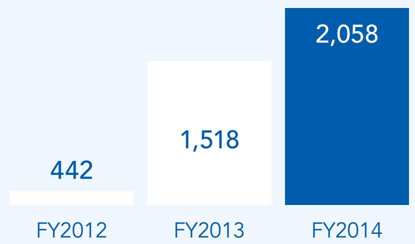
BELLAMY'S

Bellamy's Australia Limited
Annual Report 2014

Bellamy's Australia Limited (Bellamy's or BAL) is a Tasmanian-based branded food business which listed on the Australian Securities Exchange in August 2014.

EBIT (A$'000)



EBIT annual growth rate since FY2013

35.6% ▲

Revenue annual growth for FY2014

$50.9m **77.0%** ▲

Bellamy's offers a range of organic food and formula products for babies and toddlers. Bellamy's products are all Australian-made and certified organic. This forms the centrepiece of Bellamy's brand appeal and the promise of a Pure Start to Life®.

Contents

Chairman and Managing Director's Report

Dear Shareholders

The 2014 financial year was a memorable period for our company, highlighted of course by our successful listing on the Australian Securities Exchange (ASX).

It is with great pleasure that we announce the results for the 2014 financial year, posting another year of extraordinary growth of 77% in revenue and 36% in EBIT.

Bellamy's Australia Limited (Bellamy's) has experienced an exciting and dynamic time since the close of the 30 June 2014 financial year, with its listing on the Australian securities exchange on 5 August 2014. This makes Bellamy's one of only 6 Tasmanian companies to be listed on the ASX.

Bellamy's is focused on nurturing and growing Bellamy's Organic, an Australian made certified organic baby and children's food brand, operating across Australia and Asia. Bellamy's Organic forms the key operating business of Bellamy's. Through its outstanding growth record of average 57% growth year on year since 2011,

Outstanding growth rate year on year since 2011

57%

it demonstrates that families looking for safe, trusted food for their babies and children increasingly demand organic and Australian made by Bellamy's Organic.

During 2014, Bellamy's Organic has built a deep understanding of the complex global organic supply chain. It continues to foster relationships across the organic industry in order to encourage and support the growth and development of organic farming and food manufacturing.

We also continued our roll-out of Bellamy's Organic products across new distribution channels in Australia, particularly pharmacy and independent supermarkets. In China we have developed multiple distribution partners and channels and in South East Asia we have built our supermarkets and distributor base. The momentum of brand awareness this has generated continues, and achievements in social media marketing across Australia and Asia attest to this momentum.

At its core Bellamy's understands that the value of the brand and its products comes from the people on the Bellamy's team. Bellamy's Organic remains a small team. Our commitment to the benefits of organic for people and planet and our passion for excellence in Australian food manufacturing has seen Bellamy's achieve yet another outstanding year of growth.

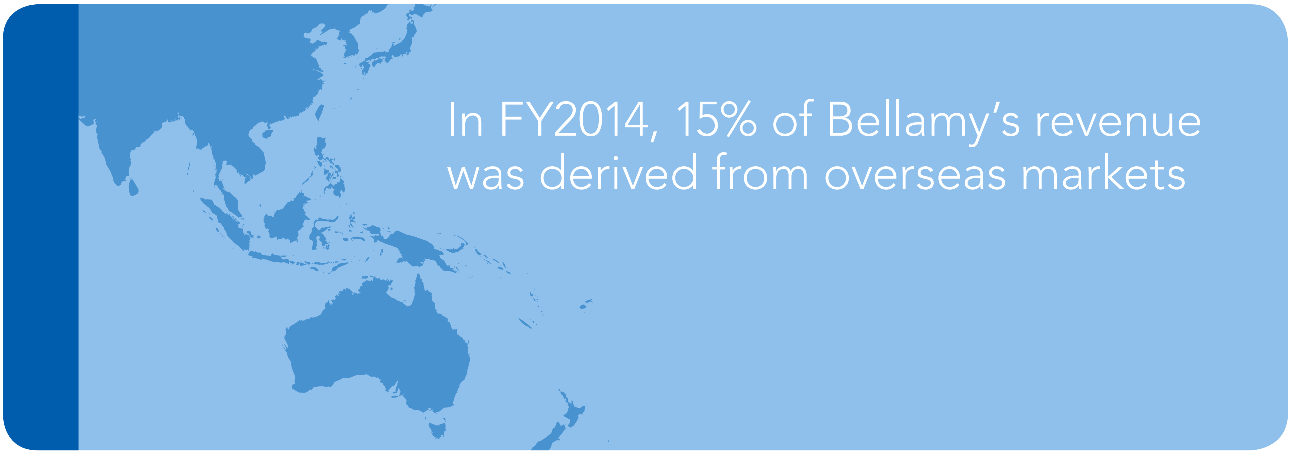
The entire team at Bellamy's are very proud of their achievements to date and are motivated and excited to continue to deliver high quality, nutritious and healthy products across Australia and Asia through 2015 and beyond.

Rob Woolley

Rob Woolley
Chair

Laura McBain
Managing Director and CEO

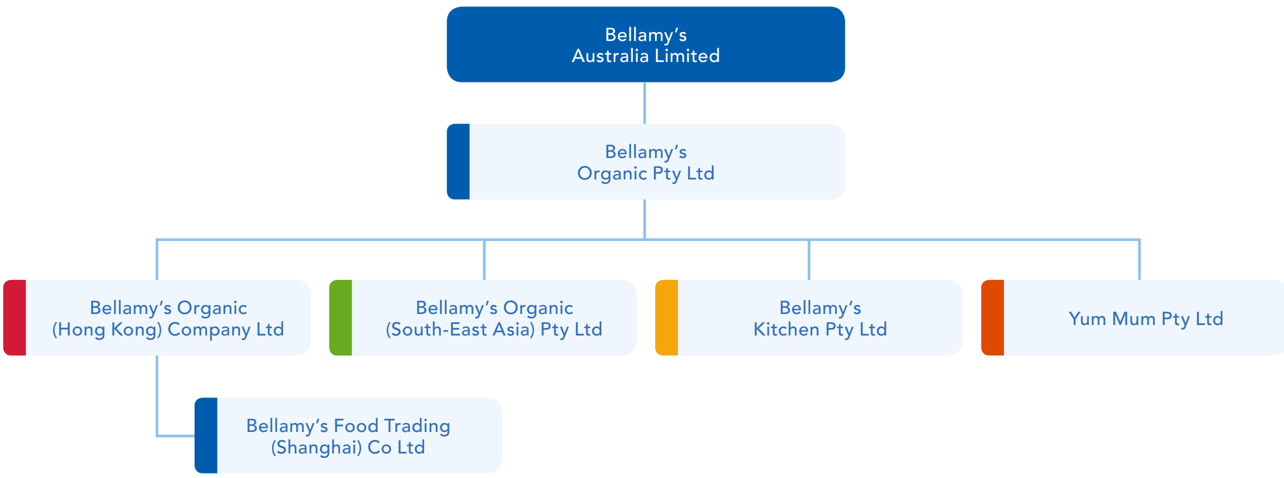
Review of Operations



Corporate Structure

Within the consolidated group, all subsidiary entities are 100% owned by Bellamy's Australia Limited.

Bellamy's Organic Pty Ltd is the principal operating entity within the Group. Each of Bellamy's Organic (Hong Kong) Company Ltd, Bellamy's Organic (South-East Asia) Pte. Ltd and Bellamy's Food Trading (Shanghai) Co Ltd are entities involved in the distribution of Bellamy's products in relevant offshore markets. As at the date of this report, neither Bellamy's Kitchen Pty Ltd or Yum Mum Pty Ltd is operational.



Bellamy's offers over 30 products that are tailored to the needs of babies and toddlers:

Babies from birth to 6 months

Baby formula, baby food pouches, dry cereals.

Babies from 6 to 12 months

Baby formula, baby food pouches, dry cereals, teething rusks, pasta.

Toddlers from 1 to 3 years

Toddler milk, baby food pouches, dry cereals, teething rusks, fruit snacks, fruit bars, pasta.

Children 3 year plus

Milk drinks and snacks.

Review of operations (cont.)

Bellamy's Organic products are delivered to consumers through a well established retail distribution network:

Australia

- via major supermarkets and pharmacies
- via a direct to market internal sales force to independent supermarkets

China

- via distribution networks across major cities in China

South-East Asia

- via major supermarkets in Singapore and Hong Kong
- via distribution networks in Vietnam and Malaysia

Online

Strategy

Bellamy's has established a comprehensive strategy to deliver continued growth through:

- expansion into Asian markets by growing distribution networks into new Asian markets and penetrating deeper into existing Asian markets;
- expansion into other new markets by identifying key markets for growth outside of Asia;
- category development outside the Baby category by leveraging Bellamy's brand awareness into range extensions outside the Baby category;
- new products within the Baby category by continuing to grow the baby proposition and through innovation and product development; and
- full distribution across Australia and expanding the product range and type of distribution outlets within Australia.

Australian Distribution

In Australia, Bellamy's has focused on growing the business through deep distribution across all supermarket and pharmacy channels. Through the development of an in-house sales team in Melbourne, Sydney and Brisbane, Bellamy's has developed a diversified customer group across multiple retailing platforms. This focus has fuelled the growth in domestic revenue.

Product development

Bellamy's has an internal sales and marketing team that is responsible for product development. It works closely with all elements in the supply chain and distribution network to enable a clear pathway to customers. Bellamy's has a deep understanding of the complex global organic ingredient supply chain. Bellamy's identifies key ingredients and works closely with suppliers to manage supply of its raw materials. Bellamy's brings expertise to manufacturing solutions through strong relationships with ingredient suppliers, contract and toll manufacturers and contract packers.

Whilst there were no new products launched in the year ended 30 June 2014, in July 2014, the business launched a new UHT supplementary milk drink, *Ready to Go*, nationally to major supermarkets and pharmacy chains.

Financial Review

Statutory and underlying financial performance

The table below outlines the key consolidated financial performance indicators for FY2014 and the growth achieved by the company over the past 12 months.

Statutory result	Financial Year Ended 30 June 2014 $'000	Financial Year Ended 30 June 2013 $'000	Period movement up/(down) $'000	Period movement up/(down) %
Revenue (from all sources)	50,927	28,842	22,085	76.6%
EBIT	2,058	1,518	540	35.6%
Profit before income tax expense	1,880	1,416	464	32.8%
Income tax expense	(614)	186	(800)	430.1%
Net profit after income tax expense	1,266*	1,602	(336)	(21.0%)

* Includes one-off cash bonuses accrued to 30 June 2014 paid to senior executives and directors as disclosed in the Prospectus.

Bellamys has followed the guidance for underlying profit as issued by the ASIC Regulator Guide RG 230 –'Disclosing non-IFRS information'. The following statement of underlying profit is unaudited. This statement should be read in conjunction with the financial statements as disclosed in this report.

