Boundary Bend Limited and controlled entities

ABN 32 115 131 667

Financial report
For the year ended 30 June 2013

BOUNDARY BEND
LIMITED
Australia's premier olive company
PO Box 92 Lara Victoria 3212 Australia www.boundarybend.com
t:+61 (0) 3 5272 9500 f: +61 (0) 3 5272 9599 e:bbl@boundarybend.com

EXECUTIVE CHAIRMAN'S REPORT

10 September 2013

Dear Shareholders,

We are pleased to reward shareholders with the 2013 results. Boundary Bend Limited ("Boundary Bend" or "BBL") would not exist if it were not for our supportive shareholders, who invested to fund our dream of building a successful olive oil company from scratch. We could write a book on the hurdles we have faced to pioneer this industry in Australia and we are truly grateful for shareholders' understanding and support along the journey.

We all now own a very special company with a unique market position (highest quality product with a low cost of production and significant barriers to entry) and personally, I could not think of a better placed company.

Results

The consolidated entity's (Boundary Bend) 2013 profit after tax is $53.44 million ($1.09 per share) compared to last year's loss of $7.72 million. This result includes an increase in grove valuation of $28.06 million after tax.

The trading profit before tax was $28.71 million ($25.39 million after tax[1] or $0.52 per share).

Year ending 30 June:	**2013 ($'000)**	**2012 ($'000)**
Trading profit/(loss)	28,710	(9,153)
Provision of onerous contract (water lease termination)	-	(5,601)
Goodwill and investment revaluation - profit/(loss)	-	(1,260)
Change in fair value of olive grove - profit/(loss)	40,079	9,133
Loss on revaluation of property	-	(839)
Income tax (expense) / benefit	(15,346)	-
Profit/(loss) after income tax expense	**53,443**	**(7,720)**

The cash position of the business is in line with forecast. For the year to 30 June 2013 we reported an operating cashflow deficit of $0.05 million (2012: deficit of $0.79 million).

[1] $28.71 million, less prima facie tax of $8.61 million, plus tax effect accounting of $5.29 million.

EXECUTIVE CHAIRMAN'S REPORT

Boundary Bend's full year trading result in any one year is substantially impacted by the volume of oil produced from each year's harvest. Under the Accounting Standard AASB 141 "Agriculture", (with which Boundary Bend must comply) the oil is required to be measured at fair value less the anticipated selling costs. This means that the expected profit or loss relating to the sale of oil is recognised in the year of harvest, as opposed to when the oil is actually sold. Cash from the oil is generated as the oil is sold, meaning that profit does not align with the company's cash flows. Therefore, the actual cash profit from the 2013 oil production will be realised when it is sold in the following financial year (FY 2014). If the oil is sold for a higher price than the value attributed to the oil at 30 June 2013, 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.

Under the same Accounting Standard, Boundary Bend is required to value all trees that form part of the olive groves. At 30 June 2013 the Directors have determined that the fair value of the trees at the olive groves is $74.17 million (2012: $33.77 million). To determine the fair value, (consistent with previous years), a discounted cashflow valuation was used, incorporating assumptions on yield, price, farm costs, water costs and the terminal value. To maintain consistency with previous valuations the discounted cashflow calculation used a pre-tax discount rate of 20%. It is worth noting that the olive groves and associated infrastructure are still only valued at approximately two thirds of their current replacement cost.

As at 30 June 2013 the company had gross assets of $232.83 million and net assets of $129.23 million. The net assets per share increased from $1.54 at 30 June 2012 to $2.64 at 30 June 2013, due to the reported profit and the increase in grove valuations. Gearing for the consolidated entity declined from 41.72% at 30 June 2012 to 30.82% at 30 June 2013.

It is also worth noting that as part of the gross asset value, the Cobram Estate and Red Island brands are carried at cost of $6.35 million, despite generating gross sales for the year to 30 June 2013 of $45.8 million (which only includes 7 months of Red Island sales as it was purchased on 30 November 2012).

Bank Facilities

We are pleased to announce that on 27 August 2013 Boundary Bend signed a term sheet with the Commonwealth Bank of Australia ("CBA") which extends the bank debt facility as follows;

- $45 million for a three year term
- $13 million for a two year term; and
- $4 million for a 12 month term (reviewed annually)

The Red Island acquisition facility of $4 million will be repaid on 15 November 2013. In December 2012, Boundary Bend moved internally within CBA from Institutional Banking to Agribusiness.

Future Earnings

As previously indicated, BBL's profitability correlates closely with its total olive oil production 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.

As noted below, we expect the crop this coming year to be significantly lower than the 2013 crop due principally to the trees recovering after a higher than expected 2013 crop. It is very hard to predict accurately all of the variables that can materially influence our profit, particularly currency, world prices, crop levels and the retail pricing environment. However, we are currently forecasting trading profit before tax of $13.6 million for the 2014 financial year. For the 12 months to 30 June 2015 we expect crop levels to return to levels more in line with 2013 which we expect will deliver a trading profit similar to the $28.7 million achieved this year.

EXECUTIVE CHAIRMAN'S REPORT

Dividend

It is the Board's intention to pay a fully franked dividend of 10 cents per share in December 2013 or January 2014. The record and payment date will be announced at the AGM.

Harvest 2013

Harvest was completed at Boundary Bend and Boort on the 24th and 26th of June respectively. Pleasingly, the 2013 harvest from our groves produced 74,076 tons of fruit converting into 13.58 million litres of oil, which was approximately 23% higher than original forecasts of 11 million litres. This is an outstanding result considering we lost in excess of 1.5 million litres in the summer hail storm at Boort. Had this not occurred the harvest would have produced around 15 million litres. This is our best harvest ever in terms of both volume produced and the quality of the resultant oil. We are pleased to report that we received our maximum payout under the hail insurance policy of $4 million. The trees have recovered well considering the huge amount of reserves they put into the 2013 crop.

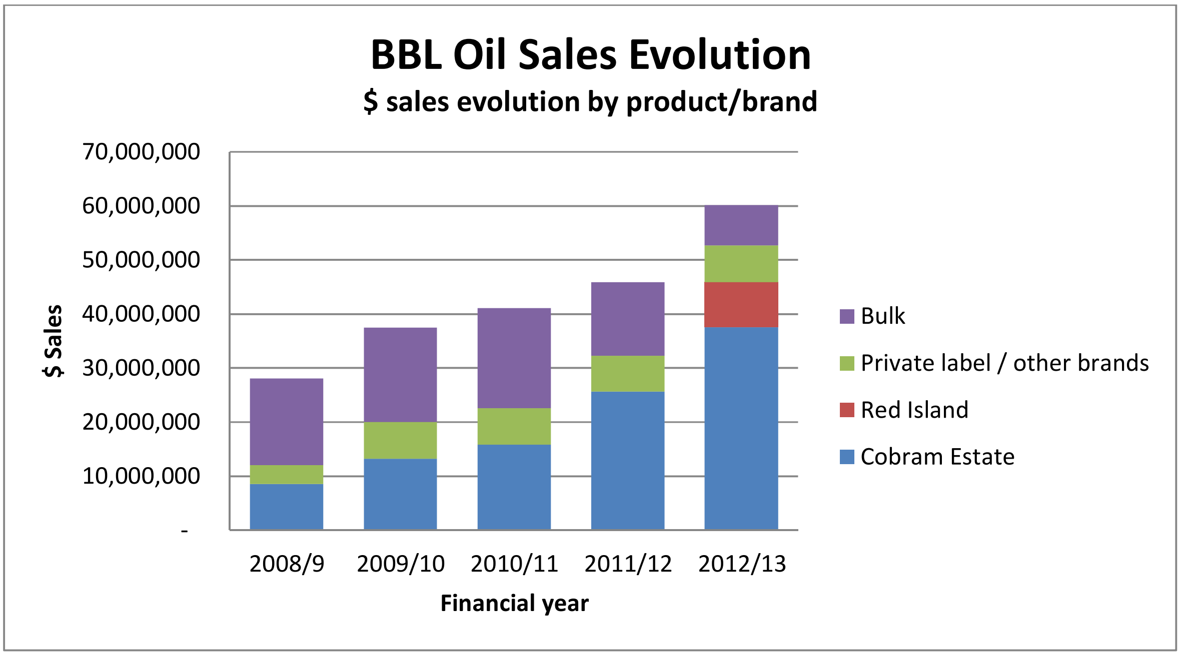
2014 Harvest

It is expected that the 2014 crop will be lower than in 2013. Olives (similar to other permanent horticultural crops) are prone to lower crops following a year of high crops and, conversely, higher crops following a year of low crop. In 2013 we were expecting 11 million litres and produced 13.6 million litres whereas the prior year we were expecting 8.2 million litres and produced 5.7 million litres. Interestingly, if you combine the 2 years, the forecast and actual totals are almost identical. In 2014 we are expecting to produce between 60% and 70% of 2013 crop levels before a return in 2015 to production levels more in line with those achieved in 2013

