Total
	$000	$000	$000	$000	$000
Group 2011					
Balance at 1 July 2010	150	4,587	17,636	58	22,431
Additions	10	-	2,723	-	2,733
Disposals	-	-	23	-	23
Depreciation expense	-	(121)	(955)	(16)	(1,092)
Balance at 30 June 2011	160	4,466	19,427	42	24,095
Group 2010					
Balance at 1 July 2009	150	4,709	10,413	51	15,323
Additions	-	-	8,319	49	8,368
Disposals	-	-	(254)	(2)	(256)
Depreciation expense	-	(122)	(842)	(40)	(1,004)
Balance at 30 June 2010	150	4,587	17,636	58	22,431

Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:

	Consolidated $000	
	2011	2010
Freehold land and buildings	121	122
Plant and equipment	955	842
Motor vehicles	16	40
	1,092	1,004

Freehold land and buildings carried at cost

An independent valuation of the Group's land and buildings was performed by Herron Todd White (MIA) Pty Limited to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to capitalisation of net income method, utilising a net rental of approximately $45 per square metre per annum. The effective date of the valuation was 30 June 2011. The revaluation was not recorded in the books of the Group.

15. Trade and other payables

	Consolidated $000	
	2011	2010
Current		
Trade payables (i)	3,079	4,754
Other payables and accruals (ii)	2,500	2,498
	5,579	7,252
Non-current		
Other payables and accruals (ii)	504	1,064
	504	1,064

(i) The average credit period on purchases of certain goods from North America is 60 days (2010: 60 days). Additional trade payables are paid on average within 60 days of invoice date. No interest is charged on trade payables.

(ii) Included in other payables and accruals is an amount due to the vendor of $1,113,000 (2010: $1,724,000) for the purchase of the Leeton property. The portion of this payable due to be settled within 12 months is $551,000 (2010: $660,000).

16. Borrowings

	Consolidated $000	
	2011	2010
Secured - at amortised cost		
Current		
Bank overdrafts (i)	-	1,400
Loan payable (i)	2,913	13,047
Finance leases (ii) (iii)	1,396	1,129
Finance Facility (i)	6,048	-
Non-current		
Loan payable (i)	3,150	-
Finance leases (ii) (iii)	4,845	5,766
	18,352	21,342
Disclosed in the financial statements as:		
Current borrowings	10,357	15,576
Non-current borrowings	7,995	5,766
	18,352	21,342

(i) Secured by assets as detailed in note 36.
(ii) Secured by leased assets as detailed in note 24.
(iii) Included as part of the finance leases is the Equipment Financing utilised to purchase equipment for Leeton.

17. Provisions

	Consolidated $000	
	2011	**2010**
Current		
Employee benefits (i)	855	868
Non-current		
Employee benefits	130	254
	985	1,122
Employee benefits movement		
Balance at 1 July 2010	1,122	930
Additional provision recognised	726	1,147
Amounts used	(863)	(955)
Balance at 30 June	985	1,122

(i) The current Group provision for employee benefits includes $107,000 of annual leave and vested long service leave entitlements accrued but not expected to be taken within 12 months (2010: $163,000).

18. Issued capital

	Consolidated $000	
	2011	**2010**
Fully paid ordinary shares		
77,496,602 (2010: 77,435,382) ordinary shares fully paid	33,655	33,637
Balance at 1 July 2010	33,637	27,019
Issue of shares (i)(ii)	18	6,618
Balance at 30 June 2011	33,655	33,637

(i) During the year there were 873 ordinary shares issued as a result of exercise of options at $0.40 cents per share and 60,347 ordinary shares issued under the dividend reinvestment plan (DRP) at $0.30 cents per share. No costs were incurred.

(ii) During the prior year there were 22,775,112 ordinary shares issued at $0.30 cents per share. Issue costs of $272,000 were incurred during the share issue process.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

The Dividend Reinvestment Plan provides shareholders with the opportunity to receive ordinary shares, in lieu of cash dividends, at a discount (set by the directors) from the market price at time of issue.

Convertible Redeemable Preference Shares

The CRPS are perpetual with no maturity, but redeemable after 3 years at the option of the Company. The CRPS are transferable. The dividend rate is 9.0% p.a on the issue price of $0.30. It is a preferred, discretionary and non-cumulative dividend and CRPS holders have no claim or entitlement in respect of a non-payment.

Dividends are to be payable half-yearly in arrears. CRPS holders who convert their CRPS prior to a dividend payment date will not be entitled to any dividend for that part period in respect of that CRPS. However upon conversion to ordinary shares a holder who is on the register on the record date for a dividend payable in respect of ordinary shares will be

18. Issued capital

(continued...)

entitled to the full ordinary dividend for that period. Dividends on the CRPS will be payable in April and October each year until converted or redeemed. CRPS holders are entitled to receive dividends in priority to holders of ordinary shares and equally with the holders of other CRPS that may be issued by Company on these terms.

CRPS are convertible into fully paid ordinary shares in Company on the basis that each CRPS is convertible at the election of the CRPS holder into one ordinary share, subject to any restrictions imposed by the Corporations Act and ASX Listing Rules. There is no time limit within which CRPS must be converted. No additional consideration is payable on conversion.

Notwithstanding the right of holders of CRPS to convert at any time, all CRPS will convert into ordinary shares automatically on the occurrence of certain trigger events including certain transactions involving a change in control of Company, such as a takeover of Company or a scheme or merger between Company and another body.

From the date that is 3 years from the date of issue of the CRPS, the Company may redeem the CRPS at its option for the payment per CRPS of the higher of:

- the issue price of $0.30; and
- an amount determined by the Board of the Company with reference to the value of a CRPS as determined by an independent expert appointed by the Board.

	Consolidated $000	
	2011	**2010**
19,414,800 (2010: 0) convertible redeemable preference shares	5,633	-
Balance at 1 July 2010	-	-
Issue of shares (i)(ii)	5,633	-
Balance at 30 June 2011	5,633	-

(i) During the year there were 19,414,800 convertible redeemable preferance shares issued at $0.30 cents per share. Issue costs of $272,000 were incurred during the share issue process.

Share options granted under the employee share option plan

(i) For information relating to the Freedom Foods Group Limited Employee Share Option Plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer note 29.

(ii) No share options were issued to key management personnel during the financial year, refer note 28. At 30 June 2011, there were 3,700,000 (30 June 2010: 4,700,000 of which 1,000,000 have lapsed in the financial year ended 30 June 2011) employee share options over ordinary shares still outstanding.

19. Reserves

	Consolidated $000	
	2011	**2010**
Asset revaluation	473	473
Equity-settled employee benefits	533	446
	1,006	919
Equity-settled employee benefits		
Balance at 1 July	446	319
Share based payment	87	127
Balance at 30 June	533	446

The equity-settled employee benefits reserve arises on the grant of share options to executives and senior employees under the Employee Share Option Plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in note 29 to the financial statements.

