



(ACN 108 958 274)

Allied Brands Limited
Suite 303, Level 3, The Wave Bldg
89 -91 Surf Parade
Broadbeach, QLD, 4001

Ph 07 5588 0800
Fx 07 55 880 811
www.alliedbrands.com.au

For immediate release to the Market

ALLIED BRANDS Limited

ASX Code ABQ

31 August 2009

APPENDIX 4E PRELIMINARY FINAL REPORT

Please find attached Appendix 4E Preliminary Final Report for the Financial Year ended 30 June 2009 .

For further information please contact Mr Shane Radbone CEO on (07) 5588 0800.

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ALLIED BRANDS LIMITED (ASX: ABQ)

31-Aug-09

HIGHLIGHTS

	Year to 30 June 2009			Year to 30 June 2008	Movement \$	Movement %
Revenue from Activities	53,885,316			39,662,899	14,222,417	36%
	Net Profit before tax	Tax	Net Profit after tax	Net Profit after tax	Movement \$	Movement %
Adjusted Profit	5,444,804	25.5%	4,056,379	5,705,343	-1,648,964	-29%
One off significant items	1,492,000			-		
Actual	3,952,804	25.5%	2,944,327	5,705,343	-2,761,016	-48%

	Year to 30 June 2009	Year to 30 June 2008
Basic earnings (loss) per share attributable to ordinary equity holders before one off significant items	\$0.039	\$0.061
Basic earnings (loss) per share attributable to ordinary equity holders	\$0.028	\$0.061
Diluted earnings (loss) per share attributable to ordinary equity holders before one off significant items	\$0.031	\$0.059
Diluted earnings (loss) per share attributable to ordinary equity holders	\$0.023	\$0.059

ALLIED BRANDS LIMITED AND ITS CONTROLLED ENTITIES
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CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	30 June 2009 \$	30 June 2008 \$
Revenue		53,885,316	39,662,899
Other income	3	269,672	1,130,914
Raw materials and consumables purchased		(22,752,783)	(15,308,635)
Changes in inventories of finished goods		435,582	492,205
Royalties paid		(211,003)	(179,737)
Administration expenses		(4,028,359)	(3,082,981)
Employee expenses		(7,515,330)	(6,112,529)
Bad and doubtful debts		(390,497)	(649,692)
Occupancy		(7,365,490)	(5,169,247)
Depreciation & amortisation		(1,196,331)	(957,457)
Store development costs		(3,508,478)	(1,358,948)
Impairment		-	(31,950)
One off significant items	3	(1,492,000)	-
Other operating expenses		(32,836)	(16,119)
Operating profit before financing costs		6,097,463	8,418,723
Financial income		67,250	67,065
Financial expenses		(2,211,909)	(1,175,663)
Net financing income (expenses)		(2,144,659)	(1,108,598)
Profit before tax		3,952,804	7,310,125
Income tax expenses		(1,008,477)	(1,604,782)
Profit for the period		2,944,327	5,705,343
Basic earnings (loss) per share attributable to ordinary equity holders before one off significant items	5	\$0.039	\$0.061
Basic earnings (loss) per share attributable to ordinary equity holders	5	\$0.028	\$0.061
Diluted earnings (loss) per share attributable to ordinary equity holders before one off significant items	5	\$0.031	\$0.059
Diluted earnings (loss) per share attributable to ordinary equity holders	5	\$0.023	\$0.059

The consolidated income statement is to be read in conjunction with the notes to the interim financial statements.

ALLIED BRANDS LIMITED AND ITS CONTROLLED ENTITIES
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CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009