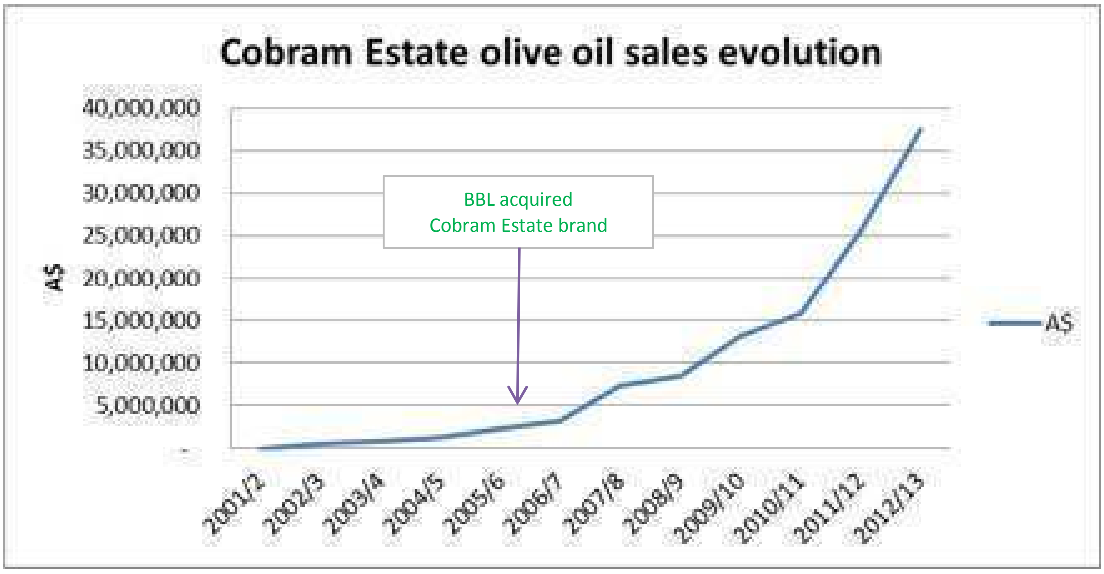
FY2013 Sales Summary

BBL oil sales grew 31% in value terms for the year ending 30 June 2013, with sales totalling $60.2 million, up from $45.9 million in the previous year. Packaged goods revenue exceeded $50 million for the first time, totalling $52.7 million (88% of total) whilst sales of bulk oil (containers 1,000 litres plus) totalled $7.4 million (12% of total).

EXECUTIVE CHAIRMAN'S REPORT



Cobram Estate finished the year with total sales of $37.5 million, up 47% on 2011/12. A summary of the evolution of Cobram Estate sales can be seen in the following chart (BBL acquired the brand in December 2006).

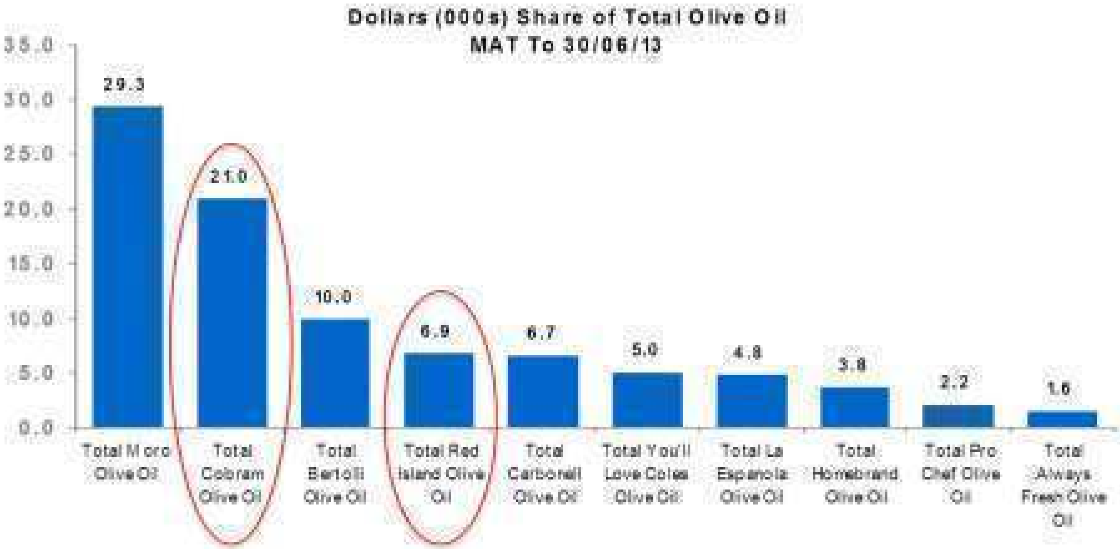


Cobram Estate Range

Our newly acquired Red Island brand contributed sales of $8.3m during the first seven months. This result was in line with forecasts.

Red Island Range

BBL's brands are currently ranked #2 and #4 by value in the total olive oil category (including sales of refined olive oils). In the extra virgin sub-category, Cobram Estate is ranked #1 by value and Red Island #3.



Source: Aztec, August 2013

Sales update since 30 June 2013

Sales have started the new financial year strongly, with packaged goods sales exceeding $12 million for the first two months and finishing the period ahead of budget. We have some great new initiatives coming up to assist sales growth in addition to our regular promotions and we anticipate that this will continue to drive strong growth in 2013/14.

Marketing

The launch of BBL's 2013 harvest olive oils in June/July featured a social media video with Leandro and a TV advertising campaign, supported by in-store activity and an intense public relations push. To view the harvest video and TV ad please visit:

http://www.youtube.com/user/CobramEstateOil

Cobram Estate continues to receive awards for producing outstanding quality olive oils. The highlight for our 2013 oils to date was being judged the most successful exhibitor at the 2013 New York International Olive Oil Competition, the world's largest, featuring over 700 olive oils from all over the world. BBL received four gold medals from the four oils entered, and two of these oils were awarded Best in Class trophies, the highest award at the competition. These awards were strongly promoted through magazine and TV advertising and through public relations. To view the New York award TV ad please visit:

http://www.youtube.com/user/CobramEstateOil

Cobram Estate is now on Facebook. To 'like' Cobram Estate, please visit:

https://www.facebook.com/CobramEstate

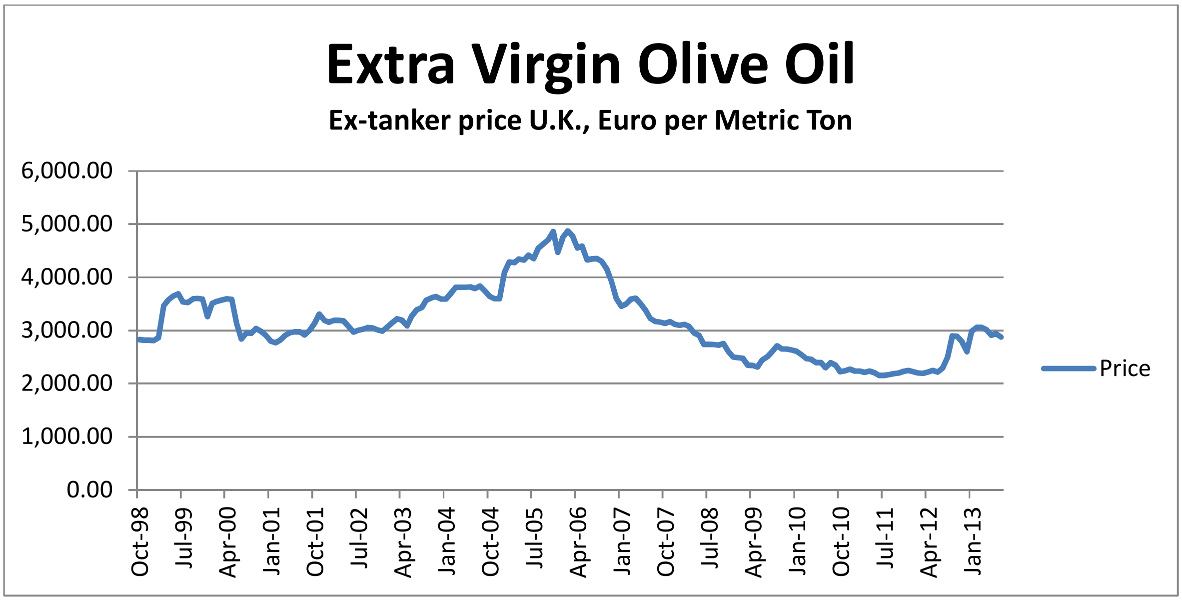
Red Island is a gold partner of the National Breast Cancer Foundation and during the month of October Red Island is changing its name to Pink Island to help raise $60,000 for breast cancer research. BBL aims to assist in raising awareness of the beneficial role Extra Virgin olive oil can play in encouraging Australian consumers to eat more healthily. Many research studies have documented the fact that extra virgin olive oil reduces the risk of breast cancer. We encourage you to help support this campaign in October 2013.

