

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

**HALF-YEAR INFORMATION  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013  
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 2013.**

# Appendix 4D

## Half Year Report for the six months to 31 December 2013

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 2013

Previous corresponding periods: Financial year ended 30 June 2013  
Half- year ended 31 December 2012

### 2. Results for announcement to the market

Revenues from ordinary activities ( <i>item 2.1</i> )	down	2.39%	to	\$49,701,000
Profit (loss) from ordinary activities after tax attributable to members ( <i>item 2.2</i> )	up	85.1%	to	(\$52,000)
Net profit (loss) for the period attributable to members ( <i>item 2.3</i> )	up	85.1%	to	(\$52,000)
<b>Dividends (<i>item 2.4</i>)</b>		<b>Amount per security</b>		<b>Franked amount per security</b>
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	39.72 ¢	37.07 ¢

**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
<b>Total dividend:</b> 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 2013**

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2013.

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

**Corporate Information**

ABN 42 080 590 030

**Directors**

Zelko Lendich (Managing Director)  
Peter Bell (Non-Executive)  
Malcolm Ward (Non-Executive)

**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](http://www.farmpride.com.au)

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

**FINANCIAL REPORT FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2013**

**TABLE OF CONTENTS**

	<b>Page</b>
Directors' Report	<b>3</b>
Auditor's Independence Declaration	<b>5</b>
Financial Report for the half-year ended 31 December 2013	
Condensed Consolidated Statement of Comprehensive Income	<b>6</b>
Condensed Consolidated Statement of Financial Position	<b>7</b>
Condensed Consolidated Statement of Changes in Equity	<b>8</b>
Condensed Consolidated Statement of Cash Flows	<b>9</b>
Notes to the Financial Statements	<b>10</b>
Directors' Declaration	<b>14</b>
Independent Auditor's Review Report	<b>15</b>

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

**DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

The Directors present their report together with the condensed financial report of the consolidated entity consisting of Farm Pride Foods Limited and the entities it controlled, for the half-year ended 31 December 2013 and independent auditor's review report thereon.

This financial report has been prepared in accordance with Australian Accounting Standards, as described in Note 1(b).

**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>
Zelko Lendich (Managing Director)	Appointed 6 May 2003
Peter Bell	Appointed 30 May 2008
Malcolm Ward	Appointed 30 May 2008

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**

As outlined in our 30 June 2013 report to shareholders, Farm Pride has recently completed a significant capital investment program in all areas of the business but particularly free range farms and grading. Management focus over the past 6 months has been achieving maximum productivity from these capital investments and improving the overall operational efficiency of the business.

The broader farming and food processing sector in particular, continue to face significant challenges emanating from increasing labour, energy and feed cost.

The business has been relatively stable with a 2.4% decrease in total revenue to \$49.7 million for the 6 month period and a loss of \$0.052 million. Available cash from operations has increased from last year and net assets have remained at the same level (\$22.5 million). The principal reason behind the small loss was a significant decline in egg supply from external suppliers primarily associated with the tightening of market supply.

Our primary focus over recent months and into the next few years will be on:

- Maximising internal supply and farm productivity as we reverse necessary measures put in place aimed at restricting supply during the recent surplus.
- Continuing to build strong relationship with key retail partners as the market continues to shift towards cage free supply.
- Reviewing the company's mix of cage, barn and free range capacity in light of recent statements from key retailers relating to their phase out of cage produced eggs over the next 5 years.
- A renewed focus on reducing overhead costs in light of both continuing cost pressures and supply constraints.

The company expects broadly similar conditions during the second half as market supply continues to improve and feed prices maintain current levels.

We thank all our stakeholders for their continued support.



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

**DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2013 (continued)**

**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 27th day of February 2014.



Zelko Lendich  
Managing Director

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

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

In relation to the independent review for the half-year ended 31 December 2013, 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.



STEPHEN SCHONBERG  
Partner

27 February 2014



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 2013**

	<b>Half-year</b>	
	<b>31 Dec</b>	<b>31 Dec</b>
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
Sales revenue	49,660	50,833
Other income	41	87
	49,701	50,920
<b>Less: Expenses</b>		
Changes in inventories of finished goods and work in progress	239	163
Raw materials and consumables used	(37,704)	(38,675)
Employee benefits expense	(6,714)	(7,186)
Depreciation	(1,659)	(1,588)
Finance costs	(808)	(1,022)
Other expenses	(3,107)	(3,109)
	(52)	(497)
<b>Loss before income tax expense</b>	(52)	(497)
Income tax benefit	-	149
	(52)	(348)
<b>Loss for the half-year</b>	(52)	(348)
<b>Other comprehensive loss</b>		
<i>Items that may be reclassified subsequently to profit and loss</i>		
Cash flow hedge, net of tax	70	36
<b>Other comprehensive income (loss) for the half-year</b>	70	36
<b>Total comprehensive income/(loss) for the half-year</b>	18	(312)
<b>Earnings per share for profit attributable to the equity holders of the parent entity:</b>		
Basic earnings per share (cents per share)	(0.09)	(0.63)
Diluted earnings per share (cents per share)	(0.09)	(0.63)

