

**Boundary Bend Limited
and Controlled Entities**
ABN 32 115 131 667

Financial Report
For the year ended 30 June 2008

TABLE OF CONTENTS

Directors' Report	1 - 6
Auditor's Independence Declaration	7
Financial Report	
Consolidated Income Statement	8
Consolidated Balance Sheet	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Financial Statements	12 - 60
Directors' Declaration	61
Independent Audit Report	62

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors present their report together with the financial report of Boundary Bend Limited ("the Company") and of the consolidated entity, being the Company and its controlled entities, for the financial year ended 30 June 2008 and auditor's report thereon. This financial report has been prepared in accordance with Australian equivalents of International Financial Reporting Standards. Compliance with Australian equivalents of International Financial Reporting Standards ensures compliance with International Financial Reporting Standards (IFRS).

Directors Names

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

Robert McGavin
Paul Riordan
Leandro Ravetti
Robert Hance
Tim Jonas
Craig Ball
Kevin Roache

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

Company secretary

The following person held the position of company secretary at the end of the financial year:

Anthony Instrell - Bachelor of Business (Accounting and Finance). Mr Instrell joined the Boundary Bend Group as Chief Financial Officer in August 2005.

Results

The profit of the economic entity for the financial year after providing for income tax amounted to \$4,872,195.

Review of Operations

For detailed comments in relation to a review of operations of the economic entity during the financial year and the results of those operations please refer to the Chairman and Managing Director's Report.

Significant Changes in State of Affairs

There were no significant changes in the economic entity's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal Activities

The principal activities of the economic entity during the financial year were propagation of olive trees for sale, production of olive oil for sale, management and consulting services for the olive industry, production of olive harvesters and marketing of olive oil.

No significant change in the nature of these activities occurred during the year.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

DIRECTORS' REPORT (cont'd)

After Balance Date Events

Particulars of matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in future financial years are as follows:

(i) Land acquisition

Since balance date, the economic entity entered into an unconditional contract for the purchase of land in the San Juan province of Argentina. The contract price of the land is US\$ 1.95 million (approximately AU\$ 2.05 million) of which a deposit of US\$ 234,000 had been paid before year end.

(ii) Joint venture investment

The economic entity has agreed to acquire a 10% equity shareholding in a joint venture company, domiciled in China. The joint venture's operations will distribute the Cobram Estate brand throughout China.

(iii) Lease of grove

Effective 1 July 2008, the economic entity has leased its 520 hectare grove situated at Boundary Bend to Timbercorp Securities Ltd, until 30 June 2033.

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

Likely Developments

The likely developments in the operations of the economic entity and the expected results of those operations in future financial years are as follows:

(i) Import distribution company acquisition

The economic entity has signed a term sheet to initially acquire part ownership of an import distribution company in the United States of America. Settlement of the acquisition is expected to occur in the 08/09 financial year, subject to due diligence.

Notwithstanding the above, the economic entity expects to maintain its present status and level of operations.

Environmental Issues

The economic entity's operations are subject to environmental regulations under a law of the Commonwealth and of a State or Territory. Details of the economic entity's performance in relation to such environmental regulation follows:

The group is subject to regulations stipulated by the Environmental Protection Authority (EPA), Department of Sustainability and Environment concerning native vegetation and the Lower Murray Water Council for irrigation and drainage.

No material breaches of environmental laws and regulations have been reported or notified.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

DIRECTORS' REPORT (cont'd)

Dividends Paid, Recommended, and Declared

Dividends paid or declared since the start of the financial year are as follows:

(a) Dividend declared on 20 June 2008 \$ 1,612,327 (2007: \$-)

Information on Directors

- | | |
|--------------------------|---|
| Robert McGavin | - Age 39 |
| Experience | - Robert McGavin is co-founder of Boundary Bend Group and is active in the ongoing management. Robert was named in the Australian Farm Journal's top 100 young rural achievers and was also the winner of the Marcus Oldham Year 2000 Graduate of Excellence award. |
| Special Responsibilities | - Robert McGavin is Executive Chairman of Boundary Bend Ltd. |
| Paul Riordan | - Age 36 |
| Experience | - Paul Riordan is acknowledged as one of Australia's foremost experts in the olive industry and is a co founder of Boundary Bend Group with Robert McGavin. He is currently overseeing the operations of the groves and the manufacturing of the harvest equipment. |
| Special Responsibilities | - Paul Riordan is Managing Director of Boundary Bend Ltd. |
| Leandro Ravetti | - Age 35 |
| Experience | - Leandro joined Modern Olives from Argentina where he had been working with many of the largest olive developments. Leandro was acknowledged as one of Argentina's most experienced and respected olive advisors and researchers dealing specifically with "modern" olive production. This experience adds to his vast knowledge on varieties, olive cultural practices, olive oil processing and oil chemistry. Leandro is highly valued and respected within Boundary Bend Group and a great resource for the Australian Olive industry. |
| Special Responsibilities | - Leandro Ravetti is the Technical Director of Boundary Bend Ltd. |
| Robert Hance | - Age 65 |
| Experience | - As co founder of the Timbercorp group of companies and director of Timbercorp Limited, Mr Robert Hance has extensive experience in the analysis, design and marketing of primary industry based investment products. Mr Hance has led the design and marketing of Timbercorp's projects since the business was founded in 1992. |
| Special Responsibilities | - Robert Hance is a member of the Audit Committee. |

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

DIRECTORS' REPORT (cont'd)

INFORMATION ON DIRECTORS (Continued)

- Tim Jonas - Age 62
- Qualifications - MBA (University of Melbourne) Bachelor of Commerce (University of Melbourne) Fellow of Institute of Chartered Accountants in Australia. Fellow of the Australian Society of Certified Practising Accountants.
- Experience - Tim is a retired partner and former National Chairman of Pitcher Partners but continues as a consultant to that firm. He holds a number of directorships and provides business advice to a wide range of businesses particularly in the agribusiness sector. He has been involved with Boundary Bend from its inception.
- Special Responsibilities - Tim Jonas is Chairman of the Audit and Remuneration Committees.
- Craig Ball - Age 52
- Experience - Craig Ball is an executive director of stockbrokers Taylor Collison Limited, responsible for corporate finance in equity capital markets. He has had extensive experience in capital raising and advising wineries and horticulture enterprises. He has been involved with Boundary Bend since 1998 assisting with its formation and development. Craig is a Chartered Accountant and holds a Bachelor of Economics degree. He worked for international Chartered Accounting firms before joining the stockbroking industry in 1987.
- Special Responsibilities - Craig is a member of the Remuneration Committee.
- Kevin Roache - Age 68
- Experience - For the past 38 years Kevin has been involved in advising a range of clients on general commercial issues. In more recent times he has specialised in Estate and Business Succession Planning. He is Chairman of Partners of Coulter Roache Lawyers. He has been involved with Boundary Bend from its inception.
- Special Responsibilities - Kevin Roache is a member of the Audit and Remuneration Committees.

Meetings of Directors

DIRECTORS	DIRECTORS' MEETINGS		AUDIT COMMITTEE	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert McGavin	8	8	3	3
Paul Riordan	8	8	-	-
Leandro Ravetti	8	8	-	-
Robert Hance	8	7	3	2
Tim Jonas	8	8	3	3
Craig Ball	8	6	-	-
Kevin Roache	8	8	3	3

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

DIRECTORS' REPORT (cont'd)

Two meetings of the Remuneration Committee occurred during the financial year.

Options

During the financial year 875,000 options were issued with entitlements to acquire 875,000 ordinary shares pursuant to the Boundary Bend Ltd Employees and Officers Share Option Plan. All options must be exercised on or before 1 July 2011 and options issued (dependent on resignation date) are subject to reclaim by Boundary Bend Ltd should an individual employee or officer cease employment with the group.

Details of options issued to Directors and top 5 Officers by Boundary Bend Ltd are set out below:

	No.
<u>Directors</u>	
R McGavin	300,000
P Riordan	100,000
L Ravetti	300,000
<u>Officers</u>	
T Smith	50,000
A Burgess	75,000
C Dean	50,000

All options issued during the financial year are exercisable at \$1.60 excluding options issued to Timbercorp Ltd which are exercisable at \$0.94.

600,000 options were exercised during the year at an exercise price of \$1.00.

Since year end, 425,000 options have been exercised at an exercise price of \$1.00, and no further options have been granted.

**BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT (cont'd)

Indemnification of Officers and Auditors

During or since the end of the financial year, the economic entity has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

Key man risk insurance has been taken out on Leandro Ravetti. Period of cover is until 18 May 2009. Total premium paid for this insurance is \$7,686.

Directors and officers liability insurance has been taken out for all directors. Period of cover is until 31 December 2008. Total premiums paid for this insurance are \$15,730.

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.

Auditor's Independence Declaration

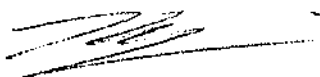
A copy of the auditor's declaration under section 307C in relation to the audit for the financial year is provided with this report on page 7.

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 any part of those proceedings.

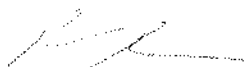
The company was not a party to any such proceedings during the year.

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



Director _____

Robert McGavin



Director _____

Paul Riordan

Dated this 18th day of September 2008.

The Board of Directors
Boundary Bend Limited
151 Broderick Road
LARA, VIC 3212

18 September 2008

Dear Board Members

Auditor's Independence Declaration – Boundary Bend Limited


In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Boundary Bend Limited.

