BOUNDARY BEND

LIMITED

Boundary Bend Limited and controlled entities

ABN 32 115 131 667

Financial report

For the year ended 30 June 2011

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

29 September 2011

Dear Shareholders,

The last 12 months have proven to be quite challenging for the olive industry and Boundary Bend Limited. Whilst we are well positioned for growth with over 74% of our groves yet to reach maturity and to benefit from the continued strong performance of our retail brand Cobram Estate, the negative impact of low world olive oil prices, strong Australian dollar and unseasonal rain and flooding has been significant. Despite this, with increases in our branded olive oil sales and cost saving initiatives in place, our business remains well positioned for continued growth.

We are very proud that Boundary Bend is clearly Australia's # 1 olive oil company:

- Australia's **largest and most recognised** olive grower and producer of olive oil
- One of the **largest single owners** of olive groves in the world
- **Overwhelming share** of Australia's total olive oil production (56%)
- **#1 retail market share** for Australian produced extra virgin olive oil (**Cobram Estate**)
- **Largest exporter** of Australian olive oil (by volume) (65%)
- **Most awarded Australian olive oil brand** including unprecedented two of three best in show awards at 2011 Los Angeles International Extra Virgin Olive Oil Competition
- **In-built organic yield growth** with 74% of trees yet to reach full yield maturity

Results

The after tax result of the consolidated entity for the year, after providing for income tax and eliminating non-controlling interests, amounted to a loss of $11.989 million (2010: profit of $38.420 million). The trading loss before tax was $13.964 million (2010: loss of $8.321 million).

	2011 ($'000)	**2010 ($'000)**
Trading profit/(loss)	(13,964)	(8,321)
Gain on Timbercorp acquisition - profit/(loss)	-	47,388
Transaction costs relating to acquisition	-	(1,007)
Goodwill and investment revaluation - profit/(loss)	-	(611)
Change in fair value of olive grove - profit/(loss)	-	-
Income tax benefit	1,975	971
Profit/(loss) before income tax expense	**(11,989)**	**38,420**

EXECUTIVE CHAIRMAN'S REPORT

Boundary Bend's full year trading result is substantially affected by the volume of oil produced from the year's harvest. Under Accounting Standard AASB 141 "Agriculture", the oil is required to be measured at fair value less point of sale costs. This means that the profit or loss relating to the crop is recognised in the year of harvest. Cash from the oil is generated as the oil is sold over the following 12 months, meaning that profit does not align with the company's cash flows. Therefore, the actual profit from the production of the oil will not be known until the oil is sold in the following financial year. If the oil is sold for a higher price a profit is recorded (at the point of sale) and the reverse happens if the oil is sold for less than the value attributed at 30 June.

The actual 2011 harvest result was 9.1m litres, which was approximately 16.5% lower than budget. During the 2011 financial year the estimated weighted average farm-gate selling value has declined 26%. These changes to volume of oil produced and estimated net realisable value will result in a profit variance of negative $17m to our budget. The 2011 loss has been partly offset by BBL reducing costs across the group by approximately $3m in the 2011 financial year. The yield variance of 1.8m litres was caused almost entirely by the spring and summer flooding at Boort. The price variance has been driven by the fall in the international bulk oil price and the appreciating Australian dollar and has a negative impact of approximately $9.5m.

The cash position of the business is in line with that forecast 12 months ago. The impact of the lower yields and lower prices will be felt over the next 12 months as the oil is sold.

As at 30 June 2011 Boundary Bend 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 2011 in the Consolidated Statement of Financial Position. Since balance date, the existing lender has provided a credit approved term sheet capable of acceptance, which extends the term of the bank facilities ($45 million core debt and $10 million seasonal facility) to 30 November 2013, conditional on raising a net $15m in equity by 30 December 2011.

At 30 June 2011, the net asset per share was $1.73, which compared to $2.01 per share as at 30 June 2010. The decrease in the net asset per share was driven by the trading loss of year.

Equity Raising

The Directors of Boundary Bend are seeking to raise net $15m in equity through a private placement. The process is well advanced and we have appointed Investment Bank Moelis & Company as our advisor. We expect to be able to notify shareholders of the outcome soon.

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 (see graphs in this report), the Board does not intend to give profit guidance for the 2012 financial year. The management team has implemented a number of changes to our business which will result in over $7m in cost savings during the 2012 financial year.

Dividend

The Directors did not declare a dividend in 2011 and it is unlikely that a dividend will be declared in the 2012 financial year.

EXECUTIVE CHAIRMAN'S REPORT

Material Water Lease Terminated

As part of funding the Timbercorp transaction in 2009, Boundary Bend entered into a water sale and lease back transaction with a large superannuation fund. BBL had an annual lease commitment of $4.28m per annum to the superfund. These lease payments were significantly over market cost due to drought-breaking rains and water storages being nearly full. We advise that we have mutually agreed to terminate this water lease. This will have two main benefits for Boundary Bend:

- In excess of $4m cash-flow will be saved over the next two years.
- Boundary Bend risk will be reduced, especially if a drought hits the basin again. This is because under the former lease arrangement the payments were fixed regardless of the allocation each year against water entitlement. This meant that if allocations were reduced to 20% in any given year we still had the full cost of the lease ($4.28m p.a.) and would have to enter the temporary market and lease 80% of our annual needs. If water allocations stay at 100% we are still better off in the temporary market, as the prices are likely to be much lower than we were paying under the lease. For example, we were paying the superfund $164 per megalitre per year whereas the temporary market is currently trading around $25 per megalitre.

Oil Yields

As previously communicated to shareholders on 1 September 2011, the 2011 harvest was lower than our original expectations. The final yield was 9.1m litres which, although up over 40% from last year's result, is still a disappointing result for the company. The decrease in yield was almost solely caused by the unseasonal rains and flooding at the Boort grove. The rain and floods caused yield loss in two ways:

- Trees in a small section of the Boort grove (approximately 50ha) remain under water and have perished. In other areas, after the flooding subsided the heavy clay soil remained wet and water logged for extended periods, stressing the trees which in turn reduced the crop.
- The extended summer of rain and humid wet weather placed a lot of fungal disease pressure on the immature olive fruit. Although this can be sprayed to prevent crop loss the Boort grove was un-trafficable for extended periods at critical times which prevented timely sprays. In some areas of the grove crop loss was severe.

The yields from the Boundary Bend groves were in line with original forecasts.

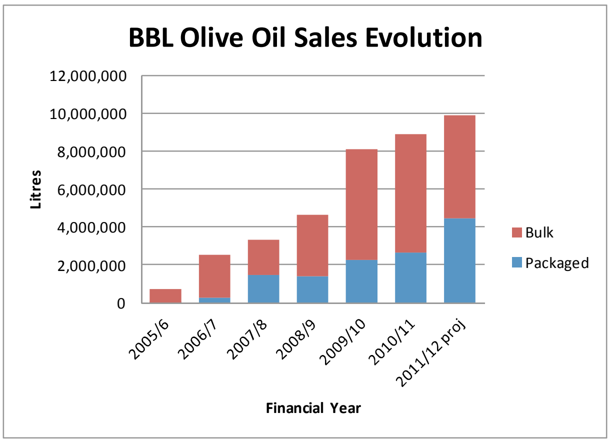
Price

The sales channel of olive oil can be split into two main categories: packaged goods and bulk sales (see graphs below). Despite significant deflation in supermarket pricing in general, we are able to achieve higher margins through branded sales. This reflects the international market where bulk sales of olive oil are at low margins. Whilst we have been able to grow branded sales quickly, we are not yet at a point where all of our increased volume can be sold in this way, hence surplus oil is sold on the bulk market. The world price of olive oil is currently at historic lows in Euros (its traded currency) and with the appreciating Australian dollar the negative result is exacerbated for Boundary Bend. The current bulk price is below cost of production for every major producing country, including Australia, therefore increasing branded sales has been, and remains, a major focus.

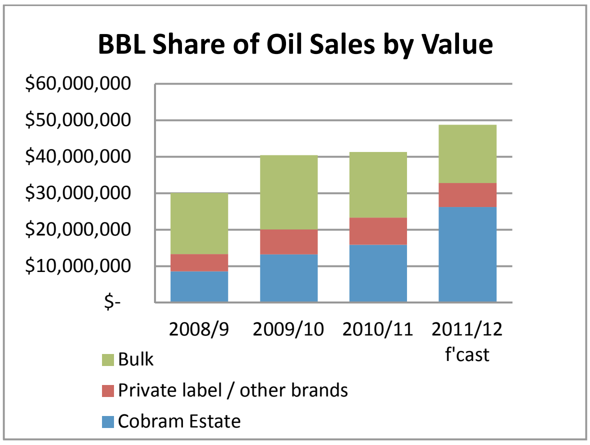
Packaged goods includes all sales where we value add the oil into bottles and tins. Much of this is Cobram Estate but also includes supermarket private labels and contract packaging for 3rd parties.

EXECUTIVE CHAIRMAN'S REPORT

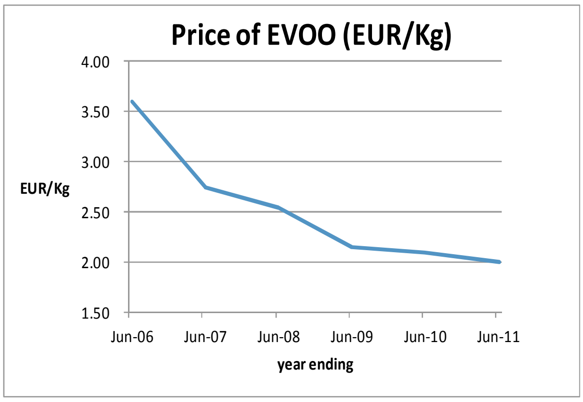
BBL oil sales evolution by VOLUME



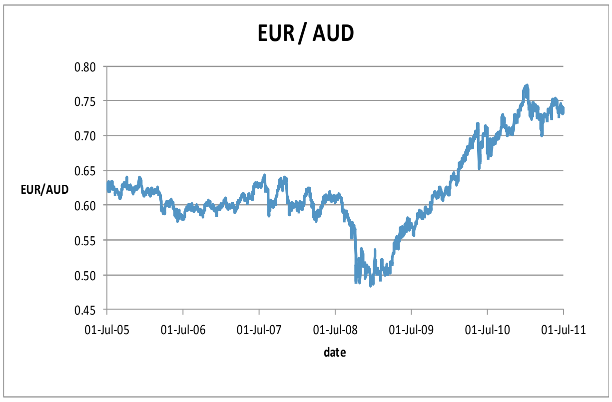
BBL oil sales evolution by VALUE



The graphs below show the movements in the underlying price and EUR/AUD exchange rate over the last 12 months.