19. Reserves

(continued...)

	Consolidated $000	
Asset revaluation	**2011**	**2010**
Balance at 1 July 2010	473	473
Revaluation increment	-	-
Balance at 30 June 2011	473	473

The asset revaluation reserve arises on the revaluation of land and buildings. Where a revalued land or building is sold that portion of the asset revaluation reserve which relates to the asset, and is effectively realised, is transferred directly to retained earnings.

20. Retained Profits

	Consolidated $000	
	2011	**2010**
Balance at 1 July 2010	5,707	2,350
Profit attributable to owners of the company	4,387	3,357
Dividends paid	(405)	-
Balance at 30 June 2011	9,689	5,707

21. Dividends

	2011		2010	
	Cents per share	**Total $000**	**Cents per share**	**Total $000**
Recognised amounts				
Fully paid ordinary shares				
Final dividend: fully franked at 30% tax rate	-	-	-	-
Interim dividend: fully franked at 30% tax rate	0.5	386	-	-
Convertible Redeemable Preference Shares				
Final dividend: fully franked at 30% tax rate	-	-	-	-
Interim dividend: fully franked at 30% tax rate	0.1	19	-	-

On 29 August 2011, the directors declared a fully franked final dividend of $0.005 cents per share to the holders of fully paid ordinary shares in respect of the financial year ending 30 June 2011 to be paid to shareholders (registered as at 3rd November 2011) on 30th November 2011 and dividends for the converting preference shareholders (registered on 3rd October 2011) on 31st October 2011. The total estimated dividend to be paid is $387k for ordinary dividend and $393k for the CRPS dividend.

	Parent $000	
	2011	**2010**
Adjusted franking account balance	298	472
Impact on franking account balance of dividends not recognised	334	-

22. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of Cash Flows, cash and cash equivalents includes cash on hand and funds held in cash management and cheque accounts net of bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated $000	
	2011	2010
Cash	182	34
Overdraft	-	(1,400)
	182	(1,366)
(b) Reconciliation of profit for the period to net cash flows from operating activities		
Profit for the year	4,387	3,357
Depreciation of non-current assets	1,092	1,004
Movement in provision for employee entitlements	136	192
Loss / (Gain) on disposal of assets	-	(13)
Goodwill write off	1,778	-
Profit on Sale of A2DP shares	(3,884)	-
Foreign currency revaluation	-	8
Fair value interest recognised regarding Leeton facility	239	172
Share based payments	87	127
Interest received	(25)	(16)
Interest capitalised	(346)	(479)
(Gain) / Loss in associates	(406)	-
(Gain) / Loss in jointly controlled entity	(730)	(1,308)
Movements in Working Capital		
(Increase) / Decrease in trade and other receivables	(651)	857
Decrease / (Increase) in inventory	1,671	(168)
(Increase) / Decrease in other assets	(42)	41
Increase in deferred tax assets	(1,379)	(75)
Decrease in trade and other payables	(579)	(730)
Increase / (Decrease) in provision for income tax	135	(227)
Increase in provision for deferred income tax liability	1,214	29
Net cash from operating activities	2,697	2,771

Details of credit stand-by arrangements available and unused loan facilities are shown in note 23 to the financial statements.

(c) Non-cash financing and investing activities

During the current financial year, the Group acquired $nil (2010: $49,000) of motor vehicles under finance leases. These acquisitions will be reflected in the statement of Cash Flows over the term of the finance lease via lease repayments.

23. Standby arrangements and unused credit facilities

	Consolidated $000	
	2011	**2010**
Financing Facility		
Secured bank overdraft facility		
- amount used	-	1,400
- amount unused	-	600
	-	2,000
Secured loan facilities		
- amount used	6,063	13,047
- amount unused	987	3
	7,050	13,050
Secured finance facilities		
- amount used	12,289	7,520
- amount unused	1,452	480
	13,741	8,000
Unused financing facilities	2,439	1,083

The bank finance facilities are arranged with HSBC Australia with general terms and conditions and certain facility components are subject to annual review. The bank facilities of the Group are secured by a first registered mortgage over all the Group's property, excluding items specifically discharged under the Freedom Foods equipment finance arrangement, and a first equitable mortgage over the whole of the Group's assets and undertakings including uncalled capital. The mortgage is held by HSBC Australia.

The equipment finance facility relates to specific equipment operating at the Freedom Foods Leeton facility and is arranged with National Australia Bank. This facility is secured over the assets financed under the facility, which have been specifically discharged from the first registered mortgage held over all the Group's property.

Interest rates are variable and subject to adjustment.

24. Capital and leasing commitments

Finance leases

Leasing arrangements

Finance leases relate to motor vehicles and equipment with lease terms of up to 5 years. The Group has options to purchase the equipment for an agreed amount at the conclusion of the lease agreements. The Group's obligation under finance leases are secured by the lessor's title to the leased assets.

24. Capital and leasing commitments

(continued...)

	Minimum future lease payments		Present value of minimum future lease payments	
	Consolidated $000	Total $000	Consolidated $000	Total $000
	2011	2010	2011	2010
Finance lease liabilities				
Payable:				
• No later than 1 year	1,844	1,701	1,396	1,129
• Later than 1 year but not later than 5 years	5,207	6,514	4,845	5,766
Minimum future lease payments (i)	7,051	8,215	6,241	6,895
Less future finance charges	(810)	(1,320)	-	-
Present value of minimum lease payments	6,241	6,895	6,241	6,895
Included in the financial statements as: (note 16)				
Current borrowings			1,396	1,129
Non-current borrowings			4,845	5,766
			6,241	6,895

(i) Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

Operating leases

Disclosure for lessees

Leasing arrangements

Operating leases relate to office equipment with lease terms of between one and two and a half years. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

	Consolidated $000	
	2011	2010
Non-cancellable operating lease commitments		
- Not longer than 1 year	87	114
- Longer than 1 year but not longer than 5 years	18	4
	105	118
Group's share of jointly controlled entities capital commitments		
- Not longer than 1 year	593	624

25. Personnel note

	Consolidated $000	
	2011	2010
The entity employs casual and full time staff numbering	133	133

26. Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balances.

The Group's overall strategy remains unchanged from 2010. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in notes 18, 19 and 20 respectively.

Operating cash flows are used to maintain and expand the group's manufacturing and distribution assets, as well as to make the routine outflows of tax, dividends and repayment of maturing debt. The Group's policy is to borrow centrally, using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

Gearing ratio

The Group's financial management team reviews the capital structure on a regular basis. As a part of this review management considers the cost of capital and the risks associated with each class of capital.

