BOUNDARY BEND LIMITED

Boundary Bend Limited and controlled entities

ABN 32 115 131 667

Financial report
For the year ended 30 June 2010

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BOUNDARY BEND
LIMITED
Australia's premier olive company
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EXECUTIVE CHAIRMAN'S REPORT

29 September 2010

Dear Shareholders

The 2010 financial year was an epic year in which Boundary Bend Limited ("**BBL**" or the "**Company**") consolidated its position as the leader of the Australian olive industry and a significant world producer of extra virgin olive oil.

Results

The profit of the consolidated entity for the year, after providing for income tax and eliminating non-controlling interests, amounted to $38,429,120 (2009: $18,929,769 loss), principally due to the one-off gain on acquisition of the Timbercorp olive assets. Under accounting standards, the purchase of the Timbercorp olive assets was required to be accounted for under the Business Combinations accounting standard. This resulted in the difference between the purchase price and the assessed fair value at acquisition to be taken through the profit and loss account.

The result from trading operations was a loss before tax of $8,321,448 (2009: $4,126,397 profit). The trading loss was predominantly driven by the lower than expected harvest result and the softer global price of olive oil, which was partially offset by the lower than expected water costs (due to higher permanent water allocations and lower than expected temporary water costs).

The table below provides a reconciliation to the financial statements.

	2010 $	**2009 $**
Trading profit/(loss)	(8,321,448)	4,126,397
Gain on Timbercorp asset acquisition - profit/(loss)	47,388,606	-
Transaction costs relating to acquisition	(1,006,934)	-
Goodwill and investment revaluation - profit/(loss)	(610,940)	(13,152,278)
Change in fair value of olive grove - profit/(loss)	-	(9,585,580)
Profit/(loss) before income tax expense	**37,449,284**	**(18,611,461)**

In determining the Business Combinations profit (associated with the purchase of the Timbercorp olive assets), the fair value was determined with reference to an independent valuation conducted on the major assets, including the groves owned at Boundary Bend and Wemen and the grove and processing plant owned at Boort.

Included in the Goodwill and investment revaluation of $610,940 is the write-down in Boundary Bend Limited's investment in Origin Olives (the owner of the Viva trademark) and a reduction in the carrying value of the Maqtec goodwill.

As at 30 June 2010 the consolidated entity was in breach of one of its banking covenants, relating to the required interest cover. In accordance with applicable accounting standards this results in the bank debt being treated as a current liability at 30 June 2010 in the Consolidated Statement of Financial Position. Since balance date, the lender has agreed to waive this financial covenant, and entered into a revised facility extending to November 2012.

At 30 June 2010, the net asset per share was $2.01, which compared to $0.86 per share as at 30 June 2009. This strengthening of the balance sheet has led to a decrease in the gearing ratio from 42.3% at 30 June 2009 to 32.3% at 30 June 2010.

BBL management estimates that the replacement value of the consolidated entities' groves and processing plants at Boort and Boundary Bend is approximately $220m (excluding water). The long time-frames involved in bringing olives into production along with the high replacement value of these assets are a significant barrier for any potential competitor to replicate BBL's business and achieve BBL's strong industry position.

Future earnings

BBL's profitability correlates closely with production levels and global olive oil prices. Operating costs are mostly fixed and predictable and therefore any movement in gross revenue has a significant impact on profitability. Due to the agricultural variability associated with production and the volatility of price and currency, the Board does not intend to give profit guidance for the 2011 financial year. However, we can say that we expect to return to trading profitability in 2011 and we will continue to notify shareholders of any material events.

Dividend

The Directors did not declare a dividend in 2010 and it is unlikely that a dividend will be declared in the 2011 financial year.

Age profile of Boundary Bend Groves and Boort Groves

67% of BBL's grove area is yet to reach full maturity. It is not expected that these groves will reach full maturity until they are approximately 8 to 9 years old. This means that the fixed costs relating to the groves are expected to remain fairly constant but the yield production will continue to increase until the groves reach their optimal level. 44.7% of the BBL's groves are currently less than 4 years old and 52% are less than 5 years old.

It is expected that the oil yield from BBL groves will increase rapidly for the next 4 to 5 years; with the anticipated production at maturity being approximately 15 million litres of olive oil per year. More than 95% of this is expected to be high quality extra virgin.

The Company Now

BBL is a vertically integrated olive company and the largest producer of extra virgin olive oil in Australia. BBL was founded in 1998 by Rob McGavin and Paul Riordan, who are both Executive Directors and currently the two largest shareholders (21.5% and 13.81% respectively). BBL is an unlisted public company, with approximately 500 shareholders, which operates from 7 sites in Victoria and currently employs 101 permanent staff.

EXECUTIVE CHAIRMAN'S REPORT (CONTINUED)

The key aspects that created and continue supporting BBL's leading position on a world scale are:

- full vertical integration
- management strength and experience with large scale operations
- technical knowledge
- high fruit and oil yields
- mechanical harvesting intellectual property
- high oil quality
- 3rd party recognition.

The BBL Group:

- owns approximately 2.4 million olive trees on 6,240 hectares (15,400 acres) located at Boort and Boundary Bend;
- has two of the world's top 10 olive oil processing plants with combined capacity of 95 tonnes of fruit per hour;
- processed 36,400 tonnes of olives in 2010 producing approximately 6.5 million litres of olive oil;
- operates a specialist olive nursery, supplying commercial growers as well as wholesaling olive trees to retail chain stores and other nurseries;
- operates a specialist bulk olive oil storage from its premises in Corio;
- provides technical advice to growers who contribute to approximately 65% of the Australian production;
- provides olive oil analysis and research through its own olive oil laboratory that holds IOC, AOCS and NATA/ISO accreditation;
- provides olive oil bottling, packaging and warehousing services;
- supplies a number of private label brands with both finished goods and bulk oil, both domestically and internationally;
- manufactures and services the "Colossus" olive harvesters;
- owns the olive oil retail brand "Cobram Estate" which was acquired by the BBL in 2006 and has grown into Australia's highest selling brand of Australian produced EVOO;
- owns a 9.2 hectare industrial facility on the Western fringes of Melbourne with offices, nursery and warehouses covering approximately 20,000 m²; and
- owns 1,500 hectares of freehold land, highly suitable for olive development, with significant reserves of water in the province of San Juan, Argentina.

The BBL Group has been recognised as a leading Australian agribusiness company, having received the following awards:

- Best Oil in Show at the Australian Olive Association Awards in 2009;
- NAB Agribusiness Award for Excellence in Innovation in an Emerging Industry in 2009;
- Australian Olive Grove of the Year by the Australian Olive Association in 2008;
- Geelong Business Excellence Award for Export and Manufacture in 2008;
- Victorian Government Agribusiness Exporter of the Year in 2007;
- Commonwealth Government Agribusiness Exporter of the Year in 2007;
- NAB Agribusiness Award for Excellence in Exporting in 2007; and
- Australian Olive Grower of the Year awarded by the Australian Olive Association in 2005.

Corporate Activity Highlights

On 12 October 2009, BBL entered into contracts with the Timbercorp Liquidators for the purchase of the Timbercorp olive assets for a total price of $59.5m. Below is a summary of the primary assets purchased.

Boort Assets
- 2,777 hectares (ha) of freehold planted grove (total land area 4,814ha)
- 15,439 megalitres (ML) of Permanent Water Rights ("PWR")
- olive processing plant (excellent modern plant, top 10 by capacity in the world)
- 4.8 million litre (stainless steel) oil storage facility at Boort
- 20ha of winegrapes
- 500ha of plantable vacant land
- numerous items of plant and equipment

Boundary Bend Assets
- 3,235ha of freehold planted groves (total land area 4,545ha) including:
  - 2,393ha planted groves at Boundary Bend Estate (total area 3,085ha)
  - 842ha planted groves at Ryans in the Wemen area (total area 1,460ha)
- 10,732 ML of PWR
- 6,817,220 shares in BBL (19.4% of BBLs issued capital)
- the leasehold interests relating to the 520ha of planted groves owned by BBL and 3,545 ML of PWR.

On 4 January 2010, BBL raised a net amount of $20.23m by issuing shares at $1.30 each, pursuant to the prospectus lodged with ASIC on 13 November 2009.

On 11 January 2010 BBL settled on the Timbercorp olive assets and in a simultaneous transaction, BBL on-sold the 26,170 megalitres of permanent water rights to a Victorian superannuation fund for $49.3m. This sale also included a long-term leaseback of the water on commercial terms.

On 11 January 2010 the 6,817,220 ordinary Boundary Bend Limited shares were cancelled.

On 4 April 2010 BBL purchased 6.64% of the listed olive company Redisland Australia Limited for $163,100.

Operations

From an operational perspective, the 2010 financial year was generally very difficult due principally to Timbercorp going into Administration on 23 April 2009. It is best summarised below:

- **1st quarter** FY2010 – There was extreme uncertainty during the first quarter as BBL management struggled with the implications of Timbercorp's liquidation. BBL (as the manager) had all the financial commitments of the Timbercorp olive assets including staff and equipment repayments but was not being reimbursed for its costs. This was compounded by the fact that the crop was owned by the original MIS growers but the assets were controlled by the banks and no party was willing to pay BBL for the grove operating costs.

- **2nd quarter** – BBL was able to sign contracts for the purchase of the Timbercorp olive assets. The focus was then about funding the purchase with a combination of debt and equity while still managing the groves (and the remaining BBL business) with limited financial resources.
- **3rd quarter** – With all of the distractions to senior management due to the Timbercorp Liquidation, the 3rd quarter was spent focused on our core businesses and people, as well as preparing for harvest, including building 3 new Colossus harvesters and tripling the processing capacity at Boundary Bend Estate with a $5 million upgrade.
- **4th quarter** – Harvest started on 12 April at Boundary Bend Estate and finished on 14 June at Boort. The result was disappointing coming in about 33% below initial forecasts due principally to the poor growing season. Yields from other horticultural crops in the region, including almonds, winegrapes and citrus were also 25% to 50% lower than expected.

<u>Non-viable areas removed</u>

As forecast in the prospectus, BBL undertook a thorough review of its groves post settlement to ensure that any non-viable areas (due to non performing varieties, poor soils, frost-prone areas causing tree determination and/or spread of disease particularly olive knot) were identified for removal. In total 338 hectares of non-performing groves were removed versus the prospectus forecast of up to 200 hectares We have also replanted about 50 hectares of new plantings so the net reduction in area is 288 hectares.

<u>Drought/Water update</u>

Finally the drought has broken. Excellent rainfall causing healthy river flows has resulted in storage levels across the Southern Basin continuing to increase, with the three major storages Hume, Dartmouth and Lake Eildon at 80%, 46% and 60% respectively. The Murray Darling Basin Commission combined storages are at 69% full compared to 26% at the same time last year.

As a result water allocations are almost certain to be 100% this season.

<u>Sales & Marketing Summary</u>

Global Olive Oil Market
Despite showing signs of recovery late in 2009, global extra virgin olive oil prices continue to trade well below historical averages. The ongoing financial crisis in Europe and the distorting effect of adulteration on global supply and demand are recognised as the major factors behind the low prices. As a consequence, margins for olive growers across the world, including in traditional producing countries of Spain, Greece and Italy, are being tightly squeezed. The impact of the low prices and the strong Australian dollar is evident in the increased frequency of discounting of imported olive oils in Australian supermarkets.

Whilst BBL is not immune to the impact of global prices with almost half of the annual production going offshore, through utilising a number of different sales channels (eg bulk, retail) and the growth of Cobram Estate branded sales, the effects of the lower prices on the business have been somewhat cushioned. We remain confident in the ability of the business to continue to extract a quality-based premium for our oil and at the same time we remain focused on reducing our supply chain costs to improve the capacity of our business to manage the margin squeeze.

USA Olive Oil Study
A recent study conducted by UC Davis found that 83% of imported oils tested and 10% of California oils tested failed to meet extra virgin standards. The findings of the report highlight the problem of mislabelling of olive oil, which was also exposed in Australia by the 7.30 Report in 2009. With new USDA olive oil standards coming into effect in October / November 2010, the regulators in the USA will have a standard against which to test olive oils; this should prove positive for producers of authentic extra virgin olive oil.

Cobram Estate® summary

Sales Growth
Cobram Estate retail sales continued their rapid growth during the period and the brand reinforced its position as Australia's top-selling home-grown olive oil.