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**

	<b>31 Dec 2013 \$'000</b>	<b>30 June 2013 \$'000</b>
<b>CURRENT ASSETS</b>		
Receivables	8,396	11,332
Inventories	5,879	5,640
Biological assets	7,379	7,116
Other current assets	230	145
<b>TOTAL CURRENT ASSETS</b>	<b>21,884</b>	<b>24,233</b>
<b>NON-CURRENT ASSETS</b>		
Deferred tax assets	560	591
Property, plant and equipment	33,825	34,974
<b>TOTAL NON-CURRENT ASSETS</b>	<b>34,385</b>	<b>35,565</b>
<b>TOTAL ASSETS</b>	<b>56,269</b>	<b>59,798</b>
<b>CURRENT LIABILITIES</b>		
Payables	15,692	17,626
Borrowings	12,361	13,280
Provisions	1,516	1,449
Derivative financial liabilities	403	503
<b>TOTAL CURRENT LIABILITIES</b>	<b>29,972</b>	<b>32,858</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	3,584	4,275
Provisions	238	208
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3,822</b>	<b>4,483</b>
<b>TOTAL LIABILITIES</b>	<b>33,794</b>	<b>37,341</b>
<b>NET ASSETS</b>	<b>22,475</b>	<b>22,457</b>
<b>EQUITY</b>		
Contributed capital	29,578	29,578
Cash flow hedge reserve	(283)	(353)
Accumulated losses	(6,820)	(6,768)
<b>TOTAL EQUITY</b>	<b>22,475</b>	<b>22,457</b>

**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 2013**

	Contributed equity	Share option reserve	Cash flow hedge reserve	Accumulated losses	Total equity
<b>Consolidated</b>	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2012</b>	29,578	26	(476)	(7,398)	21,730
Loss for the half-year	-	-	-	(348)	(348)
Cash flow hedge	-	-	36	-	36
<b>Total comprehensive income/(loss) for the half-year</b>	-	-	36	(348)	(312)
<b>Transactions with owners in their capacity as owners:</b>					
Employee options	-	(26)	-	26	-
<b>Balance as at 31 December 2012</b>	29,578	-	(440)	(7,720)	21,418

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

**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 2013**

	Half-year	
	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	52,826	51,335
Payments to suppliers and employees	(49,915)	(48,978)
Borrowing costs	(800)	(1,017)
<b>Net cash provided by operating activities</b>	<b>2,111</b>	<b>1,340</b>
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	2	86
Payment for property, plant and equipment	(433)	(1,393)
<b>Net cash used in investing activities</b>	<b>(431)</b>	<b>(1,307)</b>
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	9	664
Repayment of borrowings	-	(625)
Repayment of finance lease liabilities	(869)	(885)
<b>Net cash used in financing activities</b>	<b>(860)</b>	<b>(846)</b>
 <b>Net decrease in cash and cash equivalents</b>		
Net increase/(decrease) in cash	820	(813)
Cash and cash equivalents at beginning of the half-year	(1,219)	(172)
<b>Cash and cash equivalents at end of the half-year</b>	<b>(399)</b>	<b>(985)</b>

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

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2013**

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

This half year 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 2013 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 financial report is a general purpose financial report, which has been prepared in accordance with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report has been prepared under the historical cost convention except for revaluations to fair value of current asset classes as described in the accounting policies.

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 2013 and the corresponding half-year except as described below in Note 1(b).

**(b) Summary of significant accounting policies**

Due to new or revised accounting standards which became operative for the annual reporting period commencing 1 January 2013, Farm Pride Foods Limited has changed some of its accounting policies as described below.

**(i) AASB 10 Consolidated Financial Statements**

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and of all entities the parent control.

Under AASB 10, the group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The group has applied AASB 10 retrospectively in accordance with the transition provisions. The group has determined that AASB 10 has no impact on the composition of the consolidated group. Therefore, no adjustments to any of the carrying amounts are required.

**(ii) AASB 11 Joint Arrangements**

Under AASB 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the rights and obligations of the parties to the arrangement, rather than the legal structure of joint arrangements.

If the parties share the right to the separate assets and obligations for the liabilities of the joint arrangement, these parties are parties to a joint operation. A joint operator accounts for assets, liabilities and corresponding revenues and expenses arising from the arrangements by recognising their share of interest in each item.

**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 group has applied AASB 11 retrospectively in accordance with the transition provisions. The group has determined that AASB 11 has no impact on the composition or performance of the consolidated group. Therefore, no adjustments to any of the carrying amounts are required.

(iii) **AASB 13 Fair Value Measurement**

AASB 13 introduces a fair value framework for all fair value measurements as well as the enhanced disclosure requirements. Application of AASB 13 does not materially change the group's fair value measurements. However, the additional disclosures required under AASB 13 are provided in Note 5: Fair Value Measurements.