	Consolidated $000	
	2011	**2010**
Financial liabilities		
Debt (i)	18,352	19,942
Cash and cash equivalents	(182)	1,366
Net debt	18,170	21,308
Equity (ii)	49,983	40,263
Net debt to equity ratio	36%	53%

(i) Debt is defined as long and short-term borrowings, as detailed in note 16.
(ii) Equity includes all capital and reserves.

(b) Financial risk management objectives

The Group's financial management team provides services to the each of the group businesses, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree magnitude of risks. These risks include market risk (including currency risk and price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, credit risk and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(c) Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into foreign exchange forward contracts to manage exposure to foreign currency risk for its imports. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

The Corporate Treasury function reports monthly to the board which monitors risks and policies implemented to mitigate risk exposure.

26. Financial instruments

(continued...)

(d) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

(e) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date is as follows:

	Financial assets $000		Financial liabilities $000	
	2011	2010	2011	2010
Consolidated				
US dollars (USD)	9	498	227	214
Canadian dollars (CAD)	310	100	215	1,013

There have been no changes to the group's exposure to foreign currency risks or the manner in which it manages and measures the risks from the previous period.

Forward Exchange Contracts

The Group enters into forward exchange contracts to buy specified amounts of foreign currencies in the future at stipulated exchange rates. The objective of entering into the forward exchange contracts is to protect the Group against unfavourable exchange rate movements for the contracted purchases undertaken in foreign currencies.

The Group had entered into contracts (for terms not exceeding 12 months) to purchase finished goods from suppliers in the United States and Canada. The contracts related to highly probable forecasted transactions for the purchase of inventory for the Specialty Seafood business (Salmon and Sardines) and the Freedom Foods business (Spreads) with the purchase consideration being settled in the above currencies. The Group's objective in entering into foreign exchange contracts is to provide certainty to the income and cash flow implications for the designated foreign currency purchase, relating to purchase of inventory or other capital assets. The Group had $USD590K outstanding foreign exchange contracts as at 30 June 2011.

The Group does not adopt hedge accounting.

The following table details the forward foreign currency contracts outstanding as at reporting date:

	Average exchange rate		Foreign currency		Contract value		Fair value	
	2011	2010	2011	2010	2011	2010	2011	2010
			FC'000	FC'000	$'000	$'000	$'000	$'000
Outstanding contracts								
Consolidated								
Buy US Dollars								
Less than 3 months	1.036	-	590	-	569	-	(18)	-

26. Financial instruments
(continued...)

Foreign currency sensitivity analysis

The following table details the sensitivity to an increase / decrease in the Australian dollar against the relevant currencies in relation to foreign exchange exposures. Sensitivity rates of 7% (USD) and 8.8% (CAD) have been used as these represent managements assessment of a likely maximum change in foreign exchange rates.

A positive number indicates an increase in profit where the Australia Dollar strengthens against the respective currency. For a weakening of the Australia Dollar against the respective currency there would be an equal and opposite impact on the profit and the balances below would be negative.

	Profit or loss $000	
	2011	2010
Consolidated		
US dollars (USD) impact		
AUD appreciates by 16%	(16)	(22)
AUD depreciates by 16%	22	25
Canadian dollars (CAD) impact		
AUD appreciates by 13%	(22)	166
AUD depreciates by 13%	29	(197)

This is mainly attributable to the exposure outstanding on foreign currency receivables and payables at year end in the consolidated entity and the parent.

(f) Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The Group manages this risk by maintaining an appropriate mix between fixed and floating rate borrowings.

Exposures to interest rate risk, which is the risk that a financial instrument's value, its borrowing costs and interest income will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial instruments are set out below:

Group			Fixed rate maturing in					
Financial Instrument	Note	Weighted average effective interest rate	Variable Rate		Less than 1 year		1 to 5 years	
			2011	2010	2011	2010	2011	2010
		%	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets								
Cash and cash equivalents	22	0%	182	34	-	-	-	-
Total Financial Assets			182	34	-	-	-	-
Financial Liabilities								
Bank overdrafts	16	10%	-	1,400	-	-	-	-
Finance leases	16	8%	-	-	1,396	1,129	4,845	5,766
Other payable	15	11%	-	-	608	660	504	1,064
Due to related parties	16	12%	-	-	-	-	-	-
Loan payable	16	7%	6,063	13,047	-	-	-	-
Total Financial Liabilities			6,063	14,447	2,004	1,789	5,349	6,830

26. Financial instruments

(continued...)

During the financial year there has been no change to the group's interest rate risk exposure or the manner in which it manages and measures these risks.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the impact of 150 basis point increase in interest rates on the exposure to interest rates as detailed in the above table.

The impact of a 150 basis point interest rate movement during the year with all other variables being held constant will be:

- an increase/decrease on the consolidated entity's net profit of $44,000 (2010: $72,000) respectively.

This is mainly attributable to the consolidated entity's exposure to interest rates on its variable rate borrowings.

A 150 basis point movement represents management's assessment of the possible change in interest rates.

(g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties.

Quality of Trade and Other Receivables and Other Financial Assets have been disclosed in notes 10 and 11 respectively.

Credit risk from balances with banks and financial institutions is managed by Group Treasury in accordance with a Board approved policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Counterparty credit limits are reviewed by the Board on an annual basis and may be updated throughout the year subject to approval of the Board. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at statement of financial position date, to recognised financial assets of the Group which have been recognised on the statement of financial position is the carrying amount, net of any allowance for doubtful debts.

(h) Liquidity risk management

Liquidity risk arises from the possibility that the Group may be unable to settle a transaction on the due date. The ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities. Included in Note 23 is a listing of additional undrawn facilities that the company and the consolidated entity has at their disposal to further reduce liquidity risk.

Liquidity risk tables

The following table details the consolidated entity's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated entity can be required to pay. The table includes both interest and principal cash flows.

26. Financial instruments

(continued...)

	Weighted average effective interest rate	Less than 1 year		1 to 5 years		More than 5 years	
		2011	2010	2011	2010	2011	2010
	%	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated							
Financial Liabilities							
Trade payables	-	3,079	4,754	-	-	-	-
Other payables and accruals	-	1,892	1,838	-	-	-	-
Other payables	11%	850	850	850	1,700	-	-
Bank overdrafts	10%	-	1,539	-	-	-	-
Finance leases	8%	1,844	1,701	5,207	6,514	-	-
Loan payable	7%	2,998	13,737	3,376	-	-	-
Total Financial Liabilities		10,663	24,419	9,433	8,214	-	-

(i) Fair value of financial instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

27. Key management personnel compensation

This report details the nature and amount of remuneration for each Director and the executives receiving the highest remuneration.

