BOUNDARY BEND LIMITED

Boundary Bend Limited and controlled entities

ABN 32 115 131 667

Financial report

For the year ended 30 June 2018

4 September 2018

Dear Shareholders,

Financial Results

Results

The loss after tax of the consolidated entity for 2018 is $13.28 million compared with last year's profit after tax of $12.83 million. As previously explained, 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 is generated as the oil is sold, meaning that profit does not align with the consolidated entity's cash flows. Further analysis on our operating cashflow is provided below.

The loss after tax of $13.28 million was driven by the smaller 2018 crop of 5.4 million litres (see explanation below), compared with 13.2 million litres in 2017. From an EBITDA[1] perspective, the consolidated entity reported an EBITDA of $1.70 million, compared to $35.19 million in 2017.

The 2018 crop was expected to be lower than the 2017 crop, due to the following reasons:

- Biennial nature of the production cycle of olive trees which usually deliver a large crop followed by a smaller crop;
- Frost damage in Spring, resulting in flower and bud damage; and
- Major replanting program undertaken in recent years across the grove, therefore 31% of trees are not mature, and 21% have not yet produced a crop.

The severity of the Spring frosts amplified the difference between the 2018 and 2017 crops, with the final weight of the fruit on the trees about 20% lower than our post-frost estimates.

It is important to note that we continued to invest in four stated growth strategies. These growth costs were consistent with our budgeted expenditure in the following key areas:

- Branded sales and market development to drive increased returns per litre at farm gate;
- Our investment in establishing Boundary Bend's US business;
- Increasing yields from existing groves and new grove plantings; and
- Research and Development focused on innovative ways to value-add existing olive waste streams and by-products.

Under the accounting standard relating to olive trees the expenses relating to our immature groves are capitalised and therefore do not impact EBITDA. Expenditure relating to our US business and Innovation & Value-Add have reduced EBITDA by $10.37 million, but we anticipate this expenditure will help drive sustainable long-term earnings growth. So, in summary, the EBITDA would have been in the order of $12.07 million ($46.5 million in 2017) if we were not investing in our future growth strategies. This comment is only made to give an indication as to the underlying performance of the established part of our business, and the actual result is, of course, as reported.

[1] EBITDA = Earning before deducting interest, tax and depreciation / amortisation

Operating cashflow

Boundary Bend reported a positive operating cashflow[2] of $18.80 million for the 2018 financial year, compared to $15.82 million in 2017.

As explained on the previous page, reported profit is not easily predictable as it is sensitive to each year's harvest yields but, conversely, trading each month is more stable and predictable as customers purchase consistently throughout the year, and we manage our stock on hand to suit our customer requirements. This can mean that a large crop year may be used to supply customers over 14 to 16 months, and in a small crop year such as this year, used for only 8 to 10 months. As a result, the operating cashflow for the Company is much more consistent than our reported profit. Below is a summary of our operating cashflow for the business over the last 4 years as reported, and the operating cashflow excluding the net impact from the cash expenditure relating to our US business and Innovation & Value-Add business i.e. core Australian business.

Operating Cash Flow for year ending 30 June:		**2015 ($'000)**	**2016 ($'000)**	**2017 ($'000)**	**2018 ($'000)**
Receipts from customers		77,398	102,810	100,526	111,108
Payments to suppliers and employees		(67,056)	(82,518)	(81,015)	(88,330)
Operating cash flow before interest and tax		**10,342**	**20,292**	**19,511**	**22,778**
Interest paid		(3,951)	(3,819)	(3,687)	(3,904)
Tax paid		(416)	(3)	(3)	(73)
		(4,367)	**(3,822)**	**(3,690)**	**(3,977)**
Operating cash flow (reported)	*A*	**5,975**	**16,470**	**15,821**	**18,801**
add-back impact of new business units					
Operating cash outflow (value-add / by-products)		-	699	2,250	3,835
Operating cash outflow (USA business)		2,428	6,560	7,930	8,796
	B	**2,428**	**7,259**	**10,180**	**12,631**
Operating cashflow - core Australian business	*= A + B*	**8,403**	**23,729**	**26,001**	**31,432**

We are forecasting our FY19 reported operating cashflow to increase.

[2] Operating cashflow is the cashflow generated from operating activities and payment of tax and interest. Operating cashflow excludes items such as capital expenditure, debt repayment, equity raising and dividends.

EXECUTIVE CHAIRMAN'S REPORT

Brief explanation of reported profit/cashflow timing

In Australia, olive oil is produced from the annual olive harvest that occurs in the April to June period each year. The oil is then stored in stainless steel tanks under controlled conditions and generally maintains its quality and saleability for well over 18 months.

The volume of oil produced each year can vary very substantially due to two key factors, namely:

1. Olive trees naturally have a year with heavy production followed by a year with low production – 2018 was a low year so 2019 is expected to be a high year.
2. Major adverse climatic or agricultural events, such as the frost that impacted the 2018 harvest.

Accounting standards require the oil to be valued at fair value less the anticipated selling costs. With the harvest only being completed in June each year, most of the oil is still on hand at the 30 June balance date, and therefore all the profit forecast to be earned from selling the oil is recorded in the year of harvest, rather than the year of sale which is the next financial year.

The majority of the oil is sold in packaged form to the various customers (mostly supermarket chains). These customers buy on a very regular basis (often daily) and therefore sales and resulting cash flow occur regularly during the year and are reasonably predictable. In years where production is low, supply to customers is maintained by carrying over oil from the previous year, and in some cases, selling some of the new season's oil before the end of the financial year. For example, the 2018 harvest, which was very low due to a natural reduction in production for that year after a high production year in 2017, was made much worse by the frost. This led to production of only enough oil for approximately 8 months' supply to our customers. As the frost damage occurred in October 2017, we were able to plan ahead and carry over oil from the 2017 harvest past 30 June 2018 to partly cover this shortfall in the 2019 financial year. Normally this surplus oil from a high harvest would be sold in bulk but, aware of the frost damage, the oil was held back. Further, we will be able to sell some of the oil harvested in April to June 2019 to supply those months to help fill the gap.

This example illustrates how the production and profit reporting of the company may be uneven, but the cash flow is maintained on a steadier basis. Reference to the four-year statement of cash flows set out earlier in this report, illustrates this pattern of trading.