Source: pool red (average prices)



Source: ozforex.com.au

It is worth noting that Boundary Bend's earnings are extremely sensitive to the movement in the underlying olive oil price. For example, using this year's production of 9.1 million litres, a movement in the price of olive oil of A$1.00 per litre would have a $9.1m impact on Boundary Bend's pre-tax results.

<u>New Australian Olive Oil Standard</u>

Following a rigorous standards development process involving multiple industry stakeholders – and almost 800 public comments – Standards Australia has published a new olive oil standard that will bolster consumer protection. The new Australian Standard for Olive and Olive-Pomace Oils will:

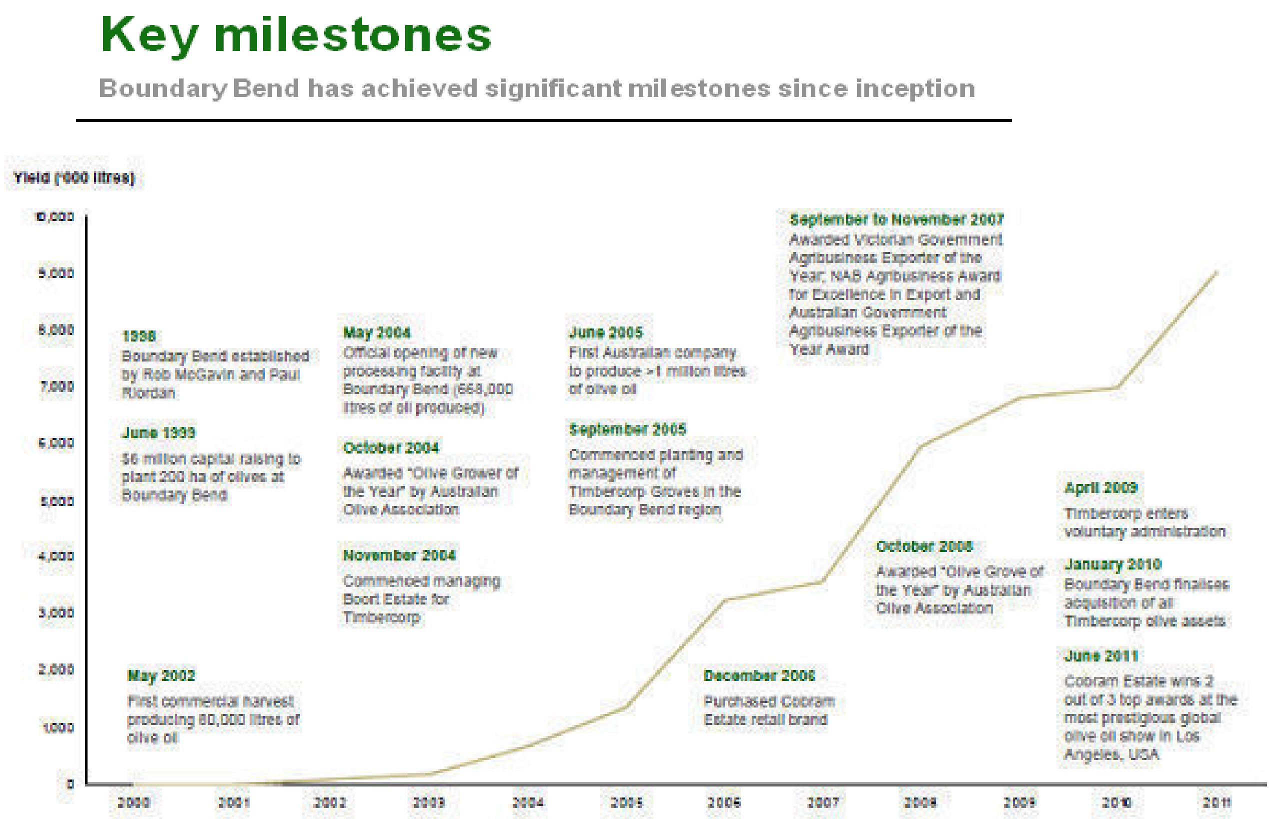
- Clearly outline different grades of oil – whether fresh or refined
- Unambiguously define what constitutes Extra Virgin Olive Oil
- Include the most current and effective testing methods for quality and authenticity
- Provide a technical basis for 'best before' claims
- Provide labeling requirements to minimise consumer confusion
- Crack down on misuse of the words premium, super, pure, light/lite, extra light/lite
- Require substantiation of words describing country/region of origin

- Require substantiation of processing methods (e.g. cold pressed, first extraction)
- Accommodate the natural variations that occur in different countries, olive varieties and regions, without compromising the ability to test and verify quality

This is great news for Australian producers such as Boundary Bend as we already comply with the new standard. The implementation of this new standard on retail shelves is unknown at this point but is expected to be sometime over the next 6 months.

<u>The Company Now</u>

BBL is a vertically integrated olive company and the largest producer of extra virgin olive oil in Australia.



BOUNDARY BEND BUSINESS UNITS

<u>Nursery and Technical Advice</u>

- Boundary Bend has a specialist olive nursery and provides olive specific horticultural and technical advice and applied research
- The nursery grows Australia's largest commercial collection of olive varieties:
  - There are 39 varieties in its collection

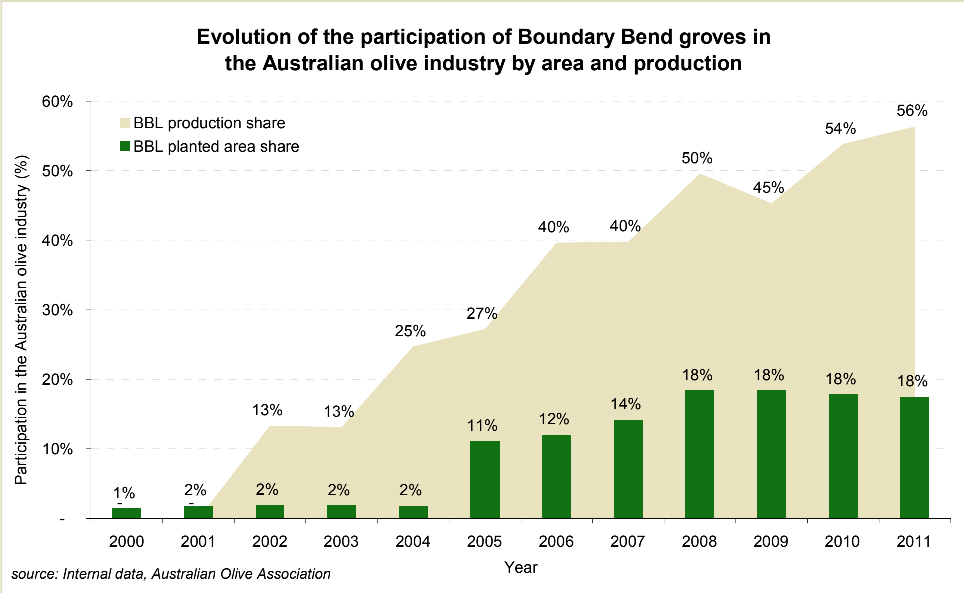
  - It supplies premium grade olive trees to commercial growers throughout Australia as well as wholesaling olive trees to retail chains and nurseries

  - It has the capacity to propagate more than 1 million trees per year
  - This specialist facility is strategically located at Lara with access to key transport routes and retail markets
- Modern Olives' technical team provides horticultural and olive specific technical advice to many of the leading olive developments in the Southern Hemisphere:
  - Its internationally recognised technical experts have extensive experience in grove layout and management, olive varieties and mechanical harvesting technologies
  - The team has represented largest olive groves and olive oil processing plants in Australia
  - It has been actively involvement with clients and industry organisations in Argentina, Peru, USA, South Africa and New Zealand
- Modern Olives has established an ISO accredited commercial olive oil laboratory at Lara, Victoria:
  - It is one of two laboratories in Australia accredited by International Olive Council
  - The laboratory is available to growers, oil traders, marketers and researchers and government
  - It provides a comprehensive suite of olive and olive oil tests that are required for labelling, nutritional, quality and authenticity purposes

Groves

- Boundary Bend's weighted average age of trees is 6.3 years; olive trees typically do not reach yield maturity until years 8 to 10
- 47% of Boundary Bend's groves are aged 5 years or less
- Given the age profile of Boundary Bend's groves, fruit yields in 2012 should be approximately 60% of the full potential for both groves combined
- Boundary Bend is recognised as being one of the lowest cost producers of extra virgin olive oil globally:
  - Intensive management of groves and use of proprietary world leading processing and harvesting technology and systems allows Boundary Bend to achieve significant economies of scale and processing efficiencies relative to other domestic and global producers
  - A significant program is currently being undertaken to enhance long term fruit yields
- As a result, Boundary Bend commands an overwhelming share of Australia's olive oil production (~56%) given size of planted groves (~18%)

EXECUTIVE CHAIRMAN'S REPORT



Boundary Bend Estate Grove

- It comprises 3,465 hectares of developed, irrigated olive groves across two properties in north-western Victoria:
  - 2,632 hectares at Boundary Bend
  - 833 hectares at Wemen
- Infrastructure:
  - Boundary Bend Estate operates one of the world's top ten olive oil processing plants (by capacity), capable of processing more than 58 tonnes of olives per hour to make premium extra virgin olive oil
  - A sophisticated computerised pressure drip-irrigation system operates throughout the groves
- A significant program is currently being undertaken to enhance long term fruit yields including replacing underperforming trees / varieties
- 1.3 million trees are planted representing major oil varieties including Arbequina, Barnea, Coratina, Picual, Frantoio, Leccino, Hojiblanca, Koroneiki and Picholine