Over the period, Cobram Estate unit sales in leading Australian supermarkets grew by approximately 60% and accounted for approximately 24% of total unit sales growth in the total extra virgin category. Pleasingly the extra virgin category continues to outperform the broader market for olive oil, achieving unit sales growth of approximately 27% in the same stores, whilst the Australian extra virgin sub-category achieved unit sales growth of approximately 32%.

Awards
Cobram Estate maintained its position as one of Australia's most awarded olive oils, collecting a total of 44 medals during the period including 10 gold medals and the prestigious "Best Oil in Show" award at the Australian Olive Association National Olive Oil Competition. The Australian olive oil competitions feature the very best olive oils produced by both large and small growers from across Australia. Our success is testimony to the efforts of our staff and the quality of our groves and production facilities – rarely in the olive world are such high quality products produced on the scale achieved by BBL and readily available in supermarkets at competitive prices.

Recently the 2010 olive oil competitions have commenced and already Cobram Estate has secured three gold medals. Our top-selling "Fresh and Fruity" supermarket range has collected two of the three gold medals.

Locusts

As reported in the media over the last few months, there is expected to be a serious outbreak of Australian Plague Locusts this spring and maybe into next year. By all reports this plague has the potential to rival the 1973-74 and the 1934 plagues.

The Victorian State government has declared the Australian Plague Locust an "Exotic Pest" which in plain terms means that not only does BBL have a moral obligation to control the hatchings that occur on our land, we also have a legal obligation to control them.

BBL has recently completed a comprehensive report on the life cycle, history of damage, risks and mitigation strategies to minimize our risk of damage.

It is pleasing to report that nowhere in our research could we find where the Australian Plague Locust has caused considerable damage to olive trees, fruit or any permanent horticulture crop. BBL is well prepared to combat the locusts but, as always, there is a limit to what can be achieved. BBL believes the risk of material damage from locusts is quite low, but possible.

EXECUTIVE CHAIRMAN'S REPORT (CONTINUED)

Annual General Meeting

BBL would like to thank all shareholders for their continued support and we look forward to seeing you at our Annual General Meeting at Boundary Bend Limited's registered office, located at 151 Broderick Road, Corio, Victoria, on 29 October 2010. Registration / tea and coffee will start at 10.30 am and the AGM will commence at 11.00 am.

For those who cannot make the AGM, BBL will be circulating via email a copy of the chairman's presentation.

BBL would especially like to thank non-executive directors Tim Jonas, Craig Ball and Jonathan West for their extraordinary contribution during the last year, in which BBL faced many challenges.

BBL would also like to thank all the staff for their loyal commitment and work ethic. Boundary Bend's great people are its biggest asset.

Kindest regards

Rob McGavin
Executive Chairman

DIRECTORS' REPORT

The Directors present their report together with the financial report of Boundary Bend Limited and controlled entities for the year ended 30 June 2010 and auditors report thereon.

Directors names

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

Robert McGavin

Paul Riordan

Leandro Ravetti

Tim Jonas

Craig Ball

Jonathan West

Timothy Smith (Director appointment date: 30/07/2009)

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

Company secretary

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

Anthony Instrell:	Bachelor of Business (Accounting and Finance).
Samuel Beaton:	Bachelor of Commerce (Accounting and Finance) and a Bachelor of Science (Industrial Organic Chemistry).

Mr. Beaton joined the Boundary Bend Group in August 2009 and was appointed joint Company Secretary on 14 December 2009 and appointed Chief Financial Officer on 1 January 2010.

Results

The profit of the consolidated entity for the year after providing for income tax and eliminating non-controlling interests amounted to $38,429,120 (2009: $18,929,769 loss). For detailed comments in relation to the result of the consolidated entity during the financial year please refer to the Executive Chairman's report.

Review of operations

For detailed comments in relation to a review of operations of the consolidated entity during the financial year and the results of those operations please refer to the Executive Chairman's report.

Significant changes in state of affairs

Significant changes in the consolidated entity's state of affairs that occurred during the financial year were as follows:

In October 2009 an agreement was reached with Timbercorp's Liquidator, to purchase all the Timbercorp olive assets at Boort and Boundary Bend for $59.5 million. The assets purchased by the consolidated entity included 6,012 hectares of olive groves at Boort and Boundary Bend; 26,170 megalitres of permanent water rights on the Murray and Goulburn systems; an olive processing facility located at Boort; various items of plant and equipment; and Timbercorp's 19.4% equity interest in Boundary Bend Limited (6,817,220 ordinary shares). On 11 January 2010, the above transaction was completed. Following settlement the 6,817,220 ordinary Boundary Bend Limited shares were cancelled.

In a simultaneous transaction, Boundary Bend also on-sold the 26,170 megalitres of permanent water rights to an Australian superannuation fund for $49.25 million. This sale also included a leaseback of the water rights on commercial terms. This transaction also settled on 11 January 2010.

For further comments in relation to this significant change please refer to the Executive Chairman's report.

Principal activities

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

Apart from the acquisition of the Timbercorp olive assets at Boort and Boundary Bend, which resulted in the consolidated entity changing from the manager to the owner (refer to above note on Significant Changes in State of Affairs), there was not a significant change in the nature of these activities during the year.

After balance date events

As at 30 June 2010 the consolidated entity was in breach of one of its banking covenants, relating to the required interest cover. In accordance with applicable accounting standards this resulted in the bank debt being treated as a current liability at 30 June 2010 in the consolidated statement of financial position. Since balance date, the lender has agreed to waive this financial covenant, and entered into a revised facility extending to November 2012.

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

Likely developments

For further comments in relation to the likely developments please refer to the Executive Chairman's report.

Environmental regulation

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

The consolidated entity 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.

The Directors are not aware of any material breaches of environmental laws and regulations.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Information on directors

Robert McGavin	Age 41
Experience	Rob is a co-founder of the BBL Group and has extensive experience in the agribusiness sector. He is directly involved in a large scale vineyard in South Australia, a grazing operation in Western Queensland, a cropping and grazing operation in South Western Victoria, as well as Boundary Bend Ltd's development and management. Rob is also a board member of Marcus Oldham Agricultural College.
Special responsibilities	Robert McGavin is Executive Chairman of Boundary Bend Ltd.
Paul Riordan	Age 38
Experience	Paul Riordan has extensive experience in the olive industry having worked in the industry since 1996 and is a co-founder of the Boundary Bend Group. He currently oversees the operations of the olive groves and the manufacturing of the olive harvesting equipment.
Special responsibilities	Paul Riordan is Managing Director of Boundary Bend Ltd.
Leandro Ravetti	Age 37
Experience	Leandro joined the Boundary Bend group 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 of 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.

Tim Jonas	Age 65
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. His qualifications include a Master of Business Administration (University of Melbourne), Bachelor of Commerce (University of Melbourne, Fellow of the Institute of Chartered Accountants in Australia and Fellow of the CPA Australia.
Special responsibilities	Tim Jonas is Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.
Craig Ball	Age 54
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 from the University of Adelaide. He worked for international Chartered Accounting firms before joining the stockbroking industry.
Special responsibilities	Craig is a member of the Audit and Risk Committee and the Chairman of the Remuneration Committee.
Jonathan West	Age 54
Experience	Professor Jonathan West is founding Director of the Australian Innovation Research Centre. Prior to assuming his current appointment, Professor West spent 18 years at Harvard University, where he was Associate Professor in the Graduate School of Business Administration. Jonathan has served as a consultant to and board member of major corporations around the world and as an advisor to several governments, particularly in the fields of agribusiness, innovation policy and economic development. His doctoral and masters degrees are from Harvard University, and he holds a Bachelor of Arts majoring in history and philosophy of science from the University of Sydney.
Special responsibilities	Jonathan is a member of the Remuneration Committee.

Timothy Smith	Age 36
Experience	Tim joined the Company early in 2004 to head up Boundary Bend Limited's sales and marketing activities. Tim's qualifications include a Bachelor of Agricultural Economics from the University New England, Armidale. Prior to joining Boundary Bend Limited, Tim was the Food and Beverage Program Business Development Manager at Austrade in New York. Prior to joining Austrade, Tim worked as an export trader and supply management coordinator for Elders Limited, one of Australia's largest agribusiness companies.
Special responsibilities	Tim is Boundary Bend Limited's Sales and Marketing Director.

Meetings of Directors

Directors	Directors' meetings		Audit & risk committee meetings		Remuneration committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert McGavin	14	13	-	-	-	-
Paul Riordan	14	14	-	-	-	-
Leandro Ravetti	14	10	-	-	-	-
Tim Jonas	14	14	1	1	2	2
Craig Ball	14	14	1	1	2	2
Jonathan West	14	10	-	-	1	-
Timothy Smith (appointment date 30/7/09)	12	12	-	-	-	-

Options

470,000 options over unissued shares or interests in the consolidated entity were granted during the 2009/10 financial year. 50,000 options lapsed during the year.

Since year end, no options have been exercised, and no further options have been granted. The consolidated entity has 1,295,000 options on issue as at 30 June 2010.

Remuneration report

This remuneration report, which forms part of the Directors’ report, sets out information about the remuneration of Boundary Bend Limited’s Directors and its senior management for the financial year ended 30 June 2010.

Director and senior management details

The following persons acted as Executive Directors of the consolidated entity during or since the end of the financial year. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

Mr R.D. McGavin (Executive Chairman)
Mr P.C. Riordan (Managing Director)
Mr L.M. Ravetti (Technical Director)
Mr T.F. Smith (Sales and Marketing Director, Director appointment date: 30/07/2009)

In addition the following persons acted as non-executive directors of the consolidated entity during the whole of the financial year and since the end of the financial year:

Mr T.A. Jonas (Chairman of Audit and Risk Committee and a member of the Remuneration Committee)
Mr C.P. Ball (Member of the Audit and Risk Committee and Chairman of the Remuneration Committee)
Professor J. West (Member of the Remuneration Committee)
Mr D. Lipton (Boundary Bend Marketing Pty Ltd)

The term ‘senior management’ is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:
Mr S.J. Beaton (Chief Financial Officer, appointed 1 January 2010 & Company Secretary, appointed 14 December 2009)
Mr A.T. Instrell (Company Secretary)

Remuneration policy

To meet our objectives the consolidated entity must attract, motivate and retain highly skilled Directors and executives. To achieve this, the consolidated entity considers the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre Directors and senior managers
- Align executive rewards to shareholder value and provide incentives to key management personnel to remain in the consolidated entity for the longer term

Remuneration Committee

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and senior management.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior management on a periodic basis with the overall objective of ensuring the maximum stakeholder benefit from the retention of a high quality Board and executive team.

Executive Directors and Key Management Personnel

The senior executive remuneration policy is intended to be consistent with ‘best practice’ corporate governance guidelines. Broadly, the policy is intended to ensure that total compensation (that is the sum of fixed and variable remuneration) for each executive is fair, reasonable and market competitive.

Generally, Senior executives are offered market competitive base salaries (including benefits). Any adjustments are based on promotion or significant role responsibility changes, pay relative to market and relative performance in the role and executives remuneration is, where possible, aligned with the interests of shareholders.

Typically, for each financial year, performance incentive payments include:

- consideration of company entity performance
- consideration of specific divisional financial targets and goals
- a discretionary component for each senior executive based on their performance

In February of each year, performance reviews are completed for all employees including executives.

Non-executive Directors
The Constitution of the consolidated entity provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the consolidated entity in general meeting, to be divided among the Directors and in default of agreement then in equal shares. Directors are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the consolidated entity and other miscellaneous expenses.

If any of the Directors are called upon to perform extra services or make any special exertions on behalf of the consolidated entity or its business, the Directors may remunerate this Director in accordance with such services or exertions, and this remuneration may be either in addition to or in substitution for the remuneration provided in the form of Directors’ fees.

Key terms of employment contracts
The consolidated entity does not currently employ any person under contract.

Relationship between the remuneration policy and consolidated entity performance
The overall level of executive reward takes into account the performance of the consolidated entity over a number of years, with greater emphasis given to the current year. However, the impact of the Timbercorp collapse in 2009 and the profit generated from the purchase of the Timbercorp assets in 2010 have distorted the performance indicators of the consolidated entity, and therefore have little correlation to the underlying performance of the consolidated entity.