Future Earnings

Looking forward to 2019, we are anticipating a material improvement in the profitability for the Australian operations. The key reasons for this are as follows:

1. We expect 2019 to be a natural high production year for the trees. Last year's frost is not expected to adversely affect this natural pattern.
2. The age profile of the trees in the groves results in an increasing volume of trees coming into more mature production levels next year.
3. Price rises of approximately 15% have been obtained from all major customers.
4. Costs are not expected to vary substantially other than water costs which are trending up due to the drought.

Of course, adverse weather and agricultural events can interfere with these expected strong production levels, although the price rises and cost base are not impacted by such events to the same degree.

EXECUTIVE CHAIRMAN'S REPORT

Forecasting our annual crop and therefore statutory profit in any one year is very difficult and so, in our view, likely to present a misleading picture of future performance. Our historical production data shows that predicting average yields over a longer period is more reliable and therefore we are more comfortable giving a two-year average forecast. With this in mind, we are forecasting our core Australian business will generate an **average EBITDA** of around $55 million[3] per year over the next two years FY19 and FY20. This compares like for like with $12.07 million in FY18 and $46.5 million in FY17. These EBITDA numbers exclude the results from our US business and Innovation/Value-add business. This growth in forecast EBITDA is predominantly generated by:

1. The increase in yield from our maturing groves, noting 21% of our groves are not producing any oil (i.e. planted within the last 3 financial years), representing 1,395 hectares of planted groves; and
2. The 15% price increase on the Australian packaged goods products, which started from 1 July 2018.

Again, we must stress that these are forecasts are based on certain assumptions and that the business is subject to the full range of agricultural risks as well all the normal business risks.

Balance Sheet

As at 30 June 2018, Boundary Bend had net assets of $161.05 million or $2.66 per share and reported gross assets for the company were $301.25 million. However, it is estimated that it would cost over $505.22 million[4] (or approximately $8.34 per share), to replicate the gross assets of the Company.

The drawn bank debt position at 30 June 2018, in Australian dollars, was $78.18 million, leaving an unused facility limit of $19.0 million. The current facility extends out to October 2020, and the Company will look to extend the term of the facility within the next 18 months. At 30 June 2018, the gearing level of Boundary Bend was 30.13%, which compared to 31.81% at 30 June 2017.

Dividend

It is the Board's intention to pay an unfranked dividend in February 2019. Further details including the amount, record and payment date will be announced at the AGM on the 26 October 2018. Dividends in recent years have been unfranked due to the Company utilising carried forward tax losses. These tax losses are almost fully utilised, accordingly it is possible that after 30 June 2019 dividends may partially contain some franking credits.

[3] Does not include the impact of new Accounting Standards effective 1 July 2018, however the Directors do not expect the new Accounting Standards will have a material impact on this forecast.
[4] Management estimate (unaudited), before deducting any debt or other liabilities.

Company Overview – summary of key activities / divisions

- **Cobram Estate:** achieved retail sales of $78.09 million in 2018 making it the number one selling retail brand of extra virgin olive oil in Australia by every measure; value (40.1% of market), volume (30.5% of market) and number of units sold (37.3% of market)[5]. In the USA the Cobram Estate brand continues to grow, with packaged goods sales increasing by 137% on prior year sales to US$1.58M.

- **Red Island:** achieved retail sales of $15.09M in 2018 making it the number four selling retail brand of extra virgin olive oil in Australia; value (7.8% of market), volume (7.0% of market) and number of units sold (6.0% of market)[5].

- **Marketing and Sales:** Boundary Bend is Australia's largest producer and marketer of Australian olive oil (producing approximately 65% of Australia's total production from its owned groves), supplying branded, private label and bulk Australian olive oil to customers globally. In the USA, Boundary Bend is the third largest marketer of Californian olive oil.

- **Grove Operations:** Boundary Bend planted its first groves in 1999. In Australia the group has developed and now owns and operates 6,575 hectares of irrigated olive groves (of which 31% are not mature, and 21% have not yet produced a crop). In the USA the group has 272 hectares of owned and long-term leased land.

- **Processing:** Boundary Bend owns and operates three large, modern, sophisticated milling plants. Both the Australian mills are individually in the top 10 in the world for processing capacity. Boundary Bend owns a smaller mill in the USA.

- **Oil Storage:** Boundary Bend has approximately 13 million litres of stainless steel storage in Australia and 2.9 million litres in the USA, all housed in modern sheds. Temperature, light and oxygen are controlled to ensure the oil is stored to the highest standard possible.

- **Bottling:** Our Lara facility houses Australia's largest olive oil filling and packaging business capable of producing up to 14,400 bottles per hour. The original Lara bottling line is now operational at our USA facility bottling both branded and private label.

- **Technical Advice and Laboratory Services:** Advisory services, covering all aspects of the industry relating to project development, technical advice and applied research. The group also owns and operates two ISO accredited olive oil laboratories, one located at Lara and the other at our USA facility.