Boort Estate Grove

- Boort is one of the world's largest single estate olive groves:
  - Estate comprises approximately 947,000 trees on an area covering 2,715 hectares
- Estate and groves acquired from Timbercorp in 2010:
  - Boundary Bend had managed groves and processing plant since 2004
- 500 hectares of additional land highly suited to olive growing available to plant
- Infrastructure:
  - Boort Estate operates one of the world's top ten olive oil processing plants (by capacity)

- It is capable of processing more than 40 tonnes of olives per hour to make premium extra virgin olive oil

- A sophisticated computerised pressure drip-irrigation system operates throughout the grove

Storage, Processing and Bottling

- Boundary Bend has state-of-the-art processing facilities at Boort Estate and Boundary Bend Estate with combined production capacity of ~98 tonnes of olives an hour:
  - Both facilities have 'top ten' global ranking (by size and output)
- There is substantial oil storage capacity in custom designed stainless steel tanks:
  - 1.7 million litre capacity at Boundary Bend Estate
  - 4.8 million litre capacity at Boort Estate
  - 4.0 million litres at Lara
  - There is expansion capacity to install 10 million litres of additional storage if required at Lara
- By controlling all of its own storage facilities, Boundary Bend is not forced to sell oil on the spot market post processing, thus achieving 'best pricing' with the ability to meet customer orders over the course of the year
- Boundary Bend operates a contract oil filling and packaging plant at its Lara facility:
  - In addition to Cobram Estate and other branded productions, Boundary Bend also contract packs private label products for Aldi and Coles
  - Technological systems are in place to track oil from grove to batch number and sales destination
  - It has the capability to fill up to 3,000 units an hour with two processing lines in operation
  - The bottling facility is currently undergoing a capital upgrade to increase efficiency gains including installing new automatic bottle de-palletising and accumulation areas
  - It has the capacity to expand bottling facility if required

Retail Sales

- Cobram Estate is Boundary Bend's flagship olive oil brand
- Cobram has outperformed key competitors with domestic retail market share increasing from 12% of Australian produced extra virgin olive oil sales in FY07 to 44% in FY11:
  - #1 Australian produced extra virgin olive oil in Coles and Woolworths by unit sales and value
  - #2 extra virgin olive oil brand (including all imported brands) by units and value
  - It is the most awarded Australian olive oil brand with 44 medals won in FY11 including unprecedented two of three Best in Show awards at the 2011 Los Angeles International Olive Oil Competition

Los Angeles Best in Show – Cobram Estate

Cobram Estate won two Best in Show trophies (out of a possible three) at the 2011 Los Angeles International Extra Virgin Olive Oil Competition.

EXECUTIVE CHAIRMAN'S REPORT

The Los Angeles International Extra Virgin Olive Oil Competition is arguably the most prestigious olive oil show in the world. A panel of 18 olive oil experts is flown in from around the world to judge over 600 entries from 20 countries including all the major olive oil producing countries....Italy, Greece and Spain.

Cobram Estate entered a total of 7 oils and received a staggering 5 Gold, 1 Silver and 1 Bronze including 2 Best in Show trophies and 3 Best in Class trophies.

Cobram Estate TV advertising

In an effort to help grow our branded sales and reduce our exposure to the low bulk price and strong Australian dollar, we have launched Cobram Estate on television with an advertising campaign which ran over 6 weeks through to the end of August 2011. The campaign featured our new and exclusive pop-up-pourer and highlights our key messages (most awarded, freshest, Australian). Our campaign is based around 15 second TV-ads so that we can maximise the number of times the ads are seen by shoppers within the constraints of our budget. One of our shareholders, Ben Dark, is the voiceover.

Advice of AGM

Please be advised that the Annual General Meeting of shareholders will be held at 151 Broderick Road, Corio on Friday the 28th of October 2011 at 11.00am. A formal notice of meeting will also be posted to Shareholders.

If you have any questions please call me on 0418 955 363 or email r.mcgavin@boundarybend.com

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 2011 and auditors report thereon.

Directors names

The names of the Directors of Boundary Bend Limited 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

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

Company secretary

Samuel Beaton

Results

The loss of the consolidated entity for the year after providing for income tax and eliminating non-controlling interests amounted to $11,989,000 (2010: $38,429,120 profit). 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

There are no significant changes in the state of affairs of the consolidated entity.

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.

After balance date events

As at 30 June 2011 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 2011 in the consolidated statement of financial position. Since balance date, the lender has agreed to waive this financial covenant, and has provided a credit approved terms sheet capable of acceptance, which extends the term of the bank facilities by way of a revised facility extending to 30 November 2013. The revised facility is conditional on the consolidated entity raising equity of at least $15m by 30 December 2011.

As part of funding the Timbercorp transaction in 2009, the consolidated entity entered into a water sale and lease back transaction with a large superannuation fund. The consolidated entity had an annual lease commitment of $4.28m to this superannuation fund, which was significantly over the current market cost due to drought-breaking rains and water storages being nearly full. On 4 August 2011 the parties mutually agreed to terminate this water lease. In return for terminating the lease, the consolidated entity agreed to pay the superannuation fund $6m over the next 5 financial years. The first payment of $1m was paid on 4 August 2011, with the last payment due on 31 July 2015. The total water entitlement is 26,170.4 ML and the consolidated entity will receive 50% of the final allocation for the 2011/2012 irrigation season. Allocations are expected to reach 100%, and therefore we expect to receive 13,085.2ML.

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.

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 42
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 39
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 Operations Director of Boundary Bend Ltd.
Leandro Ravetti	Age 38
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 66
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 55
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 55
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 37
Experience	Tim joined the Company early in 2004 to head up the consolidated entity'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	11	11	-	-	-	-
Paul Riordan	11	9	-	-	-	-
Leandro Ravetti	11	11	-	-	-	-
Tim Jonas	11	11	3	3	1	1
Craig Ball	11	11	3	3	1	1
Jonathan West	11	9	-	-	1	1
Timothy Smith	11	11	-	-	-	-

Options
No options over unissued shares or interests in the consolidated entity were granted during the 2010/11 financial 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 2011.

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 2011.

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 (Operations Director)
Mr L.M. Ravetti (Technical Director)
Mr T.F. Smith (Sales and Marketing Director)

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 (Director of 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 & 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.

DIRECTORS' REPORT

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 the consolidated entity's 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

Directors and Senior managers are employed under our standard contract employee contract and adhere to our standard terms and conditions. There are no Directors or Senior managers with any special terms or conditions.

DIRECTORS' REPORT

Remuneration report (Continued)

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 a greater emphasis given to the current year. Meeting strategic objectives are also taken into account.

	30 June 2011 $'000	30 June 2010 $'000	30 June 2009 $'000	30 June 2008 $'000	30 June 2007 $'000
Revenue	46,468	93,327	47,816	42,466	33,567
Net (loss)/profit before tax	(13,964)	37,449	(18,611)	6,059	4,977
Net (loss)/profit after tax	(11,989)	38,420	(18,999)	4,892	4,268
Net Assets	77,403	88,962	30,260	41,856	37,532

	30 June 2011	30 June 2010	30 June 2009	30 June 2008	30 June 2007
Shares on issue (at end of year)	44,766,986	44,226,986	35,214,850	32,246,546	31,203,446
Net assets per Share ($)	1.73	2.01	0.86	1.30	1.20
Dividends	-	-	-	5cps	-

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 Payments	
2011	Salary & fees $	Bonus $	Non-monetary $	Other $	Super-annuation $	Options & rights $	Total $
Mr T. A. Jonas	50,000	-	-	-	-	-	50,000
Mr C.P. Ball	50,000	-	-	-	-	-	50,000
Mr J. West	50,000	-	-	-	-	-	50,000
Mr D. Lipton*	30,462	-	-	-	2,742	-	33,204
Mr R.D. McGavin	174,311	-	-	-	15,688	8,994	198,993
Mr P.C. Riordan	158,272	-	16,040	-	15,688	2,998	192,998
Mr L.M. Ravetti	371,713	-	18,608	-	26,504	8,994	425,819
Mr T.F. Smith	190,986	-	13,777	-	18,429	5,488	228,680
Mr S. J. Beaton	198,486	-	-	-	16,514	35,811	250,811
	1,274,230	**-**	**48,425**	**-**	**95,565**	**62,285**	**1,480,505**

Remuneration report (Continued)

2010	Short-term employee benefits Salary & fees $	Bonus $	Non-monetary $	Other $	Post-employment Super-annuation $	Share-based Payments Options & rights $	Total $
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
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
	1,333,310	7,500	52,988	110,000	111,342	111,040	1,726,180

* Director of Boundary Bend Marketing Pty Ltd.

** The other remuneration and options issued to non-executive Directors is remuneration for consulting services provided in relation to the Timbercorp asset acquisition and 2009 capital raising.

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

**** Commenced employment on 17 August 2009.

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.

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.
2011					
Mr T. A. Jonas	808,204	-	-	-	808,204
Mr C.P. Ball	405,062	-	-	-	405,062
Mr J. West	100,000	-	-	-	100,000
Mr D. Lipton	37,430	-	-	-	37,430
Mr R.D. McGavin	9,507,396	-	-	-	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	111,546	-	-	-	111,546
Mr S. J. Beaton	10,000	-	-	-	10,000
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

DIRECTORS' REPORT

Remuneration report (Continued)

Loans to Directors and executives

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

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 the financial year, the consolidated entity did not grant any options to directors and senior management of the consolidated entity, as part of their remuneration.

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.

No options were exercised in the financial year ended 30 June 2011 (2010: nil).