Therefore, in determining the level of short term incentives for 2009 and 2010, a lower weighting had been placed on the financial results arising during that period, and a higher weighting on strategic targets. The tables below set out the summary information about the consolidated entity’s earnings and consequence on shareholder wealth for the five years to 30 June 2010:

DIRECTORS' REPORT

	30 June 2010 $'000	30 June 2009 $'000	30 June 2008 $'000	30 June 2007 $'000	30 June 2006 $'000
Revenue	93,327	47,816	42,466	33,567	13,050
Net profit/(loss) before tax	37,449	(18,611)	6,059	4,977	4,648
Net profit/(loss) after tax	38,420	(18,999)	4,892	4,268	3,242
Net Assets	88,962	30,260	41,856	37,532	32,687

	30 June 2010	30 June 2009	30 June 2008	30 June 2007	30 June 2006
Shares on issue (at end of year)	44,226,986	35,214,850	32,246,546	31,203,446	30,661,794
Net assets per Share ($)	2.01	0.86	1.30	1.20	1.07
Dividends	-	-	5cps*	-	-

* A dividend of 5 cents per share was declared on 20 June 2008 with a record date of 10 September 2008.

The company is an unlisted public company and has limited share liquidity. As such, it is not meaningful to consider share price or market capitalisation data.

Remuneration of Directors and senior management

	Short-term employee benefits				Post-employment benefits	Share-based payment	
2010	**Salary & fees $**	**Bonus $**	**Non-monetary $**	**Other $**	**Superannuation $**	**Options & rights $**	**Total $**
Non-executive directors							
Mr T. A. Jonas	42,500	-	-	60,000*	-	26,250*	128,750
Mr C.P. Ball	42,500	-	-	50,000*	-	52,500*	145,000
Mr J. West	42,500	-	-	-	-	-	42,500
Mr D. Lipton	14,539	-	-	-	1,309	-	15,848
Executive officers							
Mr R.D. McGavin	187,720	-	-	-	16,985	-	204,705
Mr P.C. Riordan	154,453	-	19,859	-	14,688	-	189,000
Mr L.M. Ravetti	364,777	-	19,352	-	28,278	-	412,407
Mr T.F. Smith	189,025	7,500	13,777	-	19,031	11**	229,344
Mr S. J. Beaton	172,056	-	-	-	14,291	32,279**	218,626
Mr A.T. Instrell	123,240	-	-	-	16,760	-	140,000
							1,726,180

* The other remuneration and options issued to non-executive Directors is remuneration for consulting services provided in relation to the Timbercorp asset acquisition and capital raising.

** Options have been issued to executive officers as a retention incentive.

DIRECTORS' REPORT

	Short-term employee benefits				Post-employment benefits	Share-based payment	
2009	**Salary & fees $**	**Bonus $**	**Non-monetary $**	**Other $**	**Superannuation $**	**Options & rights $**	**Total $**
Non-executive directors							
Mr T.A. Jonas	35,000	-	-	8,000*	-	-	43,000
Mr C. P.Ball	35,000	-	-	-	-	-	35,000
Mr J. West	23,300	-	-	-			23,300
Mr D. Lipton	-	-	-	-	-	-	-
Mr K. Roache	11,670	-	-	-	-	-	11,670
Mr R. Hance	31,090	-	-	-	2,078	-	33,168
Executive officers							
Mr R.D. McGavin	150,292	-	-	-	13,526	8,994	172,812
Mr P.C.Riordan	179,096	-	20,623	-	15,812	2,998	218,529
Mr L.M. Ravetti	376,129	-	20,650		22,964	8,994	428,737
Mr T.F. Smith	190,543	-	5,299	-	16,139	1,574	213,555
Mr S.J. Beaton	-	-	-	-	-	-	-
Mr A.T. Instrell	126,745	10,000	-	-	17,293	-	154,038
							1,333,809

* Consulting fees.

No Director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Employee share option plan
The consolidated entity has an ownership-based compensation scheme for employees and officers. The Employees and Officers Share Option Plan provides that shares issued to any eligible person pursuant to this plan during the previous five years will be limited to a maximum of 5% of the issued ordinary capital of Boundary Bend Limited. Eligibility for the plan and exercise price for options issued under the plan are determined at the discretion of the Board.

Each employee option converts into one ordinary share of Boundary Bend Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

During or since the end of the financial year, the consolidated entity granted options to the following directors and senior management of the consolidated entity, as part of their remuneration:

	Grant date	Vesting date	Expiry date	Exercise price	Fair Value per option
Mr T. A Jonas	13-Nov-09	13-Nov-09	01-Jul-12	$1.30	$0.35
Mr C.P. Ball	13-Nov-09	13-Nov-09	01-Jul-12	$1.30	$0.35
Mr T.F. Smith	30-Jun-10	31-Mar-13*	01-Jul-13	$1.40	$0.40
Mr S.J Beaton	05-Aug-09	31-Mar-12*	30-Jun-12	$1.00	$0.52

* For options issued to Mr Smith and Mr Beaton to vest they must remain in the full employment of Boundary Bend Limited or its controlled entities' until the vesting date.

Refer to Note 30 for inputs into the fair value calculation of the options issued during the year. No options were exercised in the financial year ended 30 June 2010 (and in 2009).

	Option Series	Granted during the year	Vested during the year	% of grant vested	Lapsed during the year	% of grant lapsed	% of Remuneration for the year consisting of options
Mr T.A. Jonas	Granted 13-Nov-09	75,000	75,000	100%	-	-	20.39%
Mr C.P. Ball	Granted 13-Nov-09	150,000	150,000	100%	-	-	36.21%
Mr T.F. Smith	Granted 30-Jun-10	30,000	-	0%	-	-	0.01%
	Granted 01-Jul-06	-	-	-	(50,000)	100%	-
Mr S.J. Beaton	Granted 05-Aug-09	200,000	-	0%	-	-	14.76%

Loans to Directors and executives
Information on loans to Directors and executives are set out in Note 26.

Shareholdings of Directors and executives

	Balance at 1 July No.	Granted as compensation No.	Received upon exercise of options No.	Net other change No.	Balance as 30 June No.
2010					
Mr T.A. Jonas	608,204	-	-	200,000	808,204
Mr C.P. Ball	205,062	-	-	200,000	405,062
Mr J. West	-	-	-	100,000	100,000
Mr D. Lipton	25,000	-	-	12,430	37,430
Mr R.D. McGavin	7,784,241	-	-	1,723,155	9,507,396
Mr P.C. Riordan	6,109,118	-	-	-	6,109,118
Mr L.M. Ravetti	624,764	-	-	-	624,764
Mr T.F. Smith	103,846	-	-	7,700	111,546
Mr S.J. Beaton	-	-	-	10,000	10,000
Mr A.T. Instrell	224,678	-	-	-	224,678
2009					
Mr T.A. Jonas	597,411	-	-	10,793	608,204
Mr C.P. Ball	123,394	-	-	81,668	205,062
Mr J. West	-	-	-	-	-
Mr D. Lipton	25,000	-	-	-	25,000
Mr R.D. McGavin	7,507,987	-	-	276,254	7,784,241
Mr P.C. Riordan	6,109,118	-	-	-	6,109,118
Mr L.M. Ravetti	601,625	-	-	23,139	624,764
Mr T.F. Smith	100,000	-	-	3,846	103,846
Mr S.J. Beaton	-	-	-	-	-
Mr A.T. Instrell	24,678	-	200,000	-	224,678

Indemnification of officers

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

Key management risk insurance has been taken out on Leandro Ravetti. Period of cover is until 18 May 2011. Total premium paid for this insurance is $ 8,918 (including GST).

Directors and officers liability insurance has been taken out for all Directors. Period of cover is until 31 December 2010. Total premiums paid for this insurance are $28,423 (including GST).

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any auditors of the consolidated entity.

Auditor's independence declaration

A copy of the auditor's declaration under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report on page 19.

Proceedings on behalf of the consolidated entity

Boundary Bend Ltd and its controlled entities were involved in legal claims and counter claims with a bottling equipment agent and a manufacturing company during the financial year. Refer Note 34: Contingent Liabilities for further information.

Apart from the above, no person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings.

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

Director: ____________________________

Robert McGavin

Director: ____________________________

Paul Riordan

Dated this 29th day of September 2010

Deloitte.

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

29 September 2010

Dear Board Members

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 2010, 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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 $	2009 $
Revenue			
Sales revenue	3	39,917,329	39,359,759
Other income	3	53,409,869	8,456,170
	3	93,327,198	47,815,929
Less: expenses			
Cost of sales	4	(34,983,072)	(33,654,154)
Administration expenses		(7,905,087)	(4,441,683)
Distribution expenses		(2,203,426)	(1,829,551)
Marketing expenses		(1,049,897)	(1,061,978)
Occupancy expenses		(801,507)	(615,921)
Finance costs	4	(3,081,709)	(1,669,890)
Impairment of non-current assets	4	(610,940)	(13,152,278)
Fair value adjustment to biological assets	4	(4,997,693)	(9,585,580)
Other expenses		(244,583)	(416,355)
		(55,877,914)	(66,427,390)
Profit / (loss) before income tax expense		37,449,284	(18,611,461)
Income tax benefit / (expense)	5	970,595	(387,425)
Net profit / (loss) from continuing operations		38,419,879	(18,998,886)
Profit / (loss) for the year		38,419,879	(18,998,886)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 $	2009 $
Profit / (loss) for the year		38,419,879	(18,998,886)
Other comprehensive income			
Fair value adjustments to non-current assets (net of tax effect)		-	3,800,656
Foreign currency translation reserve		(185,969)	(105,093)
Other comprehensive income for the year		(185,969)	3,695,563
Total comprehensive income		38,233,910	(15,303,323)
Profit / (loss) is attributable to:			
- Owners of Boundary Bend Limited and controlled entities		38,429,120	(18,929,769)
- Non-controlling interests		(9,241)	(69,117)
		38,419,879	(18,998,886)
Total comprehensive income is attributable to:			
- Owners of Boundary Bend Limited and controlled entities		38,243,151	(15,234,206)
- Non-controlling interests		(9,241)	(69,117)
		38,233,910	(15,303,323)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010 $	2009 $
Current assets			
Cash and cash equivalents	6	1,821,432	1,441,164
Receivables	7	6,846,705	8,529,181
Inventories & biological assets for sale	8	31,304,566	32,420,898
Other financial assets	9	2,645,853	-
Current tax assets	5	50,000	-
Other assets	10	2,913,934	491,558
		45,582,490	42,882,801
Assets held for sale	11	3,268,079	-
Total current assets		48,850,569	42,882,801
Non-current assets			
Receivables	7	188,063	228,982
Biological assets	12	23,500,627	2,156,266
Other financial assets	9	497,335	652,486
Intangible assets	13	3,765,831	12,258,807
Deferred tax assets	5	48,488	-
Property, plant and equipment	14	80,189,218	32,798,231
Total non-current assets		108,189,562	48,094,772
Total assets		157,040,131	90,977,573
Current liabilities			
Payables	15	4,196,322	4,834,563
Borrowings	16	45,807,436	1,092,756
Provisions	17	712,572	583,805
Current tax liabilities	5	-	1,401,257
Other financial liabilities	18	2,533,623	-
Other liabilities	19	9,326,038	18,765,783
Total current liabilities		62,575,991	26,678,164
Non-current liabilities			
Payables	15	15,161	16,763
Borrowings	16	5,438,723	33,622,302
Provisions	17	48,012	81,654
Deferred tax liabilities	5	-	318,816
Total non-current liabilities		5,501,896	34,039,535
Total liabilities		68,077,887	60,717,699
Net assets		88,962,244	30,259,874

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010 $	2009 $
Equity			
Share capital	20	55,005,474	34,669,065
Reserves	21	180,298	3,748,800
Retained earnings/(Accumulated losses)	22	33,737,230	(8,206,474)
Equity attributable to owners of Boundary Bend Limited and controlled entities		88,923,002	30,211,391
Non-controlling interests		39,242	48,483
Total equity		88,962,244	30,259,874

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Contributed equity $	Reserves $	Retained earnings $	Non-controlling interests $	Total equity $
Balance as at 1 July 2008	30,982,888	103,086	10,769,545	-	41,855,519
Profit for the year	-	-	(18,929,769)	(69,117)	(18,998,886)
Fair value adjustments to non-current assets	-	3,800,656	-	-	3,800,656
Foreign currency translation reserve	-	(105,093)	-	-	(105,093)
Total comprehensive income for the year	-	3,695,563	(18,929,769)	(69,117)	(15,303,323)
Transactions with shareholders in their capacity as owners:					
Proceeds from share issue	3,686,177	-	-	-	3,686,177
Changes in non-controlling interests	-	-	-	117,600	117,600
Dividends	-	-	(46,250)	-	(46,250)
Options exercised, transferred to equity	-	(76,245)	-	-	(76,245)
Share based payments expense	-	26,396	-	-	26,396
Total transactions with owners in their capacity as owners	3,686,177	(49,849)	(46,250)	117,600	3,707,678
Balance as at 30 June 2009	34,669,065	3,748,800	(8,206,474)	48,483	30,259,874
Balance as at 1 July 2009	34,669,065	3,748,800	(8,206,474)	48,483	30,259,874
Profit for the year	-	-	38,429,120	(9,241)	38,419,879
Foreign currency translation reserve	-	(185,969)	-	-	(185,969)
Total comprehensive income for the year	-	(185,969)	38,429,120	(9,241)	38,233,910
Transfers	-	(3,514,584)	3,514,584	-	-