Remuneration policy

Remuneration arrangements for Directors and executives of the Parent and Group ("the Directors and executives") are set competitively to attract and retain appropriately qualified and experienced Directors and executives. As part of its agreed mandate, the Remuneration and Nomination Committee obtains independent advice when required on the appropriateness of remuneration packages given trends in comparable companies and the objectives of the consolidated entity's remuneration strategy.

The remuneration structures explained below are designed to attract suitably qualified candidates. The remuneration structures take into account:

- The capability and experience of the Directors and executives;
- The Directors and executives ability to control the relevant operational performance; and
- The amount of incentives within each Director and executive's remuneration.

Executive Directors and Executives

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

27. Key management personnel compensation
(continued...)

Executive Director and Executives remuneration levels are reviewed annually by the Remuneration and Nomination Committee through a process that considers the overall performance of the Group.

Performance based remuneration

Performance based remuneration is at the discretion of the Remuneration and Nomination Committee. This can take the form of share options or cash payments. During the year no options were issued and no cash retention bonuses were paid. Options are valued using the binomial method.

During and since the end of the financial year no share options were granted to key management personnel of the Parent and consolidated entity as part of their remuneration.

Non-Executive Directors

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting.

Total fees for all Non-Executive Directors, last voted upon by shareholders in October 2006, was not to exceed $300,000 in total.

Total fees for 2011 were $170,000 (2010: $163,000). To align Director interests with shareholder interests, the Directors are encouraged to hold shares in the Parent.

The Chairman receives twice the base fee of Non-Executive Directors. Non-Executive Directors do not receive performance related remuneration. Directors' fees cover all main Board activities. Non-Executive Directors who sit on the Remuneration and Nomination Committee and the Audit, Risk and Compliance Committee receive an additional payment of $1,000 and the Chairman of each receives $2,000. There are no termination or retirement benefits for Non-Executive Directors.

Service agreements

All senior executive management are employed under contract. The agreements outline the components of the remuneration paid to executives including annual review. The agreements do not obligate the business to increase fixed remuneration, pay a short term incentive, make termination benefits or offer a long term incentive in any given year. The Company may terminate the contract at any time without notice if serious misconduct has occured. Where termination with cause occurs, the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. The agreements may be terminated by written notice from either party or by the employing entity within the Group making a payment in lieu of notice. The notice periods are 6 months for the Group Executive Director and 3 months for Chief Operating Officer (Freedom Foods and Specialty Seafood Business units). Other notice periods for other executives is between 1 and 2 months.

Parent performance, shareholder wealth and directors and senior management remuneration

The remuneration policy of the company and group does not directly link the remuneration of Directors and senior Executives to Group performance or shareholder wealth.

The following table shows the revenue, profits and dividends for the past five years for the Group.

	2011	2010	2009	2008	2007
Sales Revenue ($000's)	45,256	44,071	48,596	54,082	48,683
Net Profit After Tax ($000s)	4,387	3,357	1,320	956	1,174
Ordinary Dividends per share paid – Interim (cents)	0.50	-	1	2	1
CRPS Dividends per share paid (cents)	0.01	-	-	-	-
Basic Earnings per Share (cents)	5.7	5.0	2.4	2.0	2.6

27. Key management personnel compensation (continued...)

The Remuneration and Nomination Committee considers that the Parent's remuneration structure is appropriate to building shareholder value in the medium term.

The aggregate compensation made to Directors and other members of key management personnel of the Parent and the Group is set out below:

	Consolidated $000	
	2011	**2010**
Short-term employee benefits	1,314,492	1,559,655
Post-employment benefits	77,748	95,759
Share-based payment	87,360	85,868
Termination payments	75,425	141,356
	1,555,025	1,882,638

Details of key management personnel

The Directors and other members of key management personnel of the Group during the year were:

P. R. Gunner (Chairman, Non-Executive Director)

R. J. F. Macleod (Group Executive Director, Chief Financial Officer, Company Secretary)

G.H. Babidge (Non-Executive Director)

A. M. Perich (Non-Executive Director)

R. Perich (Non-Executive Director)

M. Miles (Non-Executive Director)

M. Perich (Alternate Non-Executive Director)

M. Bracka (Chief Operating Officer, Freedom Foods and Speciality Seafood Business Units), commenced October 2010

P. Wilson (General Manager Leeton Manufacturing Operations), resigned April 2011

P. Bartier (National Supply Chain Manager, Freedom Foods & Specialty Seafood Business Units)

P. Brown (Executive General Manager Sales, Freedom Foods & Specialty Seafood Business Units)

C. Pensini (Freedom Foods Leeton Operations Manager)

Determination of remuneration of specified directors

Remuneration of Non-Executive Directors comprise fees determined having regard to industry practice and the need to obtain appropriately qualified independent persons. Fees do not contain any non-monetary elements.

Remuneration of the Executive Director is determined by the Remuneration & Nomination Committee. In this respect, consideration is given to normal commercial rates of remuneration for similar levels of responsibility.

Options have been granted to the executive director to acquire ordinary shares in Freedom Foods Group Limited.

27. Key management personnel compensation
(continued...)

The compensation of each member of the key management personnel of the Group is set out below:

	P. R. Gunner	R.J.F. Macleod	A. M. Perich	R. Perich	M. Miles	G.H. Babidge (i)
2011	$	$	$	$	$	$
Short term benefits						
Salaries and fees	63,000	259,800	31,800	32,000	32,000	64,133
Bonus	-	-	-	-	-	-
Non-monetary	-	-	-	-	-	-
Other	-	-	-	-	-	75,425
Post employment benefits						
Superannuation	5,670	15,199	1,125	2,880	2,880	2,533
Equity compensation						
Options	-	43,680	-	-	-	43,680
Total	68,670	318,679	32,925	34,880	34,880	185,771

	M Bracka (ii)	P Wilson (iii)	P Bartier	P Brown	C Pensini (iv)	Total
	$	$	$	$	$	$
Short term benefits						
Salaries and Fees	232,351	151,000	148,409	162,385	137,614	1,314,492
Bonus	-	-	-	-	-	-
Non-monetary	-	-	-	-	-	-
Other	-	-	-	-	-	75,425
Post employment benefits						
Superannuation	11,399	-	11,890	12,444	11,728	77,748
Equity compensation						
Options	-	-	-	-	-	87,360
Total	243,750	151,000	160,299	174,829	149,342	1,555,025

(i) Other is payment for leave and other statutory entitlements relating to change in role from executive to non executive director in September 2010

(ii) M. Bracka commenced 17 October 2010

(iii) P. Wilson resigned April 2011

(iv) C. Pensini commenced 1 July 2009

	P. R. Gunner	G.H. Babidge	A. M. Perich	R. Perich	M. Miles	R. J. F. Macleod
2010	$	$	$	$	$	$
Short term benefits						
Salaries and fees	63,000	375,778	36,000	32,000	32,000	255,778
Bonus	-	-	-	-	-	-
Non monetary	-	-	-	-	-	-
Other	-	-	-	-	-	-
Post employment benefits						
Superannuation	5,670	15,428	2,700	2,880	2,880	14,222
Equity compensation						
Options	-	42,934	-	-	-	42,934
Total	68,670	434,140	38,700	34,880	34,880	312,934