As lead audit partner for the audit of the financial statements of Boundary Bend Limited for the financial year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU


C M J BRYAN
Partner
Chartered Accountants

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Sales revenue	3	33,651,641	28,256,071	-	-
Other income	3	<u>8,813,911</u>	<u>5,310,528</u>	<u>5,091,142</u>	<u>2,524,742</u>
		42,465,552	33,566,599	5,091,142	2,524,742
Cost of Sales		(25,513,571)	(21,184,464)	-	-
Distribution expenses		(435,867)	(375,781)	-	-
Marketing expenses		(508,439)	(591,007)	(8,050)	(2,823)
Occupancy expenses		(407,239)	(383,679)	-	-
Administrative expenses		(5,807,475)	(3,189,352)	(2,224,412)	(1,382,239)
Other expenses		<u>(1,597,613)</u>	<u>(902,188)</u>	<u>(188,068)</u>	<u>(11,070)</u>
		(34,270,204)	(26,626,471)	(2,420,530)	(1,396,133)
Finance costs	4	<u>(2,136,161)</u>	<u>(1,963,333)</u>	<u>(1,089,129)</u>	<u>(1,025,518)</u>
Profit before income tax expense		6,059,187	4,976,795	1,581,483	103,091
Income tax expense	5	<u>(1,186,992)</u>	<u>(708,840)</u>	<u>(68,439)</u>	<u>(69,400)</u>
Profit from continuing operations		<u>4,872,195</u>	<u>4,267,955</u>	<u>1,513,044</u>	<u>33,691</u>

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008

	Notes	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	6	2,279,615	2,732,330	1,493,400	324,450
Trade receivables	7	7,095,069	5,211,382	4,668,142	2,233,781
Inventories	8	11,797,167	9,271,983	-	-
Other	9	516,717	459,798	263,586	242,421
TOTAL CURRENT ASSETS		<u>21,688,568</u>	<u>17,675,493</u>	<u>6,425,128</u>	<u>2,800,652</u>
NON-CURRENT ASSETS					
Receivables	7	257,143	-	28,750,856	27,629,801
Other financial assets	10	1,000,500	1,000,500	15,727,987	15,727,987
Property, plant and equipment	11	39,396,665	37,119,314	255,851	70,632
Intangible assets	12	20,026,147	20,026,147	-	-
Deferred tax assets	5	-	345,344	100,205	58,209
TOTAL NON-CURRENT ASSETS		<u>60,680,455</u>	<u>58,491,305</u>	<u>44,834,899</u>	<u>43,486,629</u>
TOTAL ASSETS		<u>82,369,023</u>	<u>76,166,798</u>	<u>51,260,027</u>	<u>46,287,281</u>
CURRENT LIABILITIES					
Trade and other payables	13	3,827,471	4,883,025	111,843	24,224
Short term borrowings	14	1,564,223	1,047,939	34,839	11,480
Current tax liabilities	5	207,210	1,223,830	110,435	96,751
Provisions	15	2,049,840	235,092	1,724,377	35,277
Other	16	2,654,293	2,019,132	262,194	105,372
TOTAL CURRENT LIABILITIES		<u>10,303,037</u>	<u>9,409,018</u>	<u>2,243,688</u>	<u>273,104</u>
NON-CURRENT LIABILITIES					
Payables	13	734,000	556,000	1,013,140	105,778
Long term borrowings	14	29,317,577	28,646,346	16,850,000	15,734,839
Deferred tax liabilities	5	113,162	-	-	-
Provisions	15	45,728	23,468	20,615	5,334
TOTAL NON-CURRENT LIABILITIES		<u>30,210,467</u>	<u>29,225,814</u>	<u>17,883,755</u>	<u>15,845,951</u>
TOTAL LIABILITIES		<u>40,513,504</u>	<u>38,634,832</u>	<u>20,127,443</u>	<u>16,119,055</u>
NET ASSETS		<u>41,855,519</u>	<u>37,531,966</u>	<u>31,132,584</u>	<u>30,168,226</u>
EQUITY					
Share capital	17	30,982,888	29,857,220	30,982,888	29,857,220
Other reserves	18	103,086	165,069	103,042	165,069
Retained earnings	19	10,769,545	7,509,677	46,654	145,937
TOTAL EQUITY		<u>41,855,519</u>	<u>37,531,966</u>	<u>31,132,584</u>	<u>30,168,226</u>

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Total equity at the beginning of the financial year	<u>37,531,966</u>	<u>32,686,737</u>	<u>30,168,226</u>	<u>29,557,261</u>
Profit for the year	<u>4,872,195</u>	<u>4,267,955</u>	<u>1,513,044</u>	<u>33,691</u>
Total recognised income and expense for the year	<u>4,872,195</u>	<u>4,267,955</u>	<u>1,513,044</u>	<u>33,691</u>
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity net of transaction costs	1,125,668	449,032	1,125,668	449,032
Employee share options	(62,027)	128,242	(62,027)	128,242
Foreign exchange translation reserve	44	-	-	-
Dividends provided for or paid	<u>(1,612,327)</u>	<u>-</u>	<u>(1,612,327)</u>	<u>-</u>
	<u>(548,642)</u>	<u>577,274</u>	<u>(548,686)</u>	<u>577,274</u>
Total equity at the end of the financial year	<u>41,855,519</u>	<u>37,531,966</u>	<u>31,132,584</u>	<u>30,168,226</u>

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers		41,058,184	35,491,795	2,820,371	1,658,938
Payments to suppliers and employees		(35,666,246)	(29,625,094)	(2,032,493)	(1,301,744)
Interest received		125,582	86,708	52,214	30,985
Borrowing costs		(2,136,161)	(1,963,333)	(1,089,129)	(1,015,948)
Income tax paid		<u>(1,762,270)</u>	<u>(758,542)</u>	<u>(96,751)</u>	<u>(93,818)</u>
Net cash provided by/(used in) operating activities	23 (b)	<u>1,619,089</u>	<u>3,231,534</u>	<u>(345,788)</u>	<u>(721,587)</u>
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		779,047	779,145	-	-
Payment for property, plant and equipment and intangibles		(2,217,880)	(2,968,727)	(230,290)	(11,173)
Payment for investments		-	(6)	-	(6)
Net cash inflow from acquisition of subsidiary		<u>-</u>	<u>352,668</u>	<u>-</u>	<u>-</u>
Net cash used in investing activities		<u>(1,438,833)</u>	<u>(1,836,920)</u>	<u>(230,290)</u>	<u>(11,179)</u>
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from share issue		563,058	449,032	563,058	449,032
Proceeds from borrowings		1,850,000	1,091,508	1,850,000	869,508
Repayment of borrowings		(3,046,029)	(1,977,899)	(711,480)	(10,899)
Loans (to)/from subsidiaries		<u>-</u>	<u>-</u>	<u>43,450</u>	<u>(354,144)</u>
Net cash provided by/(used in) financing activities		<u>(632,971)</u>	<u>(437,359)</u>	<u>1,745,028</u>	<u>953,497</u>
Net increase/(decrease) in cash held		(452,715)	957,255	1,168,950	220,731
Cash at beginning of financial year		<u>2,732,330</u>	<u>1,775,075</u>	<u>324,450</u>	<u>103,719</u>
Cash at end of financial year	23 (a)	<u>2,279,615</u>	<u>2,732,330</u>	<u>1,493,400</u>	<u>324,450</u>

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report was approved by the directors as at the date of the director's report.

Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with Australian equivalents to International Financial Reporting Standards ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS.

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of Consolidations

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which Boundary Bend Ltd has the power to control the financial and operating policies so as to obtain benefits from its activities.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Income Tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and attributable to unused tax losses.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

The economic entity has not recognised as a tax asset the unclaimed building allowance deductions it acquired on the purchase of the Broderick Road buildings in Lara in Victoria. The balance of the potential deferred tax asset available to the economic entity whilst it maintains ownership of these buildings is disclosed in note 5.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation

The parent entity Boundary Bend Limited and its subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 July 2005. The parent entity and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. All entities in the tax-consolidated group have adopted Interpretation 1052 to account for the effects of the tax funding agreement under the tax consolidation system. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances;
- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as intercompany payables or receivables.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Finance Costs

Finance costs can include interest, ancillary costs incurred in connection with arrangement of borrowings, including trade creditors and lease finance charges.

Finance costs are expensed as incurred.

(d) Impairment of assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(e) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(f) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Revenue

Revenue from sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

Rent revenue is recognised in accordance with the substance of the relevant contract

Other revenue is recognised when the right to receive the revenue has been established.

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

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Finished goods include olive oil produced from the economic entity's olive groves. Olive oil inventories include agricultural produce that the economic entity has harvested from its biological assets. This agricultural produce is measured on initial recognition at fair value less estimated point-of-sale costs at the point of harvest. This value forms part of the cost of olive oil inventories for measurement at balance date.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property, Plant and Equipment

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

Property

Freehold land and buildings are measured at cost. At each balance date the carrying value of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date.

Plant and equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those 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 present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets are depreciated over their estimated useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings	2.5 %	Straight Line
Plant and equipment	4.5% - 22.5 %	Diminishing Value
Leased plant and equipment	17 %	Straight Line
Motor Vehicles	18.75 %	Diminishing Value
Office Equipment	40 %	Straight Line
Furniture, Fixtures and Fittings	4.5% - 22.5% %	Diminishing Value

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Intangibles

Goodwill

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of the company's share of net identifiable assets of the acquired entities at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Water rights

Water rights are initially recorded at the purchase cost and are subsequently carried at cost. Water rights have an indefinite life and are not amortised. Water rights are tested annually for impairment.

Distribution rights and Trademarks

Distribution rights and Trademarks are initially recorded at the purchase price and are subsequently carried at cost. Distribution rights and Trademarks are not amortised and are tested annually for impairment.