	Note	30 June 2009 \$	30 June 2008 \$
Current assets			
Cash and cash equivalents		3,366,313	4,156,816
Trade and other receivables	6	17,586,489	8,309,828
Inventories		4,080,675	3,448,464
Other current assets		700,485	361,321
Assets held for sale	7	4,087,371	486,732
Total current assets		29,821,333	16,763,161
Non-current assets			
Trade and other receivables	6	4,657,925	3,416,994
Deferred tax asset		-	817,525
Intangible assets		29,681,187	21,106,967
Property, plant and equipment		5,601,364	5,646,127
Total non-current assets		39,940,476	30,987,613
Total assets		69,761,809	47,750,774
Current liabilities			
Trade and other payables		9,055,429	6,463,371
Interest bearing loans & borrowings		4,911,707	4,405,820
Employee benefits		554,133	421,853
Current tax liabilities		411,645	1,138,307
Unearned income		27,000	217,335
Total current liabilities		14,959,914	12,646,686
Non-current liabilities			
Interest bearing loans & borrowings		10,743,219	5,843,539
Convertible notes		7,615,000	7,863,750
Employee benefits		75,419	71,840
Deferred tax liabilities		845,893	-
Unearned income		206,072	312,039
Total non-current liabilities		19,485,603	14,091,168
Total liabilities		34,445,517	26,737,854
NET ASSETS		35,316,292	21,012,920
Equity			
Issued capital		30,794,809	18,496,471
Reserves		76,532	76,532
Accumulated profit (losses)		4,444,951	2,439,917
TOTAL EQUITY		35,316,292	21,012,920

The consolidated balance sheet is to be read in conjunction with the notes to the interim financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Share capital	Retained earnings	Reserves	Total
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2008	18,496,471	2,439,917	76,532	21,012,920
Total recognised income and expense	-	2,944,327	-	2,944,327
Shares issued	12,298,338	-	-	12,298,338
Dividends paid		(939,293)		(939,293)
Balance at 30 June 2009	30,794,809	4,444,951	76,532	35,316,292
Balance at 1 July 2007	10,430,513	(3,265,426)	76,532	7,241,619
Total recognised income and expense	-	5,705,343	-	5,705,343
Shares issued	9,041,933	-	-	9,041,933
Transaction costs	(975,975)	-	-	(975,975)
Balance at 30 June 2008	18,496,471	2,439,917	76,532	21,012,920

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	30 June 2009 \$	30 June 2008 \$
Cash flows from operating activities			
Cash receipts from customers		46,467,862	33,196,909
Cash paid to suppliers and employees		(43,310,817)	(29,580,064)
Cash generated from operations		3,157,045	3,616,845
Interest paid		(2,155,719)	(1,137,442)
Income taxes paid		(71,721)	(802,468)
Interest received		67,250	50,811
Net cash from operating activities		996,855	1,727,746
Cash flows from investing activities			
Acquisition of capital work in progress and PP&E		(4,949,420)	(3,684,427)
Net cash paid on acquisition of subsidiary	9	(607,940)	(8,438,421)
Additional acquisition costs paid for purchase of subsidiary		(634,930)	(422,455)
Loans to related parties and franchisees		(963,362)	(1,413,487)
Payment of development costs		(339,164)	(365,275)
Payments for intangible assets		(121,614)	(29,545)
Net cash from investing activities		(7,616,430)	(14,353,610)
Cash flows from financing activities			
Proceeds from the issue of share capital		4,486,573	1,798,535
Dividends paid		(939,293)	
Payment of finance lease liabilities		(1,325,457)	(212,373)
Proceeds from borrowings		7,040,083	12,411,653
Repayment of borrowings		(4,074,819)	(5,906,851)
Proceeds from convertible notes issue		-	7,863,750
Repayment of convertible notes		-	
Net cash from financing activities		5,187,088	15,954,714
Net increase/(decrease) in cash and cash equivalents		(1,432,487)	3,328,850
Cash and cash equivalents at the beginning of period		4,156,816	827,966
Cash and cash equivalents net of overdrafts at the end of period	8	2,724,329	4,156,816

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

ALLIED BRANDS LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES

Allied Brands Limited (the "Company") is a company domiciled in Australia. This preliminary consolidated financial report of the Company for the year ended 30 June 2009 comprises the Company and its subsidiaries (together referred to as the "consolidated entity"). This preliminary consolidated financial report was authorised for issue by the directors on 31 August 2009.

(a) Basis of Preparation

This preliminary final report has been prepared in accordance with the listing rules, the Corporations Act 2001, and AASB 134 *Interim Financial Reporting*.

