

**FARM PRIDE FOODS LIMITED
ABN 42 080 590 030
AND CONTROLLED ENTITIES**

**HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014
PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3**

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2014.

Appendix 4D

Half Year Report for the six months to 31 December 2014

Name of entity: FARM PRIDE FOODS LTD

ABN or equivalent company reference: 42 080 590 030

1. Reporting period

Report for the half year ended: 31 December 2014

Previous corresponding periods: Financial year ended 30 June 2014
Half- year ended 31 December 2013

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	Down	5.31%	to	\$47,060,000
Profit from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Up	4,184.62%	to	\$2,124,000
Net profit for the period attributable to members (<i>item 2.3</i>)	Up	4,184.62%	to	\$2,124,000
Dividends (<i>item 2.4</i>)		Amount per security		Franked amount per security
Interim dividend		- ¢		- ¢
Final dividend		- ¢		- ¢
Previous corresponding period		- ¢		- ¢
Record date for determining entitlements to the dividend (<i>item 2.5</i>)				N/A
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>):				
Refer to Director's report				

3. Net tangible assets per security (*item 3*)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	47.27 ¢	39.72 ¢

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

4. Details of entities over which control has been gained or lost during the period:
(item 4)

Control gained over entities

Name of entities <i>(item 4.1)</i>	N/A	
Date(s) of gain of control <i>(item 4.2)</i>	N/A	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired <i>(item 4.3)</i>	\$ -	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period <i>(item 4.3)</i>	\$ -	

Loss of control of entities

Name of entities <i>(item 4.1)</i>	N/A	
Date(s) of loss of control <i>(item 4.2)</i>	N/A	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost <i>(item 4.3)</i> .	\$ -	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period <i>(item 4.3)</i>	\$ -	

5. Dividends *(item 5)*

	Date of payment	Total amount of dividend
Interim dividend year ended 30 June 2013	N/A	\$ -
Final dividend year ended 30 June 2013	N/A	\$ -

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	- ¢	- ¢	- ¢
Previous year	- ¢	- ¢	- ¢

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

- 6. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached).**
- 7. Independent review of the financial report (*item 7*)**

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

**FARM PRIDE FOODS LIMITED
ABN 42 080 590 030
AND CONTROLLED ENTITIES**

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2014**

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2014.

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

Corporate Information

ABN 42 080 590 030

Directors

Peter Bell (Non-Executive Chairman)
Malcolm Ward (Non-Executive)
Bruce De Lacy (Executive Director/ Interim CEO)

Company Secretary

Bruce De Lacy

Registered Office

551 Chandler Road
Keysborough, Victoria 3173
(+61-3) 9798 7077

Solicitors

B2B Lawyers
76 Jolimont St
East Melbourne, Victoria 3002

Banker

Westpac Banking Corporation
Level 7, 360 Collins Street
Melbourne, Victoria 3000

Share Register

Computershare Registry Services Pty. Ltd.
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067

Auditors

Pitcher Partners
Level 19 / 15 William Street
Melbourne, Victoria 3000

Internet Address

www.farmpride.com.au

ASX: FRM

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2014

TABLE OF CONTENTS

	Page
Directors' Report	3
Auditor's Independence Declaration	5
Financial Report for the half-year ended 31 December 2014	
Condensed Consolidated Statement of Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	7
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	15
Independent Auditor's Review Report	16

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

The Directors present their report together with the condensed financial report of the consolidated entity consisting of Farm Pride Foods Limited (the Company) and the entities it controlled, for the half-year ended 31 December 2014 and independent auditor's review report thereon.

This financial report has been prepared in accordance with Australian Accounting Standard *AASB134 Interim Financial Reporting*, as described in Note 1(a).

Directors

The names of the Directors in office at any time during or since the end of the half-year are:

<u>Name</u>	<u>Period of directorship</u>
Peter Bell	Appointed 30 May 2008
Malcolm Ward	Appointed 30 May 2008
Bruce De Lacy	Appointed 30 April 2014

The Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of operations

Net revenue for the six months ending 31 December 2014 was \$47.06 m, down \$2.64 m or 5.3% (2013: \$49.70 m). Profit from continuing operations after tax was \$2.12 million compared with a loss of \$0.05 for the corresponding six month period ending 31 December 2013.

Underlying EBITDA was \$5.98 m compared with \$2.42 m at 31 December 2013.