(k) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Transactions and Balances

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

A monetary item arising under a foreign currency contract outstanding at the reporting date where the exchange rate for the monetary item is fixed in the contract is translated at the exchange rate fixed in the contract.

All resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

The foreign currency hedging policy is described under the financial instruments policy note.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Employee Benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Contributions made by the company to an employee superannuation fund are recognised as an expense as they become payable.

Share-based payments

The entity operates an Employee and Officers Share Option Plan. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the option granted.

(m) Research and Development Expenditure

Expenditure on research and development activities are recognised as an expense when incurred.

(n) Financial Instruments

Classification

Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Financial assets

Non-listed investments of which the fair value cannot be reliably measured are carried at cost and tested for impairment.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Non-interest bearing loans and receivables are designated as receivable 'at call' and are therefore carried at face value.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Non-interest bearing loans and payables are payable on demand and are therefore carried at face value.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Hedge accounting

Certain derivatives are designated as hedging instruments. By nature, they are further classified as either fair value hedges or cash flow hedges.

The company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair value or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

To qualify as a cash flow hedge the underlying transactions generating the cash flows must be highly probable. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. This gain or loss is released to profit or loss in the same period as the forecast transactions occur, thereby mitigating any adverse result that would have transpired in the absence of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

(o) Agriculture

The economic entity applies Accounting Standard AASB 141 "Agriculture", which requires the measurement of biological assets and agricultural produce at the point of harvest to be valued at fair value less estimated point-of-sale costs. Where fair value cannot be measured reliably for biological assets, such biological assets are measured at cost.

Biological assets include olive trees owned by the economic entity and include olive trees in the olive groves and those held in the nurseries. Olive trees in the olive groves are measured at net fair value based on an independent valuation undertaken in April 2005. This fair value was derived using the net present value of cash flows expected to be generated by the biological assets discounted at a current market determined rate which reflected the risks associated with cash flow streams. The directors are of the opinion that the fair value of olive trees in the olive groves has not altered since this date. Olive trees in the nursery are initially measured at cost until the tree has reached maturity which is historically at 18 months. Once the tree has reached maturity, it is valued at its fair value.

The olive fruit produced at the point of harvest is valued at fair value forming part of the measurement of inventory cost.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Olive Groves - at net market value

The value of the olive groves disclosed in Note 11 is \$17,725,863. This value is made up of land at \$5,984,017 and biological assets at \$11,741,846.

The net market value of the olive groves was assessed by an independent valuation in April 2005. The directors of the economic entity are of the opinion that the net market value of the olive groves has not materially changed since this date. The key assumptions in this independent valuation were:

- (i) the expected oil yield from crushed olives increases up to the expected yield from a fully mature olive tree
- (ii) the market price of olive oil was based on market prices expected at the date of valuation with growth of 1.5% per annum
- (iii) the costs associated with maintaining the groves and processing the oil is based on expected costs at the time of valuation with growth of 2.5% per annum

The land component of the groves at \$5,984,017 was separately assessed and included reference to the local council site valuation.

(q) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

(r) Operating Segments

The company has early adopted AASB 8: Operating Segments, issued in February 2007.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are based on past performance and management's expectation for the future.

Critical accounting estimates and assumptions

The group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events which could have a material impact on the assets and liabilities in the next financial year are discussed below:

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Estimated impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on projected cash flows approved by management covering a period not exceeding 5 years, with a discount rate of 10% (2007: 10%). Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

(b) Income taxes

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Biological Assets

The fair value of Biological assets are based on the estimated net market value of the asset. Current contract prices are used as an estimate of net market value.

Notes	2008	2007	2008	2007
	\$	\$	\$	\$

NOTE 3: REVENUE

Operating activities

- sale of goods	33,651,641	28,256,071	-	-
- management / service fees	8,090,153	4,816,195	3,604,265	2,493,757
- dividends	-	-	1,400,000	-
- interest	3(a) 125,582	86,708	52,214	30,985
- rent	452,874	351,000	-	-
- other revenue	<u>145,302</u>	<u>56,625</u>	<u>34,663</u>	<u>-</u>
	<u>42,465,552</u>	<u>33,566,599</u>	<u>5,091,142</u>	<u>2,524,742</u>

(a) Interest from:

- other persons	<u>125,582</u>	<u>86,708</u>	<u>52,214</u>	<u>30,985</u>
	<u>125,582</u>	<u>86,708</u>	<u>52,214</u>	<u>30,985</u>

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 4: PROFIT FROM CONTINUING ACTIVITIES				
Profit before income tax has been determined after:				
Expenses:				
Interest paid:				
- other persons	1,750,242	1,709,242	1,068,352	1,013,080
Borrowing costs	18,541	9,570	18,541	9,570
Hire purchase charges	301,794	44,236	-	-
Finance lease charges	<u>65,584</u>	<u>200,285</u>	<u>2,236</u>	<u>2,868</u>
Total finance costs	2,136,161	1,963,333	1,089,129	1,025,518
Depreciation of non-current assets				
- Buildings	329,513	364,549	-	-
- Plant and equipment	716,445	531,693	-	-
- Motor vehicles	10,141	36,682	45,071	12,713
- Office Equipment	88,764	27,304	-	-
- Furniture, fixtures and fittings	8,594	4,366	-	-
Amortisation of non-current assets:				
- capitalised leased assets	<u>423,778</u>	<u>410,156</u>	<u>-</u>	<u>10,680</u>
Amortisation of non-current assets	423,778	410,156	-	10,680
Bad debts:				
- trade debtors	<u>133,252</u>	<u>18,517</u>	<u>-</u>	<u>-</u>
Bad and doubtful debts	<u>133,252</u>	<u>18,517</u>	<u>-</u>	<u>-</u>
Remuneration of the auditors for:				
- audit services	<u>37,982</u>	<u>27,500</u>	<u>37,982</u>	<u>27,500</u>
	<u>37,982</u>	<u>27,500</u>	<u>37,982</u>	<u>27,500</u>
Operating lease payments	<u>208,342</u>	<u>200,142</u>	<u>-</u>	<u>3,156</u>
Employee benefits:				
Share based payments	45,583	128,242	45,583	128,242
Other Employment costs	<u>3,584,789</u>	<u>3,018,562</u>	<u>1,286,888</u>	<u>585,417</u>
	<u>3,630,372</u>	<u>3,146,804</u>	<u>1,332,471</u>	<u>713,659</u>
Revenue and Net Gains				
Net gain on disposal of non-current assets				
- other non-current assets	<u>34,042</u>	<u>42,986</u>	<u>-</u>	<u>-</u>

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
NOTE 5: INCOME TAX					
Income tax expense:					
Current tax		745,650	1,707,171	110,435	86,324
Deferred tax		458,507	(822,660)	(41,996)	(16,924)
Over provision in prior years		<u>(17,165)</u>	<u>(175,671)</u>	<u>-</u>	<u>-</u>
		<u>1,186,992</u>	<u>708,840</u>	<u>68,439</u>	<u>69,400</u>
Deferred income tax (revenue)/expense included in income tax expense comprises:					
Decrease / (increase) in deferred tax assets		34,250	(171,725)	(41,996)	(16,924)
(Decrease) / Increase in deferred tax liabilities		<u>424,257</u>	<u>(650,935)</u>	<u>-</u>	<u>-</u>
		<u>458,507</u>	<u>(822,660)</u>	<u>(41,996)</u>	<u>(16,924)</u>
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:					
Prima facie income tax payable on profit before income tax at 30% (2007 - 30%)		1,817,756	1,493,039	474,445	30,927
Add:					
Tax effect of:					
- share based payment expense		13,675	38,473	13,675	38,473
- other non-allowable items		<u>1,686</u>	<u>40</u>	<u>319</u>	<u>-</u>
		1,833,117	1,531,552	488,439	69,400
Less:					
Tax effect of:					
- rebateable dividends		-	-	420,000	-
- Research and development deductions		379,939	389,937	-	-
- Depreciation		265,434	256,684	-	-
- other non-assessable items		752	420	-	-
Over provision for income tax in prior year		<u>-</u>	<u>175,671</u>	<u>-</u>	<u>-</u>
Income tax expense attributable to profit		<u>1,186,992</u>	<u>708,840</u>	<u>68,439</u>	<u>69,400</u>

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
NOTE 5: INCOME TAX EXPENSE (Continued)					
Current tax liability					
Balance at the beginning of the year		1,223,830	454,564	96,751	104,245
Income tax		745,650	1,707,171	110,435	86,324
Tax payments		(1,762,270)	(758,542)	(96,751)	(93,818)
Adjustments for prior period taxes		-	(181,797)	-	-
Tax liability on acquisition of subsidiary		-	2,434	-	-
Balance at the end of the year		<u>207,210</u>	<u>1,223,830</u>	<u>110,435</u>	<u>96,751</u>
Deferred tax assets:					
The balance comprises temporary differences attributable to:					
- Tax losses carried forward		-	16,409	-	-
- Doubtful debts		56,237	-	-	-
- Employee benefits		144,972	-	39,800	-
- Depreciation		160,924	173,813	-	-
- Other		127,743	333,904	60,405	58,209
		<u>489,876</u>	<u>524,126</u>	<u>100,205</u>	<u>58,209</u>
Deferred tax liabilities					
The balance comprises temporary differences attributable to:					
Amounts recognised in profit or loss:					
- Inventories		455,705	178,782	-	-
- Finance Leases		41,287	-	-	-
- Foreign exchange movements		106,047	-	-	-
		<u>603,039</u>	<u>178,782</u>	<u>-</u>	<u>-</u>
Balance after set off of deferred tax assets and liabilities		<u>(113,163)</u>	<u>345,344</u>	<u>100,205</u>	<u>58,209</u>

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$

NOTE 5: INCOME TAX EXPENSE (Continued)

Future income tax benefits not brought to account relating to unclaimed building allowance deductions, the benefits of which will only be realised if the conditions for deductibility set out in the accounting policies note occur.