Red Island is now on Facebook. To 'like' Red Island, please visit:

https://www.facebook.com/redislandaustralia

Global extra virgin olive oil prices

Having recovered from historical lows experienced in 2011/12, global extra virgin olive oil prices are currently trading slightly below the long term average price. The chart below is the long term price for the last 15 years and clearly shows prices have not fully recovered to long term levels.



EXECUTIVE CHAIRMAN'S REPORT

A snapshot of the Company

BBL is a vertically integrated olive company and the largest producer and marketer of extra virgin olive oil in Australia. The company owns 2.22 million olive trees on total land area of 10,000ha, two of the world's top ten largest oil mills, a 9ha commercial site near Geelong and Australia's leading retail brands Cobram Estate and Red Island. BBL also owns 1,500ha of vacant land and water allocation in Argentina that is highly suited to olive growing.

Business Units

Nursery and Technical Advice

- 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 predominantly supplies premium grade olive trees to commercial growers (including our own groves).
  - It has the capacity to produce 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.
  - In addition to Australia, it has been actively involved with clients and industry organisations in Europe, Argentina, Peru, USA, Japan, South Africa, California and New Zealand.
- Modern Olives has established an ISO accredited commercial olive oil laboratory at Lara, Victoria:
  - It provides a comprehensive suite of olive and olive oil tests that are required for labelling, nutritional, quality and authenticity purposes.
  - The laboratory clients include growers, oil traders, retailers, marketers, researchers and government.
  - **Twice in the last 6 years the Laboratory has won first place in the prestigious American Oil Chemists Society (AOCS) intercomparison test for being the most accurate olive oil lab in the world.**

Groves

- Boundary Bend's weighted average age of trees is 8.3 years. Olive trees typically do not reach yield maturity until years 8 to 10.
- 36% of Boundary Bend's groves are aged 6 years or less.
- Boundary Bend continues to invest in a new planting and/or replacement program with 36,991 new trees planted in 2010, 95,082 planted in 2011, 22,558 planted in 2012 and we are about to plant another 99,898 trees.
- Following the termination of our water leases, we now purchase the groves' water requirement on the temporary market.

EXECUTIVE CHAIRMAN'S REPORT

- 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 (~67%).

Boundary Bend Estate Grove

- It comprises 3,456 hectares of developed, irrigated olive groves across two properties in north-western Victoria:
  - 2,623 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.
- 1.33 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:
  - The estate comprises approximately 885,510 trees on an area covering 2,569 hectares.
- 640 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.

EXECUTIVE CHAIRMAN'S REPORT

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 per 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, Red Island and other branded productions, Boundary Bend also contract packs private label products.
    - 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 almost at capacity and will likely be upgraded in the next 12 months to cope with the forecast bottling demand.

Advice of AGM

Please be advised that the Annual General Meeting of shareholders will be held at 151 Broderick Road, Corio on Friday the 25th of October 2013, 10.30am coffee for an 11.00am start. A formal notice of meeting will also be posted to shareholders.

In closing I would like to thank our loyal and dedicated staff and directors. I would also like to thank shareholders for their continued support.

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 2013 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 profit of the consolidated entity for the year after providing for income tax amounted to $53.4 million (2012: $7.7 million loss). For detailed comments in relation to the result of the consolidated entity during the financial year, please refer to the Executive Chairman's report.

Review of operations

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

Significant changes in state of affairs

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

No 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. For comments in regards to future dividends, refer to Executive Chairmans Report.

DIRECTORS' REPORT

Information on directors

Robert McGavin	Age 44
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 the Executive Chairman of Boundary Bend Ltd.
Paul Riordan	Age 41
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. Paul was also appointed as a Non-Executive Director of Select Harvests Limited on 2 October 2012.
Special responsibilities	Paul Riordan is the Operations Director of Boundary Bend Ltd.
Leandro Ravetti	Age 40
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 67
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) and Fellow of the Institute of Chartered Accountants in Australia.
Special responsibilities	Tim Jonas is the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.
Craig Ball	Age 57
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 57
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 a 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 39
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 the Sales and Marketing Director of Boundary Bend Ltd.

DIRECTORS' REPORT

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	9	9	-	-	-	-
Paul Riordan	9	9	-	-	-	-
Leandro Ravetti	9	9	-	-	-	-
Tim Jonas	9	8	3	3	2	2
Craig Ball	9	7	3	2	2	2
Jonathan West	9	9	-	-	2	2
Timothy Smith	9	9	-	-	-	-

Options

1,900,000 options over unissued ordinary shares in the consolidated entity were granted during the financial year ended 30 June 2013 (2012: 2,600,000).

During the year 45,000 options were exercised. Since year end, 150,000 options have been exercised, no options have lapsed and no further options have been granted. The consolidated entity has 4,500,000 options on issue as at 30 June 2013.

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 2013.

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. 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)

The term ‘senior management’ is used in this remuneration report to refer to the following persons. The named person 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.

DIRECTORS' REPORT

Remuneration Committee

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

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

Executive Directors and Key Management Personnel

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

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

Typically, for each financial year, performance incentive payments include:
• consideration of 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 July or August 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 employee contract and adhere to our standard terms and conditions. There are no Directors or Senior managers with any special terms or conditions.

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 2013 $'000	30 June 2012 $'000	30 June 2011 $'000	30 June 2010 $'000	30 June 2009 $'000
Revenue	95,531	46,232	46,468	93,327	47,816
Net profit / (loss) before tax	68,789	(7,720)	(13,964)	37,449	(18,611)
Net profit / (loss) after tax	53,443	(7,720)	(11,989)	38,420	(18,999)
Net Assets	129,226	75,111	77,403	88,962	30,260

	30-Jun-13	30-Jun-12	30-Jun-11	30-Jun-10	30-Jun-09
Shares on issue (at end of year)	48,884,320	48,839,320	44,766,986	44,226,986	35,214,850
Net assets per Share ($)	2.64	1.54	1.73	2.01	0.86
Dividends	-	-	-	-	-

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	
2013	Salary & fees $	Bonus $	Non-monetary $	Other $	Super-annuation $	Options & rights $	Total $
Mr T. A. Jonas	25,000	-	-	-	-	32,500	57,500
Mr C.P. Ball	25,000	-	-	-	-	32,500	57,500
Mr J. West	25,000	-	-	-	-	32,500	57,500
Mr R.D. McGavin	87,156	-	-	-	7,844	329,973	424,973
Mr P.C. Riordan	152,417	-	-	-	13,717	-	166,134
Mr L.M. Ravetti	370,165	15,000	10,962	-	26,121	11,989	434,237
Mr T.F. Smith	203,266	10,000	3,024	-	20,211	11,733	248,234
Mr S. J. Beaton	244,751	-	733	-	21,014	130,631	397,129
	1,132,755	**25,000**	**14,719**	**-**	**88,907**	**581,826**	**1,843,207**

On 30 June 2012 the consolidated entity provided a $200,000 loan to Mr S. J. Beaton to fund the exercise of options to purchase 200,000 shares in Boundary Bend Limited. The only recourse for the loan is to the shares held as collateral for the loan. The loan is repaid over five equal annual instalments of $40,000, with the first repayment made on 1 July 2013. Due to the nature of the loan, it is treated as a share based payment under accounting standards, with the expense recognised over the life of the loan. At grant date, the fair value of these shares was $1.30. The shares are released as security for the loan equally over a five year period commencing 1 July 2013.

DIRECTORS' REPORT

Remuneration of Directors and senior management (continued)

2012	Short-term employee benefits				Post-employment	Share-based Payments	
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation	Options & rights	Total
	$	$	$	$	$	$	$
Mr T. A. Jonas	-	-	-	-	-	27,000	27,000
Mr C.P. Ball	-	-	-	-	-	27,000	27,000
Mr J. West	-	-	-	-	-	27,000	27,000
Mr R.D. McGavin	87,156	-	-	-	7,844	135,106	230,106
Mr P.C. Riordan	174,311	-	-	-	15,688	8	190,007
Mr L.M. Ravetti	368,753	20,000	2,055	-	26,571	58	417,437
Mr T.F. Smith	204,762	10,000	-	-	19,329	4,012	238,103
Mr S.J. Beaton	215,795	40,000	-	-	21,672	35,942	313,409
	1,050,777	**70,000**	**2,055**	**-**	**91,104**	**256,126**	**1,470,062**

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	Granted as compensation	Received upon exercise of options	Net other change	Balance as 30 June
	No.	No.	No.	No.	No.
2013					
Mr T. A. Jonas	808,204	-	-	-	808,204
Mr C.P. Ball	405,062	-	-	-	405,062
Mr J. West	100,000	-	-	-	100,000
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	-	30,000	-	141,546
Mr S. J. Beaton	210,000	-	-	-	210,000
2012					
Mr T. A. Jonas	808,204	-	-	-	808,204
Mr C.P. Ball	405,062	-	-	-	405,062
Mr J. West	100,000	-	-	-	100,000
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	-	200,000	-	210,000

* On 30 June 2012, Mr S. J. Beaton exercised the options for 200,000 shares. These shares are colateral for the loan disclosed in the Remuneration of Directors and senior management section above.

