

Farm Pride Food Ltd.
ABN: 42 080 590 030

551 Chandler Rd Keysborough
VIC 3173 Australia

1800 OZ EGGS
farmpride.com.au



26 February 2021

ASX ANNOUNCEMENT

Appendix 4D - Preliminary Financial Report for the Half Year ending 31 December 2020.

Farm Pride Foods Ltd (ASX:FRM) (the “Company”) have now lodged an unaudited Appendix 4D (Preliminary Financial Report) for the half year ended 31 December 2020.

With the impacts of COVID and the ongoing recovery of operations following the impact of Avian Influenza, the Company is relying on *ASIC Corporations (Extended Reporting and Lodgement Deadlines—Listed Entities) Instrument 2020/451* to lodge our final reviewed half year report, which we expect will be available between now and 16 April 2021.

The Company does not expect any material changes between the unreviewed and reviewed results, however we will inform the market of any material changes as necessary.

This announcement has been authorised by the Farm Pride Foods’ Company Secretary, Bruce De Lacy.

Further Information

Daryl Bird
CEO
+61 3 9798 9207

Peter Bell
Chairman
pbell@farmpride.com.au

About Farm Pride Foods

Farm Pride is a vertically integrated egg producer supplying egg and egg products across Australia. In addition to the production of eggs at its egg farms and the operation of a number of egg processing sites, the Company is also one of only two producers of egg cartons in Australia.

For further information about Farm Pride Foods please visit our website at www.farmpride.com.au

[View our Catalogue.](#)



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

**HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020
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 2020.**

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Appendix 4D**Half Year Report for the six months to 31 December 2020**

Name of entity: FARM PRIDE FOODS LIMITED

ABN or equivalent company reference: 42 080 590 030

1. Reporting period

Report for the half year ended: 31 December 2020

Previous corresponding periods: Financial year ended 30 June 2020
 Half- year ended 31 December 2019

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	Down	7.95 %	to	\$42,056,000
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Up	575.07 %	to	(\$5,090,000)
Net loss for the period attributable to members (<i>item 2.3</i>)	Up	575.07 %	to	(\$5,090,000)
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*)

	31 Dec 2020	31 Dec 2019
Net tangible asset backing per ordinary security	55.39 ¢	72.60 ¢

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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 2020	N/A	\$ -
Final dividend year ended 30 June 2020	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	- ¢	- ¢	- ¢

6. The financial information provided in the Appendix 4D is based on the unreviewed half year condensed consolidated financial report (attached).

The financial report is in the process of being reviewed and is likely to contain a review report including an emphasis of matter pertaining to going concern.

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

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2020

This half-year financial report is to be read
in conjunction with the financial report for
the year ended 30 June 2020.

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Corporate Information

ABN 42 080 590 030

Directors

Peter Bell (Non-executive
Chairman)
Malcolm Ward (Non-executive
Director)
Bruce De Lacy (Non-executive Director)

Management Team

Daryl Bird (CEO)
Geeta Kulkarni (CFO)

Company Secretary

Bruce De Lacy

Registered Office and principal place of business

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

Solicitors

Gadens
Level 25 Bourke Place
600 Bourke Street
Melbourne, Victoria 3000

Financiers

MC FP Pty Ltd
Level 18, 90 Collins Street
Melbourne Vic 3000

Share Register

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

ASX: FRM

Auditors

Pitcher Partners
Level 13, 664 Collins Street
Docklands, Victoria 3008

Internet Address

www.farmpride.com.au

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Half-year	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenue and other income from continuing operations		
Sales revenue	38,447	45,638
Other income	3,609	50
	<u>42,056</u>	<u>45,688</u>
Less: Expenses		
Changes in inventories of finished goods and work in progress	(956)	(220)
Raw materials and consumables	(26,673)	(31,922)
Employee benefits expense	(7,770)	(7,970)
Depreciation	(3,993)	(4,251)
Impairment of property, plant & equipment	(6,871)	-
Financial costs	(1,225)	(1,063)
Other expenses	(1,839)	(1,133)
	<u>(7,271)</u>	<u>(871)</u>
Loss before income tax expense	(7,271)	(871)
Income tax benefit	2,181	117
	<u>(5,090)</u>	<u>(754)</u>
Loss after tax	(5,090)	(754)
	<u>(5,090)</u>	<u>(754)</u>
Total comprehensive loss for the half-year	<u>(5,090)</u>	<u>(754)</u>
Earnings per share for profit attributable to the equity holders of the parent entity:		
Basic loss per share (cents per share)	(9.22)	(1.37)
Diluted loss per share (cents per share)	(9.22)	(1.37)