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Contributed equity $	Reserves $	Retained earnings $	Non-controlling interests $	Total equity $
Transactions with shareholders in their capacity as owners:					
Proceeds from share issue	20,336,410	-	-	-	20,336,410
Share buy-backs	(1)	-	-	-	(1)
Share based payments expense	-	132,051	-	-	132,051
Total transactions with owners in their capacity as owners	20,336,409	132,051	-	-	20,468,460
Balance as at 30 June 2010	55,005,474	180,298	33,737,230	39,242	88,962,244

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 $	2009 $
Cash flow from operating activities			
Receipts from customers		49,742,575	45,774,108
Payments to suppliers and employees		(63,763,498)	(43,629,587)
Interest received		130,345	99,491
Borrowing costs		(2,815,203)	(1,803,893)
Income tax paid		(744,460)	(616,577)
Net cash used in operating activities	24(b)	(17,450,241)	(176,458)
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		84,562	259,813
Proceeds from sale of investments		-	151,567
Proceeds from the sale of intangible assets		57,673,184	-
Payments for land, property, plant and equipment		(13,684,854)	(4,506,984)
Payments for investments		(179,672)	(167,656)
Payments for biological assets		(58,624)	-
Payments for intangibles		(3,268,079)	-
Payments for business acquisitions	27	(59,499,999)	-
Net cash used in investing activities		(18,933,482)	(4,263,260)
Cash flow from financing activities			
Proceeds from share issue		20,232,891	2,710,176
Payment for share buy-back		(1)	-
Net proceeds from borrowings		16,531,101	1,532,285
Dividends paid to shareholders		-	(641,194)
Net cash provided by financing activities		36,763,991	3,601,267
Reconciliation of cash			
Cash at beginning of the financial year		1,441,164	2,279,615
Net increase / (decrease) in cash held		380,268	(838,451)
Cash at end of financial year	24(a)	1,821,432	1,441,164

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report was authorised for issue by the directors as at the date of the directors' report.

The financial report is for the entity Boundary Bend Limited and controlled entities as an individual entity. Boundary Bend Limited and controlled entities is a consolidated entity limited by shares, incorporated and domiciled in Australia.

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

(a) Basis of preparation of the financial report

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with Australian equivalents to International Financial Reporting Standards ensures the consolidated entity complies with International Financial Reporting Standards (IFRSs).

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

As at 30 June 2010 the consolidated entity was in breach of one of its banking covenants. In accordance with applicable accounting standards this bank debt is treated as a current liability at 30 June 2010 in the statement of financial position. As a result the consolidated entity’s current liabilities exceed its current assets by $13,725,422. The financial report has been prepared on a going concern basis notwithstanding the current asset deficiency as, subsequent to balance date, the lender has agreed to waive this breach and the consolidated entity has entered into a revised facility extending to November 2012.

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and all entities which Boundary Bend Limited 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 consolidated entity. They are seperated from the date that control ceases.

Non-controlling interests in the result of subsidiaries are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or liability 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.

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.

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

Tax Consolidation

The parent entity and its subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 July 2005. This means that:

- each entity recognises their own current and deferred tax amounts in respect of the transactions, events and balances of the entity.
- the parent entity assumes the current tax liability and any deferred tax assets relating to tax losses, arising in the subsidiary, and recognises a contribution to (or distribution from) the subsidiaries.

(d) Borrowing costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings and foreign exchange losses net of hedged amounts on borrowings.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset are capitalised until the asset is ready for its intended use or sale.

(e) Impairment

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(g) 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 consolidated entity 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. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the consolidated statement of comprehensive income. Leased assets are depreciated on a mixture of straight line and diminishing value basis over their estimated useful lives where it is likely that the consolidated entity 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 recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(h) Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

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

Royalties revenue is recognised on an accruals basis in accordance with the royalty agreement.

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 on a straight-line basis over the rental term.

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).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Finished goods include olive oil produced from the consolidated entity's olive groves. Olive oil inventories include agricultural produce that the consolidated 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.

(j) Property, plant and equipment

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

Property

Freehold land and buildings are measured at fair value. 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. Where necessary, the asset is revalued to reflect its fair value.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the consolidated statement of comprehensive income, the increase is first recognised in the consolidated statement of comprehensive income. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the consolidated statement of comprehensive income.

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 commencing from the time the asset is held ready for use.

Class of fixed asset	**Depreciation rates**	**Depreciation basis**
Buildings at fair value		
Plant & machinery at cost	4.5% - 22.5 %	Diminishing value
Leased plant and equipment - cost	10 - 22.5 %	Diminishing value
Motor vehicles at cost	18.75 %	Diminishing value
Office equipment at cost	10 - 60%	Diminishing value
Furniture, fixtures & fittings at cost	4.5% - 22.5%	Diminishing value

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Intangibles

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the consolidated entity's share of net identifiable assets of the acquired entities at the date of acquisition.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the consolidated entity's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Water rights

Water rights are initially recorded at cost and are subsequently carried at fair value. 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.

Trademarks are tested for impairment using the assumptions in Note 2(a).

(l) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition.

When the consolidated entity is committed to a sale involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Foreign currency translations and balances

Functional and presentation currency

The functional currency of each of the individual entities comprising the consolidated entity is measured using the currency of the primary economic environment in which that entity operates. The functional currency of all entities is Australian dollars except for Boundary Bend Estate Pty Ltd which has a functional currency of Argentinean Pesos. These financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of the consolidated entity are translated into the functional currency at the rate of exchange ruling at the date of the transaction.

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 reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of Boundary Bend Estate Pty Ltd are expressed in Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for each month in the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated directly into equity in the Foreign Currency Translation Reserve.

Except for certain foreign currency hedges, 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 Note 28(a) Financial Risk Management.

(n) 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 consolidated entity to an employee superannuation fund are recognised as an expense as they become payable.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (Continued)

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Share options are priced using the Black-Scholes option pricing model. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 30.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of equity instruments that will eventually vest. At the end of each reporting period, the consolidated entity revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(o) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of its estimated useful life commencing when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

(p) Financial instruments

Classification

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

Available for sale financial assets

Listed shares held by the consolidated entity that are traded in an active market are classified as available for sale and are stated at fair value. The consolidated entity also has investments in unlisted shares that are not traded in an active market but that are also classified as available for sale financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from the changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.
Dividends on available for sale equity instruments are recognised in profit or loss when the consolidated entity's right to receive the dividends is established.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (Continued)

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

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.

Hedge accounting

Certain derivatives are designated as hedging instruments and are further classified as either fair value hedges or cash flow hedges.

At the inception of each hedging transaction, the consolidated entity documents the relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The consolidated entity 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.

(i) *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualified 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.

(ii) *Cash flow hedge*

To qualify as a cash flow hedge the underlying transactions generating the cash flows must be highly probable.

Changes in the fair value of derivative that are designated and qualified as cash flow hedges are recognised in equity in the cash flow hedging reserve. This gain or loss is released to profit or loss in the same period when the forecast transactions occur, thereby mitigating any exchange fluctuations that would have transpired in the absence of the hedge.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Agriculture

The consolidated 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 consolidated 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. 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. Olive trees in the nursery are initially measured at cost until the tree has reached maturity and there is a market in which to sell the trees, which is historically at 18 months from date of propagation. Where no active market exists for the sale of the Olive trees they are recognised at cost.

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

(r) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control. Any deferred consideration payable is discounted to present value using the consolidated entity's incremental borrowing rate.

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer’s previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

If the fair value of the acquirer's interest is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer’s previously held equity interest (in case of step acquisition), the surplus is immediately recognised in the consolidated statement of comprehensive income.

Acquisition related costs are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the consolidated entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the consolidated entity obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(t) Rounding of amounts

The consolidated entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) 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 current financial forecasts and projected cash flows approved by management covering a period not exceeding five years. Management’s determination of cash flow projections are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using a growth rate of 2.5% (2009: 3%) to project current management forecasts for a five year period and a discount rate of 12.5% (2009: 12.8%) to determine value-in-use.

The carrying value of goodwill at 30 June 2010 is allocated to the olive processing CGU and the harvester manufacturing CGU.

<u>Impairment losses recognised</u>
Goodwill impairment losses of $276,116 (2009: $12,179,774) have been recognised for the year ended 30 June 2010 in relation to Maqtec Australia Pty Ltd and the consolidated entity’s harvester development and manufacturing business.

This impairment loss has been recognised in the statement of comprehensive income disclosed as ‘Impairment of non-current assets’

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Impairment other assets

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exists.

An impairment loss of $334,824 (2009: $402,504) has been recognised in the consolidated entity in relation to investments in unlisted corporations.

A five year cash flow as described above in part (a) was used to assess the recoverable values of the investments.

The impairment loss detailed above has been recognised in the statement of comprehensive income disclosed as 'Impairment of non-current assets'.

(c) Income tax

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

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(d) Business combinations

During the 2010 financial year the consolidated entity entered into an agreement to, and executed the acquisition of the olive assets from Timbercorp Ltd and its related subsidiaries (in liquidation). This acquisition represented a business combination and as such was accounted for by applying the acquisition method as set out above in Note 1(r).

In assessing the fair value of the assets acquired as a result of the business combination, the Directors' and management took into account a number of factors, including but not limited to, independent valuations, current market values, replacement values discounted for value-in-use and insured values.

For further discussion of the acquisition refer to Note 27: Business Combinations.

(e) Biological Assets

Biological assets relate to the olive trees.

The fair value of the biological assets are based on the January 2010 independent valuation using a discounted cash flow where the following key assumptions and considerations were:

- a discount rate of 20% to reflect the uncertainty associated with the price received for oil as well as fluctuations in input costs including exposure to climatic risk;
- the expected oil yield from crushed olives increases up to the expected yield from a fully mature olive tree;
- the expected long-term farm gate market price of olive oil;
- the other costs associated with maintaining the groves and processing the oil is based on expected costs, increasing in line with expected inflation;

		2010 $	2009 $
NOTE 3: REVENUE			
Sale of goods		39,917,329	39,359,759
Management/service fees		3,865,451	4,962,102
Royalty Income		50,531	-
Rental income		402,314	2,479,695
Interest Income		130,110	127,841
Other revenue		976,733	886,532
Gain on Timbercorp asset acquisition	27	47,388,606	-
Profit on sale of property plant and equipment		49,500	-
Profit on sale of intangible assets		83,245	-
Foreign currency translation gains		364,932	-
Subsidies and grants		98,447	-
Total revenue		93,327,198	47,815,929

NOTE 4: OPERATING PROFIT / (LOSSES)

Profit / (losses) before income tax has been determined after:

	2010 $	2009 $
Expenses:		
Cost of sales	34,983,072	33,654,154
Finance costs		
Interest expense	2,770,466	1,479,477
Borrowing costs	170,948	-
Hire purchase charges	132,770	158,459
Finance lease charges	7,525	31,954
	3,081,709	1,669,890
Depreciation		
Depreciation - buildings	128,063	413,570
Depreciation - plant and equipment	1,857,523	796,619
Depreciation - motor vehicles	21,501	13,332
Depreciation - office furniture and equipment	141,988	138,048
Depreciation - furniture and fittings	2,654	3,140
	2,151,729	1,364,709
Amortisation - leased plant and equipment	131,094	410,608
Bad debts		
Bad debts - trade debtors	10,783	-
Unrecoverable costs of 2009 harvest	1,243,276	-
	1,254,059	-

NOTE 4: OPERATING PROFIT / (LOSSES) (CONTINUED)

		2010 $	2009 $
Impairment of non-current assets			
Investments	9	334,824	402,504
Goodwill	13	276,116	12,179,774
Distribution rights	13	-	570,000
		610,940	13,152,278
Remuneration of auditors for:			
Auditor's remuneration - audit fees		43,000	36,902
Employee benefits:			
Share based payments		132,051	26,396
Other employee benefits		6,173,282	3,812,010
		6,305,333	3,838,406
Net loss on sale of property, plant and equipment		-	38,088
Fair value adjustments:			
Fair value adjustment to biological assets - olive trees		-	9,585,580
Fair value adjustment to agricultural produce		4,997,693	-
		4,997,693	9,585,580