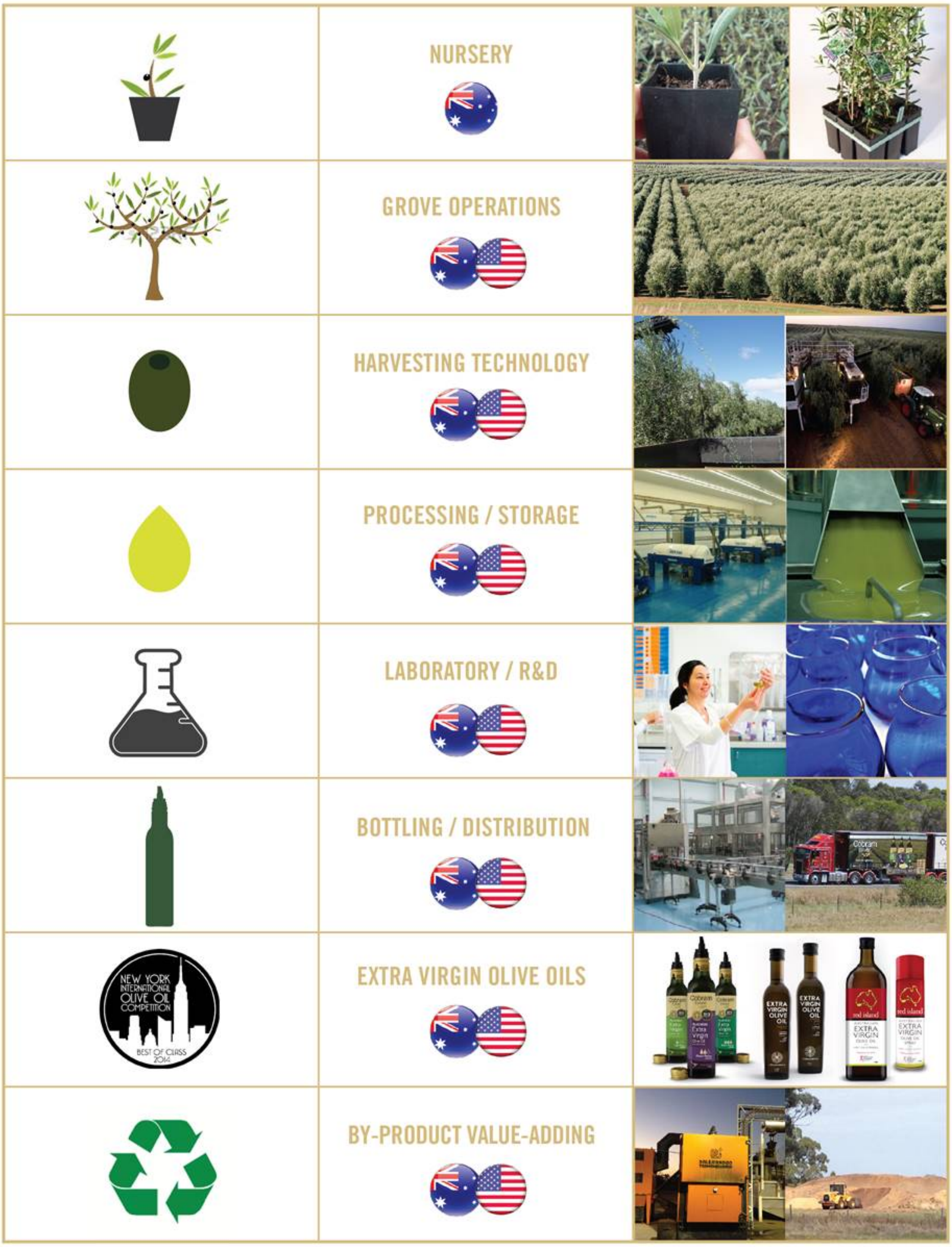
- **Nursery:** Our Lara site includes a large scale, specialist olive nursery supplying olive trees to commercial growers, wholesale, retail nurseries and national chain stores.

- **Innovation & Value-Add:** A relatively new division tasked with value-adding and commercialising various olive by-products. This business has sales divisions in both Australia and the USA.

- **Global bulk olive oil business:** A business based in the USA that sources, tests and certifies extra virgin olive oil from 3rd party growers in Europe, South America and Australia for supply to customers (mostly based in the USA) who are seeking a reliable supply of authentic, high quality extra virgin olive oil.

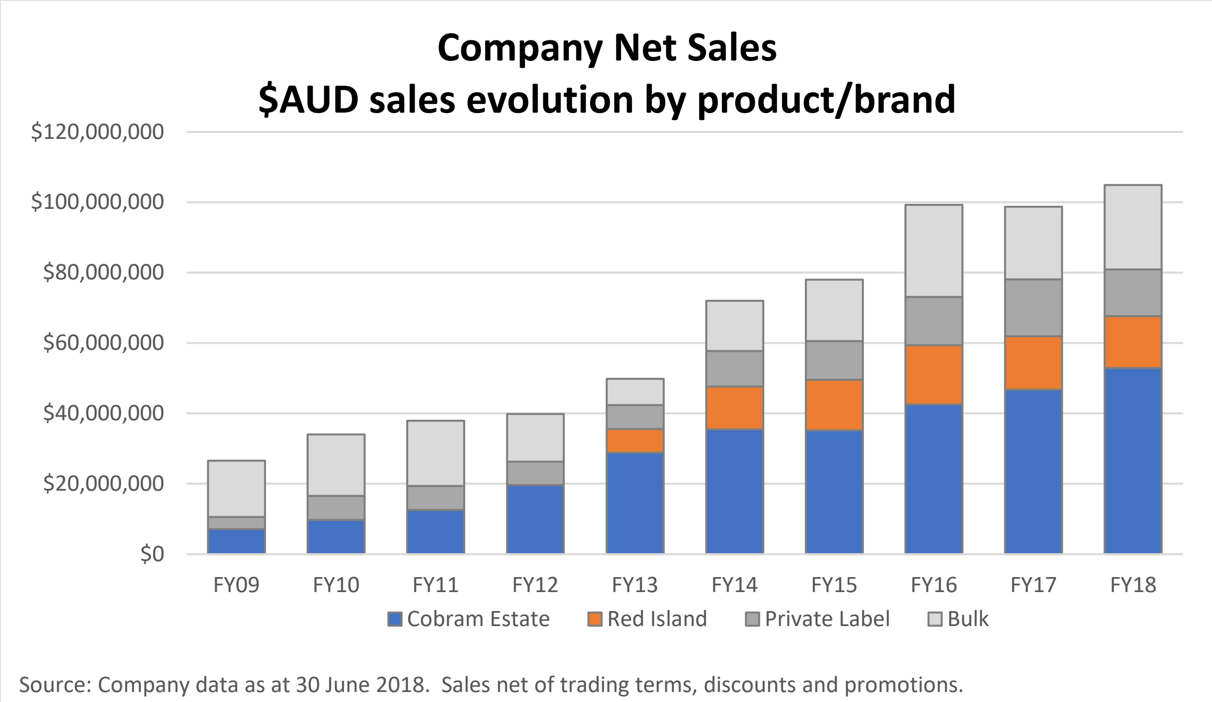
[5] Aztec IRI Australian Grocery Weighted data for year ended 30 June 2018