Grant date	Expiry date	Exerc-ise price	Fair value at grant date	Vesting date	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	Exercis-able at end of the year
2011										
01-Jul-07	01-Jul-11	$1.60	$1.11	01-Jul-07	825,000	-	-	-	825,000	825,000
05-Aug-09	30-Jun-12	$1.00	$1.30	31-Mar-12	200,000	-	-	-	200,000	-
13-Nov-09	01-Jul-12	$1.30	$1.30	13-Nov-09	225,000	-	-	-	225,000	225,000
30-Jun-10	01-Jul-13	$1.40	$1.40	31-Mar-13	45,000	-	-	-	45,000	-
					1,295,000	-	-	-	1,295,000	1,050,000
Weighted average exercise price:					$1.45	$0.00	$0.00	$0.00	$1.45	$1.54
2010										
01-Jul-06	01-Jul-09	$2.10	$1.00	01-Jul-06	50,000	-	-	(50,000)	-	-
01-Jul-07	01-Jul-11	$1.60	$1.11	01-Jul-07	825,000	-	-	-	825,000	825,000
05-Aug-09	30-Jun-12	$1.00	$1.30	31-Mar-12	-	200,000	-	-	200,000	-
13-Nov-09	01-Jul-12	$1.30	$1.30	13-Nov-09	-	225,000	-	-	225,000	225,000
30-Jun-10	01-Jul-13	$1.40	$1.40	31-Mar-13	-	45,000	-	-	45,000	-
					875,000	470,000	-	(50,000)	1,295,000	1,050,000
Weighted average exercise price:					$1.63	$1.18	$0.00	$2.10	$1.45	$1.54

DIRECTORS' REPORT

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 2012. Total premium paid for this insurance is $9,675 (including GST).

Directors and officers liability insurance has been taken out for all Directors. Period of cover is until 31 December 2011. Total premiums paid for this insurance are $28,681 (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 21.

Proceedings on behalf of the consolidated entity
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 2011

Deloitte Touche Tohmatsu
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The Board of Directors
Boundary Bend Limited
151 Broderick Road
LARA VIC 3212

29 September 2011

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 2011, 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

Craig Bryan
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $'000	2010 $'000
Revenue			
Sales revenue	3	43,468	39,917
Other revenue	3	3,000	53,410
	3	46,468	93,327
Net change in fair value of agricultural produce	4	(5,330)	(4,998)
Expenses			
Cost of sales	4	(39,647)	(34,983)
Administration expenses		(4,134)	(7,905)
Distribution expenses		(2,763)	(2,203)
Marketing expenses		(1,905)	(1,050)
Occupancy expenses		(1,980)	(802)
Finance costs	4	(4,391)	(3,082)
Impairment of non-current assets	4	-	(611)
Other expenses		(282)	(245)
		(55,102)	(50,880)
(Loss) / profit before income tax expense		(13,964)	37,449
Income tax benefit	5	1,975	971
Net (loss) / profit from continuing operations		(11,989)	38,420
(Loss) / profit for the year		**(11,989)**	**38,420**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	2011 $	2010 $
(Loss) / profit for the year	(11,989)	38,420
Other comprehensive income		
Foreign currency translation reserve	(449)	(186)
Other comprehensive loss for the period	(449)	(186)
Total comprehensive loss for the period	**(12,438)**	**38,234**
(Loss) / profit attributable to:		
Owners of Boundary Bend Limited and controlled entities	(11,989)	38,429
Non-controlling interests	-	(9)
	(11,989)	38,420
Total comprehensive (loss) / income attributable to:		
Owners of Boundary Bend Limited and controlled entities	(12,438)	38,243
Non-controlling interests	-	(9)
	(12,438)	38,234

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011 $'000	2010 $'000
Current assets			
Cash and cash equivalents	6	187	1,821
Trade and other receivables	7	8,623	6,847
Inventory	8	30,082	30,477
Biological assets	12	733	827
Other financial assets	9	-	2,646
Current tax assets	5	-	50
Other assets	10	2,150	2,914
		41,775	45,582
Assets held for sale	11	-	3,268
Total current assets		41,775	48,851
Non-current assets			
Trade and other receivables	7	145	188
Biological assets	12	24,161	23,501
Other financial assets	9	497	497
Intangible assets	13	3,766	3,766
Deferred tax assets	5	-	48
Property, plant and equipment	14	83,573	80,189
Total non-current assets		112,142	108,190
Total assets		153,917	157,040
Current liabilities			
Trade and other payables	15	6,672	4,196
Borrowings	16	59,386	45,807
Provisions	17	614	713
Other financial liabilities	18	-	2,534
Other liabilities	19	3,817	9,326
Total current liabilities		70,489	62,576
Non-current liabilities			
Trade and other payables	15	-	15
Borrowings	16	4,989	5,439
Provisions	17	31	48
Other liabilities	19	1,005	-
Total non-current liabilities		6,025	5,502
Total liabilities		76,514	68,078
Net assets		**77,403**	**88,962**
Equity			
Share capital	20	55,707	55,005
Reserves	21	(202)	180
Retained earnings	22	21,898	33,737
Equity attributable to owners of the parent		77,403	88,923
Non-controlling interest		-	39
Total equity		**77,403**	**88,962**

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 2011

	Contributed equity $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Share based payments reserve $'000	Retained earnings / (Accumulated losses) $'000	Non - controlling interest $'000	Total Equity $'000
Balance at 1 July 2009	34,669	3,801	(105)	53	(8,206)	48	30,260
Profit for the year	-	-	-	-	38,429	(9)	38,420
Foreign currency translation reserve	-	-	(186)	-	-	-	(186)
Total comprehensive income/(loss) for the period	-	-	(186)	-	38,429	(9)	38,234
Transfers	-	(3,515)	-	-	3,515	-	-
Transactions with owners in their capacity as owners:							
Proceeds from share issue	20,336	-	-	-	-	-	20,336
Share buy-backs	-	-	-	-	-	-	-
Share based payments expense	-	-	-	132	-	-	132
Total transactions with owners in their capacity as owners	20,336	-	-	132	-	-	20,468
Balance at 30 June 2010	**55,005**	**286**	**(291)**	**185**	**33,737**	**39**	**88,962**
Loss for the period	-	-	-	-	(11,989)	-	(11,989)
Exchange differences arising on translation of foreign operations	-	-	(449)	-	-	-	(449)
Total comprehensive income/(loss) for the period	**-**	**-**	**(449)**	**-**	**(11,989)**	**-**	**(12,438)**
Transactions with owners in their capacity as owners:							
Proceeds from share issue	702	-	-	-	-	-	702
Deconsolidation adjustment on loss of control of subsidiary	-	-	-	-	150	(39)	111
Share based payments expense	-	-	-	67	-	-	67
Total transactions with owners in their capacity as owners	702	-	-	67	150	(39)	880
Balance at 30 June 2011	**55,707**	**286**	**(740)**	**252**	**21,898**	**-**	**77,403**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers		46,025	49,743
Payments to suppliers and employees		(56,810)	(63,763)
Interest received		201	130
Borrowing costs		(4,072)	(2,815)
Income tax refunds/(payments)		2,073	(744)
Net cash used in operating activities	24(b)	(12,583)	(17,450)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		398	85
Proceeds from sale of intangible assets		-	57,673
Proceeds from sale of assets held for sale		3,456	-
Payments for land, property, plant and equipment		(6,069)	(13,685)
Payment of deposit for business acquisition		-	(180)
Payments for investments		-	(59)
Payments for biological assets		(661)	(3,268)
Payments for intangibles		-	(59,500)
Net cash used in investing activities		(2,876)	(18,933)
Cash flows from financing activities			
Proceeds from share issue		702	20,233
Net proceeds from borrowings		13,123	16,531
Net cash provided by financing activities		13,825	36,764
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		1,821	1,441
Net (decrease)/increase in cash and cash equivalents		(1,634)	380
Cash and cash equivalents at the end of the period	24(a)	187	1,821

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 on 28 September 2011.

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.

The consolidated entity has adopted all new and revised Standards and Interpretations that are effective for the reporting period.

(a) Basis of preparation of the financial report

Compliance with IFRS

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

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.

Going Concern basis

These financial statements are prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity incurred a loss for the year ended 30 June 2011 of $11.989 million and as a result, the consolidated entity was in breach of one of its banking covenants relating to the required interest cover at 30 June 2011. In accordance with applicable accounting standards this breach has resulted in the bank loan of $56.980 million being classified as a current liability in the Statement of Financial Position at 30 June 2011 and therefore at year end current liabilities exceed current assets by $28.714 million. The consolidated entity reported a negative operating cashflow for the year ended 30 June 2011 of $12.583 million which was funded by a net increase of borrowings of $13.123 million.

The existing debt facility requires the consolidated entity to permanently amortise the seasonal facility by $2 million on 4 October 2011 and fully repay the $10 million balance of the seasonal facility by 28 February 2012, which can then be redrawn on 1 May 2012.

The existing lender has provided a terms sheet capable of acceptance by the consolidated entity which extends the term of the bank facilities ($45 million core debt and $10 million seasonal facility) to 30 November 2013 without the requirement to further permanently amortise either the core debt or seasonal facility. A condition of this terms sheet is that the company raise additional net equity capital of $15 million by no later than 30 December 2011.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation of the financial report

Notwithstanding the above, the financial report has been prepared on a going concern basis on the following assumptions:

(i) as described in Note 16, the breach of the interest cover banking covenant has been waived by the bank;

(ii) the process to raise the additional $15 million in equity capital is advanced and progressing to plan; and

(iii) continuing to manage the financial performance of the consolidated entity, including improving operating cashflows as the olive grove yields increase while the grove operating costs remain relatively fixed.

At the date of this report and having considered the above factors, the directors are confident that the consolidated entity will be successful in the above matters and that the consolidated entity and the company will be able to continue as going concerns.

In the event that the assumptions outlined above do not occur, there is material uncertainty whether the consolidated entity and the company will continue as going concerns and, therefore, whether they will realise their assets and discharge their liabilities in the normal course of business. In this event, other options available to the consolidated entity include renegotiating the existing facilities with the current lenders or the pursuit of alternative funding plans with other debt providers.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity and the company not continue as going concerns.

(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.

When the consolidated entity loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(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.

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 recognised in other comprehensive income and credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease for the same asset previously recognised in the profit or loss, the increase is first recognised in profit or loss. 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 profit or loss.