	1,468,198	1,733,631	-	-
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NOTE 6: CASH AND CASH EQUIVALENTS

Cash on hand	13,682	132	200	89
Cash at bank	2,265,933	2,732,198	1,493,200	324,361
	2,279,615	2,732,330	1,493,400	324,450

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
NOTE 7: RECEIVABLES					
CURRENT					
Trade debtors		6,736,640	4,729,938	3,318,722	29,697
Provision for doubtful debts		<u>(187,455)</u>	<u>(96,170)</u>	<u>-</u>	<u>-</u>
		6,549,185	4,633,768	3,318,722	29,697
Other receivables		503,027	577,614	1,306,563	2,204,084
Amounts receivable from:					
- directors		<u>42,857</u>	<u>-</u>	<u>42,857</u>	<u>-</u>
		<u>545,884</u>	<u>577,614</u>	<u>1,349,420</u>	<u>2,204,084</u>
		<u>7,095,069</u>	<u>5,211,382</u>	<u>4,668,142</u>	<u>2,233,781</u>
NON-CURRENT					
Amounts receivable from:					
Loans receivable					
- wholly owned entities		-	-	28,493,713	27,629,801
- directors		<u>257,143</u>	<u>-</u>	<u>257,143</u>	<u>-</u>
		<u>257,143</u>	<u>-</u>	<u>28,750,856</u>	<u>27,629,801</u>

The average credit period on sales of goods and rendering of services is 30 days end of month. No interest is charged on the trade receivables for the first 30 days from the last day of the month in which the receivable was incurred. Thereafter, interest is charged at a commercial rate on a case by case basis depending on management's discretion and whether the receivable is past due. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the sale of goods and rendering services, determined by reference to past default experience. The group has provided fully for all receivables that are past due beyond 120 days, as historical experience is such that receivables past due beyond 120 days are generally not recoverable.

Movement in the allowance for doubtful debts

Balance at the beginning of the year	(96,170)	(34,487)	-	-
Doubtful debts recognised on receivables	(187,455)	(96,170)	-	-
Amounts recovered during the year	<u>96,170</u>	<u>34,487</u>	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>(187,455)</u>	<u>(96,170)</u>	<u>-</u>	<u>-</u>

Selected new and existing customers are subject to defined credit limits, which are reviewed on a regular basis. The Group operates credit insurance for customers to mitigate default. Under the policy the Group has discretionary credit approval limits for amounts below \$25,000. Credit limits over \$25,000 are subject to approval by the insurance provider.

Included in the Group's trade receivable balance are debtors with a carrying amount of \$903,926 (2007: \$1.5 million) which are past due at the reporting date. There has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 8: INVENTORY & BIOLOGICAL ASSETS FOR SALE				
CURRENT				
Raw materials and stores at cost	1,653,284	1,235,036	-	-
Work in progress at cost	82,869	34,467	-	-
Olive oil - refer note 1(h), 1(o) & 8(a)	6,955,927	4,192,321	-	-
Biological assets for sale - refer note 1(o) & 8(b)	<u>3,105,087</u>	<u>3,810,159</u>	-	-
	<u>11,797,167</u>	<u>9,271,983</u>	-	-

Note:

8 (a) Olive oil inventories on hand at year end are valued at estimated average selling price less selling costs.

8 (b) Biological assets for sale comprise olive trees growing in the company's nurseries. Refer note 1 (o) for the valuation approach. Olive trees less than 18 months old are valued at cost being \$1,509,344 and 18 months and over at fair value being \$1,595,743.

NOTE 9: OTHER ASSETS

CURRENT

Prepayments	437,431	397,960	263,586	242,421
Other current assets	<u>79,286</u>	<u>61,838</u>	-	-
	<u>516,717</u>	<u>459,798</u>	<u>263,586</u>	<u>242,421</u>

NOTE 10: OTHER FINANCIAL ASSETS

NON-CURRENT

Other financial assets:

Shares in subsidiaries	-	-	15,065,682	15,065,682
Shares in other corporations - refer Note 1(n)	<u>1,000,500</u>	<u>1,000,500</u>	<u>662,305</u>	<u>662,305</u>
	<u>1,000,500</u>	<u>1,000,500</u>	<u>15,727,987</u>	<u>15,727,987</u>

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT					
Land					
Olive Groves					
At valuation - refer Note 1 (p)		<u>17,725,863</u>	<u>17,725,863</u>	-	-
Land and Buildings					
Freehold land and buildings at cost		13,734,331	12,788,807	-	-
Less accumulated depreciation		<u>(1,203,588)</u>	<u>(822,194)</u>	-	-
		<u>12,530,743</u>	<u>11,966,613</u>	-	-
Total Land and Buildings and Olive Groves		<u>30,256,606</u>	<u>29,692,476</u>	-	-
Plant and Equipment					
Plant and equipment					
At cost		7,868,271	5,663,018	638	1,020
Less accumulated depreciation		<u>(1,764,871)</u>	<u>(1,360,086)</u>	-	-
		6,103,400	4,302,932	638	1,020
Leased plant and equipment					
Capitalised lease assets at cost		3,277,845	3,277,845	-	-
Less accumulated depreciation		<u>(950,379)</u>	<u>(561,180)</u>	-	-
		2,327,466	2,716,665	-	-
Motor vehicles					
At cost		93,697	93,697	-	-
Less accumulated depreciation		<u>(49,755)</u>	<u>(39,614)</u>	-	-
		43,942	54,083	-	-
Under lease		521,327	368,323	60,585	60,585
Less accumulated depreciation		<u>(176,628)</u>	<u>(112,651)</u>	<u>(22,984)</u>	<u>(14,306)</u>
		344,699	255,672	37,601	46,279
Office equipment					
At cost		399,206	108,099	268,511	38,221
Less accumulated depreciation		<u>(102,683)</u>	<u>(38,401)</u>	<u>(50,899)</u>	<u>(14,888)</u>
		296,523	69,698	217,612	23,333

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)					
Furniture, fixtures and fittings					
At cost		32,563	32,563	-	-
Less accumulated depreciation		(8,534)	(4,775)	-	-
		<u>24,029</u>	<u>27,788</u>	<u>-</u>	<u>-</u>
Total plant and equipment		<u>9,140,059</u>	<u>7,426,838</u>	<u>255,851</u>	<u>70,632</u>
Total property, plant and equipment		<u>39,396,665</u>	<u>37,119,314</u>	<u>255,851</u>	<u>70,632</u>

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year.

	Land, buildings & olive groves		Plant & equipment	
	Economic Entity	Parent Entity	Economic Entity	Parent Entity
	\$	\$	\$	\$
2008				
Balance at the beginning of the year	29,692,476	-	4,302,932	1,020
Additions	945,526	-	3,211,430	-
Disposals	-	-	(745,774)	-
Depreciation expense	(381,396)	-	(665,188)	(382)
Carrying amount at end of year	<u>30,256,606</u>	<u>-</u>	<u>6,103,400</u>	<u>638</u>
2007				
Balance at the beginning of the year	29,875,512	-	3,371,129	-
Additions	606,776	-	1,482,393	-
Disposals	(71,244)	-	(41,248)	-
Depreciation expense	(364,549)	-	(526,787)	-
Reclassification between groups	(354,019)	-	17,445	1,020
Carrying amount at the end of the year	<u>29,692,476</u>	<u>-</u>	<u>4,302,932</u>	<u>1,020</u>

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leased plant and equipment		Motor vehicles	
	Economic Entity	Parent Entity	Economic Entity	Parent Entity
	\$	\$	\$	\$
2008				
Balance at the beginning of the year	2,716,665	-	309,755	46,279
Additions	-	-	153,004	-
Depreciation expense	<u>(389,199)</u>	-	<u>(74,118)</u>	<u>(8,678)</u>
Carrying amount at the end of the year	<u>2,327,466</u>	-	<u>388,641</u>	<u>37,601</u>
2007				
Balance at the beginning of the year	1,870,520	-	375,776	56,959
Additions	1,531,817	-	-	-
Disposals	(645,253)	-	(18,997)	-
Additions through acquisition of entity	-	-	21,694	-
Depreciation expense	(383,026)	-	(68,718)	(10,680)
Reclassification between groups	342,607	-	-	-
Carrying amount at the end of the year	<u>2,716,665</u>	-	<u>309,755</u>	<u>46,279</u>
	Office equipment		Furniture, fixtures & fittings	
	Economic Entity	Parent Entity	Economic Entity	Parent Entity
	\$	\$	\$	\$
2008				
Balance at the beginning of the year	69,698	23,333	27,788	-
Additions	290,400	230,290	-	-
Depreciation expense	<u>(63,575)</u>	<u>(36,011)</u>	<u>(3,759)</u>	-
Carrying amount at the end of the year	<u>296,523</u>	<u>217,612</u>	<u>24,029</u>	-
2007				
Balance at the beginning of the year	53,564	25,893	21,229	-
Additions	51,715	11,173	10,925	-
Disposals	(2,403)	-	-	-
Additions through acquisition of entity	159	-	-	-
Depreciation expense	(27,304)	(12,713)	(4,366)	-
Reclassification between groups	<u>(6,033)</u>	<u>(1,020)</u>	-	-
Carrying amount at the end of the year	<u>69,698</u>	<u>23,333</u>	<u>27,788</u>	-