For the year ended 30 June 2014	Statutory Profit $'000	Non Recurring Items $'000	Underlying Profit $'000
Revenue (from all sources)	50,927		50,927
EBIT	2,058	1,400	3,458
Profit before income tax expense	1,880	1,400	3,280
Income tax expense	(614)	(420)	178
Net profit after income tax expense	1,266	980	2,246

Non-recurring items of $1.4 million relate to a bonus paid to employees, directors and senior executives in June 2014.

Review of operations (cont.)

Revenue

Gross revenues for the Group were $50,927,000 (2013: $28,842,000).

Bellamy's receives its revenue primarily from the sale of its products:

- direct to consumer operations (principally supermarkets);
- through distribution agents in offshore jurisdictions (that then on-sell direct to consumer operations); and
- direct to consumers through Bellamy's online store.

Bellamy's generates its revenue through the sale of some or all of its products in multiple jurisdictions including Australia, China, Singapore, Hong Kong, Vietnam, Malaysia and New Zealand. Bellamy's has more than 30 products available for consumers although not all products are sold through all retail distribution channels nor in all jurisdictions.

Gross profit margins

The gross profit margin for the 2014 year was 36.2% (2013: 36.4%)

Bellamy's operations team is focused on maintaining gross profit margins and works closely with suppliers and distribution channels to deliver sustainable pricing solutions for the entire supply chain.

Cost of doing business

The three costs of doing business are the areas of marketing, employment and other administration expenses.

Bellamy's has a relatively fixed cost base that provides it with operating leverage and the ability to grow earnings faster than revenue.

As a percentage of sales, these costs are shown below for the year ended 30 June 2014 and 30 June 2013.

Cost as a % of sales	Year Ending 30 June 2014	Year Ending 30 June 2013
Employment Costs	6.0%*	7.4%
Marketing Costs	1.6%	0.8%
Other Administrative Costs	3.8%	6.4%

* adjusted to remove one off executive bonus of $1,400,000.

Statement of Financial Position

	Financial Year Ended 30 June 2014	Financial Year Ended 30 June 2013	Period movement up/(down)	Period movement up/(down)
Basic and diluted earnings per share (cents)	1.9	2.8*	(0.9)	(32.1%)
Net Assets ($'000)	15,592	9,477	6,115	64.5%
Net tangible assets ($'000)	15,364	9,477	5,887	62.1%
Net assets per share (cents)	22.3	14.6*	7.7	52.7%
Net tangible assets per share (cents)	21.9	14.6*	7.3	50.0%

Definitions

Net Tangible Assets = Total equity less goodwill and other intangible assets
Net Tangible Assets per share – Total equity less goodwill and other intangible assets/ shares on issue
* Comparative results for earnings per share have been restated to reflect the capital reconstruction approved by shareholders on 10 June 2014, whereby each share was split into 6.5224 ordinary shares (refer Note 18: Share Capital).

Assets

Total assets have increased by $6,743,000 during the financial year ended 30 June 2014.

Cash balances have increased by $1,771,000 to $$4,434,000 primarily as a result of the following:

- increase in cash flows from operations of $4,299,000 compared to the 2013 year. The Group generated $773,000 net cash inflow from operating activities compared to a net cash outflow of $3,256,000 in the 2013 year. This change is largely due to the impact of the growth in revenues during the 2014 year and the collection of revenues in line with expected debtor collection cycles.

Trade and other receivables have increased by $801,000, inventories have increased by $1,251,000, and prepayments have increased by $2,531,000 in line with the increased level of working capital assets required by the company as a result of its growth during the year.

Intangible assets of $228,000 relate to new product development costs which have been incurred during the year related to a new UHT supplementary milk drink that was launched in July 2014.

Liabilities

Total liabilities increased by $629,000 to $7,198,000 during the period, mainly due to the increase in trade and other payables of $3,912,000 offset by the substantial reduction in interest bearing debt of $3,479,000.

The overall increase in net working capital assets during the year was $2,418,000.

Equity

Equity has increased by $6,115,000 up to $15,592,000, primarily due to the net profit after tax of $1,266,000 and the issue of equity as a result of the institutional capital raising of $4,856,000 (net of institutional placement costs).

Review of operations (cont.)

Outlook

Bellamy's continued to expand its operations internationally, with a focus on developing the brand's opportunities in Asia, particularly China and South East Asia. Bellamy's has taken the view that being close to these markets will best facilitate its growth. For this reason, the company has established 100% owned subsidiaries in China and Singapore, which are responsible for branding, marketing, and distribution of Bellamy's in China and South East Asia, respectively.

In January 2014, Bellamy's appointed a Regional Sales Manager to develop operations in South East Asia, including Singapore, Malaysia, and Vietnam. A key outcome of this appointment has been the move to direct trading with major Singapore supermarket retailers, Cold Storage and Fairprice, which commenced in April 2014.

In China, the operations of the company continue to focus on expanding and deepening distribution of its formula range and to continue the growth in this market. The brand awareness of Bellamy's in China is a key driver for the growth and this is the focus of branding and marketing activities undertaken in China.

Management of principal risks

At Bellamy's, we consider the identification, evaluation and control of risks to our business and corporate strategy an important underpinning to growth. This is because risk management enhances our ability to understand and respond to our external environment, enhances our ability to meet our objectives, and provides confidence to our investors for the future well being of the company.

Bellamy's continues to mature and refine our risk management approach. Risks are regularly reviewed and monitored, especially those internal and external risks that could have a material impact on our objectives. Below we detail the material risks to the business and our approach to managing these risks.

The entire team at Bellamy's are very proud of their achievements to date and are motivated and excited to continue to deliver high quality, nutritious and healthy products across Australia and Asia through 2015 and beyond.

Ingredients and Manufacturing

Bellamy's Organic maintains its credibility and brand strength by ensuring all of its products are certified organic. This requires Bellamy's to rely on a complex global organic supply chain, where ingredients maintain their organic certification, and are available in sufficient quantities to meet the demands of the business. Bellamy's has a strict quality control system that enables the business to ensure it maintains its organic certification. Ingredients are carefully selected and managed throughout the organic supply chain by a committed supply chain and quality team. Bellamy's has developed a strong and deep understanding of the complex organic global supply chain, and has built strong relationships with key suppliers and manufacturers with whom Bellamy's plans for forecast growth.

Change in Regulation

There is a risk that laws or regulations may be introduced or amended in Australia, or in foreign jurisdictions in which Bellamy's sells or sources it ingredients and/or products. Bellamy's understands the sensitivity of the organic, baby and food industries. Through industry engagement and the appointment of personnel to particularly focus on and understand these regulatory issues in Australia and Asia Bellamy's aims to respond efficiently and effectively to changes in regulation that may impact its business.

Board of Directors

Rob Woolley
Non-executive Chair

Rob was appointed as Chair on the formation of the Company in 2007.

Rob's expertise has been instrumental in the growth of the Company to date.

Rob is presently Chairman of Tandou Ltd, a director of Freycinet Coast Financial Services Ltd and a board member of Forestry Tasmania and the not-for-profit, Tasmanian Leaders Inc.

Previously Rob was Managing Director of Websters Limited following twenty years as a partner at Deloitte.

Rob holds a Bachelor of Economics and is a Fellow of the Institute of Chartered Accountants.

Laura McBain
Managing Director and CEO

Laura has overseen significant change, innovation and business growth since her appointment as General Manager of Bellamy's in 2006 and subsequent appointment as Chief Executive Officer ("CEO") in 2011 and Managing Director and CEO in 2014.

Prior to joining Bellamy's, Laura practised as an accountant and specialised in the areas of providing business advisory and taxation services.

Laura holds a Bachelor of Commerce and in 2013 completed the IMD Leadership Challenge. In 2013, Laura was named as the Telstra Tasmanian Business Woman of Year 2013 and she went on to be named the Telstra Australian Business Woman of Year for 2013 (Private and Corporate).

Ian Urquhart
Independent Non-executive Director

Ian was appointed as a non-executive director and the company secretary on the formation of the Company in 2007. He resigned as Company Secretary in June 2014.

Ian brings a wealth of financial expertise and business experience to the Board, having previously been a Chief Financial Officer and director of the PGA Group Pty Ltd for over thirty years and teaching finance and accounting at Monash University.

Ian has a Bachelor of Commerce, a Masters in Administration and is a certified practising accountant (CPA).

Michael Wadley
Independent Non-executive Director

Michael was appointed a non-executive Director in 2014.

Some 12 years ago Michael relocated to Shanghai where he now resides with his family.

Michael has extensive experience over the past 20 years providing corporate advisory and legal services to foreign investors throughout China and to Chinese groups investing offshore.

Michael is a principal at Wadley Consulting Shanghai Co. Ltd, a Senior China Consultant for Hopgood Gamin, on the Board of Directors of the Australian Chamber of Commerce in Shanghai and is a Co-Chair of the Chamber's Financial Services Industry Working Group, a committee member of the Australian China Business Council, Queensland, and a member of the Australian Institute of Company Directors.

Michael holds a Bachelor of Laws from Queensland University, and is admitted to practice the Supreme Court of Queensland, the High and Federal Courts of Australia, and is registered as a foreign lawyer in China and Hong Kong.

Corporate Governance Information

Bellamy's Corporate Governance Regime

The Board is responsible for the overall corporate governance of Bellamy's. The Board monitors the operational and financial position and performance of Bellamy's and oversees its business strategy, including approving the strategic goals of Bellamy's and considering and approving its annual business plan and the associated budget. The Board is committed to maximising performance, generating appropriate level of Shareholder value and financial return and sustaining the growth and success of Bellamy's. In conducting Bellamy's business with these objectives, the Board seeks to ensure that Bellamy's is properly managed to protect and enhance Shareholder interests and that Bellamy's, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board have developed and adopted a framework of corporate governance policies and practices, risk management practices and internal controls that it believes appropriate for Bellamy's business.

The principal governance related policies and practices which largely took effect from the ASX listing date (5 August 2014) are as follows:

- Corporate Governance Statement
- Board Charter
- Finance, Audit and Risk Committee Charter
- Diversity Policy
- Shareholder Communications Policy
- Continuous Disclosure Policy
- Securities Trading Policy
- Code of Conduct

The Corporate Governance Statement which was lodged with the ASX 1 August 2014, discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in the third edition of its Corporate Governance Principles and Recommendations. The above policies and practices comply with ASX Corporate Governance Council recommendations, unless otherwise stated in the Corporate Governance Statement. In addition, many governance elements are contained in the Constitution.

Details of Bellamy's Constitution, key policies and the charters for the Board and each of its committees are available on the Company's website under the Governance tab at bellamysaustralia.com.au.