OUR INTEGRATED BUSINESS



Sales and Marketing Summary

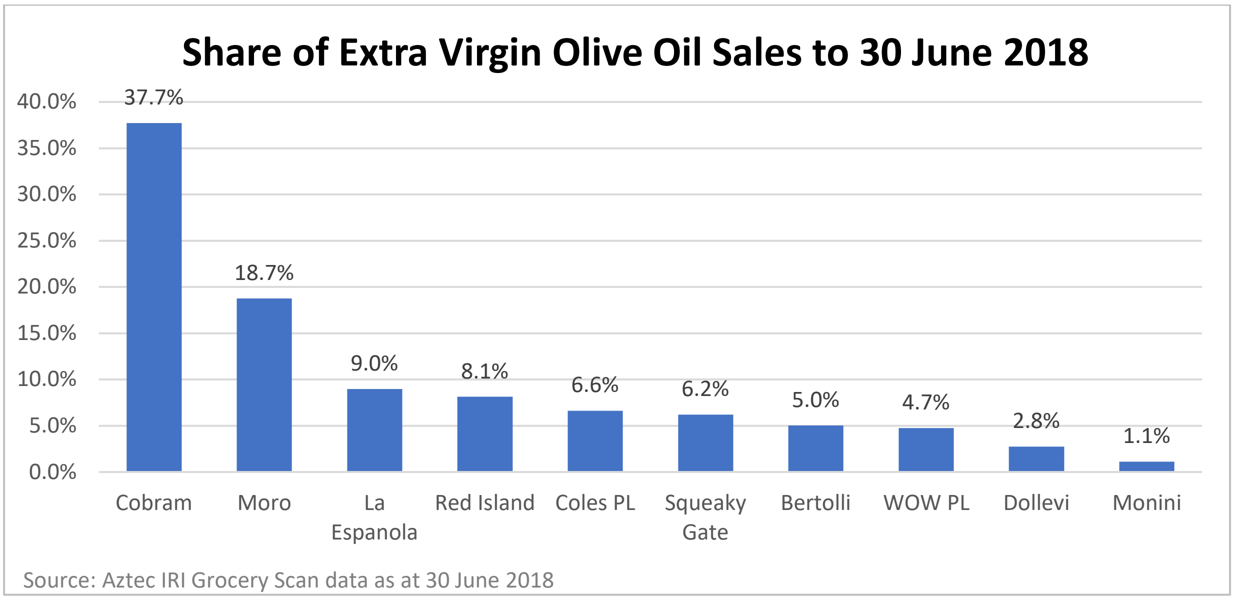
During the past 12 months total company olive oil sales grew by **6.3%.**



This growth is mainly driven by the Cobram Estate brand. Cobram Estate has performed exceptionally well, achieving sales growth of 13.28%. To obtain growth, whilst substantially decreasing promotional spend through the retail market, was a significant achievement and highlights the strength of the Cobram Estate brand in Australia. In another significant win for the business, the Cobram Estate Essentials Range (Light, Classic, Robust) were stocked nationally in Aldi from July 2017, and during the year the Black Label Ultra Premium was listed on Wine Selectors (online premium wine distributor). Red Island sales declined as a result of the switch to plastic bottles. Due to this poor performance, we have moved the Red Island range back to glass and the brand performance is recovering.

Australian Sales and Marketing

In the extra virgin olive oil category, Cobram Estate is the clear market leader. The brand now has more than twice the market share in dollar terms than the second biggest brand of the category, Moro. Red Island brand is currently ranked fourth[6].



The brand strength and consumer loyalty Cobram Estate has, is best demonstrated by the fact that the weighted average price a consumer pays for Cobram Estate (calculated after all discounts and promotions) is $12.53 per litre compared to the extra virgin olive oil category average at $8.21 per litre[6] excluding Cobram Estate.

Marketing & Sponsorships

In line with our objective of growing long-term sustainable baseline sales[7] we continued to partner with MasterChef in 2018, with greater in-show use of product, showcasing its versatility and that **you can cook with extra virgin olive oil**.

To optimise our media spend and partnerships, we have changed our media buy of both TV commercials and digital to ensure more visibility on the most popular and watched nights each week, including key weeks with guest appearances with the likes of Nigella Lawson and Gordon Ramsay. We believe this strategy will ensure we drive stronger awareness of our brand. The 2018 MasterChef partnership has included our Essentials Range to be supplied in the 'staples' box under the bench rather than the pantry (see image below). As a result, we have seen a notable increase in the use of our oil during the show.

[6] Aztec IRI Australian Grocery Weighted data for year ended 30 June 2018.
[7] Base line sales are full prices sales (i.e. not on a promotional price).

EXECUTIVE CHAIRMAN'S REPORT

We continued our collaboration with Donna Hay who headlined our Christmas and Easter campaigns by creating exclusive baking recipes featuring Cobram Estate Ultra Premium Hojiblanca and Picual extra virgin olive oils. This campaign's objective was to demonstrate the versatility of product and included a consumer competition to win lunch in the groves with Donna Hay. This campaign grew the Cobram Estate email database by 26%.

We also continued our partnership with TV cooking show Everyday Gourmet with Justine Schofield that airs Mon-Fri on CH10 from 3:30pm-4:00pm. The goal is to target 35-45 year old female grocery buyers by demonstrating extra virgin olive oil versatility through sponsored in-show cooking segments and then posting the recipes on their Social Media channels.

New this year was The Cooks Pantry with Matt Sinclair (MasterChef 2016 Runner Up finalist). The partnership included comprehensive in-show use of product and filming recipe segments at Boundary Bend Estate.

<u>Educating Consumers</u>

EXECUTIVE CHAIRMAN'S REPORT

(May – Jun 2018: MasterChef, Sep 2017 – Feb 2018 The Cooks Pantry, Dec 2017 – Apr 2018 Donna Hay in-show/TVC/Campaign imagery)