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)

	Total Property, Plant & Equipment	
	Economic Entity \$	Parent Entity \$
2008		
Balance at the beginning of the year	37,119,314	70,632
Additions	4,600,360	230,290
Disposals	(745,774)	-
Depreciation expense	<u>(1,577,235)</u>	<u>(45,071)</u>
Carrying amount at the end of the year	<u>39,396,665</u>	<u>255,851</u>
2007		
Balance at the beginning of the year	35,567,730	82,852
Additions	3,683,626	11,173
Disposals	(779,145)	-
Additions through acquisition of entity	21,853	-
Depreciation expense	<u>(1,374,750)</u>	<u>(23,393)</u>
Carrying amount at the end of the year	<u>37,119,314</u>	<u>70,632</u>

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$

NOTE 12: INTANGIBLE ASSETS

Goodwill at cost	13,693,195	13,693,195	-	-
Water rights at cost	3,316,025	3,316,025	-	-
Trademarks at cost	2,446,927	2,446,927	-	-
Distribution rights at cost	<u>570,000</u>	<u>570,000</u>	-	-
	<u>20,026,147</u>	<u>20,026,147</u>	-	-

Reconciliation of Intangible Assets

	Water rights		Trademarks	
	Economic Entity	Parent Entity	Economic Entity	Parent Entity
	\$	\$	\$	\$
2008				
Balance at the beginning of the year	<u>3,316,025</u>	-	<u>2,446,927</u>	-
Carrying amount at the end of the year	<u>3,316,025</u>	-	<u>2,446,927</u>	-
2007				
Balance at the beginning of the year	3,316,025	-	-	-
Additions	-	-	<u>2,446,927</u>	-
Carrying amount at the end of the year	<u>3,316,025</u>	-	<u>2,446,927</u>	-
	Distribution rights		Goodwill	
	Economic Entity	Parent Entity	Economic Entity	Parent Entity
	\$	\$	\$	\$
2008				
Balance at the beginning of the year	<u>570,000</u>	-	<u>13,693,195</u>	-
Carrying amount at the end of the year	<u>570,000</u>	-	<u>13,693,195</u>	-
2007				
Balance at the beginning of the year	570,000	-	13,223,192	-
Additions through acquisition of entity	-	-	476,128	-
Prior period adjustments	-	-	<u>(6,125)</u>	-
Carrying amount at the end of the year	<u>570,000</u>	-	<u>13,693,195</u>	-

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 13: PAYABLES				
CURRENT				
<i>Unsecured liabilities</i>				
Trade creditors	2,661,695	1,622,570	81,663	10,038
Sundry creditors	<u>1,165,776</u>	<u>3,260,455</u>	<u>30,180</u>	<u>14,186</u>
	<u>3,827,471</u>	<u>4,883,025</u>	<u>111,843</u>	<u>24,224</u>
NON-CURRENT				
<i>Unsecured liabilities</i>				
- controlled entities				
Loans payable - wholly owned entities		-	1,013,140	105,778
Sundry creditors	<u>734,000</u>	<u>556,000</u>	<u>-</u>	<u>-</u>
	<u>734,000</u>	<u>556,000</u>	<u>1,013,140</u>	<u>105,778</u>

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

NOTE 14: BORROWINGS

CURRENT

Secured liabilities

Finance lease liability	20	520,478	312,444	34,839	11,480
Hire purchase liability	20	<u>1,043,745</u>	<u>735,495</u>	<u>-</u>	<u>-</u>
		<u>1,564,223</u>	<u>1,047,939</u>	<u>34,839</u>	<u>11,480</u>

NON-CURRENT

Secured liabilities

Bank loans		25,314,480	24,664,480	16,850,000	15,700,000
Finance lease liability	20	629,175	1,002,788	-	34,839
Hire purchase liability	20	<u>3,373,922</u>	<u>2,979,078</u>	<u>-</u>	<u>-</u>
		<u>29,317,577</u>	<u>28,646,346</u>	<u>16,850,000</u>	<u>15,734,839</u>

(a) The bank loans are secured by a registered debenture over the assets and undertakings of the parent entity and the subsidiaries.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
NOTE 15: PROVISIONS					
CURRENT					
Dividends		1,612,327	-	1,612,327	-
Employee benefits	(a)	390,971	235,092	112,050	35,277
Other		<u>46,542</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>2,049,840</u>	<u>235,092</u>	<u>1,724,377</u>	<u>35,277</u>
NON-CURRENT					
Employee benefits	(a)	<u>45,728</u>	<u>23,468</u>	<u>20,615</u>	<u>5,334</u>
		<u>45,728</u>	<u>23,468</u>	<u>20,615</u>	<u>5,334</u>
(a) Aggregate employee benefits liability		<u>436,699</u>	<u>258,560</u>	<u>132,665</u>	<u>40,611</u>
(b) Number of employees at year end		117	82	15	7

NOTE 16: OTHER LIABILITIES

CURRENT					
Accrued expenses		2,618,293	1,995,132	262,194	105,372
Deferred income		<u>36,000</u>	<u>24,000</u>	<u>-</u>	<u>-</u>
		<u>2,654,293</u>	<u>2,019,132</u>	<u>262,194</u>	<u>105,372</u>

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
NOTE 17: SHARE CAPITAL					
Issued and paid up capital					
32,246,546 : (2007 -31,203,446)					
ordinary shares	17(a)	<u>30,982,888</u>	<u>29,857,220</u>	<u>30,982,888</u>	<u>29,857,220</u>
		<u>30,982,888</u>	<u>29,857,220</u>	<u>30,982,888</u>	<u>29,857,220</u>
(a) ordinary shares					
At the beginning of the reporting period		29,857,220	29,408,188	29,857,220	29,408,188
Shares issued during the year					
- 541,652 on 29 September 2006		-	449,032	-	449,032
- 443,100 on 5 May 2008		418,058	-	418,058	-
- 145,000 on 19 May 2008		171,013	-	171,013	-
- 455,000 on 30 June 2008		<u>536,597</u>	<u>-</u>	<u>536,597</u>	<u>-</u>
At reporting date		<u>30,982,888</u>	<u>29,857,220</u>	<u>30,982,888</u>	<u>29,857,220</u>
		No.	No.	No.	No.
At the beginning of reporting period		31,203,446	30,661,794	31,203,446	30,661,794
Shares issued during year					
- 29 September 2006		-	541,652	-	541,652
- 5 May 2008		443,100	-	443,100	-
- 19 May 2008		145,000	-	145,000	-
- 30 June 2008		<u>455,000</u>	<u>-</u>	<u>455,000</u>	<u>-</u>
At reporting date		<u>32,246,546</u>	<u>31,203,446</u>	<u>32,246,546</u>	<u>31,203,446</u>

Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitle to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$

Option to subscribe for Additional Shares

Pursuant to a Deed between Timbercorp Limited and Boundary Bend Limited, Timbercorp Limited have been granted the right to subscribe for additional shares following the completion of planting of additional hectares of olive groves. 443,100 shares were issued on 5 May 2008 pursuant to the deed. A further 277,327 Ordinary Shares will be issued to Timbercorp Limited within 180 days from the date of exercise of the above 443,100 Ordinary Shares, or earlier, if additional Ordinary Shares are issued by Boundary Bend Limited.

Refer to note 28 for details of share options that have been granted.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
NOTE 18: RESERVES					
Foreign currency reserve	18(a)	44	-	-	-
Other reserves	18(b)	<u>103,042</u>	<u>165,069</u>	<u>103,042</u>	<u>165,069</u>
		<u>103,086</u>	<u>165,069</u>	<u>103,042</u>	<u>165,069</u>

(a) Foreign currency translation reserve

Movements during the financial year:

Opening balance	-	-	-	-
Foreign currency translation reserve	<u>44</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing balance	<u>44</u>	<u>-</u>	<u>-</u>	<u>-</u>

Exchange differences relating to the translation from the functional currencies of the groups foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency reserve.

(b) Other reserves

Movements during the financial year:

Opening balance	165,069	36,827	165,069	36,827
Options exercised, transferred to equity	<u>(107,610)</u>	<u>-</u>	<u>(107,610)</u>	<u>-</u>
Share based payments expense	<u>45,583</u>	<u>128,242</u>	<u>45,583</u>	<u>128,242</u>
Closing balance	<u>103,042</u>	<u>165,069</u>	<u>103,042</u>	<u>165,069</u>

The other reserves records the value attributed to share based payments provided to officers. Further details of share based payments are provided in note 30.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Retained profits at the beginning of the financial year	7,509,677	3,241,722	145,937	112,246
Net profit attributable to members of the entity	4,872,195	4,267,955	1,513,044	33,691
Dividends provided for or paid	<u>(1,612,327)</u>	<u>-</u>	<u>(1,612,327)</u>	<u>-</u>
Retained profits at the end of the financial year	<u>10,769,545</u>	<u>7,509,677</u>	<u>46,654</u>	<u>145,937</u>