NOTE 5: INCOME TAX

(a) Components of tax expense

	2010	2009
Current tax	-	1,810,624
Deferred tax	(970,595)	(1,423,199)
	(970,595)	387,425

(b) Prima facie tax payable

	2010	2009
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% (2009: 30%)	11,234,785	(5,583,438)
Add tax effect of:		
- Impairment losses	-	3,774,683
- Other non-allowable items	-	3,951
- Tax losses outside the tax consolidated group	61,570	-
- Share based payments	39,615	7,919
- Change in fair value of groves	-	2,875,674
	101,185	6,662,227

NOTE 5: INCOME TAX (CONTINUED)

	2010 $	2009 $
Less tax effect of:		
- Depreciation entitlement attached to fixed assets	5,596,141	248,053
- Deferred tax assets not previously recognised	6,541,138	-
- Research and development deductions	43,500	110,595
- Other deductible items	121,823	45,423
- Investment allowance	3,963	287,293
	12,306,565	691,364
Income tax (benefit) / expense attributable to profit	(970,595)	387,425

(c) Current tax

	2010 $	2009 $
Current tax liabilities / (assets)		
Opening balance	1,401,257	207,210
Income tax	-	1,810,624
Tax payments	(744,460)	(616,577)
Over provision of prior year liability	(706,797)	-
Current tax liabilities / (assets)	(50,000)	1,401,257

(d) Deferred tax

Deferred tax relates to the following:

	2010 $	2009 $
Deferred tax asset		
The balance comprises:		
Employee benefits	228,167	199,630
Impairment of investments	221,198	-
Impairment of goodwill	1,709,033	-
Future tax depreciation entitlement on buildings	2,495,991	-
Future tax depreciation entitlement on biological assets	2,535,065	-
Capital raising costs	93,167	-
Doubtful debts	8,094	448,509
Inventories	-	202,880
Property, plant & equipment	-	19,782
Other	438,012	415,285
Tax losses brought to account	3,445,483	-
	11,174,210	1,286,086
Deferred tax liability		
The balance comprises:		
Finance leases	2,384	98,651
Intangible assets at fair value	-	1,506,251
Fair value adjustment to property, plant & equipment	8,425,495	-
Prepayments	2,186	-
Fair value adjustment to biological assets	2,695,657	-

	2010 $	2009 $
NOTE 5: INCOME TAX (CONTINUED)		
	11,125,722	1,604,902
Net deferred tax assets / (liabilities)	48,488	(318,816)

(e) Deferred income tax (revenue)/expense included in income tax expense comprises

	2010 $	2009 $
Increase in deferred tax assets	(9,888,124)	(796,209)
(Decrease) / increase in deferred tax liabilities	9,520,820	(626,990)
Less over provision	(706,797)	-
Add amounts recognised directly in equity	103,506	-
	(970,595)	(1,423,199)

(f) Deferred tax assets not brought to account

	2010 $	2009 $
Deferred tax asset not brought to account relating to unclaimed building allowance deductions and impairment of goodwill, biological assets, land and buildings and other investments, the benefits of which will only be realised if the conditions for deductibility set out in the accounting policies note occur.	1,716,751	7,870,502

(g) Tax Law Amendment

The Australian Tax Laws Amendments (2010 Measures No.1) Act 2010 was substantively enacted on 12 May 2010. The Act introduced a 'rights to future income' amendment which may provide a revenue deduction for certain types of rights acquired in a business combination. This mandatory change retrospectively increases allowable deductions for certain acquired rights and similar arrangements in business combinations occurring since the formation of the Australian tax-consolidated group.

The consolidated entity believes that a potential claim may exist for business combinations which took place as far back as the year 2005 where the companies became part of the tax consolidated group. The consolidated entity has established a project team to complete the process to determine if a valid claim exists. No amounts have been recorded in the consolidated entity's financial statements for the year ended 30 June 2010.

NOTE 6: CASH AND CASH EQUIVALENTS

	2010 $	2009 $
Cash on hand	808	1,020
Cash at bank	1,820,624	1,440,144
	1,821,432	1,441,164

NOTE 7: RECEIVABLES

	2010 $	2009 $
CURRENT		
Trade debtors	5,749,542	9,013,364
Provision for doubtful debts	(407,146)	(1,495,031)
	5,342,396	7,518,333
Other receivables	1,463,506	972,244

		2010 $	2009 $
NOTE 7: RECEIVABLES (CONTINUED)			
Amounts receivable from:			
- Directors	26	40,803	38,604
		6,846,705	8,529,181
NON CURRENT			
Amounts receivable from:			
- Directors	26	188,063	228,982

The standard credit period on sales of goods and rendering of services is 30 days. No interest is charged on the trade receivables for the first 30 days from when the receivable was incurred. Thereafter, the consolidated entity has the right to charge interest at a commercial rate on a case by case basis depending on management's discretion and whether the receivable is past due. A provision has been made for estimated irrecoverable trade receivable amounts arising from the sale of goods and rendering services.

New and existing customers are subject to defined credit limits, which are reviewed on a regular basis. The consolidated entity operates credit insurance where appropriate for customers to mitigate default. Under the policy the consolidated entity 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 consolidated entity's trade receivable balance are debtors with a carrying amount of $2.15 million (2009: $2.04 million) which are past due at the reporting date. Other than Timbercorp Limited (in Liquidation), there has not been a significant change in credit quality and the amounts are still considered recoverable. The consolidated entity does not hold any collateral over these balances.

Reconciliation of provision for doubtful debts	2010 $	2009 $
Opening balance at 1 July	(1,495,031)	(187,455)
Doubtful debts recognised on receivables	(520,417)	(1,436,596)
Amounts recovered during the year	75,313	49,265
Amounts written off against the provision during the year	1,532,989	79,755
Closing balance at 30 June	(407,146)	(1,495,031)

NOTE 8: INVENTORIES & BIOLOGICAL ASSETS FOR SALE

	2010 $	2009 $
CURRENT		
Raw materials at cost	828,535	554,453
Work in progress at cost	-	25,221
Olive oil - refer note 1(i) & 1(q)	29,648,750	30,994,904
Biological assets for sale - refer note 1(q) & 8(a)	827,281	846,320
	31,304,566	32,420,898

	2010	2009
	$	$

NOTE 8: INVENTORIES & BIOLOGICAL ASSETS FOR SALE (CONTINUED)

Note:

8 (a) Biological assets for sale comprise olive trees growing in the consolidated entity's nurseries. Refer Note 1 (q) for the valuation approach. Olive trees less than 18 months old are valued at cost. There are no trees at fair value.

NOTE 9: OTHER FINANCIAL ASSETS

	2010 $	2009 $
CURRENT		
Hedging instruments		
Foreign currency forward contract	2,645,853	-
NON CURRENT		
Other financial assets		
At cost		
Shares in other corporations	1,234,663	1,054,990
Provision for impairment loss	(737,328)	(402,504)
Total other financial assets at cost	497,335	652,486

NOTE 10: OTHER ASSETS

	2010 $	2009 $
CURRENT		
Prepayments	2,558,111	335,603
Other current assets	355,823	155,955
	2,913,934	491,558

NOTE 11: ASSETS HELD FOR SALE

	2010 $	2009 $
Assets		
Permanent water rights held for sale	3,268,079	-

The consolidated entity has contracted to sell 1,730 megalitres of permanent water rights. This transaction will settle in July 2010 for $3,455,417, less costs to sell.

NOTE 12: BIOLOGICAL ASSETS

	2010 $	2009 $
NON CURRENT		
At fair value		
Olive Groves	23,500,627	2,156,266
	23,500,627	2,156,266

		2010 $	2009 $

NOTE 12: BIOLOGICAL ASSETS (CONTINUED)

Reconciliations

Opening balance		2,156,266	11,741,846
Change in fair value		-	(9,585,580)
Increase due to purchases/development		58,624	-
Increase resulting from Timbercorp asset acquisition	27	21,285,737	-
		23,500,627	2,156,266

NOTE 13: INTANGIBLE ASSETS

Goodwill at cost	6,895,683	13,654,794
Less accumulated impairment loss	(5,696,779)	(12,179,774)
	1,198,904	1,475,020
Water rights at fair value	120,000	8,336,860
Distribution rights at cost	570,000	570,000
Less accumulated impairment losses	(570,000)	(570,000)
	-	-
Trademarks at cost	2,446,927	2,446,927
Total intangible assets	3,765,831	12,258,807

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

Goodwill at cost			
Opening balance		1,475,020	13,654,794
Impairment		(276,116)	(12,179,774)
Closing balance		1,198,904	1,475,020
Water rights			
Opening balance		8,336,860	3,316,025
Additions		3,268,079	-
Additions through business combinations	27	49,373,080	-
Disposals		(57,589,940)	-
Fair value adjustments		-	5,020,835
Transferred to assets held for sale	11	(3,268,079)	-
Closing balance		120,000	8,336,860

	2010 $	2009 $

NOTE 13: INTANGIBLE ASSETS (CONTINUED)

(a) Reconciliations (Continued)

	2010 $	2009 $
Distribution rights		
Opening balance	-	570,000
Impairment	-	(570,000)
Closing balance	-	-
Trademarks		
Opening balance	2,446,927	2,446,927
Closing balance	2,446,927	2,446,927

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	2010 $	2009 $
Land & buildings		
Land & buildings at fair value	57,031,710	21,320,988
Plant & equipment		
Plant & equipment at cost	22,248,873	9,639,631
Less accumulated depreciation	(1,603,217)	(2,419,355)
	20,645,656	7,220,276
Leased plant and equipment - cost	2,093,898	5,230,657
Less accumulated amortisation	(107,758)	(1,415,609)
	1,986,140	3,815,048
Motor vehicles at cost	236,391	122,962
Less accumulated depreciation	(107,227)	(68,255)
	129,164	54,707
Office equipment at cost	654,280	611,044
Less accumulated depreciation	(309,328)	(244,721)
	344,952	366,323
Furniture, fixtures & fittings at cost	51,617	32,562
Less accumulated depreciation	(21)	(11,673)
	51,596	20,889
Total plant and equipment	23,157,508	11,477,243
Total property, plant and equipment	80,189,218	32,798,231

NOTE 14: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

	2010 $	2009 $
Land & buildings		
Opening carrying amount	21,320,988	18,514,760
Additions	4,183,681	2,777,127
Disposals	-	(7,115)
Additions through acquisition of entities / operations	31,035,262	-
Depreciation expense	(128,063)	(413,570)
Impairment	-	(732,982)
Net foreign currency movements	(205,770)	-
Revaluations	-	1,141,656
Reclassification/transfers between groups	825,612	41,112
Closing carrying amount	57,031,710	21,320,988
Plant & equipment		
Opening carrying amount	7,220,276	6,103,400
Additions	9,263,949	2,217,568
Disposals	(35,062)	(168,299)
Additions through acquisition of entities / operations	5,166,775	-
Depreciation expense	(1,857,523)	(796,619)
Reclassification/transfers between groups	887,241	(135,774)
Closing carrying amount	20,645,656	7,220,276
Leased plant and equipment		
Opening carrying amount	3,815,048	2,327,466
Additions	-	1,700,000
Disposals	-	(108,907)
Amortisation	(131,094)	(410,608)
Reclassification/transfers between groups	(1,697,814)	307,097
Closing carrying amount	1,986,140	3,815,048
Motor vehicles		
Opening carrying amount	54,707	388,641
Additions	60,877	-
Disposals	-	(13,505)
Additions through acquisition of entities / operations	27,751	-
Depreciation expense	(21,501)	(13,332)
Reclassification/transfers between groups	7,330	(307,097)
Closing carrying amount	129,164	54,707

NOTE 14: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliations (Continued)

	Note	2010 $	2009 $
Office equipment			
Opening carrying amount		366,323	296,523
Additions		142,986	113,261
Disposals		-	(75)
Depreciation expense		(141,988)	(138,048)
Reclassification/transfers between groups		(22,369)	94,662
Closing carrying amount		344,952	366,323
Furniture, fixtures & fittings			
Opening carrying amount		20,889	24,029
Additions		33,361	-
Depreciation expense		(2,654)	(3,140)
Closing carrying amount		51,596	20,889
Total property, plant and equipment			
Carrying amount at 1 July		32,798,231	27,654,819
Additions		13,684,854	6,807,956
Disposals		(35,062)	(297,901)
Additions through acquisition of entities / operations	27	36,229,788	-
Depreciation expense & Amortisation		(2,282,823)	(1,775,317)
Impairment		-	(732,982)
Net foreign currency movements arising from foreign operation		(205,770)	-
Revaluations		-	1,141,656
Carrying amount at 30 June		80,189,218	32,798,231

NOTE 15: PAYABLES

	2010 $	2009 $
CURRENT		
Unsecured liabilities		
Trade creditors	4,115,433	4,368,570
Sundry creditors and accruals	80,889	465,993
	4,196,322	4,834,563
NON CURRENT		
Unsecured liabilities		
Sundry creditors and accruals	15,161	16,763

NOTE 16: BORROWINGS

		2010 $	2009 $
CURRENT			
Secured liabilities			
Bank loans		44,230,000	-
Finance lease liability	23(a)	631,250	142,840
Hire purchase liability	23(b)	946,186	949,916
		45,807,436	1,092,756
NON CURRENT			
Secured liabilities			
Bank loans		-	28,100,000
Finance lease liability	23(a)	1,346,943	484,316
Hire purchase liability	23(b)	4,091,780	5,037,986
		5,438,723	33,622,302

(a) Terms and conditions and assets pledging as security relating to the above financial instruments

The bank loans are secured by a registered fixed and floating charge over the assets and undertakings of Boundary Bend Limited and its subsidiaries. The bank also has mortgages over the real properties owned by the consolidated entity. All subsidiaries guarantee the bank loans.