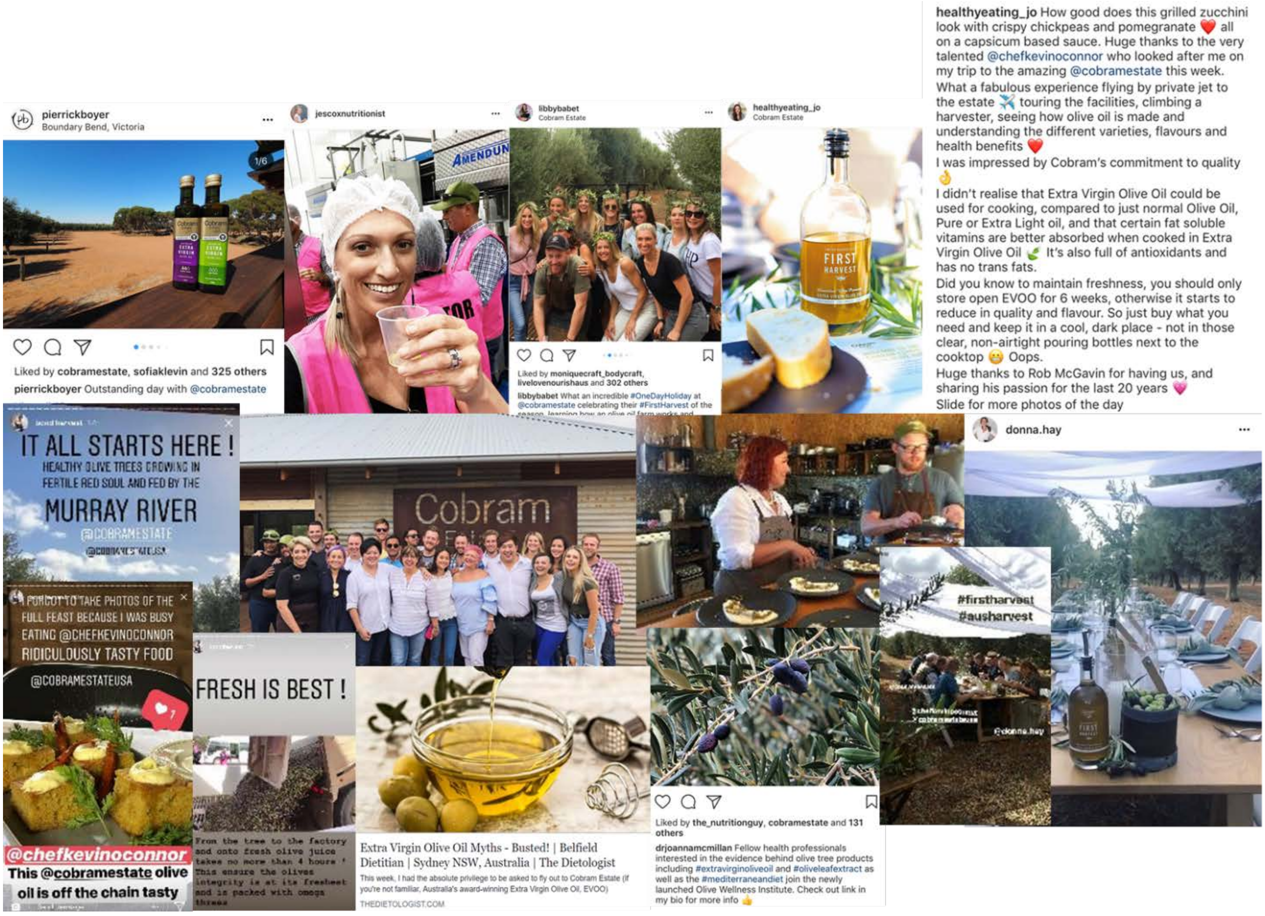
<u>Harvest</u>

During the 2018 harvest we hosted over 200 guests at Boundary Bend Estate. These guests included media personalities, nutritionists, dietitians, other healthcare professionals, chefs, top 24 2017 MasterChef contestants, trade partners and bloggers/influencers in the food, health and fitness spaces, with a combined social media following of over 3.1 million. The harvest events began with a dedicated Shareholders' Day, where 90 shareholders were the first to see the harvest in action. Thanks to those of you who made *the trip out!*

For the first time we also welcomed two of our key ambassadors, Dr Joanna McMillan (Australian Dietitian) and Dr Mary Flynn (Research Dietitian at the Miriam Hospital & Associate Professor of Medicine at Brown University), to host a day each. Special guests within their industries were invited to hear Joanna and Mary speak in-depth about the health benefits of extra virgin olive oil. Other firsts this year included hosting 22 members of the local Mildura Government; Donna Hay and her team hosting a day and cooking

EXECUTIVE CHAIRMAN'S REPORT

for 8 competition winners; and a *BeyondBlue* charity day with Boundary Bend locals that resulted in $2,900 being raised for the charity. The harvest event days included an educational tour of the groves, harvesters, milling, oil tasting and a delicious meal showcasing our Australian extra virgin olive oils prepared by our Chef-at-large, Kevin O'Connor.



(May 2018: Guests of Harvest)

EXECUTIVE CHAIRMAN'S REPORT

Awards

Cobram Estate continues to collect numerous domestic and international awards, further strengthening our unrivalled reputation as one of the world's highest quality extra virgin olive oil producers. In the prestigious 2018 New York International Olive Oil Competition NYIOOC, Boundary Bend received 1 Best in Show trophy, 5 Gold and 3 Silver medals. We were awarded a further 3 Gold and 1 Silver medals at the 2018 Olive Japan Olive Oil Competition, and 1 Silver at the World's Best Healthy extra virgin olive oil Awards held in Spain.

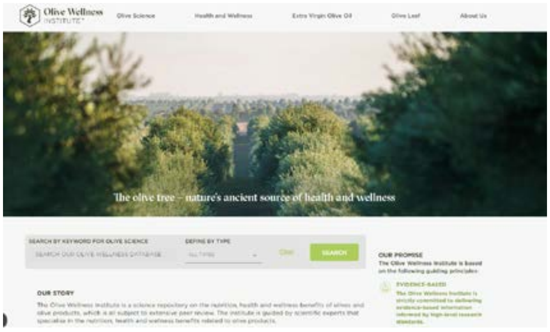
In December 2017, we were proud to announce that Cobram Estate was named the **BEST Extra Virgin Olive Oil by CHOICE**, Australia's leading independent consumer advocacy group. CHOICE tested and compared 23 Australian and European extra virgin olive oils, to see if they met the extra virgin quality criteria and rated them for their taste and authenticity. The award was announced via a radio campaign featuring Dr Joanna McMillan, as well as a TVC featuring one of our key partners, chef Matt Sinclair, during the 2018 MasterChef season.

Educating Health Care Professionals

The Cobram Estate Health Care Professional Program has continued to evolve in its fourth year. The health and nutrition team now comprises three health professionals with cross-functional expertise in dietetics, nutrition, pharmacy and naturopathy. The team expertise now comprehensively covers the key health professionals in Australia who highly influence consumer food trends. The addition of our in-house naturopath has complemented the current team's expertise and provides additional scope to further educate highly influential natural health practitioners. In 2018, we have also continued to educate new important categories of healthcare professionals, with relevant health messages.

The program has now reached over 50,000 Australian healthcare professionals who directly influence consumers' knowledge and behaviors about Australian extra virgin olive oil. Activities have been achieved through attendance at over 50 healthcare professional conferences and communication through our database of over 5,000 healthcare professionals. Market research with our audience shows that our program has had a positive influence on key education gaps which are important in increasing consumption of Cobram Estate extra virgin olive oil. The team continues to be actively involved as a key stakeholder in public health policies that directly impact the extra virgin olive oil category.

In April 2018, the health and nutrition team launched the Olive Wellness Institute – a new and unique global science repository that independently shares the science behind extra virgin olive oil (and other olive products). The Olive Wellness Institute is a valuable communication platform that enables us to educate key healthcare professionals and health-interested consumers on a global scale.