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
NOTE 20: CAPITAL AND LEASING COMMITMENTS					
(a) Finance leasing commitments					
Payable					
- not later than one year		560,979	390,171	36,053	13,715
- later than one year and not later than five years		<u>660,922</u>	<u>1,107,617</u>	-	<u>36,053</u>
Minimum lease payments		1,221,901	1,497,788	36,053	49,768
Less future finance charges		<u>(72,248)</u>	<u>(182,556)</u>	<u>(1,214)</u>	<u>(3,449)</u>
Total finance lease liability		<u>1,149,653</u>	<u>1,315,232</u>	<u>34,839</u>	<u>46,319</u>
Represented by:					
Current liability	14	520,478	312,444	34,839	11,480
Non-current liability	14	<u>629,175</u>	<u>1,002,788</u>	-	<u>34,839</u>
		<u>1,149,653</u>	<u>1,315,232</u>	<u>34,839</u>	<u>46,319</u>
(b) Hire purchase commitments					
Payable					
- not later than one year		1,008,214	978,887	-	-
- later than one year and not later than five years		<u>4,382,451</u>	<u>3,465,710</u>	-	-
Minimum hire purchase payments		5,390,665	4,444,597	-	-
Less future finance charges		<u>(972,998)</u>	<u>(730,024)</u>	-	-
Total hire purchase liability		<u>4,417,667</u>	<u>3,714,573</u>	-	-
Represented by:					
Current liability	14	1,043,745	735,495	-	-
Non-current liability	14	<u>3,373,922</u>	<u>2,979,078</u>	-	-
		<u>4,417,667</u>	<u>3,714,573</u>	-	-
(c) Operating lease commitments					
Non-cancellable operating leases contracted for but not capitalised in the financial statements:					
Payable					
- not later than one year		975,840	556,077	-	3,156
- later than one year and not later than five years		<u>1,039,700</u>	<u>853,350</u>	-	<u>8,942</u>
		<u>2,015,540</u>	<u>1,409,427</u>	-	<u>12,098</u>

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$

General description of leasing arrangement:

Operating leases relate to harvesting equipment with lease terms of between 3 to 5 years, warehouse equipment and office space with lease terms of between 3 to 6 years . All operating lease contracts contain market review clauses in the event that the Boundary Bend Group exercises any option to renew. The Boundary Bend Group does not have an option to purchase the leased asset at the expiry of the lease period.

NOTE 21: CONTINGENT LIABILITIES

Estimates of the maximum amounts of contingent liabilities that may become payable:

Income tax payable under the Tax Sharing Agreement by Boundary Bend Ltd	-	-	-	1,127,079
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Boundary Bend Ltd and its controlled entities are currently involved in legal claims and counter claims with a bottling equipment agent and a manufacturing company. These cases may take up to 12 months to finalise and at this point in time it is not possible to determine either the estimated cost to defend or the probability of succeeding in any of the cases. In the event of adverse findings by the courts Boundary Bend Ltd and its controlled will be liable to pay an estimated \$350,488 plus interest and costs.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$

NOTE 22: RELATED PARTY TRANSACTIONS

(a) Transactions within the Wholly-Owned Group:

The ultimate parent entity in the wholly-owned group is Boundary Bend Limited.

Details of management fee revenue derived by the parent entity from wholly-owned controlled entities is disclosed in Note 3 to the financial statements.

Amounts receivable from or payable to wholly-owned controlled entities is disclosed in Note 7 and Note 13 respectively to the financial statements.

(b) Loans receivable from directors:

Leandro Ravetti	300,000	-	300,000	-
	300,000	-	300,000	-

Loans to directors are made on terms equivalent to those that prevail in arms lengths transactions.

(c) Transactions with director related entities:

Pitcher Partners provide accounting and taxation services to the Boundary Bend Group. Tim Jonas, who has recently retired as a partner of Pitcher Partners, continues as a consultant to Pitcher Partners.

	129,445	177,326	129,445	177,326
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Boundary Bend Group pays directors fees to Jonas Advisors Pty Ltd and Jopark Pty Ltd, companies owned by Tim Jonas.

	32,000	-	32,000	-
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Coulter Roache provide legal services to the Boundary Bend Group. Kevin Roache is a partner of Coulter Roache. Transactions with Coulter Roache include \$32,000 directors fees for Kevin Roache.

	91,015	39,647	32,425	28,741
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BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 22: RELATED PARTY TRANSACTIONS (Continued)				
Boundary Bend Group has entered into marketing contracts with Olivecorp Management Pty Ltd a subsidiary of Timbercorp Ltd to market and sell oil on behalf of the Timbercorp Ltd and purchased bulk oil. Robert Hance is a director of Timbercorp Ltd.	9,880,799	6,278,734	3,938	-
Boundary Bend Group has reimbursed Timbercorp for various grove related costs as well as payment of \$32,000 in directors fees for Robert Hance.	33,091	186,785	33,091	38,750
Taylor Collision Ltd provide consulting services to the Boundary Bend Group. Craig Ball is a director of Taylor Collision Ltd. Transactions with Taylor Collision Ltd include \$32,000 directors fees for Craig Ball	32,000	25,000	32,000	25,000
Pengala Pty Ltd has rental agreements with Victorian Bulk Handlers Pty Ltd, of which James Riordan is an owner. James Riordan is a relative of Paul Riordan.	28,142	37,037	-	-
Boundary Bend Group pays aircraft hire and vehicle maintenance expenses to RD McGavin and McGavin Investments Pty Ltd, companies owned by Robert McGavin.	40,000	15,000	25,000	-
Boundary Bend Group pays housing rental and Maqtec shed rental to P & F Riordan Pty Ltd, of which Paul Riordan is a shareholder.	188,859	34,267	-	-

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
NOTE 22: RELATED PARTY TRANSACTIONS (Continued)					
Boundary Bend Group procures fuel from Riordan Fuels Pty Ltd and United Retail Group Pty Ltd, of which Robert Riordan is an owner. Robert Riordan is a relative of Paul Riordan.		361,035	37,037	-	-
Boundary Bend Group has entered into management contract with Timbercorp Ltd and associated entities to manage and develop the Olive Groves owned by Timbercorp Ltd. Robert Hance is a director of Timbercorp Ltd.		5,161,403	3,247,470	-	-
Boundary Bend Group has entered into tree supply contracts with Timbercorp Ltd and associated entities to supply trees for the Olive Groves owned by Timbercorp Ltd and associated entities. Robert Hance is a director of Timbercorp Ltd.		3,204,620	2,246,790	-	-
Boundary Bend Group has entered into harvester supply contracts with Timbercorp Ltd and associated entities to provide equipment for harvesting the Olive Groves owned by Timbercorp Ltd. Robert Hance is a director of Timbercorp Ltd.		1,889,884	3,203,902	-	-
Boundary Bend Group has sold oil products to RD McGavin and Jubilee Park Vineyards Pty Ltd, companies owned by Robert McGavin.		2,230	-	-	-
Boundary Bend Group has sold oil products to P & F Riordan Pty Ltd, a company owned by Paul Riordan.		600	-	-	-

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 22: RELATED PARTY TRANSACTIONS (Continued)

(d) Shares held by directors and director related entities:

2008

Director	Shares held by director	Shares held by director related entity	Total	Ownership %	
	No.	No.	No.		
Robert McGavin	2,735,950	4,609,381	7,345,331	22.8	(a)
Paul Riordan	3,489,974	2,619,144	6,109,118	18.9	(a)
Leandro Ravetti	601,625	-	601,625	1.9	
Robert Hance (Timbercorp Ltd)	-	6,297,675	6,297,675	19.5	(b)
Tim Jonas	-	597,411	597,411	1.9	(a)
Craig Ball	123,394	-	123,394	0.4	
Kevin Roache	123,394	55,159	178,553	0.6	(a)
	<u>7,074,337</u>	<u>14,178,770</u>	<u>21,253,107</u>	<u>65.9</u>	

2007

Director	Shares held by director	Shares held by director related entity	Total	Ownership %	
	No.	No.	No.		
Robert McGavin	2,735,950	4,409,381	7,145,331	22.9	(a)
Paul Riordan	3,939,974	2,619,144	6,559,118	21.0	(a)
Leandro Ravetti	301,625	-	301,625	1.0	
Robert Hance (Timbercorp Ltd)	-	5,854,575	5,854,575	18.8	(b)
Tim Jonas	-	347,411	347,411	1.1	(a)
Craig Ball	123,394	-	123,394	0.4	
Kevin Roache	123,394	55,159	178,553	0.6	(a)
	<u>7,224,337</u>	<u>13,285,670</u>	<u>20,510,007</u>	<u>65.7</u>	

(a) Owned by director or director related entity.

(b) Robert Hance is a director of Timbercorp Ltd.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 23: CASH FLOW INFORMATION				
(a) Reconciliation of cash				
For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.				
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:				
Cash on hand	13,682	132	200	89
Cash at bank	<u>2,265,933</u>	<u>2,732,198</u>	<u>1,493,200</u>	<u>324,361</u>
	2,279,615	2,732,330	1,493,400	324,450
 (b) Reconciliation of cash flow from operations after income tax:				
Profit after income tax	4,872,195	4,267,955	1,513,044	33,691
Non-cash flows in profit from ordinary activities				
Amortisation	423,778	410,156	-	10,680
Depreciation	1,153,457	965,776	45,071	12,713
Net (gain) / loss on disposal of property, plant and equipment	(34,042)	(42,986)	-	-
Share Based Payment Expense	45,583	128,242	45,583	128,242
Changes in assets and liabilities, net of effects from acquisition of business:				
Decrease/(increase) in receivables	(1,683,997)	1,505,145	(2,236,504)	(834,819)
Increase in other assets	(56,919)	(94,727)	(21,165)	(44,015)
Increase in inventories and biological assets	(2,525,184)	(1,971,414)	-	-
Increase in reserves	44	-	-	-
Increase/(decrease) in payables	(877,554)	(1,999,110)	87,619	(26,806)
Increase/(decrease) in income tax payable	(1,016,620)	769,266	13,684	(7,494)
(Increase)/decrease in deferred taxes	458,506	(822,659)	(41,996)	(16,924)