(b) Defaults and breaches

As at 30 June 2010 the consolidated entity was in breach of one of its banking covenants, relating to the required interest cover. In accordance with applicable accounting standards this debt is treated as a current liability at 30 June 2010 in the consolidated statement of financial position. Since balance date, the lender has agreed to waive this financial covenant, and entered into a revised facility extending to November 2012.

NOTE 17: PROVISIONS

		2010 $	2009 $
CURRENT			
Dividends		26	26
Employee benefits	(a)	712,546	583,779
		712,572	583,805
NON CURRENT			
Employee benefits	(a)	48,012	81,654
(a) Aggregate employee benefits liability		760,558	665,433

		2010 $	2009 $
NOTE 18: OTHER FINANCIAL LIABILITIES			
CURRENT			
Hedging instruments			
Foreign currency forward contract		2,533,623	-
NOTE 19: OTHER LIABILITIES			
CURRENT			
Deferred income		927,574	677,184
Accrued expenses		8,398,464	18,088,599
		9,326,038	18,765,783
NOTE 20: SHARE CAPITAL			
Issued and paid-up capital			
44,226,986 (2009: 35,214,850) ordinary shares	(a)	55,005,474	34,669,065

	2010 Number	2010 $	2009 Number	2009 $
(a) Ordinary shares				
Consolidated				
Opening balance	35,214,850	34,669,065	32,246,546	30,982,888
Shares issued:				
1 July 2008	-	-	500,000	650,000
1 July 2008	-	-	225,000	265,365
28 July 2008	-	-	200,000	235,880
23 September 2008	-	-	115,385	150,001
25 September 2008	-	-	76,923	100,000
26 September 2008	-	-	21,861	28,419
30 September 2008	-	-	1,551,808	1,994,858
5 November 2008	-	-	277,327	261,654
4 January 2010	15,829,356	20,577,951	-	-
Transaction costs relating to shares issues	-	(241,541)	-	-
	15,829,356	20,336,410	2,968,304	3,686,177
Shares bought back:				
11 January 2010	(6,817,220)	(1)	-	-
	(6,817,220)	(1)	-	-
At reporting date	44,226,986	55,005,474	35,214,850	34,669,065

NOTE 20: SHARE CAPITAL (CONTINUED)

(b) Rights of each type of share

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

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

(c) Share options granted under the Employees and Officers Share Option plan

At 30 June 2010, directors and senior employees held options over 1,295,000 ordinary shares of the consolidated entity. At 30 June 2009, directors and senior employees held options over 875,000 ordinary shares of the consolidated entity, of which 50,000 were due to expire on 1 July 2009.

Share options granted under the Employees and Officers Share Option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided in Note 30.

NOTE 21: RESERVES

Asset revaluation reserve	21(a)	286,072	3,800,656
Foreign currency translation reserve	21(b)	(291,018)	(105,049)
Share based payments reserve	21(c)	185,244	53,193
		180,298	3,748,800

(a) Asset revaluation reserve

The asset revaluation reserve is used to record revaluations of non-current assets.

Movements in reserve		
Opening balance	3,800,656	-
Fair value adjustments to non-current assets	-	3,800,656
Transfers	(3,514,584)	-
Closing balance	286,072	3,800,656

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record the exchange differences arising on translation of a foreign entity.

Movements in reserve		
Opening balance	(105,049)	44
Foreign currency translation reserve	(185,969)	(105,093)
Closing balance	(291,018)	(105,049)

NOTE 21: RESERVES (CONTINUED)

(c) Share based payments reserve

The share based payments reserve relates to share options granted to employees and officers under the Employee and Officers Share Option plan. Further information about share based payments to employees and officers is set out in Note 30.

	2010 $	2009 $
Movements in reserve		
Opening balance	53,193	103,042
Options exercised, transferred to equity	-	(76,245)
Share based payments expense	132,051	26,396
Closing balance	185,244	53,193

NOTE 22: RETAINED EARNINGS

	2010 $	2009 $
(Accumulated losses)/Retained earnings at beginning of year	(8,206,474)	10,769,545
Net profit / (loss)	38,429,120	(18,929,769)
Transfers from reserves	3,514,584	-
Dividends provided for or paid	-	(46,250)
	33,737,230	(8,206,474)

		2010 $	2009 $

NOTE 23: CAPITAL AND LEASING COMMITMENTS

(a) Finance leasing commitments

Payable			
- not later than one year		757,148	181,555
- later than one year and not later than five years		1,589,253	506,596
Minimum lease payments		2,346,401	688,151
Less future finance charges		(368,208)	(60,995)
Total finance lease liability		1,978,193	627,156
Represented by:			
Current liability	16	631,250	142,840
Non-current liability	16	1,346,943	484,316
		1,978,193	627,156

(b) Hire purchase commitments

Payable			
- not later than one year		1,287,372	1,362,467
- later than one year and not later than five years		4,511,055	5,798,427
Minimum hire purchase payments		5,798,427	7,160,894
Less future finance charges		(760,461)	(1,172,992)
Total hire purchase liability		5,037,966	5,987,902
Represented by:			
Current liability	16	946,186	949,916
Non-current liability	16	4,091,780	5,037,986
		5,037,966	5,987,902

(c) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable			
- not later than one year		5,571,689	1,242,622
- later than one year and not later than five years		14,146,000	995,744
		19,717,689	2,238,366

	2010	2009
	$	$

NOTE 23: CAPITAL AND LEASING COMMITMENTS (CONTINUED)

General description of leasing arrangement

Operating leases relate to farm equipment and motor vehicles 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. Operating leases also include leases of permanent water rights. Each lease consists of an initial fixed term, plus multiple options to extend beyond the initial term (at the option of the consolidated entity). Therefore, only the first term of each lease is included in the above commitments.

(d) Other expenditure commitments
Payments for processing equipment delivered and installed in the financial year committed under documentary letter of credit:

	2010 $	2009 $
Payable		
- not later than one year	363,383	-
- later than one year and not later than five years	364,816	-
	728,199	-

NOTE 24: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

	2010 $	2009 $
Cash on hand	808	1,020
Cash at bank	1,820,624	1,440,144
	1,821,432	1,441,164

(b) Reconciliation of cash flow from operations with profit after income tax

	2010 $	2009 $
Profit / (loss) from ordinary activities after income tax	38,419,879	(18,998,886)
Adjustments and non-cash items		
Amortisation	131,094	410,608
Depreciation	2,151,729	1,364,709
Charges to provision for impairment	-	38,089
Impairment loss	610,940	13,152,278
Gain on Timbercorp acquisition	(47,388,606)	-
Profit on sale of assets	(49,500)	-
Profit on sale of intangibles	(83,245)	-

NOTE 24: CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of cash flow from operations with profit after income tax (Continued)

	2010 $	2009 $
Fair Value decrease in non current assets	-	9,585,580
Share Based Payment Expense	132,051	26,396
Unrealised FX gains on forward contract	(112,230)	-
Unrealised foreign currency gain	(143,185)	-
Interest accrued not paid	266,505	-
Changes in assets and liabilities		
(Increase) / decrease in receivables	1,723,395	(1,405,951)
(Increase) / decrease in prepayments and other assets	(2,422,376)	25,159
(Increase)/decrease in inventories and biological assets for sale	1,116,332	(20,623,731)
Increase / (decrease) in payables	(639,843)	289,853
Increase / (decrease) in income tax payable	(1,451,257)	1,194,047
Increase in deferred taxes	(367,304)	(1,423,199)
Increase in provisions	95,125	182,193
Decrease in reserves	-	(105,093)
Increase / (decrease) in accrued expenses & other liabilities	(9,439,745)	16,111,490
	(55,870,120)	18,822,428
Cash flows from operating activities	(17,450,241)	(176,458)

The major facilities are summarised as follows:

(i) Core debt facility of $45,000,000 which is available to 30 November 2012. The interest costs under the facility is referenced to the bank bill swap bid rate (BBSY). A margin is also paid in addition to this reference rate.

(ii) Harvest facility of $15,000,000 which is available to 30 November 2012. The interest costs under the facility is referenced to the bank bill swap bid rate (BBSY). A margin is also paid in addition to this reference rate. This facility is only available at certain times of the year and is subject to full clearing each year. Drawdown under this facility is also subject to adequate stock and debtors cover. At 30 June 2010 the consolidated entity was yet to draw under this facility as it was not required. In July 2010, this facility was reduced by $3,000,000, to $12,000,000. On 4 October 2011 the facility limit will reduce by a further $2,000,000, to $10,000,000.

Both the facilities are secured by a registered fixed and floating charge over the assets and undertakings of Boundary Bend Limited and its subsidiaries. The bank also holds mortgages over the real properties owned by the consolidated entity. All subsidiaries guarantee the above bank loans.

Finance will continue be provided under the above facilities provided the consolidated entity has not breached any borrowing requirements and the consolidated financial entity meets the required financial ratios. The consolidated entity confirms that it has complied with all borrowing requirements and met the required financial ratios during the year, other than those noted in Note 32 Events subsequent to reporting date.

NOTE 25: CONTROLLED ENTITIES

	Country of incorporation	Ownership 2010 %	Ownership 2009 %
Parent Entity:			
Boundary Bend Limited			
Subsidiaries of Boundary Bend Limited:			
Boundary Bend Estate Management Pty Ltd	Australia	100	100
Boundary Bend Management (Boort) Pty Ltd	Australia	-	100
Boundary Bend Estate (Processors) Pty Ltd	Australia	100	100
Boundary Bend Estate Pty Ltd	Australia	100	100
Boundary Bend Olives Pty Ltd (formerly 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
Boundary Bend Agricultural Pty Ltd	Australia	51	51
Boundary Bend Assets Pty Ltd	Australia	100	-
Boundary Bend Estate (No. One) Pty Ltd	Australia	100	100
Boundary Bend Estate (No. Two) Pty Ltd	Australia	100	100
Boundary Bend Estate (No. Three) Pty Ltd	Australia	100	100
Boundary Bend Nominees (No. One) Pty Ltd	Australia	100	100
Boundary Bend Nominees (No. Two) Pty Ltd	Australia	100	100
Boundary Bend Nominees (No. Three) Pty Ltd	Australia	100	100

During the period, Boundary Bend Management (Boort) Pty Ltd was deregistered.
During the period, Boundary Bend Assets Pty Ltd was incorporated.