Loans to Directors and executives

Information on loans to Directors and executives are set out in Note 25.

Remuneration report (Continued)

Employee share option plan

The consolidated entity has an ownership-based compensation scheme for employees and officers. 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 granted 1,750,000 options (2012: 2,150,000) to directors and senior management of the consolidated entity, as part of their remuneration.

45,000 options were exercised in the financial year ended 30 June 2013 (2012: 200,000).

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
2013									
13-Nov-09	01-Jul-12	$1.30	$1.30	225,000	-	-	(225,000)	-	-
30-Jun-10	01-Jul-13	$1.40	$1.40	45,000	-	(45,000)	-	-	-
31-Oct-11*	31-Oct-14	$1.60	$1.50	200,000		-	-	200,000	200,000
15-Feb-12*	15-Feb-17	$1.50	$1.50	150,000		-	-	150,000	150,000
30-Jun-12*	30-Jun-15	$1.80	$1.30	100,000		-	-	100,000	100,000
30-Jun-12	30-Jun-15	$1.60	$1.30	2,150,000		-	-	2,150,000	1,200,000
01-Nov-12	01-Nov-16	$1.50	$1.30	-	375,000	-	-	375,000	375,000
15-Nov-12	01-Nov-16	$1.55	$1.30	-	1,250,000	-	-	1,250,000	1,250,000
15-Feb-13	01-Nov-16	$1.50	$1.50	-	125,000	-	-	125,000	-
15-Feb-13*	01-Nov-16	$1.50	$1.50	-	150,000	-	-	150,000	150,000
				2,870,000	1,900,000	(45,000)	(225,000)	4,500,000	3,425,000
Weighted average exercise price:				$1.58	$1.53	$1.40	$1.30	$1.57	$1.57
2012									
01-Jul-07	01-Jul-11	$1.60	$1.11	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	-
31-Oct-11*	31-Oct-14	$1.60	$1.50	-	200,000	-	-	200,000	200,000
15-Feb-12*	15-Feb-17	$1.50	$1.50	-	150,000	-	-	150,000	150,000
30-Jun-12*	30-Jun-15	$1.80	$1.30	-	100,000	-	-	100,000	100,000
30-Jun-12	30-Jun-15	$1.60	$1.30	-	2,150,000	-	-	2,150,000	1,200,000
				1,295,000	2,600,000	(200,000)	(825,000)	2,870,000	1,875,000
Weighted average exercise price:				$1.45	$1.60	$1.00	$1.60	$1.58	$1.57

* Issued to consultants for services provided.

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:

Directors and officers liability insurance has been taken out for all Directors. Period of cover is until 30 June 2013.

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 22.

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: ______________________

Tim Jonas

Dated this 10th day of September 2013

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 9671 7001
www.deloitte.com.au

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

10 September 2013

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 2013, 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 PROFIT AND LOSS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Revenue			
Sales revenue	3	60,521	46,294
Other revenue	3	5,195	2,170
Net change in fair value of agricultural produce	3	29,815	(2,232)
		95,531	46,232
Other Income			
Net change in fair value of non-current biological assets	3	40,079	9,133
Expenses			
Cost of sales	4	(50,422)	(40,741)
Administration expenses		(3,670)	(3,698)
Distribution expenses		(3,121)	(2,720)
Marketing expenses		(2,737)	(2,512)
Occupancy expenses		(668)	(600)
Finance costs	4	(5,041)	(4,799)
Provision for onerous contract	4	-	(5,601)
Impairment of non-current assets	4	-	(1,260)
Loss on revaluation of property	4	-	(839)
Other expenses		(1,162)	(315)
		(66,821)	(63,085)
Profit/(loss) before income tax		68,789	(7,720)
Income tax expense	5	(15,346)	-
Profit/(loss) from continuing operations		53,443	(7,720)
Profit/(loss) for the year		**53,443**	**(7,720)**
Profit/(loss) is attributable to:			
Owners of Boundary Bend Limited and controlled entities		53,443	(7,720)
		53,443	(7,720)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	2013 $'000	2012 $'000
Profit/(Loss) for the year	53,443	(7,720)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(91)	(55)
Changes in fair value of cash flow hedges	60	(60)
Items that may not be reclassified to profit or loss		
Loss on revaluation of property	-	(286)
Other comprehensive loss for the year	(31)	(115)
Total comprehensive income / (loss) for the year	**53,412**	**(7,835)**
Total comprehensive income for the year is attributable to:		
Owners of Boundary Bend Limited and controlled entities	53,412	(8,121)
	53,412	(8,121)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Current assets			
Cash and cash equivalents	6	379	297
Trade and other receivables	7	10,879	8,320
Inventory	8	59,037	25,040
Biological assets	11	461	496
Other financial assets	9	-	25
Other assets	10	860	907
Total current assets		71,616	35,085
Non-current assets			
Trade and other receivables	7	52	101
Biological assets	11	74,165	33,768
Other financial assets	9	327	436
Intangible assets	12	6,472	2,567
Property, plant and equipment	13	80,193	79,666
Total non-current assets		161,209	116,538
Total assets		232,825	151,623
Current liabilities			
Trade and other payables	14	10,767	6,970
Borrowings	15	66,981	2,363
Provisions	16	1,689	1,603
Other financial liabilities	17	179	60
Other liabilities	18	2,066	1,744
Total current liabilities		81,682	12,740
Non-current liabilities			
Borrowings	15	3,162	60,121
Provisions	16	1,826	2,628
Deferred tax liabilities	5	15,346	-
Other liabilities	18	1,583	1,023
Total non-current liabilities		21,917	63,772
Total liabilities		103,599	76,512
Net assets		**129,226**	**75,111**
Equity			
Share capital	19	61,312	61,237
Reserves	20	293	(304)
Retained earnings	21	67,621	14,178
Total equity		**129,226**	**75,111**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Share based payments reserve $'000	Cash flow hedge reserve $'000	Retained earnings $'000	Total Equity $'000
Balance at 1 July 2011	55,707	286	(740)	252	-	21,898	77,403
Loss for the year	-	-	-	-	-	(7,720)	(7,720)
Other comprehensive income for the year	-	-	-	-	(60)	-	(60)
Exchange differences arising on translation of foreign operations	-	-	(55)	-	-	-	(55)
Fair value adjustments to non-current assets	-	(286)	-	-	-	-	(286)
Total comprehensive income/(loss) for the period	-	(286)	(55)	-	(60)	(7,720)	(8,121)
Transactions with owners in their capacity as owners:							
Proceeds from share issue	5,426	-	-	-	-	-	5,426
Options exercised	104	-	-	(104)	-	-	-
Share based payments expense	-	-	-	403	-	-	403
Total transactions with owners in their capacity as owners	5,530	-	-	299	-	-	5,829
Balance at 30 June 2012	**61,237**	**-**	**(795)**	**551**	**(60)**	**14,178**	**75,111**
Profit for the year	-	-	-	-	-	53,443	53,443
Other comprehensive income for the year	-	-	-	-	60	-	60
Exchange differences arising on translation of foreign operations	-	-	(91)	-	-	-	(91)
Total comprehensive income/(loss) for the period	**-**	**-**	**(91)**	**-**	**60**	**53,443**	**53,412**
Transactions with owners in their capacity as owners:							
Proceeds from share issue	63	-	-	-	-	-	63
Options exercised	12	-	-	(12)	-	-	-
Share based payments expense	-	-	-	640	-	-	640
Total transactions with owners in their capacity as owners	75	-	-	628	-	-	703
Balance at 30 June 2013	**61,312**	**-**	**(886)**	**1,179**	**-**	**67,621**	**129,226**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers		62,669	49,209
Payments to suppliers and employees		(57,611)	(44,275)
Interest received		17	66
Borrowing costs		(5,128)	(5,787)
Net cash used in operating activities	23 (b)	(53)	(787)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		626	311
Payment for business acquisition	34	(4,000)	-
Payments for property, plant and equipment		(1,711)	(778)
Payments for biological assets		(317)	(241)
Net cash used in investing activities		(5,402)	(708)
Cash flows from financing activities			
Proceeds from share issue		63	5,496
Payment for water lease termination		(1,000)	(2,000)
Net proceeds / (repayment) of borrowings		6,474	(1,891)
Net cash provided by financing activities		5,537	1,605
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		297	187
Net increase in cash and cash equivalents		82	110
Cash and cash equivalents at the end of the period	23 (a)	379	297

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report was authorised for issue by the directors on 9 September 2013.

The financial report is for the entity Boundary Bend Limited and controlled entities as an individual entity. For the purposes of preparing the consolidated financial statements, the Company is a for-profit 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.

Working Capital

As at 30 June 2013 the consolidated entity has an excess of current liabilities over current assets of $10.066 million. This working capital deficiency is due to the classification of external borrowings with the Commonwealth Bank of Australia (CBA) as a current liability due to the facilities expiring in November 2013.