The condensed consolidated statement of profit or loss and comprehensive income should be read in conjunction with the notes to the financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	31 Dec 2020 \$'000	30 June 2020 \$'000
CURRENT ASSETS		
Cash and short term deposits	2,067	4,412
Trade and other receivables	6,609	7,439
Inventories	5,056	6,011
Biological assets	4,786	6,382
Other current assets	1,014	812
TOTAL CURRENT ASSETS	<u>19,532</u>	<u>25,056</u>
NON-CURRENT ASSETS		
Biological assets	2,265	3,146
Deferred tax assets	5,461	3,280
Lease assets	13,538	15,581
Property, plant and equipment	40,167	45,020
TOTAL NON-CURRENT ASSETS	<u>61,431</u>	<u>67,027</u>
TOTAL ASSETS	<u>80,963</u>	<u>92,083</u>
CURRENT LIABILITIES		
Trade and other payables	9,312	13,303
Lease liabilities	4,212	4,380
Provisions	1,979	1,983
TOTAL CURRENT LIABILITIES	<u>15,503</u>	<u>19,666</u>
NON-CURRENT LIABILITIES		
Borrowings	19,538	19,441
Lease liabilities	9,727	11,648
Provisions	169	212
TOTAL NON-CURRENT LIABILITIES	<u>29,434</u>	<u>31,301</u>
TOTAL LIABILITIES	<u>44,937</u>	<u>50,967</u>
NET ASSETS	<u>36,026</u>	<u>41,116</u>
EQUITY		
Contributed capital	29,578	29,578
Retained earnings	6,448	11,538
TOTAL EQUITY	<u>36,026</u>	<u>41,116</u>

The condensed consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Contributed equity	Retained earnings	Total equity
	\$'000	\$'000	\$'000
Balance as at 1 July 2019	29,578	13,707	43,285
Loss for the half -year	-	(754)	(754)
Other comprehensive income (net of tax)	-	-	-
Total comprehensive income for the half-year	-	(754)	(754)
Balance as at 31 December 2019	<u>29,578</u>	<u>12,953</u>	<u>42,531</u>
	Contributed equity	Retained earnings	Total equity
	\$'000	\$'000	\$'000
Balance as at 1 July 2020	29,578	11,538	41,116
Loss for the half -year	-	(5,090)	(5,090)
Other comprehensive income (net of tax)	-	-	-
Total comprehensive income for the half-year	-	(5,090)	(5,090)
Balance as at 31 December 2020	<u>29,578</u>	<u>6,448</u>	<u>36,026</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Half-year	
	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	42,144	45,304
Payments to suppliers and employees	(41,088)	(41,056)
Interest received	-	(2)
Interest Lease ¹	(219)	(273)
Finance costs	(907)	(1,063)
Income tax received/(paid)	-	-
Net cash provided by operating activities	(70)	2,910
 CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(145)	(1,710)
Net cash used in investing activities	(145)	(1,710)
 CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from new funding borrowings	-	17,345
Repayment of borrowings	-	(14,469)
Repayment of finance leases ¹	(2,130)	(1,901)
Net cash provided by financing activities	(2,130)	975
 Net increase/(decrease) in cash and cash equivalents	(2,345)	2,175
Cash and cash equivalents at beginning of the half-year	4,412	185
Cash and cash equivalents at end of the half-year	2,067	2,360

- ¹ For cash flow the repayment of lease liability principal is classified as repayment of finance leases (financing).
Repayment of interest on the lease liability is classified as operating – finance costs.

The condensed consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

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NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2020

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

The condensed consolidated 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 2020 and any public announcements made by Farm Pride Foods Limited (the Company) during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

This condensed half-year financial report covers the Company and its controlled entities as a consolidated entity. Farm Pride Foods Limited is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is 551 Chandler Road, Keysborough, Victoria. The Company 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

The condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, as appropriate for for-profit entities, and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year 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.

Except as disclosed in Note 1(b), 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 2020.