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
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

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Intangibles

Goodwill

Goodwill represents the excess of the consideration 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 but are tested annually for impairment.

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

(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.

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Foreign currency translations and balances (continued)

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.

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 risk 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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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. Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of teh financial assets and is determined atthe time of initial recognition.

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 which are stated at cost. 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.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (Continued)

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 profit or loss, 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

(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 including 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 a discounted cash flow 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 costs to sell forming part of the measurement of inventory cost.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 profit or loss as a bargain purchase gain.

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.

(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 $1,000.

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 current forecasts for a five year period and a discount rate of 12.5% (2010: 12.5%) to determine value in use.

The carrying value of goodwill at 30 June 2011 is allocated to the olive processing CGU and the harvester manufacturing CGU.

Impairment losses recognised

Goodwill impairment losses of $nil (2010: $276,116) have been recognised for the year ended 30 June 2011.

(b) Impairment other assets

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

An impairment loss of $nil (2010: $334,824) 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 profit or loss 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.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Biological Assets

Biological assets relate to the olive trees.

The fair value of the biological assets determined using a discounted cashflow methodology. The following key assumptions were applied:
- a discount rate of 20% to reflect the uncertainty associated with the oil yield, 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 current farm gate price, increasing up to the expected long term farm gate price of olive oil;
- the current water costs, increasing up to the expected long term water costs;
- the other costs associated with maintaining the groves and processing the oil are based on expected costs, increasing in line with expected inflation.

	2011 $'000	2010 $'000
NOTE 3: REVENUE		
Sale of goods	43,468	39,917
Management/service fees	640	3,865
Royalty income	-	51
Rental income	415	402
Interest income	201	130
Other income	1,142	977
Gain on Timbercorp asset acquisition	-	47,389
Profit on sale of property plant and equipment	461	50
Profit on sale of intangible assets	-	83
Foreign currency gains	-	365
Subsidies and grants	141	98
	46,468	93,327

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4: OPERATING PROFIT / (LOSSES)

	Note	2011 $'000	2010 $'000
Profit / (losses) before income tax has been determined after:			
Expenses:			
Cost of sales:		39,647	34,983
Finance costs:			
Interest expense		3,145	2,770
Borrowing costs		1,073	171
Hire purchase charges		111	133
Finance lease charges		62	8
		4,391	3,082
Depreciation:			
Depreciation - buildings		88	128
Depreciation - plant and equipment		2,459	1,858
Depreciation - motor vehicles		48	22
Depreciation - office furniture and equipment		123	142
Depreciation - furniture and fittings		17	3
		2,735	2,152
Amortisation - leased plant and equipment		466	131
Bad Debts:			
Bad debts - trade debtors		(481)	11
Unrecoverable costs of 2009 harvest		-	1,243
		(481)	1,254
Impairment of non-current assets:			
Investments - other corporations	9	-	335
Goodwill	13	-	276
		-	611
Employee benefits:			
Share based payments		67	132
Other employee benefits		7,667	6,173
		7,734	6,305
Fair value adjustments:			
Net change in fair value of agricultural produce		5,330	4,998
		5,330	4,998
Loss on disposal of interest in controlled entity		110	-
		$	$
Remuneration of auditors for:			
Auditor's remuneration - audit fees		57,500	43,000

The auditor of Boundary Bend Ltd is Deloitte Touche Tohmatsu.

NOTE 5: INCOME TAX

(a) Components of tax expense

	Note	2011 $'000	2010 $'000
Current tax		-	-
Deferred tax		48	(971)
Under/(over) provision in prior years	5(g)	(2,023)	-
		(1,975)	(971)

(b) Prima facie tax payable

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

	2011 $'000	2010 $'000
Prima facie income tax (benefit) / payable on profit before income tax at 30% (2010: 30%)	(4,189)	11,235
Add tax effect of:		
- Other non-allowable items	14	-
- Tax losses outside the tax consolidated group	-	62
- Tax losses not brought to account	2,806	-
- Share based payments	20	40
	2,840	101
Less tax effect of:		
- Depreciation entitlement attached to fixed assets	(509)	(5,596)
- Deferred tax assets not previously recognised	-	(6,541)
- Research and development deductions	(113)	(44)
- Other deductible items	-	(122)
- Investment allowance	(4)	(4)
	(626)	(12,307)
Income tax (benefit) / expense attributable to profit	(1,975)	(971)

(c) Current tax

	Note	2011 $'000	2010 $'000
Current tax liabilities/ (assets)			
Opening balance		(50)	1,401
Income tax		-	-
Tax refunds / (payments)		2,073	(744)
Under/(over) provision of prior year liability	5(g)	(2,023)	(707)
Current tax liabilities / (assets)		-	(50)

NOTE 5: INCOME TAX (CONTINUED)

(d) Deferred tax balances

	Opening balance $'000	Recognised in profit or loss $'000	Recognised directly in equity $'000	Closing balance $'000
2010				
Deferred tax asset				
Employee benefits	200	28	-	228
Impairment of investments	-	221	-	221
Impairment of goodwill	-	1,709	-	1,709
Future tax depreciation entitlement on plant & equipment	-	2,496	-	2,496
Future tax depreciation entitlement on biological assets	-	2,535	-	2,535
Capital raising costs	-	-	93	93
Doubtful debts	449	(441)	-	8
Inventories	203	(203)	-	-
Property, plant & equipment	20	(20)	-	-
Other	415	23	-	438
Tax losses brought to account	-	3,445	-	3,445
	1,287	9,793	93	11,173
Deferred tax liability				
The balance comprises:				
Finance leases	99	(97)	-	2
Intangible assets at fair value	1,506	(1,506)	-	-
Fair value adjustment to property, plant & equipment	-	8,425	-	8,425
Prepayments	-	2	-	2
Fair value adjustment to biological assets	-	2,696	-	2,696
	1,605	9,520	-	11,125
Net deferred tax assets / (liabilities)	(318)	273	93	48
2011				
Deferred tax asset				
Employee benefits	228	(35)	-	193
Impairment of investments	221	-	-	221
Impairment of goodwill	1,709	(986)	-	723
Future tax depreciation entitlement on plant & equipment	2,496	(151)	-	2,345
Future tax depreciation entitlement on biological assets	2,535	(267)	-	2,268
Capital raising costs	93	(21)	-	72
Doubtful debts	8	5	-	13
Other	438	50	-	488
Tax losses brought to account	3,445	1,419	-	4,864
	11,173	14	-	11,187
Deferred tax liability				
The balance comprises:				
Finance leases	2	60	-	62
Intangible assets at fair value	-	-	-	-
Fair value adjustment to property, plant & equipment	8,425	-	-	8,425
Prepayments	2	2	-	4
Fair value adjustment to biological assets	2,696	-	-	2,696
	11,125	62	-	11,187
Net deferred tax assets / (liabilities)	48	(48)	-	-

NOTE 5: INCOME TAX (CONTINUED)

	2011 $'000	2010 $'000
(e) Deferred tax revenue included in income tax expense		
Increase in deferred tax assets	(1,815)	(9,888)
Increase in deferred tax liabilities	1,863	9,521
Over provision in prior years	-	(707)
Amounts recognised directly in equity	-	103
	48	(971)

(f) Deferred tax assets not brought to account

Deferred tax asset not brought to account relating to:

	2011 $'000	2010 $'000
Unclaimed building allowance deductions and impairment of goodwill, biological assets, land and buildings and other investments	1,299	1,717
Tax losses	2,806	-

The benefits of the deferred tax assets not brought to account will only be realised if the conditions for deductibility set out in the accounting policies note occur.

(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.

During the financial year, the consolidated entity made a claim for business combinations which took place as far back as the year 2005 where the companies became part of the tax consolidated group. The impact of the claim was $2.023m and has been recognised in the consolidated entity's financial statements for the year ended 30 June 2011.

	Note	2011 $'000	2010 $'000
NOTE 6: CASH AND CASH EQUIVALENTS			
Cash at bank		187	1,821
		187	1,821

NOTE 7: RECEIVABLES

	Note	2011 $'000	2010 $'000
CURRENT			
Trade debtors		7,727	5,749
Provision for doubtful debts		(45)	(407)
		7,682	5,342
Other receivables		898	1,464
Amounts receivable from directors	26	43	41
		8,623	6,847
NON CURRENT			
Amounts receivable from directors	26	145	188

The standard credit period on sales of goods and rendering of services is 30-60 days. No interest is charged on the trade receivables for the first 30-60 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 minimise the risk associated with 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 $1.4 million (2010: $2.15 million) which are past due at the reporting date. There has not been a significant change in credit quality and the amounts are still considered recoverable. The consolidated entity does not hold any collateral over these balances.

	2011 $'000	2010 $'000
Reconciliation of provision for doubtful debts		
Opening balance at 1 July	(407)	(1,495)
Doubtful debts recognised on receivables	(25)	(520)
Amounts recovered during the year	378	75
Amounts written off against the provision during the year	9	1,533
Closing balance at 30 June	(45)	(407)

NOTE 8: INVENTORY

	2011 $'000	2010 $'000
CURRENT		
Raw materials at cost	954	829
Olive oil	29,128	29,649
	30,082	30,477

	Note	2011 $'000	2010 $'000
NOTE 9: OTHER FINANCIAL ASSETS			
CURRENT			
Hedging instruments			
Foreign currency forward contract		-	2,646
NON CURRENT			
Other financial assets			
Shares in other corporations		1,234	1,234
Provision for impairment loss		(737)	(737)
Total other financial assets		497	497
NOTE 10: OTHER ASSETS			
CURRENT			
Prepayments		1,982	2,558
Other current assets		168	356
		2,150	2,914
NOTE 11: ASSETS HELD FOR SALE			
Assets			
Permanent water rights held for sale		-	3,268

At 30 June 2010, the consolidated entity had contracted to sell 1,730 megalitres of permanent water rights. This transaction settled in July 2010 for $3,455,417, less selling costs.