On 27 August 2013 the consolidated entity signed a term sheet with CBA which extends the bank debt out as follows;
• $45 million for a three year term
• $13 million for a two year term; and
• $4 million for a 12 month term (reviewed annually)
The Redisland acquisition facility of $4 million is still repayable on 15 November 2013.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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).

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment (continued)

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 & equipment	*4.5% - 22.5 %*	Diminishing value
Leased plant and equipment	*10 - 22.5 %*	Diminishing value
Motor vehicles	*18.75%*	Diminishing value
Office equipment	*10 - 60%*	Diminishing value
Furniture, fixtures & fittings	*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.

(k) Intangibles

Water rights

Water rights are recorded at cost. Water rights have an indefinite life and are not amortised. Water rights are tested annually for impairment.

Distribution rights and Trademarks

Distribution rights and Trademarks are initially recorded at the purchase price and are subsequently carried at cost. Distribution rights and Trademarks have an indefinite life. They are not amortised but are tested annually for impairment.

(l) 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)

(l) 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 26(a) Financial Risk Management.

(m) 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 28.

Options that vest on issue are expensed in full on issue date. Options that do not vest on issue are expensed on a straight line basis over the vesting period based on the consolidated entity's estimate of equity instruments that will eventually vest.

(n) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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', 'held to maturity' investments, 'available for sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the 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 intercompany balances and loans from or other amounts due to director related entities. Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) 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.

(q) 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.

(r) 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% (2012: 12.5%) to determine value in use.

Goodwill impairment losses of $nil (2012: $1,198,904) have been recognised for the year ended 30 June 2013. This impairment loss has been recognised in profit or loss disclosed as 'Impairment of non current assets'.

(b) Impairment other assets

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist. A five year cash flow as described above in part (a) was used to assess the recoverable values of the investments.

An impairment loss of $nil (2012: $61,000) has been recognised in the consolidated entity in relation to investments. This impairment loss 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.

(d) Biological Assets

Biological assets relate to the olive trees.

The fair value of the biological assets determined using a discounted cashflow methodology over ten years. The following key assumptions were applied:
- a pre-tax discount rate of 20% to take into account 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 in line with expected inflation;
- 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;
- the terminal value is equal to five times the net cash flow generated at the end of the ten year period.

	Note	2013 $'000	2012 $'000
NOTE 3: REVENUE			
Sale of goods		60,521	46,294
Management/service fees		405	522
Rental income		464	454
Interest income		17	66
Insurance proceeds from hail storm		4,000	-
Other income		269	688
Profit on sale of property plant and equipment		2	405
Subsidies and grants		38	35
		5,195	2,170
Fair value adjustments:			
Net increase / (decrease) in fair value of agricultural produce		29,815	(2,232)
Net increase in fair value of non-current biological assets	11	40,079	9,133
		135,610	55,365
NOTE 4: OPERATING PROFIT / (LOSS)			
Profit / (loss) before income tax has been determined after:			
Cost of sales		50,422	40,741
Finance costs:			
Interest expense		3,338	3,427
Borrowing costs		1,585	1,212
Hire purchase charges		69	91
Finance lease charges		49	69
		5,041	4,799
Depreciation:			
Plant and equipment		3,169	3,019
Motor vehicles		45	34
Office furniture and equipment		45	45
Furniture and fittings		16	16
		3,275	3,114
Bad debts - trade debtors		8	190
Impairment of non-current assets:			
Investments - other corporations	9	-	61
Goodwill	12	-	1,199
		-	1,260
Employee benefits:			
Share based payments		640	333
Defined contribution superannuation expense		636	501
Other employee benefits		8,402	6,561
		9,678	7,395
Provision for onerous contract (water lease termination)		-	5,601
Loss on revaluation of property		-	839

		2013 $	2012 $
NOTE 4: OPERATING PROFIT/(LOSSES) (CONTINUED)			
Remuneration of auditors for:			
Auditor's remuneration - audit fees		65,100	59,200

The auditor of Boundary Bend Ltd is Deloitte Touche Tohmatsu.
The auditor did not receive any other benefits

		2013 $'000	2012 $'000
NOTE 5: INCOME TAX			
(a) Components of tax expense			
Current tax		-	-
Deferred tax		15,346	-
Under / (over) provision in prior years	5(g)	-	-
		15,346	-
(b) Prima facie tax payable			
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:			
Prima facie income tax expense / (benefit) before income tax at 30% (2012: 30%)		20,637	(2,316)
Add tax effect of:			
- Finance leases		99	136
- Other non-allowable items		10	21
- Tax losses previously not brought to account		(4,948)	2,624
- Share based payments		192	100
		(4,647)	2,881
Less tax effect of:			
- Depreciation entitlement attached to fixed assets		(339)	(340)
- Research and development deductions		(305)	(225)
		(644)	(565)
Income tax expense attributable to profit		15,346	-
(c) Current tax			
Current tax liabilities / (assets)			
Opening balance		-	-
Tax refunds / (payments)		-	-
Under / (over) provision of prior year liability	5(g)	-	-
Current tax liabilities / (assets)		-	-

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
2012				
Deferred tax asset				
Employee benefits	193	(4)	-	189
Impairment of investments	221	18	-	239
Impairment of goodwill	723	360	-	1,083
Future tax depreciation entitlement on plant & equipment	2,345	(151)	-	2,194
Future tax depreciation entitlement on biological assets	2,268	(267)	-	2,001
Capital raising costs	72	67	-	139
Doubtful debts	13	12	-	25
Other	488	199	-	687
Tax losses brought to account	4,864	2,256	-	7,120
	11,187	2,490	-	13,677
Deferred tax liability				
The balance comprises:				
Finance leases	62	10	-	72
Fair value adjustment to property, plant & equipment	8,425	(270)	-	8,155
Prepayments	4	10	-	14
Fair value adjustment to biological assets	2,696	2,740	-	5,436
	11,187	2,490	-	13,677
Net deferred tax assets / (liabilities)	-	-	-	-
2013				
Deferred tax asset				
Employee benefits	189	27	-	216
Impairment of investments	239	(16)	-	223
Impairment of goodwill	1,083	-	-	1,083
Future tax depreciation entitlement on plant & equipment	2,194	(151)	-	2,043
Future tax depreciation entitlement on biological assets	2,001	(266)	-	1,735
Capital raising costs	139	(40)	-	99
Doubtful debts	25	2	-	27
Other	687	501	-	1,188
Tax losses brought to account	7,120	(3,224)	-	3,896
	13,677	(3,167)	-	10,510
Deferred tax liability				
The balance comprises:				
Finance leases	72	125	-	197
Fair value adjustment to property, plant & equipment	8,155	-	-	8,155
Prepayments	14	31	-	45
Fair value adjustment to biological assets	5,436	12,023	-	17,459
	13,677	12,179	-	25,856
Net deferred tax assets / (liabilities)	-	(15,346)	-	(15,346)

NOTE 5: INCOME TAX (CONTINUED)

(e) Deferred tax revenue included in income tax expense

	2013 $'000	2012 $'000
Decrease / (increase) in deferred tax assets	3,167	(2,490)
(Decrease) / Increase in deferred tax liabilities	12,179	2,490
	15,346	-

(f) Deferred tax assets not brought to account

Deferred tax asset not brought to account relating to:

	2013 $'000	2012 $'000
Unclaimed building allowance deductions	620	959
Tax losses	-	5,565

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

On 29 June 2012 legislation came into effect whereby certain prior year amounts claimed as tax deductions in relation to payments for contracted income would retrospectively be disallowed. Boundary Bend Ltd has claimed tax deductions in prior years in relation to payments for contracted income and accordingly a contingent liability exists to the extent this new legislation may retrospectively disallow such deductions. The specific application of the new legislation cannot yet be reliably determined in respect of the company's deductions claimed and accordingly the quantum of the contingent liability cannot presently be reliably estimated. The amount of company tax previously claimed was $2,007,994, this is the maximum amount of any liability which may arise as a result of this legislation.

Tax deductions previously claimed under this legislation have also resulted in additional tax losses to Boundary Bend Ltd with a future value of up to $1,005,893. These tax losses may be disallowed to the extent tax deductions giving rise to them are retrospectively disallowed.

	Note	2013 $'000	2012 $'000
NOTE 6: CASH AND CASH EQUIVALENTS			
Cash at bank		379	297

NOTE 7: RECEIVABLES

	Note	2013 $'000	2012 $'000
CURRENT			
Trade debtors		8,163	7,297
Provision for doubtful debts		(91)	(86)
		8,072	7,211
Other receivables		2,759	1,064
Loan to key management personnel	25	48	45
		10,879	8,320
NON CURRENT			
Loan to key management personnel	25	52	101

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.

Included in the consolidated entity's trade receivable balance are debtors with a carrying amount of $0.6 million (2012: $0.3 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.