(b) Summary of the significant accounting policies

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2020, including the following.

AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material

AASB 2018-7 principally amends AASB 101: Presentation of Financial Statements and AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

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

(c) Accounting standards issued but not yet effective

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

(d) Segment reporting

Management has determined the operating segments based on the reports reviewed by the board of directors (the chief operating decision maker as defined under AASB 8) that are used to make strategic and operating decisions. The board of directors considers the business primarily from a geographic perspective. On this basis the Group has identified one reportable segment, Australia. The Group does not operate in any other geographic segment.

(e) Rounding amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

NOTE 2: SIGNIFICANT OR UNUSUAL INCOME AND EXPENSE ITEMS

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Compensation and recovery due to Avian Influenza event	3,561	-
Asset disposal cost of Avian Influenza event	(3,652)	-
Impairment of Pittsworth assets	(3,219)	-

NOTE 3: REVENUE AND OTHER INCOME

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenue from contracts with customers		
Shell egg	28,083	34,428
Product egg	9,997	10,957
Other	367	253
	<u>38,447</u>	<u>45,638</u>
Other income		
Other revenue	3,609	52
Currency translation gains	-	(2)
Total revenue and other income	<u>42,056</u>	<u>45,688</u>

NOTE 4: DIVIDENDS

No dividends were paid or proposed during the half-year (2019: nil).

NOTE 5: CONTRIBUTED CAPITAL

	As at	
	31 Dec 2020 \$'000	30 June 2020 \$'000
Issued and paid up capital		
Ordinary shares fully paid	29,578	29,578
	<u>29,578</u>	<u>29,578</u>

As at 31 December 2020, the Company had 55,180,175 shares on issue (30 June 2020: 55,180,175).

NOTE 6: CASH AND CASH EQUIVALENTS

	31 Dec 2020 \$'000	30 June 2020 \$'000
Cash at bank	2,067	4,412
	<u>2,067</u>	<u>4,412</u>

NOTE 7: RECEIVABLES

	31 Dec 2020 \$'000	30 June 2020 \$'000
CURRENT		
Receivables from contracts with customers	6,607	7,115
Allowance for credit losses	(6)	(6)
	<u>6,601</u>	<u>7,109</u>
Other receivables	8	330
	<u>6,609</u>	<u>7,439</u>

NOTE 8: INVENTORIES

	31 Dec 2020 \$'000	30 June 2020 \$'000
Raw materials – at cost	3,500	3,622
Finished goods	1,556	2,389
Total inventories	<u>5,056</u>	<u>6,011</u>

Write-downs of finished goods to net realisable value were \$24k during the period (half-year ended 31 December 2019: Nil). The write-downs were recognised as part of changes in inventories of finished goods and work in progress in profit or loss for the period.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

During the half-year ended 31 December, the Group recognised an impairment loss of \$3.219m in respect of property, plant and equipment (half-year ended 31 December 2019: Nil). The impairment loss was included in the line item "Impairment losses" in profit and loss.

The carrying amount of the impaired property, plant and equipment as at 31 December 2020 is \$3.280m. The recoverable amount is determined on the basis of the plant and equipment's fair value less costs of disposal. Fair value of the plant and equipment was determined based on recent sales prices of comparable items.

	31 Dec 2020 \$'000	30 June 2020 \$'000
Land and buildings		
At cost	36,164	35,457
Accumulated depreciation and impairment	(14,596)	(10,531)
Plant and equipment		
At cost	49,468	48,995
Accumulated depreciation	(35,055)	(34,161)
Capital works in progress	4,186	5,260
Total carrying amount	<u>40,167</u>	<u>45,020</u>

Reconciliations of the carrying amounts at the beginning and end of the half-year ending 31 December 2020 are provided below.