27. Key management personnel compensation
(continued...)

	G.J. Hughes (i)	P. Wilson	M. Gilio	P. Bartier	P. Brown (ii)	C. Pensini (iii)	Total
	$	$	$	$	$	$	$
Short term benefits							
Salaries and Fees	-	187,692	159,011	136,697	144,084	137,615	1,559,655
Bonus	-	-	-	-	-	-	-
Non monetary	-	-	-	-	-	-	-
Other	141,356	-	-	-	-	-	141,356
Post employment benefits							
Superannuation	-	-	14,323	12,303	12,968	12,385	95,759
Equity compensation							
Options	-	-	-	-	-	-	85,868
Total	141,356	187,692	173,334	149,000	157,052	150,000	1,882,638

(i) G.J. Hughes received a $141,356 termination payment made 3 July 2009

(ii) P. Brown commenced 10 August 2009

(iii) C. Pensini commenced 1 July 2009

28. Related party transactions

(a) Equity interests in related parties

(i) Equity interests in subsidiaries
Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 31 to the financial statements.

(ii) Equity interest in joint ventures
Details of interests in joint ventures are disclosed in note 34 to the financial statements.

(b) Transactions with key management personnel

(i) Key management personnel compensation
Details of key management personnel compensation are disclosed in note 27 to the financial statements.

(ii) Key management personnel equity holdings

Fully paid ordinary shares of the Group.

28. Related party transactions

(continued...)

	Balance at 30 June 2010	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June 2011
	No.	No.	No.	No.	No.
2011					
P. R. Gunner	510,732	-	-	-	510,732
R.J.F Macleod	182,775	-	-	-	182,775
G.H Babidge	98,057	-	-	-	98,057
A. M. Perich (1)	51,164,454	-	-	300,811	51,465,265
R. Perich (1)	51,164,454	-	-	300,811	51,465,265
M. Miles	206,667	-	-	3,443	210,110
M.Perich (1)	51,164,454			300,811	51,465,265
M Bracka (2)	-	-	-	220,436	220,436
P. Bartier	-	-	-	-	-
P. Brown	-	-	-	-	-
C. Pensini	-	-	-	-	-

	Balance at 1 July 2009	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June 2010
	No.	No.	No.	No.	No.
2010					
P. R. Gunner	360,517	-	-	150,215	510,732
R.J.F Macleod	156,108	-	-	26,667	182,775
G.H Babidge	69,217	-	-	28,840	98,057
A. M. Perich (1)	36,164,454	-	-	15,000,000	51,164,454
R. Perich (1)	36,164,454	-	-	15,000,000	51,164,454
M. Miles	106,667	-	-	100,000	206,667
M.Perich (1)	36,164,454	-	-	15,000,000	51,164,454
P. Bartier	-	-	-	-	-
P. Brown	-	-	-	-	-
C. Pensini	-	-	-	-	-

(1) Mr A.M Perich Mr R. Perich and Mr M. Perich (as their alternate) are Joint Managing Directors of Arrovest Pty Limited, the entity holding a direct interest in the Group.

(2) M Bracka commenced employment with Group in October 2011.

28. Related party transactions
(continued...)

Convertible Redeemable Preference shares of the Group (Issued in FY 2011)

	Balance at 30 June 2010	Granted as compensation	Received on exercise of options	Net other change (3)	Balance at 30 June 2011
	No.	No.	No.	No.	No.
2011					
P. R. Gunner	-	-	-	159,604	159,604
R.J.F Macleod	-	-	-	6,666	6,666
G.H Babidge	-	-	-	30,643	30,643
A. M. Perich (1)	-	-	-	15,995,142	15,995,142
R. Perich (1)	-	-	-	15,995,142	15,995,142
M. Miles	-	-	-	64,584	64,584
M.Perich (1)	-	-	-	15,995,142	15,995,142
M Bracka (2)	-	-	-	50,391	50,391
P. Bartier	-	-	-	-	-
P. Brown	-	-	-	-	-
C. Pensini	-	-	-	-	-

(1) Mr A.M Perich Mr R. Perich and Mr M. Perich (as their alternate) are Joint Managing Directors of Arrovest Pty Limited, the entity holding a direct interest in the Group.

(2) M Bracka commenced employment with Group in October 2011.

(3) Subscribed to during the year.

Option over ordinary shares of the Group (exercisable at $0.40 cents) (Issued in FY 2011)

	Balance at 30 June 2010	Granted as compensation	Received on exercise of options	Net other change (3)	Balance at 30 June 2011
	No.	No.	No.	No.	No.
2011					
P. R. Gunner	-	-	-	159,604	159,604
R.J.F Macleod	-	-	-	6,666	6,666
G.H Babidge	-	-	-	30,643	30,643
A. M. Perich (1)	-	-	-	15,995,142	15,995,142
R. Perich (1)	-	-	-	15,995,142	15,995,142
M. Miles	-	-	-	64,584	64,584
M.Perich (1)	-	-	-	15,995,142	15,995,142
M Bracka (2)	-	-	-	50,391	50,391
P. Bartier	-	-	-	-	-
P. Brown	-	-	-	-	-
C. Pensini	-	-	-	-	-

(1) Mr A.M Perich Mr R. Perich and Mr M. Perich (as their alternate) are Joint Managing Directors of Arrovest Pty Limited, the entity holding a direct interest in the Group.

(2) M Bracka commenced employment with Group in October 2011.

(3) Options issued free to holders of Convertible Redeemable Preference Shares in February 2011.

28. Related party transactions

(continued...)

Employee Share Options in the Group

	Balance at 1 July	Lapsed	Granted as compen-sation	Exercised	Net other change	Balance at 30 June	Balance vested at 30 June	Vested but not exercisable	Vested and exercisable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
2011										
R. J. F. Macleod	2,000,000	(300,000)	-	-	-	1,700,000	1,700,000	-	1,700,000	425,000
G.H. Babidge	2,400,000	(700,000)	-	-	-	1,700,000	1,700,000	-	1,700,000	425,000
P. Nathan	300,000	-	-	-	-	300,000	300,000	-	300,000	0
2010										
R. J. F. Macleod(i)	2,000,000	-	-	-	-	2,000,000	1,575,000	-	1,575,000	425,000
G.H. Babidge(i)	2,400,000	-	-	-	-	2,400,000	1,975,000	-	1,975,000	425,000
P. Nathan	300,000	-	-	-	-	300,000	300,000	-	300,000	-

(i) As at 27 July 2010 700,000 vested options relating to G.H. Babidge and 300,000 vested options relating to R.J.F. Macleod expired in accordance with the provisions of the Employee Share Option Plan.