Reconciliation of provision for doubtful debts

	2013	2012
Opening balance at 1 July	(86)	(45)
Doubtful debts recognised on receivables	(6)	(86)
Amounts recovered during the year	1	-
Amounts written off against the provision during the year	-	45
Closing balance at 30 June	(91)	(86)

NOTE 8: INVENTORY

	Note	2013	2012
CURRENT			
Raw materials at cost		1,211	1,082
Olive oil	1(i)	57,826	23,958
		59,037	25,040

	Note	2013 $'000	2012 $'000
NOTE 9: OTHER FINANCIAL ASSETS			
CURRENT			
Hedging instruments			
Foreign currency forward contract		-	25
NON CURRENT			
Other financial assets			
Shares in other corporations		1,125	1,234
Provision for impairment loss		(798)	(798)
Total other financial assets		327	436
NOTE 10: OTHER ASSETS			
CURRENT			
Prepayments		567	652
Other current assets		293	255
		860	907
NOTE 11: BIOLOGICAL ASSETS			
CURRENT			
At fair value			
Biological assets for sale - nursery trees	1(p)	461	496
NON CURRENT			
At fair value			
Olive Groves	1(p)	74,165	33,768
Reconciliation			
Opening balance		33,768	24,161
Net increase in fair value due to valuation	3	40,079	9,133
Increase due to purchases/development		318	474
		74,165	33,768
NOTE 12: INTANGIBLE ASSETS			
Goodwill at amortised cost		6,896	6,896
Less accumulated impairment loss		(6,896)	(6,896)
		-	-
Water rights at cost		120	120
Trademarks at cost		6,352	2,447
Total intangible assets		6,472	2,567

	Note	2013 $'000	2012 $'000

NOTE 12: INTANGIBLE ASSETS (continued)

(a) Reconciliations

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

	Note	2013 $'000	2012 $'000
Goodwill at cost			
Opening balance		-	1,199
Impairment		-	(1,199)
Closing balance		-	-
Water rights			
Opening balance		120	120
Closing balance		120	120
Trademarks			
Opening balance		2,447	2,447
Additions through business combinations	34	3,905	-
Closing balance		6,352	2,447

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	2013 $'000	2012 $'000
Land & buildings		
Land & buildings at fair value	58,494	58,581
Plant & equipment		
Plant & equipment at cost	31,527	27,845
Less accumulated depreciation	(10,319)	(7,159)
	21,208	20,686
Motor vehicles at cost	410	254
Less accumulated depreciation	(175)	(130)
	235	124
Office equipment at cost	722	680
Less accumulated depreciation	(516)	(471)
	206	209
Furniture, fixtures & fittings at cost	100	100
Less accumulated depreciation	(50)	(34)
	50	66
Total plant and equipment	21,699	21,085
Total property, plant and equipment	80,193	79,666

NOTE 13: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliations

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

	2013 $'000	2012 $'000
Land & buildings		
Opening carrying amount	58,581	59,754
Additions	40	14
Net foreign currency movements	(127)	(63)
Devaluations	-	(1,124)
Closing carrying amount	58,494	58,581
Plant & equipment		
Opening carrying amount	20,686	23,294
Additions	3,694	1,525
Disposals	(3)	(1,114)
Depreciation expense	(3,169)	(3,019)
Closing carrying amount	21,208	20,686
Motor vehicles		
Opening carrying amount	124	198
Additions	156	-
Disposals	-	(40)
Depreciation expense	(45)	(34)
Closing carrying amount	235	124
Office equipment		
Opening carrying amount	209	245
Additions	42	9
Depreciation expense	(45)	(45)
Closing carrying amount	206	209
Furniture, fixtures & fittings		
Opening carrying amount	66	82
Depreciation expense	(16)	(16)
Closing carrying amount	50	66
Total property, plant and equipment		
Carrying amount at 1 July	79,666	83,573
Additions	3,932	1,548
Disposals	(3)	(1,154)
Depreciation expense	(3,275)	(3,114)
Net foreign currency movements	(127)	(63)
Revaluations	-	(1,124)
Carrying amount at 30 June	80,193	79,666

	Note	2013 $	2012 $
NOTE 14: PAYABLES			
CURRENT			
Unsecured liabilities			
Trade creditors		5,799	4,990
Other creditors		4,968	1,980
		10,767	6,970

NOTE 15: BORROWINGS

	Note	2013 $	2012 $
CURRENT			
Secured Liabilities			
Bank loans	(a)	64,480	-
Finance lease liability	22(a)	670	736
Hire purchase liability	22(b)	1,831	1,627
		66,981	2,363
NON CURRENT			
Secured liabilities			
Bank loans	(a)	-	56,480
Finance lease liability	22(a)	1,561	2,084
Hire purchase liability	22(b)	1,601	1,557
		3,162	60,121

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

The bank loans are secured by a 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.

The bank loans are due to be rolled or refinanced in November 2013, and are therefore classified as current. On 27 August 2013 the consolidated entity signed a term sheet which extends the bank debt out as detailed in Notes 23 and 35.

NOTE 16: PROVISIONS

	Note	2013 $	2012 $
CURRENT			
Employee benefits	(a)	689	603
Provision for onerous contract (water lease termination)		1,000	1,000
		1,689	1,603
NON CURRENT			
Employee benefits	(a)	30	27
Provision for onerous contract (water lease termination)		1,796	2,601
		1,826	2,628
(a) Aggregate employee benefits liability		719	630

NOTE 17: OTHER FINANCIAL LIABILITIES

	2013 $'000	2012 $'000
CURRENT		
Hedging instruments		
Foreign currency forward contract	179	-
Interest rate swap	-	60
	179	60

NOTE 18: OTHER LIABILITIES

	2013 $'000	2012 $'000
CURRENT		
Deferred income	687	808
Other current liabilities	1,379	936
	2,066	1,744
NON-CURRENT		
Other non-current liabilities	1,583	1,023

NOTE 19: SHARE CAPITAL

		2013 $'000	2012 $'000
Issued and paid-up capital			
48,884,320 (2012: 48,839,320) ordinary shares	(a)	61,312	61,237

	2013		2012	
	Shares '000	$'000	Shares '000	$'000
(a) Ordinary shares				
Consolidated				
Opening balance	48,839	61,237	44,767	55,707
Shares issued:				
15 February 2012	-	-	3,872	5,809
30 June 2012	-	-	200	104
12 June 2013	45	75	-	-
Transaction costs relating to shares issued	-	-	-	(383)
	45	75	4,072	5,530
At reporting date	48,884	61,312	48,839	61,237

(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. Ordinary shares have no par value.

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

At 30 June 2013, directors, senior employees and consultants held options over 4,500,000 ordinary shares of the consolidated entity. At 30 June 2012, directors and senior employees held options over 2,870,000 ordinary shares of the consolidated entity, of which 225,000 expired on 1 July 2012.

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 28.

NOTE 20: RESERVES

	Note	2013 $'000	2012 $'000
Asset revaluation reserve	20(a)	-	-
Foreign currency translation reserve	20(b)	(886)	(795)
Share based payments reserve	20(c)	1,179	551
Cash flow hedge reserve	20(d)	-	(60)
		293	(304)

(a) Asset revaluation reserve

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

Movements in reserve	2013 $'000	2012 $'000
Opening balance	-	286
Fair value adjustments to non-current assets	-	(286)
Closing balance	-	-

(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	2013 $'000	2012 $'000
Opening balance	(795)	(740)
Exchange difference arising on translation of foreign operations	(91)	(55)
Closing balance	(886)	(795)

(c) Share based payments reserve

The share based payments reserve relates to share options granted to employees, officers and consultants under the Employee and Officers Share Option plan. Further information about share based payments to employees and officers is set out in Note 28.

Movements in reserve	2013 $'000	2012 $'000
Opening balance	551	252
Options exercised, transferred to share capital	(12)	(104)
Share based payments	640	403
Closing balance	1,179	551

(d) Cash flow hedge reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges.