	Land and buildings \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
Balance at 1 July 2020	24,926	14,834	5,260	45,020
Disposals				
Additions	-	-	194	194
Transfers	673	595	(1,268)	-
Reclassifications to lease assets	-	(53)	-	(53)
Depreciation expense	(812)	(963)	-	(1,775)
Impairment losses	(3,219)	-	-	(3,219)
Balance at 31 December 2020	<u>21,568</u>	<u>14,413</u>	<u>4,186</u>	<u>40,167</u>

NOTE 10: LEASE ASSETS AND LEASE LIABILITIES

At the commencement date of a lease (other than leases of 12 months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

	31 Dec 2020 \$'000	30 June 2020 \$'000
Carrying amount of lease assets, by class of underlying asset:		
<i>Buildings under lease arrangements</i>		
At cost	18,533	18,684
Accumulated depreciation	(5,938)	(4,081)
	<u>12,595</u>	<u>14,603</u>
 <i>Equipment under lease arrangements</i>		
At cost	1,429	1,323
Accumulated depreciation	(486)	(345)
	<u>943</u>	<u>978</u>
Total carrying amount of lease assets	<u>13,538</u>	<u>15,581</u>
 Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year:	Buildings \$'000	Equipment \$'000
Opening net book value	14,603	978
Amount reclassified during the period	-	53
Reassessment of lease liabilities	69	-
Additions	-	53
Depreciation	(2,077)	(141)
Carrying amount at 31 December 2020	<u>12,595</u>	<u>943</u>
	31 Dec 2020 \$'000	30 June 2020 \$'000
Lease liabilities		
Current lease liabilities	4,212	4,380
Non-current lease liabilities	9,727	11,648
Total carrying amount of lease liabilities	<u>13,939</u>	<u>16,028</u>
 Lease expenses and cashflows		
Interest expense on lease liabilities	219	537
Repayment of lease liability	2,130	3,963
Total cash outflow in relation to leases	2,349	4,500
Depreciation expense on lease assets	2,218	4,426

NOTE 11: BORROWINGS

The total facility is \$23.5 million comprising of Tranche A \$15 million has been drawn down in full and Tranche B of \$8.5 million to be drawn down to meet the needs of the business. Tranche B includes a \$3.5 million limit exclusive for capitalised interest, if any. The term of the facility is for three years commencing Aug 2019.

	31 Dec 2020	30 June 2020
Current		
<i>Secured</i>		
Bank loans	-	-
Bank overdraft	-	-
	-	-
Non-current		
<i>Secured</i>		
Bank loans	-	-
Long term loan – Tranche A ²	15,000	15,000
Working capital loan – Tranche B ¹	4,538	4,441
	19,538	19,441
Total borrowings	19,538	19,441

¹ In line with AASB 9, the Working capital loan – Tranche B is measured net of transaction costs of \$324k.

² Secured by fixed charge over selected property and Group assets.

NOTE 12: PROVISIONS

	31 Dec 2020 \$'000			30 June 2020 \$'000		
	Current	Non-current	Total	Current	Non-current	Total
Employee benefits	1,979	169	2,148	1,983	212	2,195
	1,979	169	2,148	1,983	212	2,195

The following table provides a reconciliation of the opening and closing balances of provisions for the reporting period.

	Employee benefits	Total
Balance at 1 July 2020	2,195	2,195
Additional provisions made during the period	246	246
Amounts used during the period	(293)	(293)
Balance at 31 Dec 2020	2,148	2,148
Current provision	1,979	1,979
Non-current provision	169	169
	2,148	2,148

NOTE 13: RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Transactions with director related entities

Messrs. Bell and Ward through their related entities provide birds, eggs and egg products to and acquire eggs, egg product and packaging from Farm Pride Foods Limited and its controlled entities as follows:

Directors and related entities 2019/2020	Transaction	Revenue		Expenditure		Balance Receivable / (Payable)	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AAA Egg Company Pty Ltd (P. Bell / M. Ward)	Purchases	-	-	-	6	-	-
Days Eggs Pty Ltd (P. Bell)	Egg supply / Purchases	19	113	80	158	7	(5)
Hy-line Australia Pty Ltd ¹ (P. Bell)	Purchases / Packaging sales	-	-	-	1,873	(212)	(257)
Pure Foods Eggs Pty Ltd (P. Bell)	Egg sales / Purchases	28	16	-	2	12	7
West Coast Eggs Pty Ltd (P. Bell / M. Ward)	Egg sales / Purchases	463	396	98	79	105	72

¹ Mr Bell resigned as a director of Specialised Breeders Australia Pty Ltd, Hy-Line Australia Pty Ltd and Lohmann Layers Australia Pty Ltd effective 31 Oct 2019. There were no reportable related party transactions with these entities.

Transactions in the above table represent related party transactions for the half-year July 20 to Dec 20.

Director's administrative expenses are reimbursed at cost.

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