	Note	2011 $'000	2010 $'000
NOTE 12: BIOLOGICAL ASSETS			
CURRENT			
Biological assets for sale - nursery trees		733	827
NON CURRENT			
At fair value			
Olive Groves		24,161	23,501
Reconciliation			
Opening balance		23,501	2,156
Increase due to purchases/development		660	59
Increase resulting from Timbercorp asset acquisition	27	-	21,286
		24,161	23,501

	Note	2011 $'000	2010 $'000
NOTE 13: INTANGIBLE ASSETS			
Goodwill at amortised cost		6,896	6,896
Less accumulated impairment loss		(5,697)	(5,697)
		1,199	1,199
Water rights at fair value		120	120
Distribution rights at cost		-	570
Less accumulated impairment losses		-	(570)
		-	-
Trademarks at cost		2,447	2,447
Total intangible assets		3,766	3,766

(a) Reconciliations

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

	Note	2011 $'000	2010 $'000
Goodwill at cost			
Opening balance		1,199	1,475
Impairment		-	(276)
Closing balance		1,199	1,199
Water rights			
Opening balance		120	8,337
Additions		-	3,268
Additions through business combinations		-	49,373
Disposals		-	(57,590)
Transferred to assets held for sale	11	-	(3,268)
Closing balance		120	120
Trademarks			
Opening balance		2,447	2,447
Closing balance		2,447	2,447

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Note	2011 $'000	2010 $'000
Land & buildings			
Land & buildings at fair value		59,754	57,032
Plant & equipment			
Plant & equipment at cost		23,746	22,249
Less accumulated depreciation		(3,964)	(1,603)
		19,782	20,646
Leased plant and equipment at cost		4,111	2,094
Less accumulated amortisation		(599)	(108)
		3,512	1,986

	2011 $'000	2010 $'000
NOTE 14: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Motor vehicles at cost	348	236
Less accumulated depreciation	(150)	(107)
	198	129
Office equipment at cost	671	654
Less accumulated depreciation	(426)	(309)
	245	345
Furniture, fixtures & fittings at cost	99	51
Less accumulated depreciation	(17)	(0)
	82	51
Total plant and equipment	23,818	23,157
Total property, plant and equipment	83,573	80,189

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment:

	2011 $'000	2010 $'000
Land & buildings		
Opening carrying amount	57,032	21,321
Additions	3,206	4,184
Disposals	(1)	-
Additions through acquisition of entities / operations	-	31,035
Depreciation expense	(88)	(128)
Net foreign currency movements	(522)	(206)
Reclassification/transfers between groups	127	826
Closing carrying amount	59,754	57,032
Plant & equipment		
Opening carrying amount	20,646	7,220
Additions	2,577	9,264
Disposals	(251)	(35)
Additions through acquisition of entities / operations	-	5,167
Depreciation expense	(2,459)	(1,858)
Reclassification/transfers between groups	(731)	887
Closing carrying amount	19,782	20,646
Leased plant and equipment		
Opening carrying amount	1,986	3,815
Additions	1,509	-
Amortisation	(466)	(131)
Reclassification/transfers between groups	483	(1,698)
Closing carrying amount	3,512	1,986
Motor vehicles		
Opening carrying amount	129	55
Additions	-	61
Disposals	(4)	-
Additions through acquisition of entities / operations	-	28
Depreciation expense	(48)	(22)
Reclassification/transfers between groups	121	7
Closing carrying amount	198	129

	Note	2011 $	2010 $
NOTE 14: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
Office equipment			
Opening carrying amount		345	366
Additions		23	143
Depreciation expense		(123)	(142)
Reclassification/transfers between groups			(22)
Closing carrying amount		245	345
Furniture, fixtures & fittings			
Opening carrying amount		51	21
Additions		48	33
Depreciation expense		(17)	(3)
Closing carrying amount		82	51
Total property, plant and equipment			
Carrying amount at 1 July		80,189	32,798
Additions		7,363	13,685
Disposals		(256)	(35)
Additions through acquisition of entities / operations	27	-	36,230
Depreciation & amortisation expense		(3,201)	(2,283)
Net foreign currency movements		(522)	(206)
Revaluations			-
Carrying amount at 30 June		83,573	80,189

NOTE 15: PAYABLES

	Note	2011 $	2010 $
CURRENT			
Unsecured liabilities			
Trade creditors		6,671	4,115
Sundry creditors and accruals		1	81
		6,672	4,196
NON CURRENT			
Unsecured liabilities			
Sundry creditors and accruals		-	15

NOTE 16: BORROWINGS

	Note	2011 $	2010 $
CURRENT			
Secured Liabilities			
Bank loans		56,980	44,230
Finance lease liability	23(a)	622	631
Hire purchase liability	23(b)	1,784	946
		59,386	45,807
NON CURRENT			
Secured liabilities			
Finance lease liability	23(a)	2,682	1,347
Hire purchase liability	23(b)	2,307	4,092
		4,989	5,439

NOTE 16: BORROWINGS (CONTINUED)

(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 2011 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 2011 in the consolidated statement of financial position. Since balance date, the lender has agreed to waive this financial covenant, and has provided a credit approved terms sheet capable of acceptance, which extends the term of the bank facilities by way of a revised facility extending to 30 November 2013. The revised facility is conditional on the consolidated entity raising equity of at least $15m by 30 December 2011.

NOTE 17: PROVISIONS

	2011 $'000	2010 $'000
CURRENT		
Employee benefits	614	713
	614	713
NON CURRENT		
Employee benefits	31	48
Aggregate employee benefits liability	645	761

	2011 $'000	2010 $'000
NOTE 18: OTHER FINANCIAL LIABILITIES		
CURRENT		
Hedging instruments		
Foreign currency forward contract	-	2,534
NOTE 19: OTHER LIABILITIES		
CURRENT		
Deferred income	961	928
Accrued expenses	2,573	8,398
Other current liabilities	283	-
	3,817	9,326
NON-CURRENT		
Other non-current liabilities	1,005	-
NOTE 20: SHARE CAPITAL		
Issued and paid-up capital		
44,766,986 (2010: 44,226,986) ordinary shares (a)	55,707	55,005

	2011		2010	
	Number'000	**$'000**	**Number'000**	**$'000**
(a) Ordinary shares				
Consolidated				
Opening balance	44,227	55,005	35,215	34,669
Shares issued:				
4 January 2010	-	-	15,829	20,578
3 December 2010	540	702	-	-
Transaction costs relating to shares issues	-	-	-	(242)
	540	702	15,829	20,336
Shares bought back:				
11 January 2010	-	-	(6,817)	-
	-	-	(6,817)	-
At reporting date	44,767	55,707	44,227	55,005

(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 2011, directors and senior employees held options over 1,295,000 ordinary shares of the consolidated entity, of which 825,000 expire on 1 July 2011. None of these options were exercised on 1 July 2011 leaving 470,000 options. At 30 June 2010, directors and senior employees held options over 1,295,000 ordinary shares of the consolidated entity.

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	2011 $'000	2010 $'000

NOTE 21: RESERVES

	Note	2011 $'000	2010 $'000
Asset revaluation reserve	21(a)	286	286
Foreign currency translation reserve	21(b)	(740)	(291)
Share based payments reserve	21(c)	252	185
		(202)	180

(a) Asset revaluation reserve

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

Movements in reserve	2011 $'000	2010 $'000
Opening balance	286	3,801
Transfers	-	(3,515)
Closing balance	286	286

(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	2011 $'000	2010 $'000
Opening balance	(291)	(105)
Exchange difference arising on translation of foreign operations	(449)	(186)
Closing balance	(740)	(291)

(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.

Movements in reserve	2011 $'000	2010 $'000
Opening balance	185	53
Share based payments expense	67	132
Closing balance	252	185

NOTE 22: RETAINED EARNINGS

	2011 $'000	2010 $'000
(Accumulated losses)/Retained earnings at beginning of year	33,737	(8,206)
Net (loss) / profit	(11,989)	38,429
Transfers from reserves	-	3,515
Deconsolidation adjustment on loss of control of subsidiary	150	-
	21,898	33,737

NOTE 23: CAPITAL AND LEASING COMMITMENTS

	Note	2011 $'000	2010 $'000
(a) Finance leasing commitments			
Payable			
- not later than one year		858	757
- later than one year and not later than five years		3,116	1,589
Minimum lease payments		3,974	2,346
Less future finance charges		(670)	(368)
Total finance lease liability		3,304	1,978
Represented by:			
Current liability	16	622	631
Non-current liability	16	2,682	1,347
		3,304	1,978
(b) Hire purchase commitments			
Payable			
- not later than one year		2,021	1,287
- later than one year and not later than five years		2,490	4,511
Minimum hire purchase payments		4,511	5,798
Less future finance charges		(419)	(760)
Total hire purchase liability		4,092	5,038
Represented by:			
Current liability	16	1,784	946
Non-current liability	16	2,307	4,092
		4,092	5,038
(c) Operating lease commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements:			
Payable			
- not later than one year		5,736	5,572
- later than one year and not later than five years		10,185	14,146
		15,921	19,718

General description of leasing arrangement :

Operating leases relate to farm equipment and motor vehicles with lease terms of between 3 to 5 years and 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.

	Note	2011 $'000	2010 $'000
NOTE 23: CAPITAL AND LEASING COMMITMENTS (CONTINUED)			
(d) Other expenditure commitments			
Payments for processing equipment delivered and installed in the financial year committed under documentary letter of credit:			
Payable			
- not later than one year		-	363
- later than one year and not later than five years		-	365
		-	728

NOTE 24: CASH FLOW INFORMATION

(a) Reconciliation of cash

	2011 $'000	2010 $'000
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:		
Cash at bank	187	1,821

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

	2011 $'000	2010 $'000
Profit / (loss) from ordinary activities after income tax	(11,989)	38,420
Adjustments and non-cash items		
Amortisation	466	131
Depreciation	2,735	2,152
Loss on disposal of interest in controlled entity	110	-
Impairment loss	-	611
Gain on Timbercorp acquisition	-	(47,389)
Profit on sale of assets	(142)	(50)
Profit on sale of intangibles	(188)	(83)
Share Based Payment Expense	67	132
Unrealised exchange gains on forward contract	-	(112)
Unrealised foreign currency gain	(132)	(143)
Interest accrued not paid	319	267
Changes in assets and liabilities		
(Increase) / decrease in receivables	(1,734)	1,723
Decrease / (increase) in prepayments and other assets	764	(2,422)
Decrease in inventories and biological assets for sale	490	1,116
Increase / (decrease) in payables	2,460	(640)
Increase / (decrease) in income tax payable	50	(1,451)
Increase / (decrease) in deferred taxes	48	(367)
(Decrease) / increase in provisions	(115)	95
Decrease in accrued expenses & other liabilities	(5,792)	(9,440)
	(594)	(55,870)
Cash flows used in operating activities	(12,583)	(17,450)

(c) The major facilities of the consolidated entity are summarised

(i) Core debt facility of $45,000,000 (2010: $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.