Financial Report

Annual Financial Report

Bellamy's Australia Limited
ABN 37 124 272 108

Consolidated Financial Statements
for the year ended 30 June 2014

Contents

Directors' Report

for the year ended 30 June 2014

The directors present their report together with the financial report of Bellamy's Australia Limited ("the Company" or "Bellamy's") and of the consolidated entity ("Group"), being the company and its controlled entities, for the year ended 30 June 2014 and the auditor's report thereon.

1. Change of company name

The shareholders passed a resolution on 10 June 2014 to change the name of the company to Bellamy's Australia Limited. Previously the company's name was Tasmanian Pure Foods Limited.

2. Information about the directors

2.1 Names and particulars

The names and particulars of the directors in office at any time during or since the end of the year are:

Director	Expertise, experience and qualifications
Rob Woolley Non-executive Chair (Independent) *Member of the Remuneration and Nomination Committee* *Member of the Finance, Audit and Risk Committee*	Rob was appointed as Chair on the formation of the Company in 2007. Rob is presently Chairman of Tandou Ltd, a director of Freycinet Coast Financial Services Ltd and a board member of Forestry Tasmania and the not-for-profit, Tasmanian Leaders Inc. Previously Rob was Managing Director of Websters Limited, following twenty years as a partner at Deloitte. Rob holds a Bachelor of Economics and is a Fellow of the Institute of Chartered Accountants.
Laura McBain Managing Director and CEO	Laura has overseen significant change, innovation and business growth since her appointment as General Manager of Bellamy's in 2006 and subsequent appointment as Chief Executive Officer ("CEO") in 2011 and Managing Director and CEO in 2014. Prior to joining Bellamy's, Laura practised as an accountant specialising in the areas of providing business advisory and taxation services. Laura holds a Bachelor of Commerce and in 2013 completed the IMD Leadership Challenge. In 2013, Laura was named as the Telstra Tasmanian Business Woman of Year 2013 and she went on to be named the Telstra Australian Business Woman of Year for 2013 (Private and Corporate).

Directors' Report cont.

for the year ended 30 June 2014

Director	Expertise, experience and qualifications
Ian Urquhart Independent Non-executive Director *Member of the Remuneration and Nomination Committee* *Chair of the Finance, Audit and Risk Committee*	Ian was appointed as a non-executive director and the company secretary on the formation of the Company in 2007. He resigned as Company Secretary in June 2014. Ian brings a wealth of financial expertise and business experience to the Board, having previously been a Chief Financial Officer and director of the PGA Group Pty Ltd for over thirty years and teaching finance and accounting at Monash University. Ian has a Bachelor of Commerce, a Masters in Administration and is a certified practising accountant (CPA).
Michael Wadley Independent Non-executive Director *Chair of the Remuneration and Nomination Committee* *Member of the Finance, Audit and Risk Committee*	Michael was appointed a Non-executive Director in 2014 and is based in Shanghai. Michael has extensive experience over the past 20 years providing corporate advisory and legal services to foreign investors throughout China and to Chinese groups investing offshore. Michael is a principal at Wadley Consulting Shanghai Co. Ltd, a Senior China Consultant for Hopgood Gamin, on the Board of Directors of the Australian Chamber of Commerce in Shanghai and is a Co-Chair of the Chamber's Financial Services Industry Working Group, a committee member of the Australian China Business Council, Queensland, and a member of the Australian Institute of Company Directors. Michael holds a Bachelor of Laws from Queensland University, and is admitted to practice the Supreme Court of Queensland, the High and Federal Courts of Australia, and is registered as a foreign lawyer in China and Hong Kong.

The above named directors held office for the whole of the financial year and since the end of the financial year except for:

Laura McBain	– appointed 19 June 2014
Michael Wadley	– appointed 19 June 2014
Janet Cameron	– resigned 19 June 2014
Anthony Shadforth	– resigned 19 June 2014
Robert Wilson	– resigned 19 June 2014

2.2 Directorships of other listed companies

Directorships of other listed companies held by the directors in the three years immediately before the end of the financial year are as follows:

Director	Company	Period of directorship
Robert Woolley	Tandou Limited	Since 2011

Directors' Report cont.

for the year ended 30 June 2014

2.3 Director shareholdings

The following table sets out each director's relevant interest in Bellamy's shares and options as at the date of this report.

	Fully paid ordinary shares No.	Share options No.
Robert Woolley	1,335,739	Nil
Laura McBain	1,565,376	953,333
Ian Urquhart	2,500,000	Nil
Michael Wadley	Nil	Nil

During or since the end of the financial year, there were no shares issued to Directors as a result of exercising options over unissued shares.

The directors shareholdings shown above are held by associated entities and are subject to voluntary escrow from the date of Official Quotation of the shares until the date three days after the date of which the audited financial results of the Company and the Consolidated Entity for the year ended 30 June 2015 are disclosed to the Australian Stock Exchange (ASX).

2.4 Directors' Meetings

The number of Directors meetings held and the number of meetings attended during the financial year were:

	Board of Directors	
Directors	Attended A	Held B
Robert Woolley	12	12
Laura McBain	2	2
Ian Urquhart	12	12
Michael Wadley	1	2
Janet Cameron	6	9
Anthony Shadforth	8	10
Robert Wilson	10	10

A Number of meetings attended during the year.
B Number of meetings held during the time the Directors held office during the year.

With effect from ASX listing date 5 August 2014, the board established a Finance Audit and Risk Committee and a Remuneration and Nominations Committee.

Directors' Report cont.

for the year ended 30 June 2014

3. Share options granted to directors and senior management

The "Initial Grant" made on 26 June 2014, under the Employee Share Option Plan, resulted in the company issuing 2,200,000 conditional vesting options to the managing director and other senior management as part of their remuneration.

The exercise price for these options is $1.00, however the options can only be exercised if the Group achieves its FY2015 Pro Forma forecast NPAT of $5.0 million as confirmed by the FY2015 financial results released to the ASX and that the holder remains an eligible employee of the Group until the FY2015 results are released. These options expire two years subsequent to vesting, which should be no later than 31 August 2017.

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 the company or of any other related body corporate.

There have been no further options granted since the Initial Grant.

Further details about share based payments to directors and key management personnel are included in the Remuneration Report (Section 16 of the Directors' Report).

4. Company Secretary

Ian Urquhart (Director) resigned as Company Secretary 10 June 2014, and Brian Green was appointed on the same date. Brian is a Chartered Accountant with extensive business advisory, accounting and tax experience and also held the role of Chief Financial Officer from 2007 up to 11 August 2014.

5. Principal Activities

The principal activities of the Group during the course of the financial year were the sale and distribution of organic food and formula products for babies and toddlers. There were no significant changes to the principal activities during the year.

6. Review of operations

Details of the operations of Bellamy's during the year, the financial position and the strategies and prospects for future years can be found in the Chairman and Managing Director's Report found on pages 4 to 11 which forms part of this Directors' Report.

7. Changes in the state of affairs

On 20 June 2014, the company completed a placement of 5,000,000 shares to various institutions at the issue price of $1.00. The institutional placement costs were $143,500 net of tax and the net increase in share capital was $4,856,500. Other than the above, there was no significant change in the state of affairs of the consolidated entity during the financial year.

Directors' Report cont.

for the year ended 30 June 2014

8. Events Subsequent to reporting date

Bellamy's Australia Limited (ASX:BAL) was admitted to the ASX official list effective 5 August 2014, following the issue of 25,000,000 ordinary shares at $1.00 each pursuant to a Prospectus and Initial Public Offer document dated 4 July 2014. The net proceeds from the share issue were approximately $23.7m after taking into account capital raising costs of approximately $1.3m (net of tax). The number of ordinary shares on issue is now 95,000,392.

In response to the needs of the business growth plans, on 11 August 2014 Bellamy's Australia Limited announced the appointment of a Shona Ollington as Chief Financial Officer (CFO), allowing Brian Green the outgoing CFO to focus on the role of Company Secretary whilst also providing ongoing support to the finance and accounting team.

No other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

9. Future developments

The group will continue to pursue its strategic business growth objectives through expansion into new and existing markets in Asia and beyond; category development by leveraging Bellamy's brand awareness outside the baby and toddler category; developing new products for within the baby and toddler category and; further distribution across Australia.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report as the disclosure of the information is likely to result in unreasonable prejudice to the Group.

10. Environmental regulations

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

11. Dividends

No dividends were paid or declared since the beginning of the financial reporting period.

12. Indemnification and insurance of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company, the company secretary and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' Report cont.

for the year ended 30 June 2014

13. Proceedings on behalf of the 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 or part of those proceedings.

The company was not a party to any such proceedings during the financial year.

14. Audit

14.1 Independence declaration

The auditor's independence declaration is set out on page 27 and forms part of the Directors' Report for the year ended 30 June 2014.

14.2 Extension of audit rotation period

On 15 July 2014, as a result of the proposed listing the Directors resolved to exercise the eligible term of Robert Ruddick of Ruddick's for one additional successive financial year. ASIC have granted relief under section 342A(1) of the Corporations Act by modifying section 324DA to read as if references in that subsection to 5 successive financial years were to 6 successive financial years.

14.3 Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in note 5 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are of the opinion that the services as disclosed in note 5 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and ratified by the audit committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the non-audit services undermine the general principles relating to auditor independence as set out in 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 Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

15. Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order CO 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Directors' Report cont.

for the year ended 30 June 2014

16. Remuneration Report – audited

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Bellamy's Australia Limited's key management personnel for the financial year ended 30 June 2014. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The prescribed details for each person covered by this report are detailed below under the following headings:

- remuneration policy & strategic direction
- directors and key management personnel
- remuneration structure – fixed, short term and long term arrangements
- relationship between the remuneration policy and company performance
- remuneration of key management personnel
- employment contracts
- key management personnel share based payments and equity holdings

Pursuant to Regulation 2M.3.03.02 of the *Corporations Act 2001* comparative information is not required where the current financial reporting period is the first financial year that the requirements of paragraph 300(A)(1)(c) apply to a person (key management personnel).

16.1 Remuneration policy & strategic direction

Bellamy's remuneration policy aims to attract and retain the best available key management personnel to run and manage the Group. By providing a fixed remuneration component together with specific short-term and long-term incentives based on key performance areas affecting the Group's financial results the company seeks to create goal congruence between shareholders, directors and executives.

The role of the Remuneration and Nomination Committee includes assisting the Board achieve "goal congruence" by seeking to ensure that Bellamy's:

- has coherent and appropriate remuneration policies and practices which enable Bellamy's to attract and retain Directors and executives who will create value for Shareholders;
- fairly and responsibly remunerates Directors and executives having regard to the performance of Bellamy's, the performance of the executives and the general market environment;
- has polices to evaluate the performance and composition of the Board, individual Directors and executives on (at least) an annual basis with a view to ensuring that Bellamy's has a Board of effective composition, size and diversity, expertise and commitment to adequately discharge its responsibilities and duties;
- has adequate succession plans in place (including for the recruitment or appointment of Directors and senior management); and
- has policies and procedures that are effective to attract, motivate and retain appropriately skilled and diverse people that meet Bellamy's needs and that are consistent with Bellamy's strategic goals and human resource objectives.

