

**BOUNDARY
BEND
LIMITED**



**Boundary Bend Limited
and controlled entities
ABN 32 115 131 667**

Half-year report
For the six months ended 31 December 2013

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

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BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
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HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Directors' Report

The directors of Boundary Bend Limited submit the financial report of Boundary Bend Limited and its subsidiaries (consolidated entity) for the half-year ended 31 December 2013.

Directors

The names of the Directors in office at any time during the half year or until the date of this report are:

Mr. Robert McGavin
Mr. Paul Riordan
Mr. Leandro Ravetti
Mr. Tim Jonas
Mr. Craig Ball
Mr. Jonathan West
Mr. Timothy Smith
Mr. Matthew Bailey *

* Mr. Matthew Bailey was appointed as a Non-executive Director on 1 February 2014.

Review of operations

The consolidated entity reported a post tax loss of \$3,926,000 (2012: \$1,844,000 loss). The consolidated entity also reported positive cash flows from operations of \$1,965,000 compared to \$2,291,000 for the same period last year.

Auditor's independence declaration

The auditor's independence declaration is included on page 4 of the half-year report.

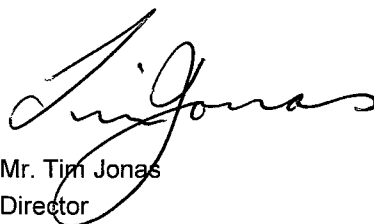
Rounding

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.



Mr. Robert McGavin
Director



Mr. Tim Jonas
Director

Dated 6 March 2014

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

6 March 2014

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 review of the financial statements of Boundary Bend Limited for the half-year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Craig Bryan
Partner
Chartered Accountants

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
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HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Condensed consolidated statement of profit and loss
for the half-year ended 31 December 2013

	Consolidated Half-year ended	
Note	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
Revenue		
Sales revenue	46,647	28,866
Other revenue	1,396	560
	48,043	29,426
Expenses		
Cost of sales	(43,645)	(24,407)
Administration expenses	(2,739)	(1,694)
Distribution expenses	(2,482)	(1,291)
Marketing expenses	(2,089)	(1,054)
Occupancy expenses	(442)	(328)
Finance costs	(1,998)	(2,489)
Other expenses	(257)	(7)
	(53,652)	(31,270)
Loss for the period before income tax benefit	(5,609)	(1,844)
Income tax benefit	1,683	-
	(3,926)	(1,844)

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
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**Condensed consolidated statement of other comprehensive income
for the half-year ended 31 December 2013**

	Consolidated Half-year ended	
	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
Loss for the period	(3,926)	(1,844)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(152)	(124)
Loss on hedging instruments through cash flow hedge reserve	-	60
Other comprehensive loss for the period	(152)	(64)
Total comprehensive loss for the period	(4,078)	(1,908)
Profit/(loss) attributable to:		
Owners of Boundary Bend Limited and controlled entities	(3,926)	(1,844)
	(3,926)	(1,844)
Total comprehensive income/(loss) attributable to:		
Owners of Boundary Bend Limited and controlled entities	(4,078)	(1,908)
	(4,078)	(1,908)

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Condensed consolidated statement of financial position
as at 31 December 2013

	Note	Consolidated 31 Dec 2013 \$'000	30 Jun 2013 \$'000
Current assets			
Cash and cash equivalents		854	379
Trade and other receivables		18,321	10,879
Inventory		47,099	59,037
Biological assets		374	461
Other assets		2,437	860
Total current assets		69,085	71,616
Non-current assets			
Trade and other receivables		52	52
Biological assets		74,978	74,165
Other financial assets		327	327
Intangible assets		6,472	6,472
Property, plant and equipment		79,160	80,193
Total non-current assets		160,989	161,209
Total assets		230,074	232,825
Current liabilities			
Trade and other payables		13,098	10,767
Borrowings	4	10,402	66,981
Provisions		1,852	1,689
Other financial liabilities		432	179
Other liabilities		6,680	2,066
Total current liabilities		32,464	81,682
Non-current liabilities			
Borrowings	4	61,512	3,162
Provisions		821	1,826
Deferred tax liabilities		13,663	15,346
Other liabilities		931	1,583
Total non-current liabilities		76,927	21,917
Total liabilities		109,391	103,599
Net assets		120,683	129,226
Equity			
Share capital	5	61,579	61,312
Reserves		312	293
Retained earnings		58,792	67,621
Total equity		120,683	129,226

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2013

Consolidated	Contributed equity \$'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 2012	61,237	(795)	551	(60)	14,178	75,111
Loss for the period	-	-	-	-	(1,844)	(1,844)
Other comprehensive income for the period	-	-	-	60	-	60
Exchange differences arising on translation of foreign operations	-	(124)	-	-	-	(124)
Total comprehensive income/(loss) for the period	-	(124)	-	60	(1,844)	(1,908)
Transactions with owners in their capacity as owners:						
Share based payments expense	-	-	80	-	-	80
Total transactions with owners in their capacity as owners	-	-	80	-	-	80
Balance at 31 December 2012	61,237	(919)	631	-	12,334	73,283
Balance at 1 July 2013	61,312	(886)	1,179	-	67,621	129,226
Profit/(loss) for the period	-	-	-	-	(3,926)	(3,926)
Exchange differences arising on translation of foreign operations	-	(152)	-	-	-	(152)
Total comprehensive income/(loss) for the period	-	(152)	-	-	(3,926)	(4,078)
Transactions with owners in their capacity as owners:						
Proceeds from share issue	240	-	-	-	-	240
Dividends provided for	-	-	-	-	(4,903)	(4,903)
Options exercised	27	-	(27)	-	-	-
Share based payments expense	-	-	198	-	-	198
Total transactions with owners in their capacity as owners	267	-	171	-	(4,903)	(4,465)
Balance at 31 December 2013	61,579	(1,038)	1,350	-	58,792	120,683