NOTE 24: CASH FLOW INFORMATION (CONTINUED)

(ii) Harvest facility of $12,000,000 (2010: $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. 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 to 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 2011 %	Ownership 2010 %
Parent Entity:				
Boundary Bend Limited				
Subsidiaries of Boundary Bend Limited:				
Boundary Bend Estate Management Pty Ltd	Australia		100	100
Boundary Bend Estate (Processors) Pty Ltd	Australia		100	100
Boundary Bend Estate Pty Ltd	Australia		100	100
Boundary Bend Olives 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	(i)	-	51
Boundary Bend Assets Pty Ltd	Australia		100	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

(i) On 29 June 2011, Boundary Bend Agricultural Pty Ltd bought back the shares in the company. The entity was deregistered on 30 June 2011.

NOTE 26: RELATED PARTY TRANSACTIONS

(a) Trading transactions

During the year, group entities entered into the following trading transactions with related parties that are not members of the Group:

	Sales of goods		Purchase of goods	
	2011	2010	2011	2010
	$	$	$	$
Olivecorp Management Pty Ltd	-	-	4,876,951	7,976,313
Victorian Bulk Handlers Pty Ltd	-	-	-	2,567
P & F Riordan Pty Ltd	-	-	26,000	22,400
Riordan Fuels Pty Ltd	-	-	-	129,400
United Retail Group Pty Ltd	-	-	50,257	-
Riordan Property Trust	-	-	61,723	75,074
RD & KA McGavin Pty Ltd	-	-	21,802	95,424
McGavin Investments Pty Ltd	-	-	27,500	-
Loughman Trade Corp	-	-	45,537	65,947
Timbercorp Ltd (in liquidation)	-	519,245	-	-
Poligolet Holdings Pty Ltd	21,608	-	-	-
Jubilee Park Vineyards Pty Ltd	24,937	28,789	-	-
Jubilee Park Power Pty Ltd	17,656	-	-	-
Riordan Grains Pty Ltd	9,101	-	165	-

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	2011	2010	2011	2010
	$	$	$	$
Olivecorp Management Pty Ltd	-	-	-	-
Victorian Bulk Handlers Pty Ltd	-	-	-	-
P & F Riordan Pty Ltd	-	-	3,600	-
Riordan Fuels Pty Ltd	-	-	-	-
United Retail Group Pty Ltd	-	-	8,700	2,909
Riordan Property Trust	-	-	11,518	-
RD & KA McGavin Pty Ltd	-	-	-	20,952
McGavin Investments Pty Ltd	-	-	5,500	-
Loughman Trade Corp	-	-	10,476	4,400
Timbercorp Ltd (in liquidation)	-	80,689	-	-
Poligolet Holdings Pty Ltd	3,745	786	-	-
Jubilee Park Vineyards Pty Ltd	5,499	1,623	-	-
Jubilee Park Power Pty Ltd	17,656	-	-	-
Riordan Grains Pty Ltd	7,475	-	-	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Sale of goods and services were made at the consolidated entity's usual list prices. Purchases were made at market price.

NOTE 26: RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Loans to key management personnel

The following loan balance is in respect of loans made to key management personnel of the consolidated group or to their related entities.

	Balance at beginning $	Interest charged $	Balance at end $	Highest in period $
2011				
Leandro Ravetti	228,866	16,936	187,743	228,866
2010				
Leandro Ravetti	267,586	15,386	228,866	267,586

Key management personnel are charged interest on loans provided by the group in accordance with the Australian Taxation Office benchmark interest rate of 7.4% (2010: 5.75%).

(c) Transactions with key management personnel compensation

(i) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 36 to the financial statements.

(ii) Key management personnel equity holdings

Fully paid ordinary shares of Boundary Bend Limited:

	Balance at 1 July No.	Granted as compensation No.	Received upon exercise of options No.	Net other change No.	Balance as 30 June No.
2011					
Mr T. A. Jonas	808,204	-	-	-	808,204
Mr C.P. Ball	405,062	-	-	-	405,062
Mr J. West	100,000	-	-	-	100,000
Mr D. Lipton	37,430	-	-	-	37,430
Mr R.D. McGavin	9,507,396	-	-	-	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	111,546	-	-	-	111,546
Mr S. J. Beaton	10,000	-	-	-	10,000
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

NOTE 26: RELATED PARTY TRANSACTIONS (CONTINUED)

Share options of Boundary Bend Limited:

	Balance at 1 July No	Granted as compen-sation No	Exercised No	Lapsed No	Balance at 30 June No
2011					
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	80,000	-	-	-	80,000
Mr S. J. Beaton	200,000	-	-	-	200,000
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	-	-	-	-	-

All share options issued to key management personnel are made in accordance with the provision of the employee share option plan.

During the financial year, no options (2010: nil) were exercised by key management personnel.

Further details of the employee share option plan and of share options issued during the 2011 and 2010 financial year are contained in Note 30 to the financial statements.

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 & 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.

	2010 $'000
Cash consideration	59,500
Total cost of combination	59,500

NOTE 27: BUSINESS COMBINATIONS (CONTINUED)

Assets and liabilities acquired

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

	Recognised on acquistion at fair value 2010 $'000
Property, plant and equipment	36,230
Biological assets	21,286
Water rights	49,373
Net assets acquired	106,889
Gain on acquisition	(47,389)
	59,500

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.

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 in the year ended 30 June 2010.

Transaction costs 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. The 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 were 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 was provisionally determined at 30 June 2010. The accounting for the business combination is now final at 30 June 2011. There were no adjustments during the measurement period.

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 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 2011 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 2011 in the consolidated statement of financial position. Since balance date, the lender has agreed to waive this financial covenant, and has provided a credit approved terms sheet capable of acceptance, which extends the term of the bank facilities by way of a revised facility extending to 30 November 2013. The revised facility is conditional on the consolidated entity raising equity of at least $15m by 30 December 2011.

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.

	2011 $'000	2010 $'000
Total External Debt	64,375	51,246
Less: Cash and Cash Equivalents	(187)	(1,821)
Net External Debt	64,188	49,425
Total Assets	153,917	157,040
Less: Intangible Assets	(3,766)	(3,766)
Tangible Assets	150,151	153,274
Gearing Ratio	42.75%	32.25%

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.

An annual risk review involving all areas of the business is conducted with a report and recommendations
(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.

NOTE 28: FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 continually monitor its currency risk, which may include entering 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.

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

	Assets		Liabilities	
	2011	2010	#	2010
	'000	'000	'000	'000
European Euros	752	280	1,356	729
US dollars	17	2,724	68	2,360

Sensitivity

The consolidated entity is mainly exposed to European Euros (EUR), US dollars (USD) and Argentinean pesos (ARS). Contracts for sale of olive oil to the international market are generally 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 strengthens against the foreign currency. A weakening of the Australian dollar against the respective foreign currencies would result in an equal and opposite impact on the financial statements. The stipulated movement for the sensitivity analysis of 10% has been chosen as it represents what may occur in any financial year.

	2011	2010
+ / - 10% United States dollars	**$**	**$**
Impact on profit after tax	2	228
Impact on equity	-	-
+ / - 10% Argentinean pesos		
Impact on profit after tax	-	36
Impact on equity	120	189
+ / - 10% European Euros		
Impact on profit after tax	136	45
Impact on equity	-	-

NOTE 28: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk

The consolidated entity is exposured 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, because the consolidated entity borrows funds at both fixed and floating interest rates.

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

The consolidated entity's exposures to interest rates on financial assets and liabilities are detailed in the liquidity risk management section of this note.

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 also 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 (1.00%), 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:

	#	2010
+ / - 1% interest rate	$'000	0
Impact on profit before tax	520	392

The consolidated entity's sensitivity to interest rates has increased during the current year mainly due to the increase in variable rate debt instruments.

(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 counterparts to the contract to meet their obligations. The credit risk exposure of forward exchange contracts is the net fair value 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.

NOTE 28: FINANCIAL RISK MANAGEMENT (CONTINUED)

(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

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated entity can be required to pay. The tables below include the weighted average effective interest rate.

Year ended 30 June 2011	Weighted average effective interest rate	< 6 months	6-12 months	1-5 years	Total
	%	$'000	$'000	$'000	$'000
Financial assets:					
Non interest bearing assets	-	8,581	-	-	8,581
Variable interest rate instruments					
- Cash	1.74	199	-	-	199
- Amounts receivable from directors	7.40	-	43	145	188
Financial liabilities:					
Non interest bearing liabilities	-	6,672	-	-	6,672
Variable interest rate instruments					
- Bank loans	6.52	51,980	-	-	51,980
Fixed interest rate instruments					
- Bank loans	7.67	5,000	-	-	5,000
- Finance lease liability	8.21	326	296	2,682	3,304
- Hire Purchase liability	7.68	1,193	591	2,307	4,091
Year ended 30 June 2010					
Financial assets:					
Non interest bearing assets	-	6,806	-	-	6,806
Variable interest rate instruments					
- Cash	2.56	1,821	-	-	1,821
- Amounts receivable from directors	5.75	-	41	188	229
Financial liabilities:					
Non interest bearing liabilities	-	4,196	-	-	4,196
Variable interest rate instruments					
- Bank loans	6.12	39,230	-	-	39,230
Fixed interest rate instruments					
- Bank loans	7.77	5,000	-	-	5,000
- Finance lease liability	7.96	272	359	1,347	1,978
- Hire Purchase liability	7.69	472	474	4,092	5,038

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.