All share options issued to key management personnel were made in accordance with the provisions of the Employee Share Option Plan.

During the financial year nil options (2010: nil) were exercised by key management personnel.

Further details of the Employee Share Option Plan are contained in note 29 to the financial statements.

For further transactions with key personnel of the Group, refer to transactions between Group Company and its related parties below.

(c) Transactions with other related parties

Other related parties include:

- the parent entity
- entities with joint control or significant influence over the Group.
- joint ventures in which the entity is a venturer
- subsidiaries
- other related parties

(i) Transactions between the Group and its related parties

During the financial year, the following transactions occurred between the Group and its other related parties:

- Pactum Australia Pty Limited sold goods totalling $5,523,000 (2010: $5,527,000) to the Group at cost.
- The Group made interest payments of $118,000 (2010: $284,000) to Arrovest Pty Ltd. The weighted average interest rate on the loans is 12%.
- The Group received rental income of $15,000 (2010: $35,000) from A2DP.
- The Group was reimbursed by A2DP $440,000 (2010: $769,000) for labour and other administrative services provided.

28. Related party transactions

(continued...)

These services are provided under normal terms and conditions.

The following balances arising from transactions between the Group and its other related parties are outstanding at reporting date:

- Current loans totalling $46,000 are payable to joint ventures (2010: receivable from joint ventures $784,000).

  All amounts advanced to or payable to related parties are unsecured and are subordinated to other liabilities.

  The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised during the financial year for bad or doubtful debts in respect of the amounts owed by related parties.

(ii) Transactions between joint ventures in which the entity is a venturer and other related parties of the Group

During the financial year, the following transactions occurred between joint ventures in which the entity is a venturer and other related parties of the Group:

- Leppington Pastoral Company sold goods and services totalling $5,004,000 (2010: $8,596,000) to Pactum Australia Pty Limited at cost.

These services are provided under normal terms and conditions.

(d) Parent entities

The Parent entity of the Group is Freedom Foods Group Limited and the ultimate parent entity is Arrovest Pty Ltd which is incorporated in Australia.

29. Share based payments - Employee Share Option Plan

Senior employees are eligible to participate in the share scheme under which executives are issued options to acquire shares in the Parent. Each employee share option converts into one ordinary share of the Parent on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. There are no vesting conditions attached to these options other than continuing employment within the Group.

The options granted expire within five years of their issue, or one year of the resignation of the senior employee, whichever is the earlier. In relation to options issued during the financial year ended 30 June 2007 option series 4 vest in four equal tranches over a period of 4 years and option series 5 vests in two equal tranches over two years.

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant
Option series				$	$
(4) Issued 30 November 2006	3,400,000	30/11/06	30/11/11	0.50	0.10
(5) Issued 26 April 2007	300,000	26/04/07	26/04/10	0.50	0.10

The weighted average fair value of the share options granted during the financial year is $nil (2010: $nil). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

29. Share based payments - Employee Share Option Plan (continued...)

Expected volatility is based on historical share price volatility over the past 2 years. It is expected that options will be exercised only in the event of market price exceeding exercise price.

Inputs into the model	Series 4	Series 5
Grant date share price	0.50	0.48
Exercise price	0.50	0.50
Expected volatility	20%	20%
Option life	5 years	5 years
Dividend yield	2.5%	2.5%
Risk-free interest rate	8%	8%

The following reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the financial year:

	2011		2010	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the financial year	4,700,000	0.50	5,450,000	0.50
Granted during financial year	-	-	-	-
Lapsed during financial year	(1,000,000)	0.50	(750,000)	0.50
Cancelled during financial year	-	-	-	-
	3,700,000	0.50	4,700,000	0.50
Exercisable at end of financial year	3,700,000	0.50	3,850,000	0.50

Balance at end of the financial year

The share options outstanding at the end of the financial year had an average exercise price of $0.50 (2010: $0.50), and a weighted average remaining contractual life of 170 days (2010: 423 days). No options were exercised during the financial year.

30. Contingent liabilities

	Consolidated $000	
	2011	2010
Bank guarantee arising from rental of office premises. No liability is expected to accrue.	14	14

31. Controlled entities

	Country of Incorporation	Ownership interest	
Controlled Entity		2011	2010
Paramount Seafoods Pty Limited (i)	Australia	100%	100%
Nutrition Ventures Pty Limited (i)	Australia	100%	100%
Nutrition Ventures Financing Pty Limited (i)	Australia	100%	100%
Freedom Foods Pty Limited (i)	Australia	100%	100%
Australian Natural Foods Holdings Pty Limited (i)	Australia	100%	100%
Thorpedo Foods Group Pty Limited (i)	Australia	100%	100%
Thorpedo Foods Pty Limited	Australia	75%	75%
Thorpedo Seafoods Pty Limited	Australia	75%	75%

31. Controlled entities
(continued...)

The consolidated statement of comprehensive income and statement of financial position of the entities party to the deed of cross guarantee is the consolidated statement of comprehensive income and statement of financial position included in the 2011 financial report.

(i) These companies are members of the tax consolidated group.

32. Companies party to deed of cross guarantee

The following have entered into a deed of cross guarantee as a condition to obtaining relief under ASIC Class Order 98/1418 from the Corporations Act 2001 requirements to prepare and lodge an audited financial report and a directors' report.

Members of the closed group are:

- Freedom Foods Group Limited
- Paramount Seafoods Pty Limited
- Nutrition Ventures Pty Limited
- Nutrition Ventures Financing Pty Limited
- Freedom Foods Pty Limited
- Australian Natural Foods Holdings Pty Limited
- Thorpedo Foods Group Pty Limited

Each party to the deed of cross guarantee, guarantees to each creditor in the group payment in full of any debt upon winding up under the provisions of the Corporations Act 2001 or, in any other case, if six months after a resolution or order for winding up, any debt of a creditor that has not been paid in full. The consolidated financial report of the closed group would not be materially different from the report of the group as a whole.