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
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HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Condensed consolidated statement of cash flows
for the half-year ended 31 December 2013

	Consolidated	
	31 Dec 2013	31 Dec 2012
Note	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	40,707	28,645
Payments to suppliers and employees	(36,393)	(23,814)
Borrowing costs	(2,349)	(2,540)
Net cash generated by operating activities	<u>1,965</u>	<u>2,291</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	624
Payments for land, property, plant and equipment	(1,577)	(360)
Payment for business acquisition	-	(4,000)
Payments for biological assets	-	(309)
Net cash used in investing activities	<u>(1,577)</u>	<u>(4,045)</u>
Cash flows from financing activities		
Proceeds from share issue	240	-
Net proceeds of borrowings	1,217	3,165
Payment for water lease termination	(1,000)	(1,000)
Payment for oil options	(370)	-
Net cash provided by financing activities	<u>87</u>	<u>2,165</u>
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	379	297
Net increase in cash and cash equivalents	<u>475</u>	<u>411</u>
Cash and cash equivalents at the end of the period	<u>854</u>	<u>708</u>

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
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HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current period.

The adoption of all new and revised Standards and Interpretations has not resulted in any changes to the group's accounting policies and has no effect on the amounts reported for the current or prior period. New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the consolidated entity include:

- Amendments to AASB 10, 11, 12, 127, 128 as a consequence of AASB 2011-7 'Amendments to Australian Accounting Standards - Standards arising from the consolidation and Joint Arrangements standards'
- Amendments to AASB 13 as a consequence of AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- Amendments to AASB 119 as a consequence of AASB 2011-10 'Amendments to Australian Accounting Standards arising from 119 (2011)'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

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2. Dividends paid and proposed

On 25 October 2013, the directors declared a fully franked dividend of 10 cents per share to the holders of fully paid ordinary shares in respect of the full-year ended 30 June 2013, that was paid to shareholders on 17 February 2014 (record date 31 January 2014). The dividend payable recorded in the Financial Statements at 31 December 2013 is \$4,903,432.

A Dividend Reinvestment Plan (DRP) was offered to shareholders. A total of 7,393,369 shares participated in the DRP, representing a reinvestment of \$739,336.90 through the issue of 308,003 new shares. The impact of the DRP has not been recognised in the Financial Statements at 31 December 2013.

3. Results for the period

There are no individually significant items charged to the statement of profit and loss for the half-year ended 31 December 2013.

4. Borrowings

The bank facilities of the consolidated entity are summarised as follows:

Facility	Limit \$'000	Drawn at 31 Dec 2013 \$'000	Term
3 year facility	45,000	44,980	Matures 27 August 2016
2 year facility	13,000	13,000	Matures 27 August 2015
Trade Finance Facility	4,000	4,000	Matures 27 August 2014
Acquisition Facility Debt	4,000	4,000	Matures 15 January 2014 ¹
	66,000	65,980	

¹The Acquisition Facility debt of \$4m was repaid on 15 January 2014.

	31 Dec 2013 \$'000	30 Jun 2013 \$'000
CURRENT		
<i>Secured liabilities</i>		
Bank loans	8,000	64,480
Finance lease liability	782	670
Hire purchase liability	1,620	1,831
	10,402	66,981
NON CURRENT		
<i>Secured liabilities</i>		
Bank loans	57,980	-
Finance lease liability	1,863	1,561
Hire purchase liability	1,669	1,601
	61,512	3,162

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5. Share capital

Issued capital as at 31 December 2013 amounted to \$61,578,620 (49,034,320 ordinary shares).

During the half-year, the company issued 150,000 ordinary shares for \$240,000 on exercise of 150,000 share options issued under its employee share option plan. As a result of this share issue, \$27,000 was transferred from the share based payments reserve to issued capital. There were no other movements in the ordinary share capital or other issued share capital of the company in the current or prior half-year.

The company issued 575,000 share options (2012: 1,625,000) over ordinary shares under its share based payments plan during the half-year.

6. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

7. Contingent liability

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.

8. Subsequent events

There have not been any matters or circumstances occurring subsequent to the end of the half year ended 31 December 2013, that have significantly affected, or may significantly affect the operations of the group, the results of these operations, or the state of affairs of the company in future financial periods.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
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HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Directors' Declaration

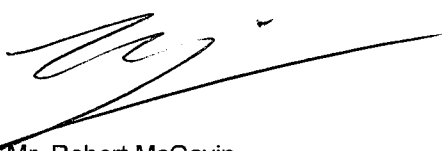
The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Mr. Robert McGavin
Director



Mr. Tim Jonas
Director

Dated 6 March 2014

Independent Auditor's Review Report to the Members of Boundary Bend Limited

We have reviewed the accompanying half-year financial report of Boundary Bend Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2013, and the condensed consolidated statement of profit or loss, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 13.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Boundary Bend Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Boundary Bend Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Debi He Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Craig Bryan

Partner

Chartered Accountants

Melbourne, 7 March 2014