This preliminary report does not include all notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Allied Brands Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Reporting Basis and Conventions

The principal accounting policies adopted in the preparation of the preliminary final report are consistent with the most recent Annual Financial Report for the year ended 30 June 2008. Adoption of new or amended standards mandatory for the periods beginning on or after 1 July 2008 has not resulted in any changes to accounting policy.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current period financial amounts and other disclosures.

Audit

This preliminary final report is based on accounts which are in the process of being audited.

There are no likely disputes or qualifications foreseeable.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2. SEGMENT REPORTING

Segment information is presented in the consolidated financial statements in respect of the consolidated entity's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the consolidated entity's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Business Segments

The consolidated entity comprises the following main business segments:

Food - the sale of ice-cream, cookie-related products and dry goods to franchisees, receipt of royalties and construction of new stores, manufacture and sale of coffee, general provision of meals and rental income earned on baking ovens. This newly defined segment combines what was previously disclosed as 'ice-cream' and 'store sales'.

Non Food - the receipt of royalties and rental income in respect of furniture, fixtures, homewares and equipment from franchisees and other parties, and the sale of franchised areas for the sale and servicing of water coolers, televisions and water filters. This newly defined segment consists of the operations of subsidiaries acquired during the current period.

Geographical segments

The company operates predominately in one geographical segment - Australia. Some revenue is derived in New Zealand however the amounts do not represent a material percentage of revenue.

	Food		Non-Food		Consolidated	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
Segment revenue	22,736,397	16,630,630	31,148,919	23,032,629	53,885,316	39,662,899
Other income	259,814	699,064	9,858	431,850	269,672	1,130,914
	<u>22,996,211</u>	<u>17,329,694</u>	<u>31,158,777</u>	<u>23,464,479</u>	<u>54,154,988</u>	<u>40,793,813</u>
Segment result	<u>4,156,877</u>	<u>2,084,597</u>	<u>1,940,586</u>	<u>6,334,126</u>	<u>6,097,463</u>	<u>8,418,723</u>
Finance costs					- 2,144,659	- 1,108,598
Unallocated income less unallocated expenses					<u>-</u>	<u>-</u>
Operating profit					3,952,804	7,310,125
Income tax expense					<u>(1,008,477)</u>	<u>(1,604,782)</u>
Profit (loss) for the period					<u>2,944,327</u>	<u>5,705,343</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

3. PROFIT FROM ORDINARY ACTIVITIES

	30 June 2009	30 June 2008
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
<i>Other Income</i>		
Assets acquired for no consideration (i)	-	652,832
Write back of onerous contract provision	-	304,401
Profit from short term currency hedge	247,379	-
Other non operating income	22,293	173,681
	<u>269,672</u>	<u>1,130,914</u>

(i) Assets acquired for no consideration include the new warehouse at Mt-Kuringai NSW which houses the manufacturing and distribution services of Cookie Man products as well as various equipment all funded by Ozzibik Pty Ltd.

One off significant items

Impairment of stock relating to currency volatility	163,000	-
Corporate store and associated cost provision	516,000	-
International division impairment	254,000	-
Increase in provisions for doubtful debts	559,000	-
	<u>1,492,000</u>	<u>-</u>

4. DIVIDENDS

The board has resolved to declare a final dividend of 0.5 cents per share for the year ended 30 June 2009. The record date of the dividend will be 29 January 2010

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

5. EARNINGS PER SHARE

	30 June 2009	30 June 2008
	\$	\$
Profit (loss) attributable to ordinary shareholders	2,944,327	5,705,343
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share:	104,473,203	92,985,911
Adjustments for calculation of diluted earnings per share:		
Options	25,760,611	7,281,418
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share:	130,233,814	100,267,329
Adjustments required to profit (loss) attributable to ordinary shareholders for calculation of diluted earnings per share	579,571	-
<i>Basic earnings per security before adjusted significant items</i>	\$0.039	\$0.061
<i>Basic earnings per share</i>	\$0.028	\$0.061
<i>Diluted earnings per security before adjusted significant items</i>	\$0.031	\$0.059
<i>Diluted earnings per share</i>	\$0.023	\$0.059

6 TRADE DEBTORS AND RECEIVABLES

	30 June 2009	30 June 2008
	\$	\$
Current	17,586,489	8,309,828
Non current	4,657,925	3,416,994
	22,244,414	11,726,822

A significant portion of the increase in debtors is due to the establishment of Awesome Entertainment Pty Ltd and it's contracts obtained during the year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

7 ASSETS HELD FOR RESALE

	30 June 2009 \$	30 June 2008 \$
Corporate stores and fixtures held for sale (i)	3,726,775	382,492
Areas held for re-sale	360,596	104,240
	<u>4,087,371</u>	<u>486,732</u>

The increase in this asset class relates to the expansion programme undertaken in 2009. A significant portion of assets held for resale are fixtures and fittings currently rented out to franchisees of Kenny's Cardiology. The company intends to sell these during the 2010 year.