Directors' Report cont.

for the year ended 30 June 2014

The Remuneration and Nomination Committee together with its independent remuneration consultant continues to develop and formalise short term and long term incentive plans for board and where appropriate shareholder approval. A summary of the incentive arrangements currently in place is set out below.

Services from remuneration consultants

The Remuneration Committee of the Board engaged Egan Associates to review the remuneration structure and level of reward for the key management personnel (post listing) and to provide recommendations. Egan Associates were paid $38,115 for these services.

The board is satisfied that the remuneration recommendations made by Egan Associates were free from undue influence by members of the key management personnel about whom the recommendations may relate.

16.2 Key management personnel

The directors and other key management personnel of the Group during or since the end of the financial year were:

Non-executive directors	Role
Robert Woolley	Non-executive Chairman
Ian Urquhart	Non-executive
Michael Wadley	Non-executive (appointed 19 June 2014)
Janet Cameron	Non-executive (resigned 19 June 2014)
Anthony Shadforth	Non-executive (resigned 19 June 2014)
Robert Wilson	Non-executive (resigned 19 June 2014)
Executive Officers	**Role**
Laura McBain	CEO & appointed Managing Director 19 June 2014

16.3 Remuneration structure – post listing

16.3.1 Fixed remuneration

Non-executive Directors

Under ASX Listing Rules, the total amount paid to all non-executive Directors in any financial year must not exceed, in total the amount fixed in a general meeting of the Company. This amount is currently $600,000 as determined by Shareholders at an Extraordinary General Meeting held 10 June 2014.

Annual Directors fees that have been agreed to be paid from the date of Listing are $125,000 to the Chair, and $55,000 to each non-executive Director. In addition, on an annual basis, the Chair of the Finance, Audit and Risk Committee will be paid $5,000 and the Chair of the Remuneration Committee will be paid $5,000. Other committee members will receive $2,500 per annum. The remuneration must not include a commission on, or a percentage of, the profits or income of the Company. Superannuation is not included in the rates prescribed above.

Directors may also be reimbursed for travel and other expenses incurred in attending to Bellamy's affairs.

Non-executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as a Director of the Company.

There are no retirement benefit schemes for Directors other than statutory superannuation contributions.

Directors' Report cont.

for the year ended 30 June 2014

Managing Director and CEO

The Managing Director will receive a total fixed annual remuneration of $300,000 (exclusive of superannuation).

16.3.2 Short term incentive arrangements in place

The Managing Director is eligible to receive a short term incentive cash bonus equivalent to 30% of her fixed annual remuneration ($300,000 exclusive of superannuation). The short term incentive is payable upon Bellamy's achieving its FY2015 Pro Forma forecast NPAT of $5.0 million and other key performance indicators that ensure that the Company operates on a sustainable basis. Other senior management are also eligible to receive the cash bonus referred to above at rates not exceeding 30% of their fixed annual remuneration exclusive of superannuation.

The Initial Grant of Options under the Employee Share Option Plan (ESOP) made effective 26 June 2014 to the Managing Director and CEO and other Management represents a further short term incentive. Each of the 2,200,000 Options issued under the Initial Grant entitles the holder to acquire one (1) Ordinary Share at an exercise price of $1.00 per Option subject to the vesting conditions being satisfied. These vesting conditions include the Group achieving its FY2015 Pro Forma forecast NPAT forecast of $5.0 million as confirmed by the FY2015 financial results released to the ASX and the holder remaining an eligible employee until the FY2015 results are released. The options were independently valued at $0.29 each using a Binomial Pricing Model. The value of each option will be amortised over the ensuing period to vesting date which will be no later than 31 August 2015. If the vesting conditions are not met the options lapse immediately, otherwise the options will expire two years after the vesting date – no later than 31 August 2017.

16.3.3 Long term incentives and the employee share option plan (ESOP)

The granting of options under the ESOP is considered to be an effective means of motivating, retaining and attracting high quality persons as employees. Such grants will be subject to the ESOP rules and other regulatory requirements, including the ASX Listing Rules.

It is envisaged that the ESOP will form an integral part the of long term incentive plans.

16.4 Relationship between remuneration policy and company performance

Bellamy's was admitted to the ASX Official List effective 5 August 2014, and as such it is too early to measure the relationship between remuneration policy and shareholder returns. In future reporting periods the company will compare total shareholder performance (dividends and share value) with the end results of the remuneration policy.

The table below shows that total remuneration of Directors and other key management personnel was $1,553,021 for the year ended 30 June 2014, representing 75.4% of profit before tax of $2,058,000. The remuneration includes cash bonuses of $1,200,475 comprising a specific cash bonus of $50,475 paid to the managing director in respect of the year ended 30 June 2013, together with one off bonuses in relation to prior period services for Directors and other key management personnel totalling $1,150,000 forming part of the total one off bonuses of $1,400,000 as disclosed in the Prospectus dated 4 July 2014. In future reporting periods, the level of key management personnel remuneration as a percentage of profit before tax is expected to be significantly lower.

Directors' Report cont.

for the year ended 30 June 2014

16.5 Remuneration of key management personnel

	Short term employment benefits			Post-employment benefits	Long-term employment benefits	Share based payments		Performance based
2014	Salary & Fees $	Cash bonus $(ii)	Other $(iii)	Super'n $	Long service leave $	Options $(iv)	Total $	%
Non-Executive Directors:								
R Woolley	15,000	400,000	75,000	–	–	–	490,000	81.6%
I Urquhart	15,000	50,000	–	–	–	–	65,000	76.9%
M Wadley(i)	2,250	–	–	–	–	–	2,250	–
J Cameron(i)	15,000	–	–	–	–	–	15,000	–
A Shadforth(i)	15,000	–	–	–	–	–	15,000	–
R Wilson(i)	15,000	–	–	–	–	–	15,000	–
Sub total	77,250	450,000	75,000	–	–	–	602,250	74.70%
Executives								
L McBain	160,183	750,475	–	18,967	18,857	2,566	951,048	79.2%
Total	237,433	1,200,475	75,000	18,967	18,857	2,566	1,553,298	77.40%

(i) Directors J Cameron, A Shadforth & R Wilson resigned 19 June 2014. M Wadley was appointed 19 June 2014.

(ii) During the year ended 30 June 2014, and prior to the Prospectus Date and Listing, one off cash bonuses totalling $1,400,000 were allocated to Non-executive Directors, the Managing Director, other management and employees in respect of past services. During the year the Managing Director (L McBain) received a $50,475 cash bonus in respect of the year ended 30 June 2013 in addition to the entitlement to $700,000 of the one off cash bonuses referred to above.

(iii) This includes fees paid for management services provided outside the capacity of Director.

(iv) The share based payments relate to the Initial Grant of Options made effective 26 June 2014 under the ESOP, refer 16.3.2 for details.

16.6 Employment contracts

Managing Director and CEO

Bellamy's entered into an employment contract with the Managing Director 24 June 2014.

Under the contract the Managing Director will receive a total fixed annual remuneration of $300,000 (exclusive of superannuation). As detailed above the Managing Director is also eligible to receive a short term incentive. Subject to shareholder approval the Managing Director will be eligible to participate in further grants made under Bellamy's employee share option plan (ESOP).

Bellamy's may terminate the employment contract in writing prior to 31 December 2015 by giving 6 months notice or payment in lieu of notice. After that date either party may terminate the employment contract on giving 6 months notice or, in Bellamy's case, payment in lieu of notice. Bellamy's may terminate the Managing Director's employment contract immediately and without payment for notice or payment in lieu of notice in the event of serious misconduct or other specified circumstances.

Directors' Report cont.

for the year ended 30 June 2014

16.7 Key management personnel share based payments granted as compensation and equity holdings

Details of share based payments granted as compensation to key management personnel during the current financial year:

Name	Option series	Grant date	No. granted	Value of options granted(i)	No. vested	% of grant forfeited	% of compen-sation for the year consisting of options
L McBain	Initial Grant	26/6/2014	953,333	$276,467	Nil	Nil	0.3%

(i) The value of the options are amortised over the period from grant date to the vesting date for purposes of accounting and key management personnel compensation reporting.

There were no options granted to key management personnel as part of their remuneration that were exercised or lapsed during the financial year. The number of options on issue at the beginning of the financial year was nil.

Fully paid ordinary shares of Bellamy's Australia Limited

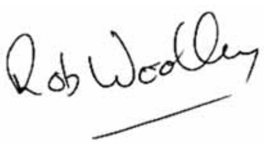
	Balance at 1 July 2013 No.	Net other changes(ii)(iii)	Director resignations	Balance at 30 June 2014. No.(iv)	Balance at the date of this report(v)
Non-Executive Directors:					
R Woolley	490,286	2,590,152	–	3,080,438	1,335,739
I Urquhart	571,249	3,155,660	–	3,727,089	2,500,000
M Wadley(i)	–	–	–	–	–
J Cameron(i)	5,604,898	30,952,492	(36,557,390)	–	–
A Shadforth(i)	571,428	3,155,654	(3,727,082)	–	–
R Wilson(i)	354,286	1,956,509	(2,310,795)	–	–
Sub total	7,592,327	41,810,467	(42,595,267)	6,807,527	3,835,739
Executives					
L McBain(i)	240,000	1,325,376	–	1,565,376	1,565,376
Total	7,832,327	43,135,843	(42,595,267)	8,372,903	5,401,115

(i) Directors J Cameron, A Shadforth & R Wilson resigned 19 June 2014. M Wadley and L McBain were appointed 19 June 2014.
(ii) During the year there were no shares granted as compensation and no shares were received on the exercise of options.
(iii) Net other changes includes the impact of the capital reconstruction approved by shareholders on 10 June 2014, whereby each ordinary share was split into 6.5224 ordinary shares.
(iv) There were no shares held nominally by key management personnel as at 30 June 2014 and as at the date of this report.
(v) The movement in shares held after 30 June 2014, form part of the Existing Shares to be Sold under the Offer set out the Initial Public Offer Prospectus dated 4 July 2014. The Offer included the issue of 25,000,000 new shares at $1.00 each and to facilitate the sale of 10,875,380 Existing Shares at a price of $1.00 each, prior to the admission of Bellamy's Australia Limited to the ASX Official List.

Directors' Report cont.

for the year ended 30 June 2014

Signed in accordance with a resolution of the Board of Directors.



Robert G. Woolley
DIRECTOR

Ian A. Urquhart
DIRECTOR

Dated at Launceston 18th of September 2014.

Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001

ruddicks
CHARTERED ACCOUNTANTS

Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001
To the Directors of Bellamy's Australia Limited and controlled entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Ruddicks
R J Ruddick
Partner
102 Tamar Street
Launceston TAS 7250

Signed

Dated at Launceston this 19th day of September 2014.