NOTE 26: RELATED PARTY TRANSACTIONS

	2010 $	2009 $
(a) Loans receivable from Directors		
Leandro Ravetti	228,866	267,586
	228,866	267,586

NOTE 26: RELATED PARTY TRANSACTIONS (CONTINUED)

	2010 $	2009 $
(b) Transactions with Director related entities on commercial and arms length terms (apart from those already disclosed in the remuneration report which forms part of the Director's Report preceding these financial statements)		
Boundary Bend Group has entered into marketing contracts with Olivecorp Management Pty Ltd, a subsidiary of Timbercorp Ltd (In liquidation) and purchased bulk oil.	7,976,313	14,661,484
Boundary Bend Olives Pty Ltd has rental agreements with Victorian Bulk Handlers Pty Ltd, of which Jim Riordan is an owner. Jim Riordan is a relative of Paul Riordan.	2,567	28,096
Boundary Bend Group pays housing rental and Maqtec shed rental to P & F Riordan Pty Ltd, of which Paul Riordan is a shareholder. Reimbursable expenses are paid to Fiona Riordan. Fiona Riordan is the spouse of Paul Riordan.	22,400	39,042
Boundary Bend Group procures fuel from Riordan Fuels Pty Ltd and pays accommodation expenses to United Retail Group Pty Ltd, of which Robert Riordan is an owner. Robert Riordan is a relative of Paul Riordan.	129,400	135,985
Boundary Bend Group procures soil nutrition products from Riordan Group Pty Ltd, of which Jim Riordan is an owner. Jim Riordan is a relative of Paul Riordan.	-	23,741
Boundary Bend Group pays aircraft hire, vehicle maintenance and reimbursable expenses to RD & KA McGavin Pty Ltd and McGavin Investments Pty Ltd, companies owned by Robert McGavin.	95,424	50,922
Boundary Bend Group pays consultancy fees to Loughman Trade Corp, a company owned by Jose Mourelle. Jose Mourelle is a legal representative of Boundary Bend Estate Pty Ltd in Argentina.	65,947	79,793
Boundary Bend Group has entered into management contracts with Timbercorp Ltd (In Liquidation) and associated entities to manage and develop the Olive Groves owned by Timbercorp Ltd (In Liquidation).	(519,245)	(3,923,565)
Boundary Bend Group has entered into tree supply contracts with Timbercorp Ltd (In Liquidation) and associated entities to supply trees for the Olive Groves owned by Timbercorp Ltd (In Liquidation) and associated entities.	-	(765,987)
Boundary Bend Group has entered into harvester supply contracts with Timbercorp Ltd (In Liquidation) and associated entities to provide equipment for harvesting the Olive Groves owned by Timbercorp Ltd (In Liquidation).	-	(1,888,190)
Boundary Bend Group has entered into a lease agreement with Timbercorp Ltd (In Liquidation) and associated entities to lease the 520 hectare olive grove.	-	(1,998,971)

	2010	2009
	$	$

NOTE 26: RELATED PARTY TRANSACTIONS (CONTINUED)

Boundary Bend Group has incurred telephone expenses on behalf of Poligolet Holdings Pty Ltd and Jubilee Park Vineyards Pty Ltd, companies owned by Robert McGavin. The expenses were on charged to Poligolet Holdings Pty Ltd and Jubilee Park Vineyards Pty Ltd	(28,789)	(22,356)

NOTE 27: BUSINESS COMBINATIONS

On 11 January 2010, the consolidated entity acquired certain assets of Timbercorp Limited (in liquidation), including 6,012 hectares of olive groves at Boort and Boundary Bend; 26,170 megalitres of permanent water rights on the Murray and Goulburn systems; and an olive processing facility located at Boort; and various items of plant and equipment.

The business combination occurred as a result of Timbercorp Limited (in liquidation), a major customer and shareholder of the consolidated entity being placed into liquidation on 29 June 2009.

	$
Cash consideration	59,499,999
Total cost of combination	59,499,999

Assets and liabilities acquired

Assets and liabilities acquired as a result of the business combination were:

	Recognised on acquisition at fair value $
Assets and liabilities held at acquisition date:	
- Property, plant and equipment	36,229,788
- Biological assets	21,285,737
- Water rights	49,373,080
Net assets acquired	106,888,605
- Gain on acquisition	(47,388,606)
	59,499,999

Contribution since acquisition

It is impractical to disclose the revenue and profit or loss since acquisition, as the contribution from the Timbercorp assets cannot be separated from the operations of the consolidated entity.

It is impractical to disclose the revenue and profit or loss had the business combination been effected at 1 July 2009 as the contribution from the Timbercorp assets cannot be separated from the operations of the consolidated entity.

NOTE 27: BUSINESS COMBINATIONS (CONTINUED)

Transaction costs

Transaction costs of $1,006,934 were incurred in relation to the acquisition. These costs are included with administration expenses in the statement of comprehensive income.

Transactions recognised separately from acquisition

Separately from the business combination, the consolidated entity bought back Timbercorp Limited's (in liquidation) 19.4% equity interest in the consolidated entity for $1. This transaction was recognised against share capital.

Gain on acquisition

The acquisition resulted in a gain amounting to $47,388,606 which has been recognised as income in the period, within the 'other income' line item in the statement of comprehensive income.

The business combination resulted in a gain due to the following:

- The seller was in liquidation. The Liquidator conducted an abridged sale process, which only ran for approximately 6 weeks.
- The consolidated entity had dominant knowledge of the asset, and had managed the Boundary Bend Groves since inception (with the first grove planted in 1999 and the last grove planted in 2007) and the Boort Groves since late 2004. This allowed the consolidated entity to act with certainty in the absence of a prolonged due diligence period.
- The consolidated entity had access to sufficient capital to complete the transaction within the required timeframe.
- The grove at Boundary Bend was still immature, with approximately 67% of the grove yet to reach full maturity and 44.7% of the groves are currently less than 4 years old, which added to the perceived uncertainty as to the future cashflows.

Provisional accounting

The initial accounting for the business combination has been provisionally determined as at 30 June 2010.

NOTE 28: FINANCIAL RISK MANAGEMENT

Capital risk management

The consolidated entity manages its capital to ensure that entities in the consolidated entity 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 consolidated entity's policy on capital risk management has not changed from the approach taken in the 2009 financial year.

The capital structure of the consolidated entity consists of debt, which includes the borrowings disclosed in Note 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 20, 21 and 22 respectively.

As at 30 June 2010 the consolidated entity was in breach of one of its banking covenants, relating to the required interest cover. In accordance with applicable accounting standards this resulted in the bank debt being treated as a current liability at 30 June 2010 in the consolidated statement of financial position. Since balance date, the lender has agreed to waive this financial covenant, and entered into a revised facility extending to November 2012.

Operating cash flows are used to maintain and expand the consolidated entity's net asset position, as well as to make the normal outflows of tax, dividend and interest obligations. The consolidated entity'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 consolidated entity has a benchmark gearing ratio calculated as the ratio of total external debt to tangible assets. As at year end, the consolidated entity was below the said benchmark.

	2010	2009
	$	$
Total External Debt	51,246,159	34,715,058
Less: Cash and Cash Equivalents	(1,821,432)	(1,441,164)
Net External Debt	49,424,727	33,273,894
Total Assets	157,040,131	90,977,573
Less: Intangible Assets	(3,765,831)	(12,258,807)
Tangible Assets	153,274,300	78,718,766
Gearing Ratio	32.25%	42.27%

The consolidated entity monitors and manages the financial risks relating to the operations of the consolidated entity throughout the year at meetings of the Board of Directors and key management personnel.

NOTE 28: FINANCIAL RISK MANAGEMENT (CONTINUED)

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 consolidated entity has to date identified the following financial risks:

(a) Foreign currency risk
(b) Interest rate risk
(c) Credit risk
(d) Liquidity risk
(e) Fair values

The Board of Directors have overall responsibility for identifying and managing operational and financial risks.

(a) Currency risk

The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposing the consolidated entity to the risk of exchange rate fluctuations. The consolidated entity'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 consolidated entity to enter into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates to reduce this risk. The objective in entering the forward exchange contracts is to protect the consolidated entity against unfavourable exchange rate movements for both the contracted and anticipated future sales and purchases undertaken in foreign currencies.

As at reporting date the consolidated entity had a forward exchange contract to sell USD 2,000,000 on 21 May 2012 at an exchange rate of 0.7559. As there is no highly probable cashflow underlying this contract it has been determined to be a fair value hedge.

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

	Assets		Liabilities	
	2010	2009	2010	2009
European Euros	279,916	-	729,421	-
US dollars	2,723,827	2,693,395	2,360,040	964,227
Argentinean pesos	18,413	37,351	-	-

NOTE 28: FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Currency risk (Continued)

Sensitivity

The consolidated entity is mainly exposed to European Euros (EUR), US dollars (USD) and Argentinean pesos (ARS) through contracts for sale of olive oil to the international market where the price of the goods sold is denominated in EUR. Some contracts for the sale of olive oil are also entered into in USD when selling to the US market and markets around the world where the local currency is not considered appropriate for the transaction. The exposure to ARS is as a result of the consolidated entity's investment in the establishment of an olive grove in Argentina. In addition, one subsidiary of the consolidated entity, 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 consolidated 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 10% 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 weakens against the foreign currency. A strengthening 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 10% has been chosen as it represents what may occur in any financial year.

United States dollars	**2010**	**2009**
+ / - 10% United States dollars	**$**	**$**
Impact on profit after tax	228,206	58,582
Impact on equity	-	-

Argentinean pesos	**2010**	**2009**
+ / - 10% Argentinean pesos	**$**	**$**
Impact on profit after tax	35,703	23,453
Impact on equity	188,545	174,499

European Euros	**2010**	**2009**
+ / - 10% European Euros	**$**	**$**
Impact on profit after tax	44,591	-
Impact on equity	-	-

NOTE 28: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk

The consolidated 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 consolidated entity's long term debt obligations with a variable interest rate.

The consolidated entity manages its interest costs using a mix of fixed and floating rate debt. The consolidated entity 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:

- Trade receivables of $6,805,902 (2009: $8,490,577) and trade and other payables of $4,196,322 (2009: $4,834,563) are non interest bearing. The trade receivables and trade and other payables are due for settlement within twelve months.
- Cash and cash equivalents of $1,821,432 (2009: $1,441,164) are deposited at a floating interest rate. For the year ended 30 June 2010 the weighted average effective interest rate is 2.56% (2009: 0.92%).
- Bank loans of $44,230,000 (2009: $28,100,000) are borrowed at fixed and floating interest rates. For the year ended 30 June 2010 the weighted average effective interest rate is 6.53%. (2009: 5.29%)
- Finance lease liabilities and hire purchase liabilities are due for repayment as disclosed in note 23.
- Director loan of $228,866 (2009: $267,586) borrowed at a floating interest rate as per Division 7A – benchmark interest rate which is 7.40% for the 2011 (2010: 5.75%) financial year.

Sensitivity

The following sensitivity analysis has been determined based on the consolidated entity's exposure to long term debt obligations. Changes in interest rates would have an effect on the interest received by the consolidated entity, 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 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 consolidated entity's net profit would decrease/increase by $392,300 (2009: $231,000).

	2010	**2009**
+ / - 1% interest rate	**$**	**$**
Impact on profit before tax	392,300	231,000

(c) Credit risk

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

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure of forward exchange contracts is the net fair value

NOTE 28: FINANCIAL RISK MANAGEMENT (CONTINUED)

of these contracts.

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

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

(d) 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 consolidated entity's short, medium and long-term funding and liquidity management requirements. The Consolidated entity 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 2010 and 2009. These tables have been drawn up on the based on undiscounted contractual maturities of the financial assets including interest payable and receivable.

Maturity analysis

The table below represents the undiscounted contractual settlement terms for financial instruments and managements expectation for settlement of undiscounted maturities.

Year ended 30 June 2010	**Weighted Ave. Int. Rate**	**< 6 months**	**6-12 months**	**1-5 years**
	%	**$**	**$**	**$**
Financial assets:				
Non-interest bearing assets	-	6,805,902	-	-
Variable interest rate instruments	2.56	1,862,235	-	188,063
Financial liabilities:				
Non-interest bearing liabilities	-	4,196,322	-	-
Variable interest rate instruments	6.39	39,974,321	833,115	5,438,724
Fixed interest rate instruments	7.77	5,000,000	-	-
Year ended 30 June 2009				
Financial assets:				
Non-interest bearing assets	-	8,490,577	-	-
Variable interest rate instruments	0.92	1,479,768	-	228,982
Financial liabilities:				
Non-interest bearing liabilities	-	4,834,561	-	-
Variable interest rate instruments	5.50	532,011	560,745	28,622,302
Fixed interest rate instruments	7.77	-	-	5,000,000

NOTE 28: FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values

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

	2010		2009	
	Net carrying amount $	Net fair value $	Net carrying amount $	Net fair value $
Financial assets				
Hedging instruments	2,645,853	2,645,853	-	-
Other financial assets	497,335	497,335	652,486	652,486
Total financial assets	3,143,188	3,143,188	652,486	652,486
Financial liabilities				
Other loans and amounts due	44,230,000	44,230,000	28,100,000	28,100,000
Other liabilities	7,016,159	7,016,159	6,615,057	6,615,057
Total financial liabilities	51,246,159	51,246,159	34,715,057	34,715,057

NOTE 29: CONSOLIDATED ENTITY DETAILS

The registered office of the consolidated entity is:

Boundary Bend Limited and controlled entities
151 Broderick Road
LARA VICTORIA 3212

NOTE 30: SHARE BASED PAYMENTS

(a) Employee option plan

The consolidated entity has an ownership-based compensation scheme for employees and officers. The Employees and Officers Share Option Plan provides that shares issued to any relevant person pursuant to this plan during the previous five years will be limited to a maximum of 5% of the issued ordinary capital of Boundary Bend Limited. Eligibility for the plan and exercise price for options issued under the plan are determined at the discretion of the Board.