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
NOTE 23: CASH FLOW INFORMATION (Continued)					
Increase in other liabilities		635,161	16,733	156,822	-
Decrease in provisions		<u>224,681</u>	<u>99,157</u>	<u>92,054</u>	<u>23,145</u>
Cash flows from operations		<u>1,619,089</u>	<u>3,231,534</u>	<u>(345,788)</u>	<u>(721,587)</u>

(c) Acquisition of entities

During the financial year, a single entity was acquired.
Details of this transaction are:

Purchase consideration	-	400,012	-	-
Cash consideration	-	6	-	-
Cash received from controlled entities	-	352,668	-	-
Cash inflow	-	<u>352,674</u>	-	-
Assets and liabilities held at acquisition date:				
Cash	-	352,668	-	-
Receivables	-	6,131	-	-
Inventories	-	249,609	-	-
Land, buildings, property, plant and equipment	-	23,968	-	-
Payables	-	(428,058)	-	-
External borrowings	-	(278,000)	-	-
Other liabilities including payable to parent entity	-	<u>(2,434)</u>	-	-
	-	<u>(76,116)</u>	-	-
Goodwill on consolidation	-	476,128	-	-
Total purchase consideration	-	<u>400,012</u>	-	-

(d) Loan Facilities

Loan facilities	26,200,000	26,200,000	17,180,000	16,000,000
Amount utilised	<u>(25,334,480)</u>	<u>(25,784,480)</u>	<u>(16,850,000)</u>	<u>(15,720,000)</u>
Unused loan facilities	<u>865,520</u>	<u>415,520</u>	<u>330,000</u>	<u>280,000</u>

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$

NOTE 23: CASH FLOW INFORMATION (Continued)

The major facilities are summarised as follows:

Multi Option Fixed Interest Loan Facility

\$15,000,000 loan facility. The facility expires on 31 July 2009.
The interest rate is fixed at 6.81%.

Multi Option Variable Interest Loan Facility

\$2,200,000 loan facility. The facility expires on 31 July 2009.
The current variable interest rate is 8.46%

Multi Option Variable Interest Loan Facility

\$9,000,000 loan facility. The facility expires on 31 July 2009.
The current interest rate is 8.46%.

Finance will be provided under all facilities provided the company has not breached any borrowing requirements and the required financial ratios are met. The company confirms that it has complied with all borrowing requirements and met the required financial ratios during the year.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$

NOTE 24: KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel comprise directors of the entity and other executives.

Compensation received by key management personnel of the company

- short term employee benefits	665,312	480,830	358,128	220,769
- post-employment benefits	63,123	39,889	33,696	11,282
- share-based payments	<u>25,811</u>	<u>12,177</u>	<u>11,992</u>	<u>128,242</u>
	<u>754,246</u>	<u>532,896</u>	<u>403,816</u>	<u>360,293</u>

The names of directors who have held office during the financial year are:

Robert McGavin

Paul Riordan

Leandro Ravetti

Robert Hance

Tim Jonas

Craig Ball

Kevin Roache

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 25: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's policy on capital risk management has not changed from the approach taken in the 2007 financial year.

Debt financing of the Group is subject to the following externally imposed capital requirements:

- Interest Coverage Ratio ((NPBT + Interest + Depreciation)/Interest)
- Net Worth Ratio ((Tangible Assets – External Liabilities)/Tangible Assets)
- Dividend Ratio (Dividends Paid/NPAT)

The Interest Coverage Ratio is calculated on a rolling average of the last four financial quarters. The current benchmark is 3.0 times. The current benchmark for the Net Worth Ratio is 25%. The current benchmark for the Dividend Ratio states that dividends payable must not exceed 50% of net profit after tax per annum.

The group satisfied all capital requirements throughout the financial year. Compliance with the above capital requirements are detailed in monthly management accounts which are reviewed on a regular basis.

Operating cash flows are used to maintain and expand the group's net asset position, as well as to make the normal outflows of tax, dividend and interest obligations. The Group's policy is to borrow centrally, using a variety of borrowing facilities, to meet anticipated funding requirements.

Gearing Ratio

The Board of Directors regularly review the capital structure of the business, based on information provided from monthly management reporting. The Group has a benchmark gearing ratio calculated as the ratio of total external debt to tangible assets. As at year end, the Group was below the said benchmark

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Total External Debt	30,881,800	29,694,285	16,884,839	15,746,319
Less: Cash and Cash Equivalents	<u>(2,279,615)</u>	<u>(2,732,330)</u>	<u>(1,493,400)</u>	<u>(324,450)</u>
Net External Debt	28,602,185	26,961,955	15,391,439	15,421,869
Total Assets	82,369,023	76,166,798	51,260,027	46,287,281
Less: Intangible Assets	<u>(20,026,147)</u>	<u>(20,026,147)</u>	<u>-</u>	<u>-</u>
Tangible Assets	62,342,876	56,140,651	51,260,027	46,287,281
Gearing Ratio	45.88%	48.03%	30.03%	33.32%

(a) Financial risk management objectives

The Group monitors and manages the financial risks relating to the operations of the Group throughout the year at meetings of the Board of Directors and key management personnel. An annual risk review involving all areas of the business is conducted with a report and recommendations presented to the board at the conclusion of the review. The Group has to date identified the following financial risks:

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 25: FINANCIAL INSTRUMENTS (Continued)

- Interest Rate Risk
- Foreign Currency Risk
- Credit Risk
- Liquidity Risk

(b) Interest rate risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates relates primarily to the Group's long term debt obligations with a variable interest rate.

The Group manages its interest costs using a mix of fixed and floating rate debt. The group has fixed a certain amount of debt with the remaining balance financed via floating interest rate.

The effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 25: FINANCIAL INSTRUMENTS (Continued)

- Trade receivables of \$7,095,069 (2007-\$5,211,382) and trade and other payables of \$3,470,471 (2007- \$4,883,025) are non-interest bearing. The trade receivables and trade and other payables are due for settlement within twelve months.
- Cash and cash equivalents of \$2,279,615 (2007-\$2,732,330) are deposited at a floating interest rate. For the year ended 30 June 2008 the weighted average effective interest rate is 6.06% (2007 - 4.01%).
- Bank loans of \$25,314,480 (2007-\$24,664,480) are borrowed at fixed and floating interest rates. For the year ended 30 June 2008 the weighted average effective interest rate is 7.08% (2007 - 6.74%).
- Finance lease liabilities and hire purchase liabilities are due for repayment as disclosed in note 20.
- Director loan of \$300,000 borrowed at a floating interest rate as per Division 7A - benchmark interest rates which is 9.45% for the 2009 financial year.

Interest rate sensitivity analysis

The following sensitivity analysis has been determined based on the economic entity's exposure to long term debt obligations. Changes in interest rates would have an effect on the interest received by the group however, this effect is considered immaterial for the purpose of the sensitivity analysis.

The analysis has been conducted based on a 100 basis point change, either up or down, in the prevailing interest rate at the end of the financial year applied to outstanding long term debt obligations at reporting date. A 100 basis point sensitivity has been used for the analysis as this is deemed a reflective basis point variance given recent market conditions.

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/decrease by \$103,142 (2007: \$96,640).

(c) Foreign Currency risk management

The economic entity undertakes certain transactions denominated in foreign currencies, hence exposing the Group to the risk of exchange rate fluctuations. The Group's policy is to deal in stable currencies which are actively traded in local and world markets to reduce the risk of strongly adverse movements in exchange rates.

It is the policy of the group to enter into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the economic entity against unfavourable exchange rate movements for both the contracted and anticipated future sales and purchases undertaken in foreign currencies.

At reporting date the carrying amount of the economic entities monetary assets denominated in foreign currencies were as follows:

	Assets		Liabilities	
	2008	2007	2008	2007
	\$	\$	\$	\$
US Dollars	6,198,821	1,923,187	4,244,218	-
UK Pounds	3,201	15,323	-	-
Argentinean pesos	12,303	-	-	-

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 25: FINANCIAL INSTRUMENTS (Continued)

Foreign currency sensitivity analysis

The economic entity is mainly exposed to US dollars (USD) and Argentinean pesos (ARS) through contracts for sale of olive oil to the US market where the price of the goods sold is denominated in USD. The exposure to ARS is as a result of the Group's investment in the establishment of an olive grove in Argentina. At reporting date the exposure to ARS was limited to cash deposits held in ARS and the deposit paid for land purchased in Argentina. In addition one subsidiary of the Group, Boundary Bend Estate Pty Ltd, at balance date has been determined to have a functional currency of ARS. Exposure to all other foreign currencies is incidental to the trading of the economic entity and the effect of movements in the exchange rates with these foreign currencies is considered immaterial.

The table set out below shows the impact that a 9% increase or decrease in the Australian dollar against the relevant foreign currency would have on the financial statements at reporting date. A positive number indicates an increase in profit or other equity where the Australian dollar strengthens against the foreign currency. A weakening of the Australian dollar against the respective foreign currencies would result in an equal and opposite impact on the financial statements. The stipulated movement for the sensitivity analysis of 9% has been chosen as it represents the average percentage change in the foreign currencies for the previous five years.