102 tamar street, po box 218, launceston, tasmania 7250
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Independent Auditor's Report

To the members of Bellamy's Australia Limited

ruddicks
CHARTERED ACCOUNTANTS

Independent Auditor's Report

To the members of Bellamy's Australia Limited

Report on the financial report

I have audited the accompanying financial report of Bellamy's Australia Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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.

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 1 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I 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 and fair presentation of the financial report 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 director, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*.

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Independent Auditor's Report cont.

To the members of Bellamy's Australia Limited

ruddicks
CHARTERED ACCOUNTANTS

Independent Auditor's Report cont.

To the members of Bellamy's Australia Limited

Auditor's Opinion

In my opinion:

a. the financial report of Bellamy's Australia 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 2014 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 financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on Remuneration Report

I have audited the remuneration report included on pages 21 to 25 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the remuneration report, based on my audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In my opinion the remuneration report of Bellamy's Australia Limited for the year ended 30 June 2014 complies with s 300A of the *Corporations Act 2001*.

Ruddicks
R J Ruddick
102 Tamar Street
Launceston TAS 7250

Dated this 19th day of September 2014

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Directors' Declaration

for the year ended 30 June 2014

The directors declare that:

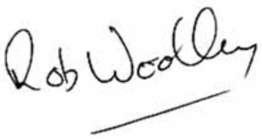
(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 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 from the chief executive officer and the chief financial officer as required by s.295A of the *Corporations Act 2001*.

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



Robert G. Woolley
DIRECTOR

Ian A. Urquhart
DIRECTOR

Dated at Launceston 18th of September 2014.

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the year 30 June 2014

	Note	2014 $000	2013 $000
Continuing operations			
Revenue	3(a)	50,927	28,842
Cost of sales		(32,507)	(18,338)
Gross Profit		18,420	10,504
Other income	3(b)	194	235
Direct costs		(9,042)	(4,903)
Employee costs	3(c)	(4,456)	(2,125)
Marketing & promotion costs		(829)	(245)
Administrative costs		(1,959)	(1,851)
Depreciation, amortisation and impairments		(270)	(97)
Earnings before net interest and tax (EBIT)		2,058	1,518
Net financing costs	3(d)	(178)	(102)
Profit before tax		1,880	1,416
Income tax (expense)/benefit	4	(614)	186
Profit for the year		1,266	1,602
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to profit and loss			
Exchange differences – translating foreign operations		(13)	–
Total comprehensive income		1,253	1,602
Earnings per share			
Basic and diluted earnings per share (cents)	6	1.9	2.8*
Diluted earnings per share (cents)		1.9	2.8*

There were no potential dilutive ordinary shares outstanding.

* Comparative results for Earnings per share have been restated to reflect the capital reconstruction approved by shareholders on 10 June 2014, whereby each ordinary share was split into 6.5224 ordinary shares.

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2014

	Note	2014 $000	2013 $000
Assets			
Current Assets			
Cash and cash equivalents	7	4,434	2,663
Trade and other receivables	8	6,443	5,719
Current tax assets	17	125	44
Inventories	9	7,737	6,486
Financial assets	10	244	129
Other assets	11	2,695	164
Total Current Assets		21,678	15,205
Non-Current Assets			
Property, plant and equipment	12	553	683
Intangible assets	13	228	–
Deferred tax assets	17	331	158
Total Non-Current Assets		1,112	841
Total Assets		22,790	16,046
Liabilities			
Current Liabilities			
Trade and other payables	14	6,514	2,602
Borrowings	15	184	3,613
Provisions	16	96	68
Total Current Liabilities		6,794	6,283
Non-Current Liabilities			
Borrowings	15	212	262
Provisions	16	47	23
Deferred tax liabilities	17	145	1
Total Non-Current Liabilities		404	286
Total Liabilities		7,198	6,569
Net Assets		15,592	9,477
Equity			
Issued capital	18	15,756	10,900
Reserves	19	(7)	–
Retained profits/(Accumulated losses)		(157)	(1,423)
Total Equity		15,592	9,477

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

as at 30 June 2014

	Issued capital $000	Foreign currency translation reserve $000	Share based payment reserve $000	Retained earnings $000	Total $000
Balance as at 1 July 2012	8,720	–	–	(3,025)	5,695
Comprehensive income					
Profit for the year	–	–	–	1,602	1,602
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	1,602	1,602
Issue of shares	2,180	–	–	–	2,180
Dividends	–	–	–	–	–
Other transfers	–	–	–	–	
Balance as at 30 June 2013	10,900	–	–	(1,423)	9,477
Balance as at 1 July 2013	10,900	–	–	(1,423)	9,477
Comprehensive income					
Profit for the year	–	–	–	1,266	1,266
Other comprehensive income	–	(13)	–	–	(13)
Total comprehensive income	–	(13)	–	1,266	1,253
Issue of shares	4,856	–	–	–	4,856
Dividends	–	–	–	–	–
Share based payments	–	–	6	–	6
Balance as at 30 June 2014	15,756	(13)	6	(157)	15,592

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2014

	Note	2014 $000	2013 $000
Cash flows from operating activities			
Cash receipts from customers		54,579	26,641
Grants received		77	–
Interest received		24	76
Dividends received		4	3
Cash payments to suppliers & employees		(53,047)	(30,124)
Interest paid		(202)	(122)
Income taxes paid		(662)	–
Net cash from operating activities	24	773	(3,526)
Cash flows from financing activities			
Proceeds share issue		4,795	2,180
Repayment of borrowings		(3,630)	(181)
Proceeds from borrowings		201	2,431
Net cash from financing activities		1,366	4,430
Cash flows from investing activities			
Proceeds sale property plant & equipment		5	22
Purchases of property, plant & equipment		(145)	(413)
Purchases of intangibles		(228)	–
Net cash used in investing activities		(368)	(391)
Net increase/(decrease) in cash and cash equivalents		1,771	513
Cash and cash equivalents at 1 July 2013		2,663	2,150
Effects of exchange rate changes		–	–
Cash and cash equivalents at 30 June 2014	7	4,434	2,663

The accompanying notes form part of these financial statements.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

1. Summary of significant accounting policies

Reporting entity

Bellamy's Australia Limited is a listed public company incorporated in Australia. The address of the principal place of business and registered office are as follows:

52-54 Tamar Street
Launceston
Tasmania 7250

The entity's principal activities are the sale and distribution of organic food and formula products for babies and toddlers.

The consolidated financial statements and notes represent those of Bellamy Australia Limited (*previously Tasmanian Pure Foods Limited*) and Controlled Entity (the "Consolidated Group" or "Group").

The separate financial statements of the parent entity, Bellamy Australia Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

Change of company name

The shareholders passed a resolution on 10 June 2014 to change the name of the company to Bellamy's Australia Limited. Previously the company's name was Tasmanian Pure Foods Limited.

Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue on 18 September 2014 by the directors of the company.

Basis of preparation

These consolidated financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The amounts presented in the financial statements have been rounded to the nearest thousand dollar.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

(a) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Bellamy's Australia Limited at the end of the reporting period. The parent entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its power over the entity. A list of controlled entities is contained in Note 23 to the financial statements.

The assets and liabilities of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period that they were controlled preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

(b) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue which is reported under the heading of net finance costs is recognised using the effective interest rate method.

Grant income is recognised as income when the grant becomes receivable.

All revenue is stated net of the amount of goods and services tax (GST).

(c) Income tax

The income tax expense for the financial reporting period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the financial year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that the net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Bellamy's and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. Bellamy's, as the head entity in the tax consolidated group and its wholly owned Australian controlled entities continues to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right. In addition to its own current and deferred tax amounts, Bellamy's also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under the tax funding agreement with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

(d) Foreign currency translation

Items included in the Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of the Group.

Transactions in foreign currencies are converted at the exchange rates in effect at the dates of each transaction. Amounts payable to or by the Group in foreign currencies have been translated into Australian currency at the exchange rates ruling on balance date. Gains and losses arising from fluctuations in exchange rates on monetary assets and liabilities are included in the income statement in the period in which the exchange rates change, except when deferred in equity as qualifying cash flow hedges.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

(f) Employee expenses and entitlements

Provision is made for employee expenses arising to the end of the reporting period. Employee expenses that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee expenses payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee expenses.

Provision has been made in the accounts for benefits accruing to employees up to balance date, such as annual leave, long service leave and bonuses. No provision is made for non-vesting sick leave as the anticipated pattern of future sick leave taken indicates that accumulated non-vesting leave will never be paid. Annual leave provisions are measured at their nominal amounts using the remuneration rates expected to apply at the time of settlement and are classified in other payables. Long service leave provisions are measured as the present value of expected future payments to be made in respect of services provided by employees up to reporting date.

Expected future payments are discounted using market yields at reporting date on national government bonds with terms to maturity that match estimated future cash outflows.

All on-costs, including superannuation, payroll tax, workers' compensation premiums and fringe benefits tax are included in the determination of provisions.

Retirement benefits costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Borrowings

Loan facilities are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual drawdown of the facility, are capitalised and amortised on a straight line basis over the term of the facility.

(i) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade receivables are generally due for settlement based upon trading terms negotiated with customers. Sales to export distributors are generally receivable before shipment. Sales to domestic customers are generally receivable approximately 45 days from invoice.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

Collectability of trade receivables are reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when there is objective evidence that the Group will not be able to collect all amounts due. The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(j) Inventories

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

(k) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(l) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation or amortisation.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5% – 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

(m) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period. Finance leased assets are depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term.

Where the risks and rewards of ownership are retained by the lessor, leased assets are classified as operating leases and are not capitalised. Rental payments are charged to the income statement on a straight line basis over the period of the lease.

(n) Intangibles

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when the project is expected to deliver future economic benefits and those benefits can be reliably measured.

Other intangibles

Trademark and website development costs are expensed as incurred due to the inherent uncertainty surrounding resultant future economic benefits and the ongoing nature of the costs.

(o) Accounts payable

These amounts represent liabilities for goods provided prior to the end of the reporting period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(q) Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

Financial assets classified at fair value through profit and loss

From time to time the group may hold listed investments for the purposes of trading, such investments are classified at fair value though profit and loss. These investments are measured at fair value with changes in carrying amount being included in profit or loss. Fair Value is determined with reference to ASX quoted bid prices.

(r) Goods and Services Tax (GST)

Revenues, expense and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of an expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 21. 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 equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, 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 such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the new share issue are shown in equity as a deduction, net of tax, from the proceeds.

(u) Critical accounting judgments and key sources of estimate uncertainty

Aside from the capitalisation of $228,000 (2013: Nil) product development costs in accordance with accounting policy note 1(n) and as set out in note 13 there were no other critical accounting judgments made during the current reporting period. Aside from the booking of plant and equipment impairments totalling $135,000 (2013:Nil) in accordance with accounting policy note 1(k) and as set out in note 12 there were no other key sources of estimate uncertainty.