Movements in reserve	2013 $'000	2012 $'000
Opening balance	(60)	-
Gain / (loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges		
- Interest rate swap	60	(60)
Closing balance	-	(60)

	Note	2013 $'000	2012 $'000
NOTE 21: RETAINED EARNINGS			
Retained earnings at beginning of year		14,178	21,898
Net profit/(loss)		53,443	(7,720)
		67,621	14,178
NOTE 22: CAPITAL AND LEASING COMMITMENTS			
(a) Finance leasing commitments			
Payable			
- not later than one year		1,239	930
- later than one year and not later than five years		2,795	2,342
Minimum lease payments		4,034	3,272
Less future finance charges		(1,803)	(452)
Total finance lease liability		2,231	2,820
Represented by:			
Current liability	15	670	736
Non-current liability	15	1,561	2,084
		2,231	2,820
(b) Hire purchase commitments			
Payable			
- not later than one year		2,030	1,815
- later than one year and not later than five years		1,781	1,656
Minimum hire purchase payments		3,811	3,471
Less future finance charges		(379)	(287)
Total hire purchase liability		3,432	3,184
Represented by:			
Current liability	15	1,831	1,627
Non-current liability	15	1,601	1,557
		3,432	3,184
(c) Operating lease commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements:			
Payable			
- not later than one year		548	1,141
- later than one year and not later than five years		52	642
		600	1,783

General description of operating leasing arrangements:

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 a right to purchase the leased asset at the expiry of the lease period. 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	2013 $'000	2012 $'000
NOTE 23: CASH FLOW INFORMATION			
(a) Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:			
Cash at bank	6	379	297
(b) Reconciliation of cash flow from operations with profit / (loss) after income tax			
Profit / (loss) from ordinary activities after income tax		53,443	(7,720)
Adjustments for non-cash items			
Depreciation & amortisation		3,275	3,114
Impairment loss		-	1,260
Onerous contract (water lease termination)		-	2,000
Profit on sale of assets		(2)	(378)
Net increase in fair value of non-current biological assets		(40,079)	(9,133)
Loss on revaluation of property		-	839
Share based payment expense		640	333
Unrealised exchange losses on forward contract		204	(25)
Unrealised foreign currency losses		343	111
		(35,619)	(1,879)
Changes in assets and liabilities			
(Increase) / decrease in receivables		(3,132)	769
Decrease in prepayments and other assets		47	1,243
(Increase) / decrease in inventories		(34,065)	5,047
Increase / (decrease) in payables		810	(1,680)
Increase in deferred taxes		15,346	-
Increase in provisions		283	3,586
Increase / (decrease) in accrued expenses & other liabilities		2,834	(153)
		(17,877)	8,812
Cash flows used in operating activities		(53)	(787)

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

(i) Core debt facility of $45,000,000 (2012: $45,000,000) which is available to 30 November 2013. 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. At 30 June 2013 this facility was fully drawn.

(ii) Harvest facility of $17,000,000 (2012: $17,000,000) which is available to 30 November 2013. 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. At 30 June 2013 this facility was drawn to $15,500,000.

NOTE 23: CASH FLOW INFORMATION (CONTINUED)

(iii) Acquisition facility of $4,000,000 (2012: $nil) was used to purchase the Red Island and NJOI brands, bottling line and associated assets. The facility is available to 15 November 2013. 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. At 30 June 2013 this facility was fully drawn.

All of the facilities are secured by a 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.

On 27 August 2013 the consolidated entity signed a term sheet with CBA which extends the bank debt out as follows;
• $45 million for a three year term
• $13 million for a two year term; and
• $4 million for a 12 month term (reviewed annually)
The Redisland acquisition facility of $4 million is still repayable on 15 November 2013.

NOTE 24: CONTROLLED ENTITIES

	Country of incorporation	Ownership 2013 %	2012 %
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 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

NOTE 25: 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/services		Purchase of goods/services	
	2013	2012	2013	2012
	$	$	$	$
P & F Riordan Family Trust	-	-	44,399	-
P & F Riordan Pty Ltd	2,971	-	4,550	23,850
United Retail Group Pty Ltd	939	-	51,520	51,430
Riordan Group Pty Ltd	-	10,713	7,346	12,615
RD & KA McGavin Pty Ltd	596	-	12,375	20,625
McGavin Investments Pty Ltd	-	-	27,500	13,112
Poligolet Holdings Pty Ltd	11,451	13,209	-	-
Jubilee Park Vineyards Pty Ltd	36,696	10,228	-	-
	52,653	34,150	147,690	121,632

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

	Amounts owed by related parties		Amounts owed to related parties	
	2013	2012	2013	2012
	$	$	$	$
P & F Riordan Family Trust	-	-	-	-
P & F Riordan Pty Ltd	486	-	-	12,250
United Retail Group Pty Ltd	-	-	31,958	-
Riordan Group Pty Ltd	-	-	7,346	-
RD & KA McGavin Pty Ltd	-	-	-	4,125
McGavin Investments Pty Ltd	-	-	-	2,112
Poligolet Holdings Pty Ltd	742	120	-	-
Jubilee Park Vineyards Pty Ltd	1,150	-	-	-
	2,378	120	39,304	18,487

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 25: 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 $
2013				
Leandro Ravetti*	145,542	10,261	100,286	145,542
2012				
Leandro Ravetti*	187,743	14,644	145,542	187,743

*This loan provided by the group attracts interest in accordance with the Australian Taxation Office benchmark interest rate of 7.05% (2012: 7.8%).

(c) Transactions with key management personnel compensation

(i) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 32 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.
2013					
Mr T. A. Jonas	808,204	-	-	-	808,204
Mr C.P. Ball	405,062	-	-	-	405,062
Mr J. West	100,000	-	-	-	100,000
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	-	30,000	-	141,546
Mr S. J. Beaton	210,000	-	-	-	210,000
2012					
Mr T. A. Jonas	808,204	-	-	-	808,204
Mr C.P. Ball	405,062	-	-	-	405,062
Mr J. West	100,000	-	-	-	100,000
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	-	200,000	-	210,000

NOTE 25: 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.
2013					
Mr T. A. Jonas	225,000	125,000	-	(75,000)	275,000
Mr C.P. Ball	300,000	125,000	-	(150,000)	275,000
Mr J. West	150,000	125,000	-	-	275,000
Mr R.D. McGavin	1,250,000	1,250,000	-	-	2,500,000
Mr P.C. Riordan	-	-	-	-	-
Mr L.M. Ravetti	200,000	-	-	-	200,000
Mr T.F. Smith	80,000	125,000	(30,000)	-	175,000
Mr S. J. Beaton	200,000	-	-	-	200,000
2012					
Mr T. A. Jonas	75,000	150,000	-	-	225,000
Mr C.P. Ball	150,000	150,000	-	-	300,000
Mr J. West	-	150,000	-	-	150,000
Mr R.D. McGavin	300,000	1,250,000	-	(300,000)	1,250,000
Mr P.C. Riordan	100,000	-	-	(100,000)	-
Mr L.M. Ravetti	300,000	200,000	-	(300,000)	200,000
Mr T.F. Smith	80,000	50,000	-	(50,000)	80,000
Mr S. J. Beaton	200,000	200,000	(200,000)	-	200,000

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 30,000 options (2012: 200,000) were exercised by key management personnel.

Further details of the employee share option plan and of share options issued during the 2013 and 2012 financial year are contained in Note 28 to the financial statements.

NOTE 26: 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 15, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 19, 20 and 21 respectively.

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.

	2013 $'000	2012 $'000
Total External Debt	70,143	62,484
Less: Cash and Cash Equivalents	(379)	(297)
Net External Debt	69,764	62,187
Total Assets	232,825	151,623
Less: Intangible Assets	(6,472)	(2,567)
Tangible Assets	226,353	149,056
Gearing Ratio	30.82%	41.72%

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 presented to the board at the conclusion of the review. The consolidated entity has to date identified the following financial risks:

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

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

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.

NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Currency risk

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	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
European Euros	0	393	2,429	1,493
US dollars	145	185	30	64

On 7 March 2012, the consolidated entity entered into a foreign exchange contract to sell 2,000,000 EUR and purchase AUD on 27 February 2015 at an exchange rate of 0.7322 AUD/EUR. The deal can be closed out at any time prior to 27 February 2015 at the net fair value. As at 30 June 2013, the contract has a net fair value of $179,175 loss (2012: $24,975 gain) (Refer Note 17).

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 land suitable for the establishment of an olive grove in Argentina. A subsidiary of the consolidated entity, Boundary Bend Estate Pty Ltd, that owns this land, has been determined to have a functional currency of ARS at balance date. 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.

	2013	2012
+ / - 10% United States dollars	**$'000**	**$'000**
Impact on profit after tax	12	12
Impact on equity	-	-
+ / - 10% Argentinean pesos		
Impact on profit after tax	-	-
Impact on equity	116	108
+ / - 10% European Euros		
Impact on profit after tax	243	110
Impact on equity	-	-

NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk

The consolidated entity is exposed 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 a variable interest rate.

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.

Taking into consideration the variable interest rate instruments 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:

	2013	**2012**
+ / - 1% interest rate	**$'000**	**$'000**
Impact on profit before tax	595	115

(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

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

NOTE 26: 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 and liabilities.

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 2013	Weighted average effective interest rate	< 6 months	6-12 months	1-5 years	Total
	%	$'000	$'000	$'000	$'000
Financial assets:					
Non interest bearing assets	-	10,831	-	-	10,831
Variable interest rate instruments					
- Cash	0.72	379	-	-	379
- Amounts receivable from directors and key management personnel	2.97	40	48	212	300
Financial liabilities:					
Non interest bearing liabilities	-	10,767	-	-	10,767
Variable interest rate instruments					
- Bank loans	4.98	59,480	-	-	59,480
Fixed interest rate instruments					
- Bank loans	8.30	5,000	-	-	5,000
- Finance lease liability	7.92	344	326	1,561	2,231
- Hire Purchase liability	7.40	665	1,166	1,601	3,432
Year ended 30 June 2012					
Financial assets:					
Non interest bearing assets	-	8,274	-	-	8,274
Variable interest rate instruments					
- Cash	1.33	297	-	-	297
- Amounts receivable from directors and key management personnel	3.12	-	45	301	346
Financial liabilities:					
Non interest bearing liabilities	-	4,991	-	-	4,991
Variable interest rate instruments					
- Bank loans	5.55	-	-	11,500	11,500
Fixed interest rate instruments					
- Bank loans	7.67	-	-	5,000	5,000
- Bank loans	3.70	-	-	39,980	39,980
- Finance lease liability	8.00	372	364	2,084	2,820
- Hire Purchase liability	7.41	518	1,109	1,557	3,184

NOTE 26: 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 27: CONSOLIDATED ENTITY DETAILS

The registered office of the consolidated entity is:

151 Broderick Road
LARA VICTORIA 3212

NOTE 28: SHARE BASED PAYMENTS

(a) Employee option plan

The consolidated entity has an ownership-based compensation scheme for employees, officers and consultants.