Economic Entity	USD Impact		ARS Impact	
	2008	2007	2008	2007
	\$	\$	\$	\$
Profit or loss	205,676	(158,795)	(40,688)	-
Other equity	-	-	863	-

Parent Entity	USD Impact		ARS Impact	
	2008	2007	2008	2007
	\$	\$	\$	\$
Profit or loss	-	-	-	-
Other equity	-	-	-	-

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 25: FINANCIAL INSTRUMENTS (Continued)

(d) Credit risk management

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

(f) Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The tables below sets out financial assets and liabilities by maturity at balance date for 2008 and 2007. These tables have been drawn up based on undiscounted contractual maturities of the financial assets including interest payable and receivable:

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 25: FINANCIAL INSTRUMENTS (Continued)

Economic Entity	Weighted Average Effective Interest rate	Less than 6 months	6-12 months	1 to 5 years	Later than 5 years
2008	%	\$	\$	\$	\$
Financial Assets					
Non-interest bearing	N/A	7,095,069	-	-	-
Variable interest rate instruments	6.06%	2,279,615	-	-	-
Financial Liabilities					
Non-interest bearing	N/A	3,470,471	-	-	-
Variable interest rate instruments	8.02%	773,878	821,572	15,331,770	-
Fixed interest rate instruments	6.81%	-	-	15,000,000	-
2007	%	\$	\$	\$	\$
Financial Assets					
Non-interest bearing	N/A	5,211,382	-	-	-
Variable interest rate instruments	4.01%	2,732,330	-	-	-
Financial Liabilities					
Non-interest bearing	N/A	4,883,025	-	-	-
Variable interest rate instrument	7.07%	637,626	731,875	14,237,532	-
Fixed interest rate instruments	6.81%	-	-	15,000,000	-
Parent Entity	Weighted Average Effective Interest rate	Less than 6 months	6-12 months	1 to 5 years	Later than 5 years
2008	%	\$	\$	\$	\$
Financial Assets					
Non-interest bearing	N/A	4,668,142	-	-	-
Variable interest rate instruments	5.62%	1,493,400	-	-	-
Financial Liabilities					
Non-interest bearing	N/A	111,843	-	-	-
Variable interest rate instruments	8.24%	24,159	11,895	1,850,000	-
Fixed interest rate instruments	6.81%	-	-	15,000,000	-
2007	%	\$	\$	\$	\$
Financial Assets					
Non-interest bearing	N/A	2,233,781	-	-	-
Variable interest rate instruments	5.33%	324,450	-	-	-
Financial Liabilities					
Non-interest bearing	N/A	24,224	-	-	-
Variable interest rate instrument	6.66%	6,858	6,858	736,053	-
Fixed interest rate instruments	6.81%	-	-	15,000,000	-

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 25: FINANCIAL INSTRUMENTS (Continued)

(e) Net Fair Values

The net fair value of financial assets and financial liabilities approximates their carrying values as disclosed in the statement of financial position and notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are:

	2008		2007	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial assets				
Other financial assets	<u>1,000,500</u>	<u>1,000,500</u>	<u>1,000,500</u>	<u>1,000,500</u>
	<u>1,000,500</u>	<u>1,000,500</u>	<u>1,000,500</u>	<u>1,000,500</u>
Financial liabilities				
Other loans and amounts due	25,314,480	25,314,480	24,644,480	24,644,480
Other liabilities	<u>5,566,256</u>	<u>5,566,256</u>	<u>5,049,805</u>	<u>5,049,805</u>
	<u>30,880,736</u>	<u>30,880,736</u>	<u>29,694,285</u>	<u>29,694,285</u>

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 26: CONTROLLED ENTITIES

(a) Controlled entities

	Country of Incorporation	Percentage Owned (%)	
		2008	2007
Parent Entity:			
Boundary Bend Limited	Australia		
Subsidiaries of Boundary Bend Limited:			
Boundary Bend Estate Management Pty Ltd	Australia	100	100
Boundary Bend Management (Boort) Pty Ltd	Australia	100	100
Boundary Bend Estate (Processors) Pty Ltd	Australia	100	100
Boundary Bend Estate Pty Ltd	Australia	100	100
Pengala Pty Ltd	Australia	100	100
Karee Pty Ltd	Australia	100	100
Boundary Bend Marketing Pty Ltd	Australia	100	100
Olive Management Pty Ltd	Australia	100	100
Cobram Estate Pty Ltd	Australia	100	100
Maqtec Australia Pty Ltd	Australia	100	100

Name of business acquired	Principal Activity	Date of Acquisition	Proportion of Shares	Cost of Acquisition \$
2007:				
Maqtec Australia Pty Ltd	Manufacture & sale of harvesters	15 Sept 2006	100%	400,012
Cobram Estate Pty Ltd	Sale of olive oil	19 Dec 2006	100%	2,404,974
				2,804,986

2007:

Net Assets Acquired	Maqtec Australia Pty Ltd		Cobram Estate Pty Ltd		Total fair value on Acquisition
	Book Value	Fair Value on Acquisition	Book Value	Fair Value on Acquisition	
Current Assets:					
Cash	352,668	352,668	-	-	352,668
Debtors	6,131	6,131	-	-	6,131
Inventory	249,609	249,609	-	-	249,609
Deferred Tax Asset	-	-	-	-	-
Non Current Assets:					
Property, Plant & Equipment	23,968	23,968	4,974	4,974	28,942
Intangibles	-	-	2,400,000	2,400,000	2,400,000
Investments	-	-	-	-	-

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 26: CONTROLLED ENTITIES (Continued)

Current Liabilities:

Creditors & accruals	428,058	428,058	-	-	428,058
Loans & Borrowings	278,000	278,000	-	-	278,000
Income tax payable	2,434	2,434	-	-	2,434

Non Current

Liabilities:

Loans & Borrowings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(76,116)</u>	<u>(76,116)</u>	<u>2,404,974</u>	<u>2,404,974</u>	<u>2,328,858</u>
Goodwill on acquisition					<u>476,128</u>
					<u>2,804,986</u>

NOTE 27: ECONOMIC ENTITY DETAILS

The registered office of the company is:

Boundary Bend Limited and controlled entities

151 Broderick Road

LARA Victoria 3212

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 28: SHARE-BASED PAYMENTS

As at year end, the following share options have been granted by the company:

- Executive Directors of the company	700,000
- Other Executives of the economic entity	650,000

Options issued in the 2007/08 financial year:

875,000 options were granted on 1 July 2007 and must be exercised on or before 1 July 2011.

Under the Boundary Bend Ltd Employee and Officers Share Option Plan the options were granted with an exercise price of \$1.60. Options issued are subject to certain vesting periods with the company able to reclaim certain number of options (dependent on resignation date) should an employee or officer resign from the company.

The options outstanding at 30 June 2008 had a weighted average exercise price of \$1.60 and a weighted average remaining contractual life of 4 years. The options can be exercised on or before 1 July 2011.

The weighted average fair value of the options granted during the year was \$0.12. The price was calculated using the Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	\$1.60
Weighted average life of the options	4 years
Underlying share price	\$1.11
Expected share price volatility	26.7%
Expected dividend yield	3.50%
Risk free interest rate	6.41%

Included under other expenses in the income statement is 45,583 and relates to equity-settled share-based payment transactions. This receipt has been taken to equity which is disclosed in other reserves in Note 19.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 29: DIVIDENDS				
Fully Franked Dividend declared - 5 cents per share (2007: Nil)	<u>1,612,327</u>	-	<u>1,612,327</u>	-
	<u>1,612,327</u>	-	<u>1,612,327</u>	-
Balance of franking account at financial year-end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years:				
Fully franked at 30% (2007: 30%)	<u>2,654,386</u>	<u>2,599,734</u>	-	-

NOTE 30: SUBSEQUENT EVENTS

Land acquisition

Since the 30 June 2008, the economic entity has entered into an unconditional contract for the purchase of land in the San Juan province of Argentina. The contract price of the land is US\$1.95 million (approximately AU\$2.05 million) of which a deposit of US\$234,000 has been paid.

Joint venture investment

The economic entity has agreed to acquire a 10% equity shareholding in a joint venture company, domiciled in China. The joint venture's operations will distribute the Cobram Estate brand throughout China.

Lease of Grove

Effective 1 July 2008, the economic entity has leased its 520 hectare grove situated at Boundary Bend to Timbercorp Securities Ltd, until 30 June 2033.

BOUNDARY BEND LIMITED
ABN 32 115 131 667
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 31: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The company has early adopted AASB 8: Operating Segments, issued in February 2007.

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The directors have not yet assessed the impact of these standards or interpretations.

AASB 3	Business Combinations (Operative from 1 July 2009)
AASB 101	Presentation of Financial Statements (Operative from 1 Jan 2009)
AASB 123	Borrowing Costs (Operative from 1 Jan 2009)
AASB 127	Consolidated and Separate Financial Statements (Operative from 1 July 2009)

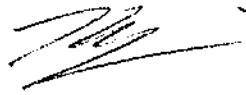
BOUNDARY BEND LIMITED
ABN 32 115 131 667

DIRECTORS' DECLARATION

The directors of the company declare that:

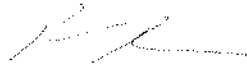
1. The financial statements and notes, as set out on pages 8 to 60, are in accordance with the *Corporations Act 2001*:
 - (a) comply with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position as at and performance for the financial year ended on that date of the economic entity.
2. 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.

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



Director _____

Robert McGavin



Director _____

Paul Riordan

Dated this 18th day of September 2008.

Independent Auditor's Report to the members of Boundary Bend Limited

We have audited the accompanying financial report of Boundary Bend Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 as set out on pages 8 to 61.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we 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 directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

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

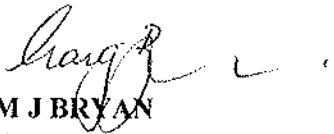
Auditor's Opinion

In our opinion:

- (a) the financial report of Boundary Bend Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU


C M J BRYAN
Partner
Chartered Accountants
Melbourne, 18 September 2008