8 RECONCILIATION OF CASH

	30 June 2009 \$	30 June 2008 \$
Cash and cash equivalents for the purposes of the statement of cash flows is reconciled as follows:		
Cash at bank and on hand	3,366,313	4,156,816
Bank overdraft (disclosed in interest bearing liabilities)	(641,984)	-
	<u>2,724,329</u>	<u>4,156,816</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

9 BUSINESS COMBINATIONS

On 1 May 2009, Allied Brands Limited acquired the entities detailed below in the Villa & Hut group. The purchase was satisfied in cash and shares and debts to be taken over as outlined below. The effective date for this transaction, the date the company took control of the business, was 1 May 2009.

Villa and Hut contributed revenues of \$1,775,812 to the Group from the period 1 May to 30 June 2009. These amounts have been calculated using the Group's accounting policies.

100% of the shares acquired in the following entities:

Villa & Hut Holdings Pty Ltd
Villa & Hut Franchising Pty Ltd
Narmada Pty Ltd
Retailiation Pty Ltd

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	\$
Purchase Consideration	
Cash paid	276,104
Shares issued	200,000
Direct costs paid in shares	81,000
Direct costs paid in cash	350,517
Debt taken over	1,850,000
Total purchase consideration	<u>2,757,621</u>
Fair value of net identifiable assets acquired (refer below)	<u>(60,055)</u>
Goodwill	<u>2,817,676</u>
Accrued portion of acquisitions included in consideration	-

The assets and liabilities arising from the acquisition are as follows:

Cash	18,681
Inventories	5,262
Plant and equipment	729
Trade and other payables	(77,814)
Other liabilities	(6,913)
Net identifiable assets acquired	<u>(60,055)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

9 BUSINESS COMBINATIONS (Continued)

	\$
Outflow of cash to acquire subsidiary, net of cash acquired:	
Cash consideration (net of accrued portion) to date	626,621
Less: Cash acquired	<u>(18,681)</u>
Outflow of cash	<u>607,940</u>
Additional goodwill of \$237,500 has been recognised during the twelve months to 30 June 2009 regarding the acquisition of Kenny's Cardiology Pty Ltd.	
Total consideration disclosed at 30 June 2008	6,576,528
Additional expenses	<u>237,500</u>
Total consideration	<u>6,814,028</u>
Net value of assets acquired disclosed at 30 June 2008	<u>(795,838)</u>
Revised goodwill - Kenny's Cardiology.	<u>7,609,866</u>
Additional goodwill of \$5,296,610 has been recognised during the twelve months to 30 June 2009 regarding the acquisition of Awesome Water Pty Ltd. Of this amount \$5,000,000 relates to the earn out.	
Total consideration disclosed at 30 June 2008	7,430,429
Additional expenses	<u>5,296,610</u>
Total consideration	<u>12,727,039</u>
Net value of assets acquired disclosed at 30 June 2008	<u>335,624</u>
Revised goodwill - Awesome Water	<u>12,391,415</u>
All goodwill adjustments relating to the above entities were made within 12 months of the acquisition date.	

10 CONTINGENT LIABILITIES

There have been no changes in contingent liabilities as disclosed in the prior annual report for the year ended 30 June 2008.

11 SUBSEQUENT EVENTS

The following events that have occurred after balance date :

1. \$800,000 worth of convertible notes have converted to shares since balance date. This brings the balance of notes to \$6,815,000.
2. The financing of product sales through Awesome Water has been taken over by a significant consumer third party financier. Funds from this new arrangement have started to flow and will have a significant positive impact on the cashflow of the operations of this business.