Olive Wellness INSTITUTE™

USA Operations

The USA operations have continued to experience significant growth during FY18, with further growth projected in FY19 as fruit volume increases.

A reminder of why the USA – Objectives / Strategy

We continue to believe that in the USA, and particularly in California, there is an exciting opportunity to leverage our experience, methods and people to emulate our Australian success in both olive oil production in California and sales of olive oil in the US market. Total consumption in the USA is approximately 350,000 tons of olive oil per year but it only produces about 10,000 tons, and consumption is continuing to grow. As total consumption has continued to grow, we have seen incremental growth in the demand for high quality oil, both domestically produced and imported. This shift to a more premium focus aligns well with strategy of importing high quality oil for resale in the bulk market as well as providing increased demand for high quality California produced oil.

Mirroring the structure of the Australian business, Boundary Bend USA operates as a fully vertically integrated olive business with the following sites/functions:

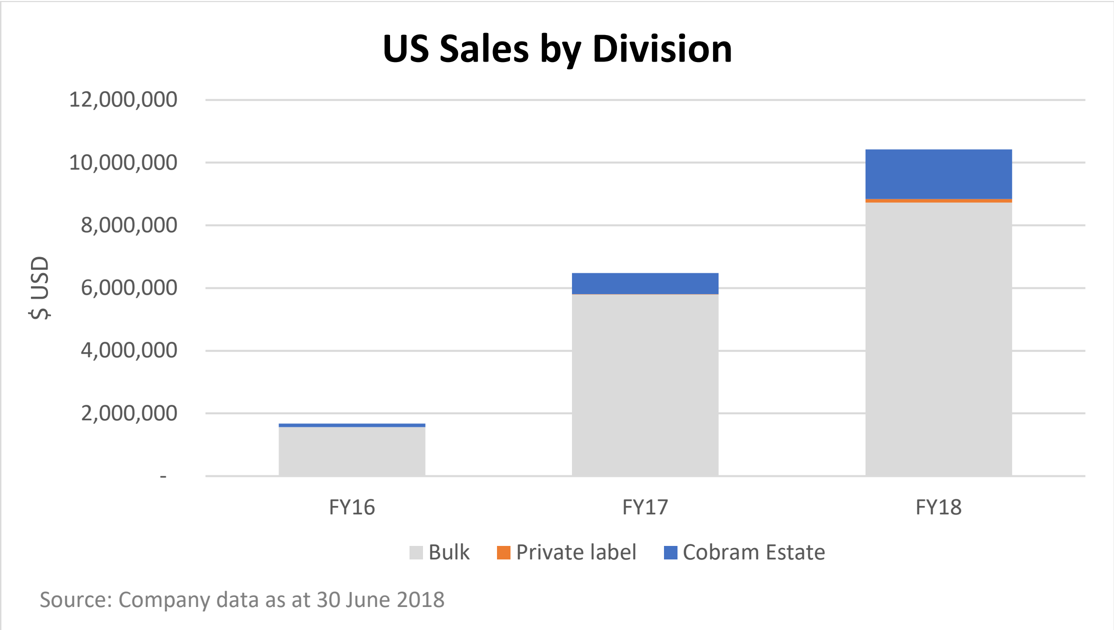
- Fruit processing and oil storage at our Woodland facility has doubled in capacity in preparation for the October 2018 harvest and is about to commence its 4th harvest.
- Laboratory – gained full American Oil Chemists Association accreditation in May 2017.

- Fruit supply contracts with 3rd party growers including technical advice and harvesting services where required.
- In house bottling has been fully operational since 2017 and volumes continue to grow.
- Grove ownership – we currently have 272 hectares planted/in development on a mixture of long term lease and owned freehold property.

Fruit Supply / Land Acquisition

After experiencing a frost event in the Spring of 2018, the California crop is expected to be approximately 60% of 2017 volumes. This shortage of supply coupled with increasing demand continues to drive aggressive pricing for California oil. We continue to prioritise relationships with 3rd party growers and maximising returns to California growers remains a priority. Efforts have accelerated to expand Boundary Bend fruit supply to supplement 3rd party fruit supply, through both long-term leases and acquisition of freehold property.

USA Sales and Marketing

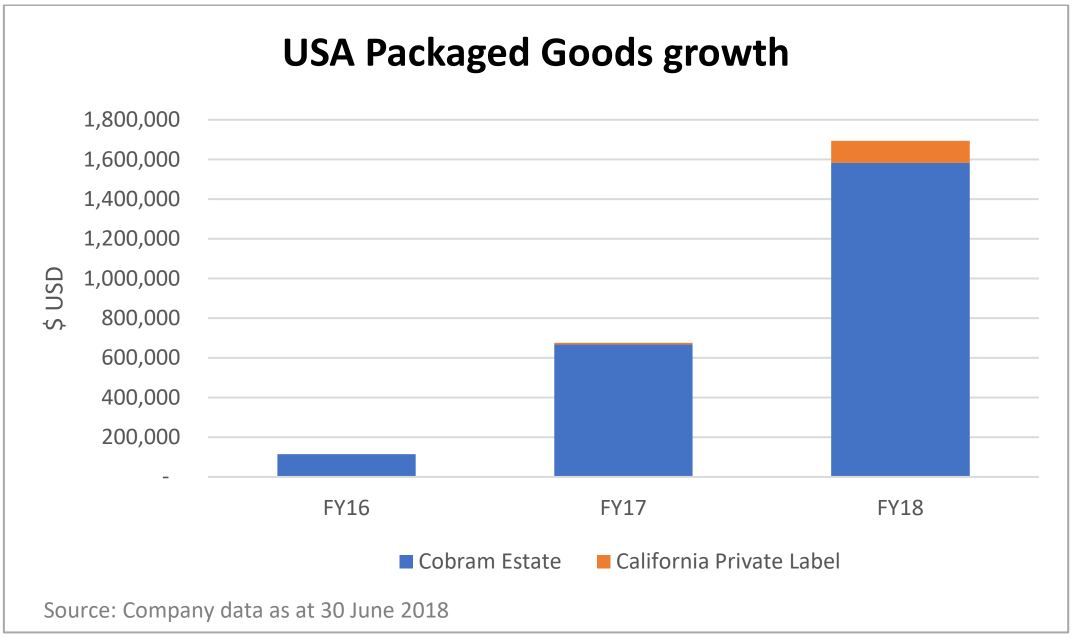


Cobram Estate

Cobram Estate USA achieved total sales of US$1.58 million for the 2018 financial year. This equates to total growth (vs previous year) of 137%. This was largely driven by increasing existing store sales rates, strengthening retailer relationships, and adding 1,700+ stores to our network this financial year. We are now ranged in just under 5,000 outlets in the USA, and this is growing daily.

