

**BOUNDARY
BEND
LIMITED**



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

Half-year report

For the six months ended 31 December 2014

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES

ABN 32 115 131 667

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

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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 2014**

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 2014.

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. Samuel Beaton (Appointed 15 January 2015)

Review of operations

The consolidated entity reported a post tax loss of \$2,722,000 (2013: \$3,926,000 loss). The consolidated entity also reported positive cash flows from operations of \$1,570,000 compared to \$1,965,000 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. Craig Ball
Director

Dated 3rd March 2015

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

3 March 2015

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 2014, 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 Accountant

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES

ABN 32 115 131 667

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

**Condensed consolidated statement of profit and loss
for the half-year ended 31 December 2014**

	Consolidated Half-year ended	
	31 Dec 2014	31 Dec 2013
Note	\$'000	\$'000
Revenue		
Sales revenue	45,589	46,647
Other revenue	1,047	1,396
	<u>46,636</u>	<u>48,043</u>
Expenses		
Cost of sales	(40,853)	(43,645)
Administration expenses	(2,646)	(2,739)
Distribution expenses	(1,907)	(2,482)
Marketing expenses	(2,918)	(2,089)
Occupancy expenses	(470)	(442)
Finance costs	(1,690)	(1,998)
Other expenses	(37)	(257)
	<u>(50,521)</u>	<u>(53,652)</u>
Loss for the period before income tax benefit	(3,885)	(5,609)
Income tax benefit	1,163	1,683
Loss for the period	<u>(2,722)</u>	<u>(3,926)</u>

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**Condensed consolidated statement of other comprehensive income
for the half-year ended 31 December 2014**

	Consolidated Half-year ended	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Loss for the period	(2,722)	(3,926)
Other comprehensive income, net of income tax		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	409	(152)
Loss on hedging instruments through cash flow hedge reserve	(1,691)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	507	-
Other comprehensive loss for the period	<u>(775)</u>	<u>(152)</u>
Total comprehensive loss for the period	<u>(3,497)</u>	<u>(4,078)</u>
Loss attributable to:		
Owners of Boundary Bend Limited and controlled entities	<u>(2,722)</u>	<u>(3,926)</u>
	<u>(2,722)</u>	<u>(3,926)</u>
Total comprehensive loss attributable to:		
Owners of Boundary Bend Limited and controlled entities	<u>(3,497)</u>	<u>(4,078)</u>
	<u>(3,497)</u>	<u>(4,078)</u>

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES

ABN 32 115 131 667

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

**Condensed consolidated statement of financial position
as at 31 December 2014**

		Consolidated	
		31 Dec 2014	30 Jun 2014
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents		715	2,504
Trade and other receivables		12,009	9,707
Inventory		30,867	53,608
Biological assets		14,109	580
Other assets		2,947	1,319
Total current assets		60,647	67,718
Non-current assets			
Biological assets		75,996	75,066
Other financial assets		160	220
Intangible assets		6,472	6,472
Property, plant and equipment		87,931	83,009
Total non-current assets		170,559	164,767
Total assets		231,206	232,485
Current liabilities			
Trade and other payables		11,395	9,861
Borrowings	4	18,320	2,584
Provisions		1,803	1,853
Current tax liabilities		-	385
Other financial liabilities		543	218
Other liabilities		6,764	3,944
Total current liabilities		38,825	18,845
Non-current liabilities			
Borrowings	4	52,736	63,143
Provisions		52	961
Deferred tax liabilities		11,011	12,685
Other liabilities		2,437	2,457
Total non-current liabilities		66,236	79,246
Total liabilities		105,061	98,091
Net assets		126,145	134,394
Equity			
Share capital	5	71,552	71,250
Reserves		(703)	(60)
Retained earnings		55,296	63,204
Total equity		126,145	134,394

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
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HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2014

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 2013	61,312	(886)	1,179	-	67,621	129,226
Loss for the period	-	-	-	-	(3,926)	(3,926)
Exchange differences arising on translation of foreign operations	-	(152)	-	-	-	(152)
Total comprehensive 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
Balance at 1 July 2014	71,250	(1,446)	1,386	-	63,204	134,394
Loss for the period	-	-	-	-	(2,722)	(2,722)
Exchange differences arising on translation of foreign operations	-	409	-	-	-	409
Fair value loss on hedging instruments entered into for cash flow hedges	-	-	-	(1,184)	-	(1,184)
Total comprehensive income/(loss) for the period	-	409	-	(1,184)	(2,722)	(3,497)
Transactions with owners in their capacity as owners:						
Proceeds from share issue	240	-	-	-	-	240
Dividends provided for	-	-	-	-	(5,186)	(5,186)
Options exercised	62	-	(62)	-	-	-
Share based payments expense	-	-	194	-	-	194
Total transactions with owners in their capacity as owners	302	-	132	-	(5,186)	(4,752)
Balance at 31 December 2014	71,552	(1,037)	1,518	(1,184)	55,296	126,145