(v) Comparative figures

When required by the Accounting Standards, comparative figures are adjusted to conform to changes in presentation for the current financial year.

In the event that the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

(w) Adoption of new and revised Accounting Standards

The Group adopted the following Australian Accounting Standards together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 January 2013:

- AASB 10: Consolidated Financial Statements;
- AASB 12: Disclosure of Interests in Other Entities; and
- AASB 127: Separate Financial Statements.

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities.

AASB 127 prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when preparing separate financial statements.

(x) New Accounting Standards for application in future periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods are discussed below.

- AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective. Although the adoption of AASB 9 may have an impact on financial instruments and hedging activities in place at the time, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or alter 1 January 2014).

  This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group's financial statements.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

- Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).

  Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group's financial statements.

- AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

- AASB 2013-4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013-4 makes amendments to AASB 139; Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2013-5: Amendments to Australian Accounting Standards – Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013-5 amends AASB 10: Consolidated Financial Statements to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its controlled entities meet the definition of an investment entity, this Standard is not expected to significant impact the Group's financial statements.

2. Segment reporting

Segment revenues are derived from the sale and distribution of organic branded food products to babies and toddlers within the domestic and export segments. Management reports highlighting the financial performance and financial position of both segments continue to evolve in line with business growth.

The export operations are Asian focussed and include three new wholly owned subsidiaries in Singapore, Hong Kong and Shanghai incorporated during the year.

At this stage, there are no separate reportable divisions within the domestic and export segments.

Segment revenues, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly borrowings and related expenses, corporate assets, and income tax assets and liabilities.

The CEO has identified gross revenues and EBIT as indicators of segment financial performance. Unallocated corporate expenses include non-executive director remuneration together with one off bonuses incurred during the year ended 30 June 2014.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

External revenue is measured in a manner consistent with the income statement and there are no intersegment sales. There are four customers comprising more than 10% of external revenue.

The segment financial reporting note is set out in note (a) below and is supported by a reconciliation of segment assets and liabilities to total reported assets and liabilities in note (b).

(a) Segment reporting

	Domestic		Export		Consolidated	
	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000
External revenue	43,401	21,230	7,526	7,612	50,927	28,842
Other revenue	154	219	40	64	194	283
Segment revenue	43,555	21,449	7,566	7,676	51,121	29,125
Segment EBIT	3,828	978	328	723	4,156	1,701
Unallocated corporate expenses					(2,098)	(183)
Group EBIT					2,058	1,518
Net financing costs					(178)	(102)
Profit before tax from continuing operations					1,880	1,416
Total segment assets	17,188	13,181	712	–	17,900	13,181
Total segment liabilities	6,214	2,592	300	–	6,514	2,592
Other disclosures						
Depreciation, amortisation & impairments	269	97	1	–	270	97
Depreciation and amortisation (unallocated)	–	–	–	–	–	–
Acquisition of segment assets	112	413	33	–	145	413

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

(b) Reconciliation of segment assets and liabilities

	Domestic		Export		Consolidated	
	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000
Segment assets	17,188	13,181	712	–	17,900	13,181
Unallocated						
Cash and cash equivalents					4,434	2,663
Current tax asset					125	44
Deferred tax assets					331	158
Total assets					22,790	16,046
Segment liabilities	6,214	2,592	300	–	6,514	2,592
Unallocated						
Provisions (employee benefits)					143	101
Borrowings					396	3,875
Deferred tax liabilities					145	1
Total liabilities					7,198	6,569

3. Operating profit

Operating profit includes the following items of income and expense from continuing operations.

(a) Revenue from continuing operations

	2014 $000	2013 $000
Sales	50,927	28,842

(b) Other revenue

	Note	2014 $000	2013 $000
Grants received		77	64
Dividends received	10	4	4
Fair value increment – financial assets		115	49
Exchange gains/(losses)		(38)	2
Gain/(loss) on disposal of assets		–	(19)
Other income		41	135
		194	235

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

(c) Employee benefits

	2014 $000	2013 $000
Wages, salaries, bonuses & director fees	3,009	1,356
Superannuation – defined contribution plan	152	101
Other employee related expenses	1,295	668
	4,456	2,125

(d) Net finance costs (unrelated parties)

	2014 $000	2013 $000
Interest revenue	25	35
Interest expense – financial liabilities	(203)	(137)
	(178)	(102)

(e) Other expenses from continuing operations

	Note	2014 $000	2013 $000
Impairment – property, plant & equipment	12(b)	135	–
Depreciation – property, plant & equipment	12(b)	135	97
Bad and doubtful debts – trade receivables		–	1
Operating lease rentals		164	53
Research and development costs (excluding product development costs capitalised)		24	127
Write-off obsolete stock		306	79

4. Income tax expense

(a) Amounts recognised in profit or loss:

	2014 $000	2013 $000
Current tax expense	586	4
Deferred tax expense/(benefit)	32	(142)
Under/over provision in respect of prior years	(4)	(48)
Total income tax expense/(benefit)	614	(186)

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

(b) Numerical reconciliation between tax expense and profit before tax.

	2014 $000	2013 $000
Profit before tax from continuing operations	1,880	1,416
Prima facie tax payable at 30% (2013:30%)	564	425
Non deductible expenditure	36	17
Under/over provision in respect of prior years	(4)	(48)
Effect of different overseas tax rates	56	–
R&D benefits	(38)	–
Losses not previously recognised	–	(593)
Deferred tax derecognised	–	13
Total income tax expense/(benefit)	614	(186)
Weighted average effective tax rates	33%	(14%)

5. Auditor's remuneration

	2014 Whole Dollars	2013 Whole Dollars
Auditor of the parent entity		
Audit of the financial statements	50,000	25,000
Other audit, tax and compliance related services	10,485	4,495
Additional services in relation to the capital raising	19,500	–
Total paid to R J Ruddick and Ruddicks	79,985	29,495

6. Earnings per share

	2014 cents	2013 cents
Basic & diluted (a), (b)	1.9	2.8

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of $1,226,000 (2013: $1,602,000) and the weighted average number of shares outstanding of 65,137,378 (*2013: 57,075,716 adjusted*)

The comparative weighted average number of shares outstanding and the resultant earnings per share results have been restated to reflect the capital reconstruction approved by shareholders on 10 June 2014, whereby each ordinary share was split into 6.5224 ordinary shares. (Refer note 18: Share Capital)

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

(b) Diluted earnings per share

Basic earnings per share equals diluted earnings per share as there are no potential dilutive ordinary shares outstanding.

7. Cash and cash equivalents

	2014 $000	2013 $000
Cash at bank	4,434	2,663

8. Trade and other receivables

	2014 $000	2013 $000
Current		
Trade debtors (a)	6,151	5,504
Provision for doubtful debts	–	–
Other debtors	292	215
	6,443	5,719

(a) Trade debtors – credit risk

The average number of days outstanding for trade debtors is approximately 45 days. Interest is not charged on overdue balances. Less than 5% of the balance is past the due date with all balances considered to be recoverable; hence a provision for doubtful debts is not required. The top 5 debtors comprise major Australian retail outlets and represent 63% of the total balance.

9. Inventories

	2014 $000	2013 $000
Current		
Raw materials & stores at cost	1,109	503
Finished goods at cost	6,628	5,983
	7,737	6,486

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

10. Financial assets

	2014 $000	2013 $000
Current		
Shares in an Australian listed entity at fair value through profit and loss	244	129
	244	129

The shares are held for trading and changes in fair value are included in the statement of comprehensive income under the heading of other income. The fair value increment was $115,000 (2013: $49,000).

11. Other assets

	2014 $000	2013 $000
Current		
Prepayments	2,695	164
	2,695	164

12. Property, plant and equipment

(a) Carrying amounts

	2014 $000	2013 $000
Plant and Equipment		
At cost	1,321	1,191
Accumulated depreciation	(350)	(256)
Accumulated impairment losses	(468)	(333)
	503	602
Leasehold Improvements.		
At cost	129	119
Accumulated depreciation	(79)	(38)
	50	81
Total Property Plant & Equipment	553	683

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

(b) Reconciliation of carrying amount

	Plant & equipment $000	Leasehold improvements $000	Total $000
Balance as at 1 July 2012	329	80	409
Additions	382	31	413
Disposals	(42)	–	(42)
Depreciation expense	(67)	(30)	(97)
Impairments[i]	–	–	–
Balance as at 30 June 2013	602	81	683
Balance as at 1 July 2013	602	81	683
Additions	135	10	145
Disposals	(5)	–	(5)
Depreciation expense	(94)	(41)	(135)
Impairments[i]	(135)	–	(135)
Balance as at 30 June 2014	503	50	553

(i) Impairment losses

During the year the Group carried out a review of the recoverable amount of plant and equipment where there was an indication of impairment. A previously impaired asset (Drum Dryer) was further impaired based on recent market prices of assets of similar age and condition. The Group determined that the recent market prices adjusted for disposal costs reflected the asset's fair value and the value in use. A further impairment loss of $135,000 was recorded for the year ended 30 June 2014.

(ii) Assets pledged as security

Plant and equipment pledged as security for Asset Purchase Liabilities has a written down value of $110,000 (2013: 75,000). Refer note 15: Borrowings.

13. Intangible assets

	2014 $000	2013 $000
Product development costs		
Costs	228	–
Accumulated amortisation	–	–
	228	–

Product Development Costs relate to new products to be marketed during the year ending 30 June 2015. The costs will be amortised over periods ranging from 2-5 years.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

14. Trade and other payables

	2014 $000	2013 $000
Current:		
Unsecured:		
Trade payables	4,505	1,993
Sundry payables and accrued expenses	2,009	609
Related party payables	–	–
	6,514	2,602

15. Borrowings

	2014 $000	2013 $000
Current:		
Unsecured borrowings:		
Insurance funding	87	–
Secured liabilities		
Asset purchase liabilities[(a)]	97	80
Debtor finance facility[(b)]	–	1,511
Bank accepted letter of credit[(c)]	–	2,022
Total current borrowings	184	3,613
Non-Current		
Secured liabilities		
Asset purchase liabilities[(a)]	212	262
Total non-current borrowings	212	262
Total borrowings	396	3,875

Additional information on finance facilities available

(a) The asset purchase liabilities are secured by underlying assets carried at $110,000 (2013:$75,000).

(b) As at 30 June 2014, the debtor finance facility limit was $2,000,000 (2013: $2,000,000), of which $2,000,000 (2013: $489,000) was undrawn. The debtor finance facility is secured by agreed trade receivables balances with a net finance security ratio of 60%. The debtor finance facility has been cancelled post 30 June 2014.

(c) Bank accepted letter of credits are provided from time to time in relation to export sale orders and are secured by the underlying receivable balance.

(d) The company also has a bank overdraft facility of $200,000 (2013: $200,000) of which $200,000 (2013: $200,000) was undrawn.