During the last six months the Company undertook a review of fixed assets and determined that there should be an impairment of selected assets. The impairment cost at 31 December 2014 was \$0.60 m (2013: nil).

Net cash provided by operating activities for the half-year were \$4.75 m (2013:\$2.11 m). The repayment of borrowings and finance lease liabilities totalled \$3.83 m (2013:\$0.87 m). Trade and other payables were \$13.02 m as at 30 June 2014. At the 31 December 2014 they had reduced to \$11.41m.

During the 12 month period ending 31 December 2014 industry conditions remained relatively tight helping offset feed prices which in our opinion remain above ideal levels together with the high cost of labour and utilities.

There is downward pressure on profitability caused by a rapid change in industry conditions resulting from over production, predominantly on the East Coast of Australia. This is expected to significantly reduce margins in the second six months of the 2015 fiscal year.

With the increasing demand for free range eggs also comes increased efforts to maintain disease free flocks. We have growing concerns that with rapid increases in the demand for free range eggs by retailers and food service customers there will be an increase in disease and bio-security risk.

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

In our June 2014 Report to Shareholders we advised that in May 2014 the Australian Competition and Consumer Commission (ACCC) had instituted proceedings in the Federal Court against the Australian Egg Corporation Limited (AECL), Mr. Zelko Lendich, a director of AECL and a former director of the Company and a number of other corporate and individual respondents alleging an attempt to induce egg producers who were members of the Australian Egg Industry to enter into an arrangement to cull hens or otherwise dispose of eggs, for the purpose of reducing the amount of eggs available for supply to consumers and businesses in Australia.

The Company continues to strenuously deny the charges and is strongly defending the allegations made against it by the ACCC. The Company expressly denies engaging in any conduct by which it made or agreed to any proposal or attempted to reach any understanding with any other AECL member to limit the production for supply or the supply of eggs.

We thank all our stakeholders for their continued support.

Significant changes in the state of affairs

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporation Act 2001* in relation to the review for the half-year is provided with this report.

Rounding of amounts to nearest thousand dollars

The amounts contained in the report and in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors, dated this 19th day of February 2015.



Malcolm Ward
Director

**FARM PRIDE FOODS LIMITED
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AND CONTROLLED ENTITIES**

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

In relation to the independent auditor's review for the half-year ended 31 December 2014, to the best of my knowledge and belief there have been:

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

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



STEPHEN SCHONBERG
Partner
19 February 2015



PITCHER PARTNERS
Melbourne

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Half-year	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Revenue and other income		
Sales revenue	46,972	49,660
Other income	88	41
	47,060	49,701
Less: Expenses		
Changes in inventories of finished goods and work in progress	(428)	239
Raw materials and consumables	(31,279)	(37,704)
Employee benefits expense	(6,218)	(6,714)
Depreciation	(1,781)	(1,659)
Impairment of property, plant and equipment	(599)	-
Finance costs	(562)	(808)
Other expenses	(3,158)	(3,107)
	3,035	(52)
Profit / (loss) before income tax expense		
Income tax expense	(911)	-
	2,124	(52)
Profit / (loss) from continuing operations		
Profit / (loss) for the half-year	2,124	(52)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit and loss</i>		
Cash flow hedge, net of tax	66	70
Other comprehensive income for the half-year	66	70
Total comprehensive income for the half-year	2,190	18
Earnings per share for profit attributable to the equity holders of the parent entity:		
Basic earnings per share (cents per share)	3.85	(0.09)
Diluted earnings per share (cents per share)	3.85	(0.09)

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	31 Dec	30 June
	2014	2014
	\$'000	\$'000
CURRENT ASSETS		
Cash and cash equivalents	1,178	507
Trade and other receivables	8,723	8,490
Inventories	5,212	4,871
Biological assets	5,669	7,299
Other current assets	320	129
TOTAL CURRENT ASSETS	21,102	21,296
NON-CURRENT ASSETS		
Deferred tax assets	861	671
Property, plant and equipment	30,472	32,571
TOTAL NON-CURRENT ASSETS	31,333	33,242
TOTAL ASSETS	52,435	54,538
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	11,409	13,015
Short term borrowings	8,316	11,177
Derivative financial liabilities	222	315
Current tax liabilities	1,625	497
Short term provisions	1,743	1,571
TOTAL CURRENT LIABILITIES	23,315	26,575
NON-CURRENT LIABILITIES		
Long term borrowings	2,022	2,987
Other long term provisions	151	219
TOTAL NON-CURRENT LIABILITIES	2,173	3,206
TOTAL LIABILITIES	25,488	29,781
NET ASSETS	26,947	24,757
EQUITY		
Share capital	29,578	29,578
Cash flow hedge reserve	(156)	(222)
Accumulated losses	(2,475)	(4,599)
TOTAL EQUITY	26,947	24,757