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES

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**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

**Condensed consolidated statement of cash flows
for the half-year ended 31 December 2014**

	Consolidated Half-year ended	
Note	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	44,330	40,707
Payments to suppliers and employees	(40,458)	(36,393)
Interest received	4	-
Interest paid	(1,919)	(2,349)
Income tax paid	(387)	-
	<hr/>	<hr/>
Net cash generated by operating activities	1,570	1,965
	<hr/>	<hr/>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	225	-
Payments for land, property, plant and equipment	(2,786)	(1,577)
Payments for biological assets	(783)	-
	<hr/>	<hr/>
Net cash used in investing activities	(3,344)	(1,577)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from share issue	240	240
Net proceeds of borrowings	745	1,217
Payment for water lease termination	(1,000)	(1,000)
Payment for oil options	-	(370)
	<hr/>	<hr/>
Net cash (used in)/provided by financing activities	(15)	87
	<hr/>	<hr/>
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	2,504	379
Net (decrease)/increase in cash and cash equivalents	(1,789)	475
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	715	854
	<hr/>	<hr/>

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES

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**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

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 2014, 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:

- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'

Assets'

- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'

- AASB 1031 'Materiality'

- AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part B Materiality)

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES**ABN 32 115 131 667****HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014****2. Dividends paid and proposed**

On 25 October 2014, the directors declared a dividend of 10 cents per share to the holders of fully paid ordinary shares in respect of the full-year ended 30 June 2014. The dividend which was 24% franked was paid to shareholders on 13 February 2015 (record date 30 January 2015). The dividend payable recorded in the Financial Statements at 31 December 2014 is \$5,185,811.

A Dividend Reinvestment Plan (DRP) was offered to shareholders. A total of 16,783,164 shares participated in the DRP, representing a reinvestment of \$1,622,290.40 through the issue of 506,929 new shares. The impact of the DRP has not been recognised in the Financial Statements at 31 December 2014.

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 2014.

4. Borrowings

In December 2014, BBL revised the facility agreement with Commonwealth Bank of Australia. The bank facilities of the consolidated entity are summarised as follows:

Facility	Limit AUD \$'000	Drawn at 31 Dec 2014 AUD \$'000	Term
3 year facility	45,000	44,980	Matures August 2016
2 year facility	13,000	13,000	Matures August 2015 *
Trade Finance Facility	4,000	2,000	Matures October 2015
Commercial Advance Facility	4,000	-	Matures December 2016
	66,000	59,980	

Facility	Limit USD \$'000	Drawn at 31 Dec 2014 USD \$'000	Term
Domestic Foreign Currency Account Facility	5,000	-	Matures December 2016
	5,000	-	

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES

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**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

4. Borrowings (Continued)

	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
CURRENT		
<i>Secured liabilities</i>		
Bank loans	15,000	-
Finance lease liability	1,170	1,058
Hire purchase/chattel mortgage liability	2,150	1,526
	<u>18,320</u>	<u>2,584</u>
NON CURRENT		
<i>Secured liabilities</i>		
Bank loans	44,980	57,980
Finance lease liability	693	1,187
Hire purchase/chattel mortgage liability	7,063	3,976
	<u>52,736</u>	<u>63,143</u>

* Current liabilities includes \$13.0 million of borrowings from the Commonwealth Bank of Australia which is treated as a current liability as this facility is due to expire in August 2015. The company has commenced discussions with the Commonwealth Bank of Australia to re-finance this \$13.0 million debt facility as part of normal business operations. The company is not aware of any reasons why this debt facility will not be renewed in August 2015, given the company has at all times been compliant with the covenants of the facility during the financial year and is forecasting to remain compliant over the forthcoming twelve months.

5. Share capital

Issued capital as at 31 December 2014 amounted to \$71,551,827 (51,858,113 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, \$62,000 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 3,900,000 share options (2013: 575,000) over ordinary shares under its share based payments plan during the half-year. 300,000 of these options were issued to two non-executive directors as their annual directors fees. These options expire in 3 years and vest immediately with an exercise price of \$3.80 per option. The remaining 3,600,000 options were issued to key management personal at an exercise price of \$4.00 per option. These options vest 10 years from issue and are conditional on the option holder still being employed by the company.

6. Key management personnel

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

7. Subsequent events

There have not been any matters or circumstances occurring subsequent to the end of the half year ended 31 December 2014, 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
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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

A blue ink signature of Mr. Robert McGavin, consisting of stylized initials and a surname.

Mr. Robert McGavin
Director

A blue ink signature of Mr. Craig Ball, consisting of stylized initials and a surname.

Mr. Craig Ball
Director

Dated 3rd March 2015

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 2014, 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 2014 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 2014 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*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Craig Bryan
Partner
Chartered Accountants
Melbourne, 3 March 2015