(c) **Going Concern**

The Company has reported for the six months ended 31 December 2013 a net loss after tax of \$0.052 million (2012: loss \$0.348 million) and earnings before interest, tax and depreciation of \$2.415 million (2012: \$2.113 million) and positive cash flows from operations of \$2.11 million (2012:\$1.34 million). As at that date, the Company had net assets of \$22.475 million (30 June 2013: \$22.457 million) and current liabilities are reported as exceeding current assets by \$8.088 million (30 June 2013: \$8.625 million).

On the 12<sup>th</sup> September 2013 the Company's bank, Westpac, issued a new lending facility agreement approving the extension of existing facilities (including terms and conditions) until 30 September 2014.

As a result of difficult trading conditions attributable mainly to poor egg supply and ongoing high feed costs the Company's financier agreed to vary the facility agreement financial covenant requirements for the December 2013 quarter. The Company will be requesting that the March and June 2014 quarters covenants also be varied. Should these covenants not be varied there is uncertainty regarding the ability of the Company to comply with the existing covenant requirements.

Based on current and expected trading conditions, together with the co-operation demonstrated to date by its bankers, the variation to March and June 2014 quarter covenants, and the renewal and extension of the loan facilities post 30 September 2014 is reasonably anticipated by the directors.

Should the March and June 2014 bank covenants not be varied or met or the bank loan facilities not be renewed and extended beyond 30 September 2014, the Company may not be able to pay its debt 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 from those shown in the financial statements.

(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: DIVIDENDS**

No dividends were paid or proposed during the half-year (2012: nil).



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

**NOTE 3: CONTRIBUTED CAPITAL**

	As at	
	31 Dec 2013	30 June 2013
<b>Issued and paid up capital</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares fully paid	29,578	29,578
	29,578	29,578

As at 31 December 2013 Company had 55,180,175 shares on issue (30 June 2013: 55,180,175).

**NOTE 4: CONTINGENT LIABILITIES**

There have been no material changes to contingent liabilities since 30 June 2013.

**NOTE 5: 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.

<b>31 Dec 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Recurring Fair Value Measurements</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Financial assets</i>				
Hedging instruments	-	40	-	40
Total financial assets	-	40	-	40
<i>Non-financial assets</i>				
Biological assets at fair value less cost to sell	-	-	7,379	7,379
Total non-financial assets	-	-	7,379	7,379
<i>Financial liabilities</i>				
Hedging instruments	-	403	-	403
Total financial liabilities	-	403	-	403

**(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.

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

(ii) Foreign currency contracts

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

(iii) Interest rate swap

The Company holds an interest rate swap for the purpose of hedging interest rates by swapping a variable rate of interest for a fixed interest rate. Fair value is determined as the mark-to-market value of the swap contract as at balance date, as determined by the 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 amortised over their productive life which approximates 65 weeks.

(d) **Reconciliation of recurring level 3 fair value movements**

	<b>31 Dec 2013</b> <b>\$'000</b>
Biological assets at fair value less cost to sell	
Opening balance	7,116
Purchases	5,085
Amortisation (fair value adjustment)	(4,822)
Closing balance	7,379

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

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, which is approximately 65 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:

	<b>31 Dec 2013</b> <b>\$'000</b>
+5% variation	(169)
-5% variation	169

**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 13 in accordance with the *Corporations Act 2001*:

- (a) Comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2013 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.



**Zelko Lendich**  
**Managing Director**

**Melbourne**  
**27<sup>th</sup> February 2014**

**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 AND CONTROLLED ENTITIES**

We have reviewed the accompanying half-year financial report of Farm Pride Foods Ltd and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2013, 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 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 2013 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 Ltd, 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.

**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 AND CONTROLLED ENTITIES**

*Independence*

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

*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 Ltd 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 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 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 AND CONTROLLED ENTITIES**

*Emphasis of Matter*

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

On the 12th September 2013 the Company's bank, Westpac, issued a new lending facility agreement approving the extension of existing facilities (including terms and conditions) until 30 September 2014.

As a result of difficult trading conditions attributable mainly to poor egg supply and ongoing very high feed costs, the Company's financier agreed to vary the facility agreement financial covenant requirements for the December 2013 quarter. The Company will also be requesting that the March and June 2014 quarters covenants be varied. Should these covenants not be varied, there is uncertainty regarding the ability of the Company to comply with the existing covenant requirements.

Based on current and expected trading conditions, together with the co-operation demonstrated to date by its bankers, the variation to March and June 2014 quarter covenants, and the renewal and extension of the loan facilities post 30 September 2014 is reasonably anticipated by the directors.

Should the March and June 2014 bank covenants not be varied or met or the bank loan facilities not be renewed and extended beyond 30 September 2014, 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

27 February 2014



PITCHER PARTNERS  
Melbourne