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)

Details of the options granted are provided below:

Grant date	Expiry date	Exerc-ise price	Fair value at grant date	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	Exercis-able at end of the year
2011									
01-Jul-07	01-Jul-11	$1.60	$1.11	825,000	-	-	-	825,000	825,000
05-Aug-09	30-Jun-12	$1.00	$1.30	200,000	-	-	-	200,000	-
13-Nov-09	01-Jul-12	$1.30	$1.30	225,000	-	-	-	225,000	225,000
30-Jun-10	01-Jul-13	$1.40	$1.40	45,000	-	-	-	45,000	-
				1,295,000	-	-	-	1,295,000	1,050,000
Weighted average exercise price:				$1.45	$0.00	$0.00	$0.00	$1.45	$1.54
2010									
01-Jul-06	01-Jul-09	$2.10	$1.00	50,000	-	-	(50,000)	-	-
01-Jul-07	01-Jul-11	$1.60	$1.11	825,000	-	-	-	825,000	825,000
05-Aug-09	30-Jun-12	$1.00	$1.30	-	200,000	-	-	200,000	-
13-Nov-09	01-Jul-12	$1.30	$1.30	-	225,000	-	-	225,000	225,000
30-Jun-10	01-Jul-13	$1.40	$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	$0.00	$2.10	$1.45	$1.54

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

There were no options granted during the year (2010: 470,000). 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.

(c) Options outstanding at the end of the year

There were no options exercised during the year (2010: Nil).

The share options outstanding at the end of the year had an exercise price of $1.45 (2010: $1.45), and a weighted average remaining contractual life of 146 days (2010: 511 days).

NOTE 31: DIVIDENDS	2011 $	2010 $
Dividends declared and payable at $0 per share (2010: $0) fully franked at 30%	-	-
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:	2,232	4,240

NOTE 32: EVENTS SUBSEQUENT TO REPORTING DATE

As at 30 June 2011 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 2011 in the consolidated statement of financial position. Since balance date, the lender has agreed to waive this financial covenant, and has provided a credit approved terms sheet capable of acceptance, which extends the term of the bank facilities by way of a revised facility extending to 30 November 2013. The revised facility is conditional on the consolidated entity raising equity of at least $15m by 30 December 2011.

As part of funding the Timbercorp transaction in 2009, the consolidated entity entered into a water sale and lease back transaction with a large superannuation fund. The consolidated entity had an annual lease commitment of $4.28m to this superannuation fund, which was significantly over the current market cost due to drought-breaking rains and water storages being nearly full. On 4 August 2011 the parties mutually agreed to terminate this water lease. In return for terminating the lease, the consolidated entity agreed to pay the superannuation fund $6m over the next 5 financial years. The first payment of $1m was paid on 4 August 2011, with the last payment due on 31 July 2015. The total water entitlement is 26,170.4 ML and the consolidated entity will receive 50% of the final allocation for the 2011/2012 irrigation season. Allocations are expected to reach 100%, and therefore we expect to receive 13,085.2ML.

NOTE 33: CONTINGENT LIABILITIES

At 30 June 2010, a contingent liability existed in relation to legal claims and counter claims with a bottling equipment agent and a manufacturing company. During the year ended 30 June 2011, this claim was settled with the consolidated entity paying $9,475 to the bottling equipment agent and manufacturing agency.

There are no contingent liabilities as at 30 June 2011.

NOTE 34: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 124 ‘Related Party Disclosures’ (revised December 2009), AASB 2009-12 ‘Amendments to Australian Accounting Standards’	1 January 2011	30 June 2012

NOTE 34: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2009-14 'Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement'	1 January 2011	30 June 2012
AASB 2010-4 *'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'*	1 January 2011	30 June 2012
AASB 2010-5 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
AASB 2010-6 'Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets'	1 July 2011	30 June 2012
AASB 2010-8 'Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 2011-1 'Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project'	1 July 2012	30 June 2013
AASB 2011-4 'Amendments to Australian Accounting Standards to remove individual key management personnel disclosure requirements	1 July 2013	30 June 2014
AASB 10 'Consolidated Financial Statements	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement'	1 January 2013	30 June 2014
AASB 19 'Employee Benefits (2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures (2011)	1 January 2013	30 June 2014

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)	1 July 2012	30 June 2013

The directors anticipate that the adoption of these Standards and Interpretations will have no material financial impact on the financial statements of the Group.

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement.

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

	2011 $	2010 $
Assets		
Current assets	302	3,564
Non-current assets	102,264	88,349
Total assets	102,566	91,913
Liabilities		
Current liabilities	57,552	47,570
Non-current liabilities	-	-
Total liabilities	57,552	47,570
Net assets	45,014	44,343
Equity		
Share capital	55,707	55,005
Retained earnings	(10,945)	(10,847)
Reserves		
Share based payments reserve	252	185
Total equity	45,014	44,343

(b) Summarised consolidated statement of comprehensive income

	2011 $	2010 $
Profit/(loss) for the year	(98)	1,256
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(98)	1,256

(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.

(d) Parent entity contingent liabilities

At 30 June 2010, a contingent liability existed in relation to legal claims and counter claims with a bottling equipment agent and a manufacturing company. During the year ended 30 June 2011, this claim was settled with the consolidated entity paying $9,475 to the bottling equipment agent and manufacturing agency.

There are no contingent liabilities as at 30 June 2011.

(e) Parent entity contractual commitments

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

NOTE 36: KEY MANAGEMENT PERSONNEL COMPENSATION

Details of key management personnel
The directors and other members of key management personnel of the consolidated entity during the year were:

R.D. McGavin (Executive Chairman)
P.C. Riordan (Operations Director)
L.M. Ravetti (Technical Director)
T.A. Jonas (Non-executive Director)
C.P. Ball (Non-executive Director)
J. West (Non-executive Director)
T.F. Smith (Sales and Marketing Director)
D. Lipton (Director of Boundary Bend Marketing Pty Ltd)
S.J. Beaton (Company Secretary, Chief Financial Officer)

Key management personnel compensation
The aggregate compensation made to key management personnel of the consolidated entity is set out below:

	2011 $'000	2010 $'000
Compensation received by key management personnel of the consolidated entity:		
- short-term employee benfits	1,322,655	1,503,798
- post-employment benefits	95,565	111,342
- share based payments	62,285	111,040
	1,480,505	1,726,180

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

The compensation for each member of the key management personnel of the consolidated entity for the current year is set out below:

	Short-term employee benefits				Post-employment benefits	Share-based Payments	
2011	Salary & fees $	Bonus $	Non-monetary $	Other $	Super-annuation $	Options & rights $	Total $
T.A. Jonas	50,000	-	-	-	-	-	50,000
C.P. Ball	50,000	-	-	-	-	-	50,000
J. West	50,000	-	-	-	-	-	50,000
D. Lipton	30,462	-	-	-	2,742	-	33,204
R.D. McGavin (i)	174,311	-	-	-	15,688	8,994	198,993
P.C. Riordan (i)	158,272	-	16,040	-	15,688	2,998	192,998
L.M. Ravetti (i)	371,713	-	18,608	-	26,504	8,994	425,819
T.F. Smith (i)	190,986	-	13,777	-	18,429	5,488	228,680
S.J. Beaton (i)	198,486	-	-	-	16,514	35,811	250,811
Total	1,274,230	-	48,425	-	95,565	62,285	1,480,505

NOTE 36: KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The compensation for each member of the key management personnel of the consolidated group for the prior year is set out below:

	Short-term employee benefits				Post-employment benefits	Share-based Payments	
2010	Salary & fees $	Bonus $	Non-monetary $	Other $	Super-annuation $	Options & rights $	Total $
T.A. Jonas (i)	42,500	-	-	60,000*	-	26,250*	128,750
C.P. Ball (i)	42,500	-	-	50,000*	-	52,500*	145,000
J. West	42,500	-	-	-	-	-	42,500
D. Lipton	14,539	-	-	-	1,309	-	15,848
R.D. McGavin	187,720	-	-	-	16,985	-	204,705
P.C. Riordan	154,453	-	19,859	-	14,688	-	189,000
L.M. Ravetti	364,777	-	19,352	-	28,278	-	412,407
T.F. Smith (i)	189,025	7,500	13,777	-	19,031	11	229,344
S.J. Beaton (i)	172,056	-	-	-	14,291	32,279	218,626
A.T. Instrell	123,240	-	-	-	16,760	-	140,000
	1,333,310	7,500	52,988	110,000	111,342	111,040	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.

(i) Share options have been granted to the following key management personnel on the following dates:

1-Jul-07	R.D. McGavin, P.C. Riordan, L.M. Ravetti and T.F. Smith
5-Aug-09	S.J. Beaton
13-Nov-09	T.A. Jonas and C.P. Ball
30-Jun-10	T.Smith

Further details of the options granted are contained in Note 26 and 30.

DIRECTORS' DECLARATION

The directors of the consolidated entity declare that:

1. The financial statements and notes, as set out on pages 22 - 69, 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 2011 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 2011

Deloitte.

Deloitte Touche Tohmatsu
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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 2011,the consolidated statement of comprehensive income, the consolidated 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 22 to 69.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply 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. Those 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 of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Boundary Bend Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2011 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty regarding the Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity reported a loss after income tax of $11.989 million and cash outflows from operations of $12.583 million for the year ended 30 June 2011. As at 30 June 2011 the consolidated entity has an excess of current liabilities over current assets of $28.714 million as a result of a breach of a financial performance covenant of the group's external debt facility, requiring the total debt owing to be classified as a current liability. These conditions as well as other associated issues including the mitigating factors that have been relied upon by the directors to address these issues are outlined in Note 1. In the event that the mitigating factors as disclosed in Note 1 do not eventuate as the directors anticipate, there exists a material uncertainty about the ability of the company and the consolidated entity to continue as going concerns and whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 19 of the directors' report for the year ended 30 June 2011. 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.

Opinion

In our opinion the Remuneration Report of Boundary Bend Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants
Melbourne, 29 September 2011