Each 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 28: 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
2013									
13-Nov-09	01-Jul-12	$1.30	$1.30	225,000	-	-	(225,000)	-	-
30-Jun-10	01-Jul-13	$1.40	$1.40	45,000	-	(45,000)	-	-	-
31-Oct-11	31-Oct-14	$1.60	$1.50	200,000	-	-	-	200,000	200,000
15-Feb-12	15-Feb-17	$1.50	$1.50	150,000	-	-	-	150,000	150,000
30-Jun-12	30-Jun-15	$1.80	$1.30	100,000	-	-	-	100,000	100,000
30-Jun-12	30-Jun-15	$1.60	$1.30	2,150,000	-	-	-	2,150,000	1,200,000
01-Nov-12	01-Nov-16	$1.50	$1.30	-	375,000	-	-	375,000	375,000
15-Nov-12	01-Nov-16	$1.55	$1.30	-	1,250,000	-	-	1,250,000	1,250,000
15-Feb-13	01-Nov-16	$1.50	$1.50	-	275,000	-	-	275,000	150,000
				2,870,000	1,900,000	(45,000)	(225,000)	4,500,000	3,425,000
Weighted average exercise price:				$1.58	$1.53	$1.40	$1.30	$1.57	$1.57
2012									
01-Jul-07	01-Jul-11	$1.60	$1.11	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	-
31-Oct-11	31-Oct-14	$1.60	$1.50	-	200,000	-	-	200,000	200,000
15-Feb-12	15-Feb-17	$1.50	$1.50	-	150,000	-	-	150,000	150,000
30-Jun-12	30-Jun-15	$1.80	$1.30	-	100,000	-	-	100,000	100,000
30-Jun-12	30-Jun-15	$1.60	$1.30	-	2,150,000	-	-	2,150,000	1,200,000
				1,295,000	2,600,000	(200,000)	(825,000)	2,870,000	1,875,000
Weighted average exercise price:				$1.45	$1.60	$1.00	$1.60	$1.58	$1.57

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

There were 1,900,000 options granted during the year (2012: 2,600,000). Options were priced using the Black-Scholes option pricing model. Expected volatility is based on relevant industry benchmark, as the consolidated entity does not have an reasonable measure of its own volatility.

	Options series		
Inputs into the model	1-Nov-12	15-Nov-12	15-Feb-13
Number of options issued	375,000	1,250,000	275,000
Grant date share price	$1.30	$1.30	$1.50
Exercise price	$1.50	$1.55	$1.50
Expected volatility	27%	27%	27%
Option life	4 years	4 years	3.7 years
Dividend yield	0%	0%	0%
Risk-free interest rate	2.56%	2.50%	2.84%

(c) Share options exercised during the year

45,000 options granted on 30 June 2010 were exercised on 12 June 2013.

NOTE 28: SHARE BASED PAYMENTS (CONTINUED)

(d) Options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of $1.57 (2012: $1.58), and a weighted average remaining contractual life of 946 days (2012: 1,022 days).

NOTE 29: DIVIDENDS

	2013 $'000	2012 $'000
Dividends declared and payable at $0 per share (2012: $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	2,232	2,232

NOTE 30: 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
Australian Accounting Standards arising from AASB 9',AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)' and 2012-6 'Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures'	1 January 2015	30 June 2016
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 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2013-3 'Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015

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 31: PARENT ENTITY DETAILS

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

(a) Summarised parent statement of financial position

	2013 $'000	2012 $'000
Assets		
Current assets	326	519
Non-current assets	116,112	107,094
Total assets	116,438	107,613
Liabilities		
Current liabilities	65,084	226
Non-current liabilities	-	56,480
Total liabilities	65,084	56,706
Net assets	51,354	50,907
Equity		
Share capital	61,312	61,237
Retained earnings	(11,137)	(10,925)
Reserves	-	-
Share based payments reserve	1,179	655
Cash flow hedge reserve	-	(60)
Total equity	51,354	50,907

(b) Summarised parent statement of comprehensive income

	2013	2012
Loss for the year	(212)	(20)
Other comprehensive income for the year	60	(60)
Total comprehensive income for the year	(152)	(80)

(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

There are no contingent liabilities as at 30 June 2013, other than the contingent liability in Note 5(g).

(e) Parent entity contractual commitments

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

NOTE 32: CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2013, other than the contingent liability in Note 5(g).

NOTE 33: 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)
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:

	2013 $	2012 $
Compensation received by key management personnel of the consolidated entity:		
- short-term employee benfits	1,172,474	1,122,832
- post-employment benefits	88,907	91,104
- share based payments	581,826	256,126
	1,843,207	1,470,062

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 is set out below:

	Short-term employee benefits				Post-employment benefits	Share-based Payments	
	Salary & fees $	Bonus $	Non-monetary $	Other $	Super-annuation $	Options & rights $	Total $
2013							
T.A. Jonas	25,000	-	-	-	-	32,500	57,500
C.P. Ball	25,000	-	-	-	-	32,500	57,500
J. West	25,000	-	-	-	-	32,500	57,500
R.D. McGavin	87,156	-	-	-	7,844	329,973	424,973
P.C. Riordan	152,417	-	-	-	13,717	-	166,134
L.M. Ravetti	370,165	15,000	10,962	-	26,121	11,989	434,237
T.F. Smith	203,266	10,000	3,024	-	20,211	11,733	248,234
S.J. Beaton	244,751	-	733	-	21,014	130,631	397,129
Total	1,132,755	25,000	14,719	-	88,907	581,826	1,843,207
2012							
T.A. Jonas	-	-	-	-	-	27,000	27,000
C.P. Ball	-	-	-	-	-	27,000	27,000
J. West	-	-	-	-	-	27,000	27,000
R.D. McGavin	87,156	-	-	-	7,844	135,106	230,106
P.C. Riordan	174,311	-	-	-	15,688	8	190,007
L.M. Ravetti	368,753	20,000	2,055	-	26,571	58	417,437
T.F. Smith	204,762	10,000	-	-	19,329	4,012	238,103
S.J. Beaton	215,795	40,000	-	-	21,672	35,942	313,409
	1,050,777	70,000	2,055	-	91,104	256,126	1,470,062

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, T.F. Smith
5-Aug-09	S.J. Beaton
30-Jun-10	T.F. Smith
30-Jun-12	T.A. Jonas, C.P. Ball, J. West, R.D. McGavin, L.M. Ravetti, T.F. Smith, S.J. Beaton
1-Nov-12	T.A. Jonas, C.P. Ball, J. West
15-Nov-12	R.D. McGavin
15-Feb-13	T.F. Smith

Further details of the options granted are contained in Note 25 and 28.

NOTE 34: BUSINESS COMBINATIONS

On 30 November 2012, the consolidated entity acquired the Red Island and NJOI brands, bottling line and associated assets from the ASX listed olive company Redisland Australia Limited (Redisland). The acquisition was funded though a facility provided by the company's existing banker.

	$'000
Cash consideration	4,000
Transfer of Redisland Limited shares to Redisland Limited	108
Other acquisition related costs	37
Total cost of combination	**4,145**
Assets and liabilities acquired	
Trademark	3,905
Plant & equipment	240
	4,145

Impact of acquisition on the results
Included in the revenue for the year is $8.3 million of revenue attributable to the Redisland brand. Due to the integration of the brand into existing operations and cost structures, the profit directly attributable to the brand cannot be reliably determined.

NOTE 35: SUBSEQUENT EVENTS

On 27 August 2013 the consolidated entity signed a term sheet with CBA which extends the bank debt out as follows;

- $45 million for a three year term
- $13 million for a two year term; and
- $4 million for a 12 month term (reviewed annually)

The Redisland acquisition facility of $4 million is still repayable on 15 November 2013.

DIRECTORS' DECLARATION

The directors of the consolidated entity declare that:

1. The financial statements and notes, as set out on pages 23 - 64, 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 2013 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: ______________________

Tim Jonas

Dated this 10th day of September 2013

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 9671 7001
www.deloitte.com.au

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 2013, the consolidated statement of profit and loss, the consolidated statement of other 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 23 to 65.

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 gives a true and fair view and 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Deloitte

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, 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 2013 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 20 of the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants
Melbourne, 10 September 2013