33. Parent entity disclosures

(a) Financial position

	Parent	
	$000	$000
	2011	2010
Assets		
Current assets	129	1,845
Non-current assets	53,575	36,201
Total assets	53,704	38,046
Liabilities		
Current liabilities	441	410
Non-current liabilities	1,321	203
Total liabilities	1,763	613
Net Assets		
	51,941	37,433
Equity		
Issued capital	39,288	33,637
Reserves	532	445
Retained earnings	12,121	3,351
Total equity	51,941	37,433

33. Parent entity disclosures
(continued...)

(b) Financial performance

	Parent	
	$000	$000
	2011	2010
Profit for the year	9,176	1,240
Other comprehensive income	-	-
Total comprehensive income	9,176	1,240

(c) Contingent liabilities of the parent entity

	$000	$000
	2011	2010
Bank guarantee	14	14

(d) Commitments for the acquisition of property, plant and equipment by the parent entity

	$000	$000
	2011	2010
Plant and equipment, PV of minimum future lease payments		
Not longer than 1 year	8	21
Longer than 1 year and not longer than 5 years	39	55
Longer than 5 years	-	-

34. Jointly controlled operations and assets

The Group is a venturer in the following jointly controlled operations and assets:

			Output interest (%)	
Name of venture	**Country of incorporation**	**Principal activity**	**2011**	**2010**
Pactum Australia Pty Limited	Australia	Contract beverage packing services	50	50
A2DP	Australia	Sale of a2 milk	-	50

At the end of July 2010, the group sold its shareholding of 50% ownership in A2DP.

Reconciliation of movement in investments accounted for using the equity method:

	Pactum $'000		A2DP $'000	
	2011	2010	2011	2010
Balance at 1 July	1,152	676	4,141	2,859
Share of profits/(losses) for the year	730	476	111	832
	1,882	1,152	4,252	3,691
Dividends	-	-	-	-
Equity investment transferred to Profit on Sale	-	-	(4,252)	-
Additions (i) (ii)	-	-	-	450
Balance at 30 June	1,882	1,152	-	4,141

34. Jointly controlled operations and assets
(continued...)

Summarised financial information in respect of Freedom Foods Group Limited's share in the joint venture is set out below:

	Pactum $'000		A2DP $'000	
	2011	2010	2011	2010
Current assets	5,302	5,419	-	3,506
Non-current assets	4,453	4,819	-	770
Total assets	9,755	10,238	-	4,276
Current liabilities	4,052	4,651	-	1,353
Non-current liabilities	4,294	4,909	-	644
Total Liabilities	8,346	9,560	-	1,997
Net assets	1,409	678	-	2,279
Shareholder funds	1,409	678	-	2,279
Revenue	16,551	14,379	221	13,010
Profit / (loss) after income tax	730	476	111	832

35. Share in associate entity

			Output interest (fully diluted) (%)	
Name of associate	**Country of incorporation**	**Principal activity**	**2011**	**2010**
A2 Corporation	New Zealand	Sale of a2 milk in Australia	24	-

At the end of July 2010, the group sold its shareholding of 50% ownership in A2DP to A2C in consideration for 120,376,950 fully paid ordinary shares in A2C. The group holds 131,115,562 ordinary shares and 6,158,910 partly paid shares at 30 June 2011.

Reconciliation of movement in investment accounted for using the equity method:

	A2C $'000	
	2011	2010
Balance at 1 July	-	-
Share of profits/(losses) for the year	295	-
	295	-
Dividends	-	-
Equity investment	9,256	-
Costs associated with investment	7	-
Balance at 30 June	9,558	-

35. Share in associate entity
(continued...)

Summarised financial information in respect of Freedom Foods Group Limited's share in the associate is set out below:

	A2C $'000	
	2011	2010
Current assets	3,732	-
Non-current assets	2,365	-
Total assets	6,097	-
Current liabilities	1,395	-
Non-current liabilities	10	-
Total Liabilities	1,405	-
Net assets	4,692	-
Shareholder funds	4,692	-
Revenue	7,936	-
Profit / (loss) after income tax	295	-

36. Assets pledged as security

In accordance with the security arrangements of liabilities, as disclosed in note 16 to the financial statements, all non-current assets of the Group, have been pledged as security. The holder of the security does not have the right to sell or repledge the assets. The Group does not hold title to the equipment under finance lease pledged as security.

During 2009, Freedom Foods Pty Limited entered into an equipment lease with National Australia Bank to assist in financing equipment requirements for the Freedom manufacturing site at Leeton. The maximum facility limit is for financing amounts of up to $8 million with a lease term of 5 years with a 20% residual. The facility is secured by the financed equipment and Freedom Foods obligations under the lease are guaranteed by Freedom Foods Group Limited.

37. Subsequent events

On 28 July 2011 the Company announced that it had subscribed for new shares in A2 Corporation Limited (NZX: A2C) under the terms of an option agreement between A2C and FFG. The subscription was for 18,761,657 fully paid ordinary shares in A2C at a price of NZ$0.13 (A$0.11) for a total consideration of A$2.06m. The subscription for shares has resulted in the Company increasing its shareholding in A2C to 27.5% of the total number of fully paid ordinary shares in A2C (26.4% fully diluted for partly paid shares in A2C), with the Company now the largest single shareholder in A2C.

After year end the joint venture, Contract Beverage Packers Australia Pty Limited changed its name to Pactum Australia Pty Limited. The company has been referred to as Pactum throughout the annual report.

On 29 September 2011, the Company announced that as a result of the improved financial returns and its strategy to build further critical mass in earnings and cashflow, it is reviewing an acquisition of the 50% shareholding held by the Perich Group in Pactum Australia Pty Limited. A full acquisition of Pactum Australia Pty Limited is subject to agreement of definitive terms and shareholder approval.

No other matters or circumstances have arisen since the end of the financial year which 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 subsequent financial years.

38. Assets Classified as Held for Sale

	Consolidated $000	
	2011	2010
Investments Accounted for Using the Equity Method Held for Sale (Note 34)	-	4,141

On 21 May 2010 Freedom Foods Group Limited announced that it had entered into a Sale and Subscription Implementation Agreement with A2 Corporation Limited ("A2C") (NZAX:ATM) under which it would sell its 50% interest in A2 Dairy Products Australia Pty Limited (being 2,700,000 fully paid ordinary shares) to A2C in consideration for 120,376,950 fully paid ordinary shares in A2C, being 25% of the enlarged A2C transaction.

Directors' Declaration

FREEDOM FOODS GROUP LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2011

The director's 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) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements.

(c) 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; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 32 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the directors

P R Gunner
Chairman

Rory J F Macleod
Executive Director

Sydney, 29 September 2011

Independent Audit Report

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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

We have audited the accompanying financial report of Freedom Foods Group Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 26 to 75.

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 is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated 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 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 entity'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 entity'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.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Freedom Foods Group Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 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 consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 15 of the directors' report for the year ended 30 June 2011. 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 Freedom Foods Group Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Catherine Hill

Catherine Hill
Partner
Chartered Accountants
Parramatta, 29 September 2011

Shareholding

Class of shares and voting Rights

At 31 August 2011, there were:

At 31 August 2011, there were:	77,496,602	ordinary shares of the Parent on issue.
	19,414,800	convertible redeemable preference shares of the Parent on issue.