(e) All financing facilities are also secured by a General Securities Deed.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

16. Provisions

	2014 $000	2013 $000
Current		
Employee entitlements	96	68
Non-Current		
Employee entitlements	47	23
Total provisions	143	91

17. Tax

(a) Current asset/(liability)

	2014 $000	2013 $000
Current tax asset	125	44
Income tax payable	–	–

(b) Deferred tax balances recognised

	2014 $000	2013 $000
Temporary differences relating to income	(3)	(1)
Temporary differences relating to spending	210	31
Inventories	9	127
Other current assets	(30)	–
Financial assets	(43)	(9)
Plant and equipment	8	(20)
Intangibles	(69)	–
Employee entitlements	41	27
Foreign exchange losses	14	–
Capital raising costs (equity)	49	–
Net deferred tax balances recognised	186	157
Represented by		
Deferred tax assets	331	158
Deferred tax liabilities	(145)	(1)
	186	157

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

(c) Movement in recognised deferred tax balances

	2014 $000	2013 $000
Opening balance	157	28
Recognised in income	(32)	129
Recognised in equity *(capital raising costs)*	61	–
	186	157

(d) Deferred tax assets not recognised

	2014 $000	2013 $000
Australian Tax Consolidated Group		
Tax losses: capital	201	201
Temporary differences: revenue	–	100

The potential benefits of deferred tax assets not recognised will only be realised if the conditions set out in note 1(c) are satisfied.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

18. Share capital

(a) Fully paid ordinary shares

	2014 $000	2013 $000
70,000,392 (2013: 9,965,716)	15,756	10,900

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

Movements in fully paid ordinary shares	Number of shares '000.	Share capital $000
Balance 1 July 2012	8,720	8,720
21 June 2013 – rights issue(i)	1,246	2,180
Balance 30 June 2013	9,966	10,900
10 June 2014 – share split(ii)	55,034	–
20 June 2014 – institutional placement(iii)	5,000	4,856
	70,000	15,756

(i) On 21 June 2013 the company completed a 1:7 rights issue. The issue was fully subscribed and share capital increased by $2,180,000 and 1,246,000 shares were issued.

(ii) On 10 June 2014, shareholders approved a 6.5224:1 share split which increased the number of shares on issue by 55,034,000.

(iii) On 20 June 2014, the company completed a placement of 5,000,000 shares to various institutions at the issue price of $1.00. The institutional placement costs were $145,500 net of tax and the net increase in share capital was $4,856,500.

(b) Share options granted under the Company's employee share option plan

As at 30 June 2014, the managing director and other senior management held, as part of their remuneration, conditional vesting options over 2,200,000 (2013: nil) ordinary shares of the Company comprising the Initial Grant made on 26 June 2014, under the Employee Share Option Plan (ESOP).

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 the company or of any other related body corporate.

The options carry not rights to dividends and no voting rights.

There have been no further options granted since the Initial Grant.

Refer also to note 21: Share Based Payments – Employee Option Plan.

(c) Dividends

No dividends were declared or paid during year or since the end of financial reporting period. No dividends were paid during the previous financial year.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

(d) Dividend franking account

As at 30 June 2014, the level of 30% franking credits available to shareholders on a tax paid basis was $586,000 (2013: $nil). The credits available are based on the balance of the dividend franking account in the prior year tax return adjusted in relation to the current income tax liabilities for the year ended 30 June 2014. The ability to utilise franking credits is dependent upon the ability to declare dividends.

(e) Capital Management

Management and the board of directors monitor the capital of the group in order to maintain a prudent debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can effectively fund the operations in line with business growth objectives.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. At balance date there were no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's risk and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Due to the business being in the early stages of its maturity cycle, management consider it prudent to maintain a low debt to equity ratio.

The debt to equity ratio as at the end of the reporting period is as follows:

	2014 $000	2013 $000
Total borrowings	396	3,875
Less cash and cash equivalents	(4,434)	(2,663)
Net debt/(cash)	(4,038)	1,212
Total equity	15,592	9,477
Total capital (net debt + equity)	11,554	10,689
Debt to equity ratio	–%	11.3%

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

19. Reserves (net of income tax)

	2014 $000	2013 $000
Foreign currency translation	(13)	–
Equity-settled employee benefits	6	–
	(7)	–
Foreign currency translation reserve		
Balance at the beginning of the year	–	–
Exchange differences arising on translating net assets of foreign operations	(13)	–
Income tax effect	–	–
Balance at the end of the year	(13)	–

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations are recognised directly in other comprehensive income and are accumulated in the foreign currency translation reserve.

Equity-settled employee benefits reserve

	2014 $000	2013 $000
Balance at the beginning of the year	–	–
Arising on share based payments	6	–
Income tax effect	–	–
Balance at the end of the year	6	

The reserve relates to share options granted by the Company to its employees under its Employee Share Option Plan. Further details are provided in note 21: Share Based Payments.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

20. Financial risk management

(a) Financial risk management policies

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to subsidiaries. As at 30 June 2014, the group does not have any derivative financial instruments (2013: Nil).

(b) Financial risk exposures

The group is exposed to liquidity and credit risks with limited exposure to interest rate, foreign exchange and equity price risk.

Liquidity risk is managed by monitoring forecast cash flows ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk arises from exposure to customers and deposits with financial institutions. Management monitors credit risk by actively assessing and rating quality and liquidity of counter parties.

Due to low debt to equity ratios the group has limited exposure to interest rate risk. As at 30 June 2014, the total borrowings were $396,000 under fixed interest borrowing arrangements. The Group is also exposed to interest rate risk on cash balances held, largely as a result of a $5,000,000 capital placement completed in June 2014 as part of an overall capital raising plan to fund future business growth and the resultant working capital requirements, in both domestic and Asian markets. As at 30 June 2015, the Group's interest bearing cash position was $3,497,000. A 1% movement in interest rates would impact profit before tax by $35,000 (2013:$26,000), however looking forward the impact would be higher given that on 5 August 2014, the Company was admitted to the ASX Official List on the back of a $25,000,000 capital raising.

Foreign exchange risk is also limited as trading to date has been conducted primarily in Australian dollars, However as the business expands into Asia the exposure to foreign exchange risk may increase.

The Group has equity price risk as a result of its listed equity investment holdings valued at fair value through profit and loss $244,000 (2013: 129,000). Fair value of listed equity investments is determined with reference to quoted ASX bid prices. A 10% movement in equity prices would impact the carrying value of the listed investments and profit before tax by $24,000 (2013: $13,000).

(c) Categories of financial instruments

Other than equity investments classified at fair value through profit and loss classified under the heading of current financial assets, all the nature and categories of all other financial instruments are apparent from the face of the Statement of Financial Position.

(d) Carrying value of financial assets and financial liabilities

Refer note 15: Borrowings.

(e) Access to financing facilities

The carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements are considered to approximate their fair values.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

(f) Financial instrument composition and maturity analysis

Consolidated Group 2014	Weighted Average Interest Rate %	Floating Interest Rate $000	Fixed Interest Rate Mature within 1 Year $000	Fixed Interest Rate Mature later than 1 Year $000	Non interest bearing $000	Total 2014 $000
Financial assets						
Cash and cash equivalents	2.3%	3,497	–	–	937	4,434
Receivables		–	–	–	6,443	6,443
Current tax asset		–	–	–	125	125
Total financial assets		3,497	–	–	7,505	11,002
Financial Liabilities						
Trade payables		–	–	–	(6,514)	(6,514)
Borrowings	6.4%	–	(184)	(212)	–	(396)
Total financial liabilities		–	(184)	(212)	(6,514)	(6,910)
Net financial assets		3,497	(184)	(212)	991	4,092

Consolidated Group 2013	Weighted Average Interest Rate %	Floating Interest Rate $000	Fixed Interest Rate Mature within 1 Year $000	Fixed Interest Rate Mature later than 1 Year $000	Non interest bearing $000	Total 2013 $000
Financial assets						
Cash and cash equivalents	1.8%	2,618	–	–	45	2,663
Receivables		–	–	–	5,719	5,719
Current tax asset		–	–	–	44	44
Total financial assets		2,618	–	–	5,808	8,426
Financial Liabilities						
Trade payables		–	–	–	(2,602)	(2,602)
Debtor finance facility	7.4%	(1,511)	–	–	–	(1,511)
Bank accepted letter of credit	7.0%	–	(2,022)	–	–	(2,022)
Asset purchase facility	6.4%	–	(80)	(262)	–	(342)
Total financial liabilities		(1,511)	(2,102)	(262)	(2,602)	(6,477)
Net financial assets		1,107	(2,102)	(262)	3,206	1,949

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

21. Share based payments – employee share option plan (ESOP)

(a) Initial Grant – 2,200,000 options – 26 June 2014

The managing director and other senior management held, as part of their remuneration, conditional vesting options over 2,200,000 (2013: nil) ordinary shares of the Company comprising the Initial Grant which was made on 26 June 2014, under the Employee Share Option Plan (ESOP).

The exercise price for these options is $1.00, however the options can only be exercised if the Group achieves its FY2015 Pro Forma forecast NPAT of $5.0 million as confirmed by the FY2015 financial results released to the ASX and that the holder remains an eligible employee of the Group until the FY2015 results are released. These options expire two years subsequent to vesting, which should be no later than 31 August 2017.

There have been no further options granted since the Initial Grant.

(b) Other movements

During the current financial year and the previous financial year there were no options exercised, expiring or forfeited. As at 30 June 2014, there were no options exercisable.

(c) Fair value of options granted during the year

The fair value of the options granted during the year) was $0.29. There were no options granted in the previous financial year. The options granted were priced using a binomial option pricing model with the following key inputs:

(i) Weighted average share price: $1.00

(ii) Exercise price: $1.00

(iii) Expected term to maturity: 3.25 years

(iv) Risk free interest rate: 3.5%

(v) Early exercise assumptions – not applicable given conditional vesting terms.

(vi) Number of time steps: 1,000

(vii) Volatility: 32%.

As Bellamy's listed on the ASX on 5 August 2014, volatility was calculated by reference to the volatility of publicly listed companies that are comparable to Bellamy's. The volatility was calculated as the average volatility of the comparable companies over a four year period up to the grant date of the options.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

22. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Balances and transactions between the Company and its controlled entities, 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 between related parties are executed on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

(a) Key management personnel compensation

The key management personnel compensation included in 'employee costs ' (see note 3(c)) is as follows:

	2014 $	2013 $
	(whole dollars)	
Short term benefits	1,512,000	335,000
Post employment benefits	19,000	14,000
Other long term benefits	19,000	–
Share based payments	3,000	–
	1,553,000	349,000

(b) Individual Directors and executive compensation disclosures

Information regarding individual Directors and executives compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 is provided in the remuneration report section of the Directors' Report.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company or Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

There were no loans outstanding at reporting date between the Company and the Group and key management personnel.