We are expecting this strong momentum to continue, with the confirmation that Cobram Estate will be ranged in 1,500 Walmart stores from October 2019.

EXECUTIVE CHAIRMAN'S REPORT



Bulk Sales

During the year, we also increased our bulk sales channels, focusing on USA customers who were after a reliable supply of authentic, high quality extra virgin olive oil. Our sales for the 2018 financial year were $11.2m, compared to $7.7m in 2017.

Our Partnerships:

EXECUTIVE CHAIRMAN'S REPORT

Our focus is to increase unit sales in each store (turns) with a concentrated call-out to consumers before they enter the store through digital and social campaigns, local influencers and blogger messages, and in-store activation through off location displays, in store demonstrations, neck tags and promotions.

Awards

Cobram Estate USA won 23 awards this year domestically and internationally, including:

- World's Best Healthiest Olive Oil Competition: 2nd place, making BBO USA the Healthiest US Extra Virgin Olive Oil
- Best in Class: New York International Olive Oil Competition
- Gold: Los Angeles International, California State Fair, New York International Olive Oil Competition, Olive Japan

October 2017 Californian Harvest

Cobram Estate hosted 11 key influencers and editors from the lifestyle, food and travel disciplines to celebrate the 2017 Olive Harvest. Guests were treated to a gloriously unrefined Cobram Estate experience, which included glamping, fresh cooked culinary delights from Chef Kevin O'Connor, a tour of the groves and extra virgin olive oil tasting/education. In total, our influencers helped us gain over 1 million impressions with our target millennial audience.

EXECUTIVE CHAIRMAN'S REPORT

Innovation and Value-Adding – utilising our olive by-products

Over the past 12 months we have made significant progress on our by-product projects and have commenced the commercialisation phase for three of our projects.

Key achievements over the last twelve months include:

1. **Establishment of Boundary Bend Wellness ("BBW")**
   BBW has been established as a wholly owned subsidiary of BBL, and is responsible for the R&D, production and commercialisation of our value-added products. Trading commenced under this new entity on 1 July 2018.

2. **Specialty Ingredient sales strategy executed**
   In line with our value-added product commercialisation strategy, our initial focus has been on the establishment of an ingredients/raw material sales channel for our 'specialty' high-value products into the global nutraceutical industry including dietary supplements, functional food and functional beverage brands and manufacturers. Commencing in January 2018, we have been working with key target customers in Australia, the USA (via our US office), the UK and selected Asian markets and have established a substantial sales pipeline for our first new products. Feedback and interest received in our products has been extremely positive and we are working with key partners to finalise supply agreements in line with their ordering patterns and/or product launch timelines.

3. **First sales of our Specialty Ingredient products in Australia and USA**
   During the last three months we commenced sales of branded ingredients to several customers including Australia's leading capsule manufacturer and a leading Australian pharmacy natural health brand. In the USA our first sale has been contracted to a well-known brand primarily focused on the Amazon Marketplace, and with two dedicated resources now in place we anticipate substantial orders to be achieved in the USA over the next twelve months.

4. **Distribution for our new range of olive leaf health teas in USA**
   We have partnered with a long-term US customer of Boundary Bend to distribute our new range of branded olive leaf health teas in North America under the brand name 'Stone and Grove'. These products will be launched in October 2018 and will be ranged in up to 1,000 specialty olive oil and vinegar stores across the USA and Canada.

5. **Participation in key Ingredient trade shows**
   BBW has commenced showcasing our available products at key trade events in Europe, USA and Australia. Through these shows we have made valuable contacts and learnt how best to present our products to customers in each region.

6. **Successful research and development including a new powdered product**
   Our research and development team continues to excel, and has created several new, unique products for release during 2018/2019. One of these products is a new powdered ingredient for which we have received strong interest particularly in the USA and we expect it to be available for sale from late 2018.

The majority of our development work is continuing to happen 'in-house' to build proprietary intellectual property. We also continue to work with CSIRO and other leading universities and commercial partners on selected projects. Our projects remain commercially sensitive and we will keep shareholders updated on progress in this area as appropriate.

EXECUTIVE CHAIRMAN'S REPORT

Equity Raise

In April 2018 a $25 million equity raise was undertaken at $8.50 per share. These funds are being used principally for grove and processing expansion in Australia and the USA. We thank all new and existing shareholders who participated in the equity raise.

Land Purchase adjoining Boort Estate

At 30 June 2018 Boundary Bend had signed a contract to purchase approximately 500 hectares, of which approximately 350 hectares are suitable for planting olive trees. The property settled in August 2018, and we are planning on developing it over the next 24 months, in readiness for planting in Autumn 2020.

AGM

Please be advised that the Annual General Meeting of shareholders will be held at 151 Broderick Road, Lara on Friday the 26th of October 2018, with 10.30am coffee for an 11.00am start. A formal notice of meeting will be sent to shareholders.

I would also like to sincerely thank our staff, shareholders and our loyal customers 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 2018 and auditors report thereon.

Directors names

The names of the Directors of Boundary Bend Limited (BBL) 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
Matthew Bailey
Samuel Beaton

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

Company secretary

Samuel Beaton

Results

The loss of the consolidated entity for the year after providing for income tax amounted to $13.2 million (2017: $12.8 million profit). For detailed comments in relation to the result of the consolidated entity during the financial year, please refer to the Executive Chairman's report.

Review of operations

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

Significant changes in state of affairs

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

Principal activities

The principal activities of the consolidated entity during the year were the production and marketing of olive oil and related products in Australia and the USA.

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

There are no significant likely developments, for more information 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 Australian entities are 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 US entities are subject to regulations stipulated by the US Environmental Protection Agency and the Department of Toxic Substances Control for discharge of waste of chemicals.

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

Dividends paid, recommended and declared

On 27 October 2017, the directors declared a dividend of 12 cents per share to the holders of fully paid ordinary shares in respect of the full-year ended 30 June 2017. The dividend which was unfranked, was paid to shareholders on 16 February 2018 (record date 31 January 2018). The dividend paid recorded in the Financial Statements at 30 June 2018 is $6,893,055.