Substantial shareholders

The number of shares held substantial shareholders as listed in the Parent's register as at 31 August 2011 are:

	Number
Ordinary Shares	
Arrovest Pty Limited	51,465,265
Telunapa Pty Ltd	12,750,000
Convertible Redeemable Preference Shares	
Arrovest Pty Limited	15,995,142
Mr Stephen Francis Higgs & Mrs Rosemary Jean Higgs	1,599,999

The Parent's listed ordinary shares are of one class with equal voting rights and all are quoted on a Member Exchange of the Australian Stock Exchange Limited (the home exchange being the Australian Stock Exchange (Sydney) Limited).

Distribution of ordinary shareholders as at 31 August 2011

	Ordinary
1-1,000	297
1,001-5,000	243
5,001-10,000	76
10,001-100,000	134
100,001 and over	35
	785

Non-marketable securities which are holdings of less than 1,666 ordinary shares are held by 362 shareholders. This statistic is based on the share register as at 31 August 2011.

20 largest ordinary shareholders as at 31 August 2011

	Name	Number of Ordinary Shares Held	% Held of Ordinary Capital
1	Arrovest Pty Ltd	51,465,265	66.41%
2	Telunapa Pty Ltd	12,750,000	16.45%
3	National Nominees Limited	1,153,235	1.49%
4	East Coast Rural Holdings Pty Limited	640,494	0.83%
5	Mr Perry Richard Gunner & Mrs Felicity Jane Gunner	510,732	0.66%
6	Mr Stephen Francis Higgs & Mrs Rosemary Jean Higgs	434,615	0.56%
7	Mr Lawrence Lip & Mrs Sabina Lip	313,475	0.40%
8	Mr Terence Edward Morris	274,910	0.35%
9	Mr Lawrence Rose & Mrs Jennifer Rose	259,184	0.33%
10	Bond Street Custodians Limited	230,000	0.30%
11	Mr Michael Andris Bracka & Mrs Janine Elizabeth Bracka	220,436	0.28%
12	Mr Melvyn Miles & Mrs Joanna Miles	210,110	0.27%
13	Australian Food Holdings Pty Limited	207,754	0.27%
14	Mr Legh Davis & Mrs Helen Davis	200,000	0.26%
15	Mr Robert John Perry & Mrs Jennifer Joy Perry	200,000	0.26%
16	Anisam Pty Limited	192,308	0.25%
17	Economic Consultancy Services Pty Limited	192,308	0.25%
18	Moorebank Property Management Pty Limited	187,747	0.24%
19	Connaught Consultants (Finance) Pty Limited	184,991	0.24%
20	Navarra Investments Pty Ltd ATF RJMT Super Fund	182,775	0.24%
		70,010,339	90.34%

The proportion of ordinary shares held by the 20 largest shareholders is 90.34%

Stock exchanges that have granted quotation to the securities of the Parent quoted in Australia:

All Member Exchanges.

Distribution of convertible redeemable preference shareholders as at 31 August 2011

	Ordinary
1-1,000	24
1,001-5,000	23
5,001-10,000	15
10,001-100,000	35
100,001 and over	5
	102

20 largest convertible redeemable preference shareholders as at 31 August 2011

	Name	Number of Ordinary Shares Held	% Held of Ordinary Capital
1	Arrovest Pty Ltd	15,995,142	82.39%
2	Mr Stephen Francis Higgs & Mrs Rosemary Jean Higgs	1,599,999	8.24%
3	Mr Perry Richard Gunner & Mrs Felicity Jane Gunner	159,604	0.82%
4	Mr Lawrence Lip & Mrs Sabina Lip	150,000	0.77%
5	Mr Alexander MacDonald	133,333	0.69%
6	Dr John Warwick Cox	100,000	0.52%
7	Mr Lawrence Rose & Mrs Jennifer Rose	80,995	0.42%
8	Mr Melvyn Miles & Mrs Joanna Miles	64,584	0.33%
9	Australian Food Holdings Pty Limited	63,860	0.33%
10	Mr Robert John Perry & Mrs Jennifer Joy Perry	62,500	0.32%
11	Connaught Consultants (Finance) Pty Limited	57,929	0.30%
12	Mr Michael Andris Bracka & Mrs Janine Elizabeth Bracka	50,391	0.26%
13	Mr Legh Davis & Mrs Helen Davis	40,869	0.21%
14	Mr Richard James Wishart & Mrs Jillian Rosemary Wishart	40,625	0.21%
15	Mr Steven Kalyk & Mrs Mirjana Kalyk	36,835	0.19%
16	Mr Ralph Stuart Bruce & Mrs Christine Ann Bruce	35,920	0.19%
17	Mr Mathew John	34,720	0.18%
18	Mrs Kathleen Alice O'Shea	33,300	0.17%
19	Mr Robert William Owen & Mrs Yvonne Owen	31,559	0.16%
20	Mr Kenneth Francis Smith & Mrs Margaret Lorraine Smith	31,250	0.16%
		18,803,415	96.85%

The proportion of convertible redeemable preference shares held by the 20 largest shareholders is 96.85%

Corporate Directory

Company Secretary

Rory J F Macleod

Principal Registered Office

80 Box Road
Taren Point, NSW 2229
Tel: (02) 9526 2555
Fax: (02) 9525 5406

Bankers

HSBC Australia Limited
Level 32, 580 George Street Sydney
Sydney NSW 2000
Tel: 1300 308 188 (toll free)
Fax: (02) 9255 2647

National Australia Bank Ltd.
26/255 George Street
Sydney NSW 2000
Tel: (02) 9237 1171
Fax: (02) 9237 1400

Share Registry

Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000
Tel: (02) 9290 9600
Fax: (02) 9279 0664

Insurance Brokers

InterRisk Australia Pty Limited
Level 1, 7 Macquarie Place,
Sydney NSW 2000
Tel: (02) 9346 8050
Fax: (02) 9346 8051

Auditor

Deloitte Touche Tohmatsu
Chartered Accountants
The Barrington,
10 Smith Street,
Parramatta NSW 2150
Tel: (02) 9840 7000
Fax: 02) 9840 7001

Solicitors

Gilbert & Tobin
2 Park Street,
Sydney NSW 2001
Tel: (02) 9263 4000
Fax: (02) 9263 4111

Addisons
Level 12,
60 Carrington Street,
Sydney NSW 2000
Tel: (02) 8915 1000
Fax: (02) 8916 2000

Management

Rory J F Macleod - Group Executive Director, Chief Financial Officer, Company Secretary
Michael Bracka - Chief Operating Officer (Freedom Foods and Specialty Seafood Business Units)
Peter Brown - Executive General Manager Sales (Freedom Foods and Specialty Seafood Business Unit)
Peter Bartier - National Supply Chain Manager (Freedom Foods and Specialty Seafood Business Unit)
Chris Pensini - Manufacturing and Operations Manager, Freedom Leeton

Freedom Foods Group Limited
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