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Contributed equity	Cash flow hedge reserve	Accumulated losses	Total equity
Consolidated	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	29,578	(353)	(6,768)	22,457
Loss for the half-year	-	-	(52)	(52)
Cash flow hedge	-	70	-	70
Total comprehensive income for the half-year	-	70	(52)	18
Transactions with owners in their capacity as owners:				
Employee options	-	-	-	-
Dividends	-	-	-	-
Balance as at 31 December 2013	29,578	(283)	(6,820)	22,475

	Contributed equity	Cash flow hedge reserve	Accumulated losses	Total equity
Consolidated	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2014	29,578	(222)	(4,599)	24,757
Profit for the half-year	-	-	2,124	2,124
Cash flow hedge	-	66	-	66
Total comprehensive income for the half-year	-	66	2,124	2,190
Transactions with owners in their capacity as owners:				
Employee options	-	-	-	-
Dividends	-	-	-	-
Balance as at 31 December 2014	29,578	(156)	(2,475)	26,947

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Half-year	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	46,980	52,826
Payments to suppliers and employees	(41,670)	(49,915)
Borrowing costs	(562)	(800)
Net cash provided by operating activities	4,748	2,111
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	43	2
Payment for property, plant and equipment	(294)	(433)
Net cash used in investing activities	(251)	(431)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	9
Repayment of borrowings	(3,055)	-
Repayment of finance lease liabilities	(771)	(869)
Net cash used in financing activities	(3,826)	(860)
Net decrease in cash and cash equivalents	671	820
Cash and cash equivalents at beginning of the half-year	507	(1,219)
Cash and cash equivalents at end of the half-year	1,178	(399)

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2014

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Farm Pride Foods Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

Farm Pride Foods Limited is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of the director's report.

(a) Basis of preparation

This half-year financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2014 and the corresponding half-year.

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Critical accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies.

(b) Accounting standards issued but not yet effective

(i) AASB 9 Financial Instruments

AASB 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the company recognised \$0 in other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading.

Most of the requirements for financial liabilities were carried forward unchanged. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The company does not have any financial liabilities that are designated at fair value through profit or loss.

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the company's accounting for financial liabilities.

In December 2013, new general hedge accounting requirements were incorporated into AASB 9. The new model aligns hedge accounting more closely with risk management, and will be easier to apply and reduce the costs of implementation. However, the new model requires extended disclosure. The standard is not applicable until 1 January 2017 but is available for early adoption. The company has yet to assess the impact of new general hedge accounting model on its hedge arrangements. The company has decided not to early adopt AASB 9 at 31 December 2014.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The directors have not yet assessed the impact (if any) of changes in the standard above.

(c) Going Concern

The financial report has been prepared on a going concern basis, which assumes the continuation of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The company has generated a net profit from continuing operations for the year ended 31 December 2014 of \$2.124m (2013: loss of \$0.052m) and as of that date current liabilities exceeded current assets by \$2.213m (2013: current liabilities exceeded current assets by \$8.088m) due to certain borrowing facilities becoming due within the next 12 months. The company achieved positive earnings before interest, tax, depreciation and amortisation (EBITDA) of \$5.98m (2013: \$2.415m).

On the 14 October 2014 the Company's bank, Westpac, issued a variation to the existing facility agreement dated 12 September 2013 approving the extension (including terms and conditions) until 30 September 2015.

Based on current and expected trading conditions, the ability to meet March and June 2015 quarter covenants and the renewal and extension of the loan facilities post 30 September 2015 are reasonably anticipated by the directors.

Should the March and June 2015 bank covenants not be met or the bank loan facilities not be renewed and extended beyond 30 September 2015, the Company may not be able to pay its debts as and when they fall due and may therefore be required to raise capital and/or realise assets and extinguish liabilities other than in the course of business with the amount received being different to those shown in the financial statements.