(c) Other key management personnel transactions with the company or its controlled entities

From time to time, key management personnel of the Company or its controlled entities, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

(d) Shareholdings

The number of ordinary shares held in Bellamy's Australia Limited as at the date of this report and as at the end of the reporting period, by each key management person, including their related parties, are as follows:

Directors	Balance held at the date of this report	Balance held 30 June 2014[ii]	Balance held 1 July 2013
R Woolley	3,080,438	3,080,438	490,286
I Urquhart	3,727,089	3,727,089	571,249
M Wadley[i]	–	–	NA
L McBain[i]	1,565,376	1,565,376	240,000

(i) Appointed 19 June 2014. Prior to that L McBain was a key management person.

(ii) The increase in the number of shares held during the year ended 30 June 2014 includes the impact of the capital reconstruction approved by shareholders on 10 June 2014, whereby each ordinary share was split into 6.5224 ordinary shares.

(iii) The movement in shares held after 30 June 2014, form part of the Existing Shares to be Sold under the Offer set out the Initial Public Offer Prospectus dated 4 July 2014. The Offer included the issue of 25,000,000 new shares at $1.00 each and to facilitate the sale of 10,875,380 Existing Shares at a price of $1.00 each, prior to the admission of Bellamy's Australia Limited to the ASX Official List.

(e) Options over ordinary shares

The number of options over Bellamy's Australia Limited ordinary shares held as at the date of this report and as at the end of the reporting period, by each key management person, including their related parties are set out below.

L McBain (Managing Director) held 953,333 options all of which were granted as compensation during the year. None of the options held have vested and none of the options held are exercisable.

23. Subsidiaries

Name	Principal activity	Place of incorporation and operation	Ownership % 2014	Ownership % 2013
Bellamy's Organic Australia Pty Ltd	(a)	Australia	100	100
TPF Properties Pty Ltd[c]	(b)	Australia	(c)	100
Bellamy's Kitchen Pty Ltd	(b)	Australia	100	100
Yum Mum Pty Ltd	(b)	Australia	100	100
Bellamy's Organic (Hong Kong) Company Ltd	(a)	Hong Kong	100	(d)
Bellamy's Organic (South East Asia) Pte Ltd	(a)	Singapore(d)	100	(d)
Bellamy's Food Trading (Shanghai) Co Ltd	(a)	China (d)	100	(d)

(a) Sale and distribution of organic food and formula products for babies and toddlers.

(b) Non-operating.

(c) In June 2014, TPF Properties Pty Ltd was sold for a nominal sum of $1. At the time of sale the company was dormant and had net assets amounting to $0.

(d) These entities were incorporated during the year and currently their respective financial reporting periods are not synchronised with the parent entity. The auditors of these entities are not related to the auditor of the parent entity.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

24. Additional cash flow information

	2014 $000	2013 $000
Reconciliation of profit for the year to net cash from operating activities		
Profit after tax	1,266	1,602
Adjust for non- cash items		
Depreciation	135	97
Impairment – plant and equipment	135	–
Loss on sale – plant and equipment	–	19
Financial assets – fair value through profit or loss	(115)	(49)
Share based payments	6	–
Movements in working capital		
(Increase)/decrease in trade receivables	(737)	(3,994)
(Increase)/decrease in inventories	(1,251)	(3,287)
(Increase)/decrease in other assets	(2,531)	(98)
(Increase)/decrease in net tax assets	(49)	(142)
(Decrease)/increase in trade payables	3,862	2,273
(Decrease)/increase in provisions	52	53
Net cash from operating activities	773	(3,526)

During the year there were no reportable non cash financing and non cash investing activities.

25. Operating lease arrangements

	2014 $000	2013 $000
Non-cancellable operating lease commitments		
Not later than 1 year	165	53
Later than one year and not later than 5 years	165	53
Later than 5 years	–	–
	330	106

Operating lease commitments primarily relate to office leasing arrangements.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

26. Commitments for expenditure

	2014 $000	2013 $000
Plant and equipment	–	–
Intangibles	–	–
	–	–

27. Contingent Liabilities and Contingent Assets

As at the date of this report the Group is not aware of any reportable contingent liabilities or contingent assets.

28. Events subsequent to balance date

Bellamy's Australia Limited (ASX:BAL) was admitted to the ASX official list effective 5 August 2014, following the issue of 25,000,000 ordinary shares at $1.00 each pursuant to a Prospectus and Initial Public Offer document dated 4 July 2014. The net proceeds from the share issue was approximately $23.7m after taking into account capital raising costs of approximately $1.3m (net of tax). The number of ordinary shares on issue is now 95,000,392.

In response to the needs of the business growth plans, on 11 August 2014 Bellamy's Australia Limited announced the appointment of a Shona Ollington as Chief Financial Officer (CFO), allowing Brian Green the outgoing CFO to focus on the role of Company Secretary whilst also providing ongoing support to the finance and accounting team.

No other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

29. Parent entity supplementary information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2014 $000	2013 $000
Statement Of Financial Position		
Assets		
Current Assets	12,503	10,700
Non-Current Assets	65	5
Total Assets	12,568	10,705
Liabilities		
Current Liabilities	594	18
Non-Current Liabilities	33	–
Total Liabilities	627	18
Net Assets	11,941	10,687
Equity		
Issued Capital	15,756	10,900
Reserves	(7)	–
Retained Earnings	(3,808)	213
Total Equity	11,941	10,687
Statement of Profit or Loss and Other Comprehensive Income		
Profit/(loss) for the year	(3,608)	(166)
Total comprehensive income	(3,608)	(166)
Guarantees	–	–
Contingent liabilities	–	–
Contractual commitments	–	–

Notes to and Forming Part of the Financial Statements cont.

for the year ended 30 June 2014

30. Changes made to the Preliminary Final Report – Appendix 4E

On August 29 2014, Belllamy's Australia Limited lodged its first Preliminary Final Report (Appendix 4E) with the ASX. In preparing the statutory financial statements, some of the disclosures made in the Appendix 4E have been reclassified or restated. It is important to note that the changes have not affected the profit, other comprehensive income, operating cash flows or net assets as previously reported in the Appendix 4E. The changes are summarised below:

(a) Current tax assets are now shown separately on the face of the Statement of Financial Position as a reclassification from Trade and Other Receivables

(b) Net interest expense shown of the face of the Statement of Profit or Loss and Other Comprehensive Income has been re-labelled Net financing costs.

(c) Cash receipts from customers and cash payments to suppliers and employees as shown in the Statement of Cashflows have been grossed up to correctly include GST collections and remittances.

Additional securities exchange information (unaudited)

for the year ended 30 June 2014

Bellamy's Australia Limited and controlled entities

The following additional information is provided in accordance with the ASX Listing Rules as at 29 August 2014.

Number of holders of equity securities

Ordinary share capital

95,000,392 shares are held by 1,478 shareholders. At a general meeting, every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, on a poll, one vote for each fully paid share held.

Unlisted options over ordinary share capital

2,200,000 options are held by 6 individual option holders. The options were granted pursuant to the Employee Share Option Plan (ESOP). The options do not carry any voting rights.

Restricted securities

There are 17,567,222 fully paid ordinary shares in the Company that are subject to voluntary escrow for the period commencing from the date of quotation of the company's shares on the ASX (5 August 2014), and ending on the date three days after the audited Company accounts for the financial year ending 30 June 2015 have been released to the ASX. On August 5 2014, an initial substantial shareholder notice was lodged with the ASX in respect of these fully paid ordinary shares which represent 18.49% of voting power. None of the beneficial holders of these shares under escrow are substantial shareholders in their own right.

Distribution of holders of equity securities

Number of equity securities held	Ordinary shares		
	No. of holders	No. of shares	% of shares
1 – 1,000	185	128,303	0.14%
1,001 – 5,000	491	1,644,225	1.73%
5,001 – 10,000	338	3,053,478	3.21%
10,001 – 100,000	425	12,994,212	13.68%
100,001 and over	39	77,180,174	81.24%
Total	1,478	95,000,392	100.00%

Additional securities exchange information (unaudited) cont.

for the year ended 30 June 2014

Substantial shareholders

Name	Number of ordinary shares	% of voting power advised
Bellamy’s Australia Ltd (restricted securities – refer above)	17,567,622	18.49%
The Black Prince Private Foundation	14,000,000	14.74%
Ellerston Capital Limited and its associates	9,000,000	9.47%
Quality Life Pty Ltd (Bruce Neil Family A/C)	8,186,278	8.62%
AMP Limited and its related bodies corporate	6,207,081	6.53%

Twenty largest shareholders

Rank	Name	Number of ordinary shares held	% of capital held
1	Black Prince Private Foundation	14,000,000	14.74%
2	National Nominees Limited	9,021,207	9.50%
3	Quality Life Pty Ltd <Bruce Neill Family A/C>	8,186,278	8.62%
4	J P Morgan Nominees Australia Limited	6,639,152	6.99%
5	RBC Investor Services Australia Nominees Pty Limited <Bkcust A/C>	6,524,838	6.87%
6	UBS Nominees Pty Ltd	4,400,000	4.63%
7	HSBC Custody Nominees (Australia) Limited	3,972,766	4.18%
8	HSBC Custody Nominees (Australia) Limited-Gsi Eda	3,650,000	3.84%
9	BNP Paribas Noms Pty Ltd <DRP>	3,553,325	3.74%
10	Krisami Investments Pty Ltd	2,500,000	2.63%
11	HSBC Custody Nominees (Australia) Limited – A/C 2	1,566,199	1.65%
12	Vermilion 21 Pty Ltd <The McNelhaus Superannuation Fund A/C>	1,565,376	1.65%
13	Mrkat Pty Ltd <RG & LM Woolley Super Fund A/C>	1,335,739	1.41%
14	Suetone Pty Ltd <The A K Shadforth Family A/C>	1,304,480	1.37%
15	Robert Thomas Wilson <RT & JA Wilson Family A/C>	1,155,397	1.22%
16	Buduva Pty Limited <Baskerville Superannuation Fund A/C>	1,000,000	1.05%
17	AMP Life Limited	625,258	0.66%
18	Mr Ralf Thomas Rodl	600,000	0.63%
19	Citicorp Nominees Pty Limited	533,789	0.56%
20	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	502,946	0.53%
	Top 20 holders of ordinary fully paid shares	72,636,750	76.46%
	Total remaining holders balance	22,363,642	23.54%
	TOTAL	95,000,392	100.00%

Corporate Directory

Offices and Officers

Principal registered office & Principal administration office

Bellamy's Australia Limited
52-54 Tamar Street
Launceston TAS 7250

Telephone:	(03) 6332 9200
Facsimile:	(03) 6331 1583
Internet:	bellamysaustralia.com.au

Company secretary

Mr Brian Green

Location of share registry

Link Market Services Limited
Level 1, 333 Collins Street
Melbourne VIC 3000

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