Each employee option converts into one ordinary share of Boundary Bend Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

NOTE 30: SHARE BASED PAYMENTS (CONTINUED)

(a) Employee option plan (Continued)

Details of the options granted are provided below:

2010

Grant date	Expiry date	Exercise price	Balance at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Exercisable at end of the year
1/07/2006	1/07/2009	$ 2.10	50,000	-	-	(50,000)	-	-
1/07/2007	1/07/2011	$ 1.60	825,000	-	-	-	825,000	825,000
5/08/2009	30/06/2012	$ 1.00	-	200,000	-	-	200,000	-
13/11/2009	1/07/2012	$ 1.30	-	225,000	-	-	225,000	225,000
30/06/2010	1/07/2013	$ 1.40	-	45,000	-	-	45,000	-
			875,000	470,000	-	(50,000)	1,295,000	1,050,000
Weighted average exercise price:			$ 1.63	$ 1.18	$ -	$ 2.10	$ 1.45	$ 1.54

2009

Grant date	Expiry date	Exercise price	Balance at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Exercisable at end of the year
1/07/2006	1/07/2009	$ 2.10	50,000	-	-	-	50,000	50,000
1/07/2007	1/07/2011	$ 1.60	875,000	-	-	(50,000)	825,000	825,000
			925,000	-	-	(50,000)	875,000	875,000
Weighted average exercise price:			$ 1.63	$ -	$ -	$ 1.60	$ 1.63	$ 1.63

(b) Fair value of share options granted in the year

The weighted average share price for share options exercised during the period was $1.18. (2009:Nil). Options were priced using the Black-Scholes option pricing model. Expected volatility is based on industry average, as the consolidated entity does not have an reasonable measure of volatility.

	Options series		
Input into the model	5-Aug-2009	13-Nov-2009	30-Jun-2010
Grant date share price	$1.30	$1.30	$1.40
Exercise price	$1.00	$1.30	$1.40
Expected volatility	34%	34%	34%
Option life	3 years	3 years	3 years
Dividend yield	0%	0%	0%
Risk-free interest rate	5.03%	5.12%	4.47%

(c) Options outstanding at the end of the year

There were no options exercised during the year (2009: Nil).

The share options outstanding at the end of the year had an exercise price of $1.45 (2009: $1.63), and a weighted average remaining contractual life of 511 days (2009: 689 days).

	2010 $	2009 $
NOTE 31: DIVIDENDS		
Dividends declared and payable at $0 per share (2009: 5 cents) fully franked at 30%	-	46,250
	-	46,250
Balance of franking account on a tax paid basis 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:	4,240,025	3,043,932

NOTE 32: EVENTS SUBSEQUENT TO REPORTING DATE

As at 30 June 2010 the consolidated entity was in breach of one of its banking covenants, relating to the required interest cover. In accordance with applicable accounting standards this resulted in the bank debt being treated as a current liability at 30 June 2010 in the consolidated statement of financial position. Since balance date, the lender has agreed to waive this financial covenant, and entered into a revised facility extending to November 2012.

On 6 July 2010 a judgement was made in relation to the ongoing case involving the bottling equipment manufacturer. For further detail please refer to Note 34 (Contingent Liabilities).

There has been no other matter or circumstance, which has arisen since 30 June 2010 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2010, of the consolidated entity, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2010, of the consolidated entity.

NOTE 33: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

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.

NOTE 34: CONTINGENT LIABILITIES

A contingent liability exists relative to any future claims which may be made against the consolidated entity. Estimates of the maximum amounts of contingent liabilities that may become payable:

Boundary Bend Ltd and its controlled entities were involved in legal claims and counter claims with a bottling equipment agent and a manufacturing company during the financial year.

Judgement was made in relation to the case involving the bottling equipment manufacturer subsequent to the end of the financial year. This judgment found in favour of the bottling line manufacturer in the amount of $284,620 and in favour of Boundary Bend Ltd and its controlled entities in the amount of $278,298.

At reporting date judgement was still pending in this case in relation to the payment of costs. At this point in time it is not possible to determine either the estimated cost or probability of succeeding in the judgement for legal costs.

NOTE 35: PARENT ENTITY DETAILS

Summarised presentation of the parent entity, Boundary Bend Limited and controlled entities, financial statements:

(a) Summarised consolidated statement of financial position

	2010 $	2009 $
Assets		
Current assets	3,564,425	2,117,029
Non-current assets	88,348,567	42,067,138
Total assets	91,912,992	44,184,167
Liabilities		
Current liabilities	47,570,049	1,325,436
Non-current liabilities	-	20,240,045
Total liabilities	47,570,049	21,565,481
Net assets	44,342,943	22,618,686
Equity		
Share capital	55,005,474	34,669,067
Retained earnings	(10,847,775)	(12,103,574)
Reserves		
Share based payments reserve	185,244	53,193
	-	-
Total equity	44,342,943	22,618,686

(b) Summarised consolidated statement of comprehensive income

	2010 $	2009 $
Profit/(loss) for the year	1,255,759	(12,103,978)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,255,759	(12,103,978)

(c) Parent entity guarantees

The bank loans are secured by a registered fixed and floating charge over the assets and undertakings of Boundary Bend Limited and its subsidiaries. The bank also has mortgages over the real properties owned by the consolidated entity. All subsidiaries guarantee the bank loans.

NOTE 35: PARENT ENTITY DETAILS (CONTINUED)

(d) Parent entity contingent liabilities

A contingent liability exists relative to any future claims which may be made against the consolidated entity. Estimates of the maximum amounts of contingent liabilities that may become payable:

Boundary Bend Ltd and its controlled entities were involved in legal claims and counter claims with a bottling equipment agent and a manufacturing company during the year.

Judgement was made in relation to the case involving the bottling equipment manufacturer subsequent to the end of the financial year. This judgement found in favour of the bottling manufacturer in the amount of $284,620 and in favour of Boundary Bend Ltd and controlled entities in the amount of $278,298.

At reporting date judgement was still pending in this case in relation to the payment of costs. At this point it is not possible to determine either the estimated cost or probability of succeeding in the judgement for legal costs.

(e) Parent entity contractual commitments

The parent entity has no contractual commitments for the acquisition of property, plant or equipment.

	2010 $	2009 $
NOTE 36: KEY MANAGEMENT PERSONNEL COMPENSATION		
Compensation received by key management personnel of the consolidated entity:		
- short term employee benfits	1,503,798	1,223,437
- post employment benefits	111,342	87,812
- share based payments	111,040	22,560
	1,726,180	1,333,809

During or since the end of the financial year, the consolidated entity granted options to the following directors and senior management of the consolidated entity, as part of their remuneration:

	Grant date	Vesting date	Expiry date	Exercise price	Fair value per option
Mr T.A. Jonas	13-Nov-09	13-Nov-09	01-Jul-12	$1.30	$0.35
Mr C.P. Ball	13-Nov-09	13-Nov-09	01-Jul-12	$1.30	$0.35
Mr T.F. Smith	30-June-10	31-Mar-13*	01-Jul-13	$1.40	$0.40
Mr S.J. Beaton	05-Aug-09	31-Mar-12*	30-Jun-12	$1.00	$0.52

* For options issued to Mr Smith and Mr Beaton to vest they must remain in the full employment of Boundary Bend Limited or its controlled entities' until the vesting date.

	Option Series	Granted during the year	Vested during the year	% of grant vested	Expired during the year	% of grant expired	% of remuneration for the year consisting of options
Mr T.A. Jonas	Granted 13-Nov-09	75,000	75,000	100%	-	-	20.39%
Mr C.P. Ball	Granted 13-Nov-09	150,000	150,000	100%	-	-	36.21%
Mr T.F. Smith	Granted 30-Jun-10	30,000	-	0%	-	-	0.01%
	Granted 01-Jul-06	-	-	-	(50,000)	100%	-
Mr S.J. Beaton	Granted 05-Aug-09	200,000	-	0%	-	-	14.76%

Refer to Note 30 for inputs into the fair value calculation of the options issued during the year. No options were exercised in the financial year ended 30 June 2010 (and in 2009).

Shareholdings of Directors and executives

	Balance at 1 July No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.
2010					
Mr T.A. Jonas	608,204	-	-	200,000	808,204
Mr C.P. Ball	205,062	-	-	200,000	405,062
Mr J. West	-	-	-	100,000	100,000
Mr D. Lipton	25,000	-	-	12,430	37,430
Mr R.D. McGavin	7,784,241	-	-	1,723,155	9,507,396
Mr P.C. Riordan	6,109,118	-	-	-	6,109,118
Mr L.M. Ravetti	624,764	-	-	-	624,764
Mr T.F. Smith	103,846	-	-	7,700	111,546
Mr S.J. Beaton	-	-	-	10,000	10,000
Mr A.T. Instrell	224,678	-	-	-	224,678
2009					
Mr T.A. Jonas	597,411	-	-	10,793	608,204
Mr C.P. Ball	123,394	-	-	81,668	205,062
Mr J. West	-	-	-	-	-
Mr D. Lipton	25,000	-	-	-	25,000
Mr R.D. McGavin	7,507,987	-	-	276,254	7,784,241
Mr P.C. Riordan	6,109,118	-	-	-	6,109,118
Mr L.M. Ravetti	601,625	-	-	23,139	624,764
Mr T.F. Smith	100,000	-	-	3,846	103,846
Mr S.J. Beaton	-	-	-	-	-
Mr A.T. Instrell	24,678	-	200,000	-	224,678

Options held by Directors and executives

	Balance at 1 July	Granted No.	Exercised No.	Lapsed No.	Balance at 30 June No.
2010					
Mr T.A. Jonas	-	75,000	-	-	75,000
Mr C.P. Ball	-	150,000	-	-	150,000
Mr R.D. McGavin	300,000	-	-	-	300,000
Mr P.C. Riordan	100,000	-	-	-	100,000
Mr L.M. Ravetti	300,000	-	-	-	300,000
Mr T.F. Smith	100,000	30,000	-	(50,000)	80,000
Mr S.J. Beaton	-	200,000	-	-	200,000
Mr A.T. Instrell	-	-	-	-	-
2009					
Mr T.A. Jonas	-	-	-	-	-
Mr C.P. Ball	-	-	-	-	-
Mr R.D. McGavin	300,000	-	-	-	300,000
Mr P.C. Riordan	100,000	-	-	-	100,000
Mr L.M. Ravetti	300,000	-	-	-	300,000
Mr T.F. Smith	100,000	-	-	-	100,000
Mr S.J. Beaton	-	-	-	-	-
Mr A.T. Instrell	200,000	-	(200,000)	-	-

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

DIRECTORS' DECLARATION

The directors of the consolidated entity declare that:

1. The financial statements and notes, as set out on pages 20 - 71, are in accordance with the *Corporations Act 2001*:

    (a) comply with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

    (b) as stated in Note 1, the financial statements also comply with *International Financial Reporting Standards*; and

    (c) give a true and fair view of the financial position as at 30 June 2010 and performance for the year ended on that date of the consolidated entity.

2. In the directors' opinion there are reasonable grounds to believe that the consolidated entity 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 29th day of September 2010

Deloitte.

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

Report on the Financial Report

We have audited the accompanying financial report of Boundary Bend Limited, which comprises the consolidated statement of financial position as at 30 June 2010, and the consolidated statement of comprehensive income, the statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 20 to 72.

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.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Boundary Bend Limited on 29 September 2010 would be in the same terms if provided to the directors as at the date of this auditor's report.

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 consolidated entity's financial position as at 30 June 2010 and of its 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 17 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Boundary Bend Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

C M J Bryan
Partner
Chartered Accountants
Melbourne, 30 September 2010