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(d) Rounding amounts

The Company is of a kind referred to in ASIC Class Order CO 98/0100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

NOTE 2: REVISION IN ACCOUNTING ESTIMATES

During the period the Company reviewed and revised the effective lives applied to a number of items of plant and equipment. The useful lives of certain assets that were previously treated as having between 2-16 years remaining useful life have been revised downwards to 5 years from 1 July 2014 in accordance with *AASB116 Property, Plant and Equipment*. As a result of the revision of useful lives, an additional \$203,973 in depreciation was recognised for the half year ended 31 December 2014 in accordance with *AASB108 Accounting policies, changes in Accounting Estimates and Errors*.

In addition, during this review several items of property, plant and equipment were identified as being impaired in accordance with *AASB136 – Impairment of Assets*. This resulted in an impairment loss of \$599,299 being recognised.

NOTE 3: DIVIDENDS

No dividends were paid or proposed during the half-year (2013: nil).

NOTE 4: CONTRIBUTED CAPITAL

	As at	
	31 Dec 2014	30 June 2014
	\$'000	\$'000
Issued and paid up capital		
Ordinary shares fully paid	29,578	29,578
	<hr/> 29,578	<hr/> 29,578

As at 31 December 2014 the Company had 55,180,175 shares on issue (30 June 2014: 55,180,175).

NOTE 5: CONTINGENT LIABILITIES

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

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

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

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

NOTE 5: CONTINGENT LIABILITIES (continued)

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

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

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

Despite the Company's position, any potential pecuniary costs that may be imposed cannot be measured with sufficient reliability.

NOTE 6: FAIR VALUE MEASUREMENTS

(a) Fair value hierarchy

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

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

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

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

31 Dec 2014	Level 1	Level 2	Level 3	Total
Recurring Fair Value Measurements	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>				
Hedging instruments	-	-	-	-
Total financial assets	-	-	-	-
<i>Non-financial assets</i>				
Biological assets at fair value less cost to sell	-	-	5,669	5,669
Total non-financial assets	-	-	5,669	5,669
<i>Financial liabilities</i>				
Hedging instruments	-	(222)	-	(222)
Total financial liabilities	-	(222)	-	(222)

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

NOTE 6: FAIR VALUE MEASUREMENTS (continued)

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

(i) Biological assets

Biological assets held by the Company comprise flocks of hens. The written down value of closing flock stock at balance date approximates fair value. The capitalised cost of poultry is amortised over the productive life of the flock. The flock is held for the purposes of producing eggs.

(ii) Interest rate swap

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

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

Biological assets are based upon amortised cost over their productive life which is between 50-60 weeks.

(d) Reconciliation of recurring level 3 fair value movements

	31 Dec 2014	30 June 2014
	\$'000	\$'000
Biological assets at fair value less cost to sell		
Opening balance	7,299	7,116
Purchases	3,893	10,241
Amortisation (fair value adjustment)	(5,523)	(10,058)
Closing balance	5,669	7,299

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

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

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

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

	31 Dec 2014	30 June 2014
	\$'000	\$'000
+5% variation	196	255
-5% variation	(196)	(255)

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

DIRECTORS DECLARATION

The directors declare that the financial statements and notes set out on pages 6 to 14 in accordance with the *Corporations Act 2001*:

- (a) Comply with *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2014 and of its performance as represented for the half-year ended on that date.

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

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



Malcolm Ward
Director

Melbourne
Date: 19 February 2015

**FARM PRIDE FOODS LIMITED
ABN 42 080 590 030
AND CONTROLLED ENTITIES**

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

We have reviewed the accompanying half-year financial report of Farm Pride Foods Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-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 period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

Independence

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

FARM PRIDE FOODS LIMITED AND CONTROLLED ENTITIES
ABN 42 080 590 030

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

Conclusion

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

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

Emphasis of Matter

Without qualification to the conclusion expressed above, attention is drawn to the matters set out in Note 1(c) to the financial report - Going Concern.

On the 14th October 2014 the Company's bank, Westpac, issued a variation to the existing facility agreement dated 12 September 2013 approving the extension (including terms and conditions) until 30 September 2015.

Based on current and expected trading conditions, the ability to meet March and June 2015 quarter covenants and the renewal of the loan facilities post 30 September 2015 are reasonably anticipated by the directors.

Should the March and June 2015 bank covenants not be met or the bank loan facilities not be renewed and extended beyond 30 September 2015, the Company may not be able to pay its debts as and when they fall due and may therefore be required to raise capital and/or realise assets and extinguish liabilities other than in the course of business with the amount received being different to those shown in the financial statements.



S SCHONBERG
Partner

19 February 2015



PITCHER PARTNERS
Melbourne