Information on directors

Robert McGavin	Age 49
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	Rob is the Executive Chairman of Boundary Bend Ltd.
Paul Riordan	Age 46
Experience	Paul Riordan has extensive experience in the olive industry having worked in the industry since 1996 and is a co founder of the BBL Group. From August 2018, Paul has moved to the USA to act as resident Director. Paul resigned from his position of Non-Executive Director of Select Harvests Limited on 30 June 2018 (held from 2012).
Special responsibilities	Paul is an Executive Director of Boundary Bend Ltd.
Leandro Ravetti	Age 45
Experience	Leandro joined the BBL Group from Argentina where he had been working with many of the largest olive grove developments. Leandro is acknowledged as one of the 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 the BBL Group and a great resource for the Australian Olive industry and USA Operations.
Special responsibilities	Leandro is the Technical Director of Boundary Bend Ltd.

Information on directors (continued)

Tim Jonas	Age 72
Experience	Tim is a former partner and National Chairman of Pitcher Partners. 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 the BBL Group 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 is the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.
Craig Ball	Age 62
Experience	Craig 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 the BBL Group 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.
Professor Jonathan West	Age 61
Experience	Jonathan 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 44
Experience	Tim joined the Company early in 2004 to head up the consolidated entity's sales and marketing activities. In early 2016 Tim transitioned to lead the innovation and new product development area. Tim's qualifications include a Bachelor of Agricultural Economics from the University New England, Armidale. Prior to joining the BBL Group, 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.
Special responsibilities	Tim is the Innovation and Value Add Director of Boundary Bend Ltd.

Information on directors (continued)

Matthew Bailey Age 43

Experience: Matthew joined the BBL Group in 2014. He was the Founding partner and Managing Director of Junior, an advertising agency located in Brisbane and Sydney. He is also a director of DHD Surfboards, Harajuki Gyoza and Nitrogenie. Matthew's qualifications include a Bachelor of Commerce degree from the University of Queensland. Matthew spent 3 years as an Account Director at Lowe Lintas London, an international marketing and communication company and has extensive experience in the FMCG category, working with brands such as Golden Circle, Parmalat and Unilever. At the age of 33 he was voted by leading industry magazine AdNews in their top 40 Australian advertising/marketing people under 40 years of age (Top 40 Under 40).

Samuel Beaton Age 42

Experience: Sam joined the Company in 2009. Sam has over 18 years' experience in both corporate finance and accounting. Sam began his career with KPMG, where he qualified as a Chartered Accountant and since then has held senior management roles. Sam has wide experience in financial modelling and analysis, management of corporate debt, capital raising, business planning and strategy. Sam has a Bachelor of Commerce (Accounting and Finance) and a Bachelor of Science (Industrial Organic Chemistry) from the University of Melbourne.

Special reponsibilities: Sam is the Chief Financial Officer, Chief Operating Officer and Company Secretary of Boundary Bend Ltd.

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	10	10	-	-	-	-
Paul Riordan	10	9	-	-	-	-
Leandro Ravetti	10	9	-	-	-	-
Tim Jonas	10	9	3	3	3	3
Craig Ball	10	10	3	3	3	3
Jonathan West	10	10	-	-	3	3
Timothy Smith	10	10	-	-	-	-
Matthew Bailey	10	7	-	-	-	-
Samuel Beaton	10	10	-	-	-	-

Options

82,200 options over unissued ordinary shares in the consolidated entity were granted during the financial year ended 30 June 2018 (2017: 675,000).

During the year 300,000 options were exercised. Since year end no options have been granted. The consolidated entity has 5,081,200 options on issue as at 30 June 2018.

Remuneration report (Audited)

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 2018.

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 unless otherwise indicated:

Mr R.D. McGavin (Executive Chairman)
Mr P.C. Riordan (Executive Director)
Mr L.M. Ravetti (Technical Director)
Mr T.F. Smith (Innovation and value-add Director)
Mr S.J. Beaton (Chief Operating Officer, Chief Financial Officer and Company Secretary)

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

Mr T.A. Jonas (Chairman of Audit and Risk Committee and a member of the Remuneration Committee)
Mr C.P. Ball (Member of the Audit and Risk Committee and Chairman of the Remuneration Committee)
Professor J. West (Member of the Remuneration Committee)
Mr M.R. Bailey

Remuneration policy

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

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

Remuneration Committee

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

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

Executive Directors and Key Management Personnel

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

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

Remuneration report (Continued)

Executive Directors and Key Management Personnel (continued)

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.

Annual 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 at the general meeting, to be divided among the Directors and unless otherwise agreed, 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 non-executive 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.

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 2018 $'000	30 June 2017 $'000	30 June 2016 $'000	30 June 2015 $'000	30 June 2014 $'000
Revenue	113,128	139,549	114,686	112,912	83,801
Net (loss) / profit before tax	(13,132)	20,968	(385)	21,125	(1,785)
Net (loss) / profit after tax	(13,276)	12,834	(819)	14,434	491
Net Assets	161,049	154,227	141,210	148,411	134,394

	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014
Shares on issue (at end of year)	60,583,729	57,142,125	54,915,042	54,665,042	51,708,113
Net assets per Share ($)	2.66	2.70	2.57	2.71	2.60
Dividends per Share	12 cents (Unfranked)	10 cents (Unfranked)	10 cents (Unfranked)	10 cents (Partially Franked)	10 cents (Fully Franked)

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

Remuneration report (Continued)

Remuneration of Directors and senior management

	Short term employee benefits				Post employment benefits	Share-based Payments	
2018	Salary & fees $		Bonus $	Non monetary $	Super-annuation $	Options & rights $	Total $
Mr T. A. Jonas	60,000		-	-	-	-	60,000
Mr C.P. Ball	-		-	-	-	60,006	60,006
Prof. J. West	-		-	-	-	60,006	60,006
Mr R.D. McGavin	309,935		-	-	20,048	-	329,983
Mr P.C. Riordan	242,307		-	-	15,558	-	257,865
Mr L.M. Ravetti	421,538	*	100,000	-	20,048	58,497	600,083
Mr T.F. Smith	318,000	*	35,000	-	20,048	18,280	391,328
Mr M.R. Bailey	60,000		-	-	-	-	60,000
Mr S. J. Beaton	421,538	*	10,000	-	20,048	36,589	488,175
	1,833,318		**145,000**	**-**	**95,750**	**233,378**	**2,307,446**

	Short term employee benefits			Post employment benefits		Share based Payments	
2017	Salary & fees $	Bonus $	Non monetary $	Super-annuation $		Options & rights $	Total $
Mr T. A. Jonas	55,000	-	-	-		-	55,000
Mr C.P. Ball	50,000	-	-	-		-	50,000
Prof. J. West	-	-	-	-	***	81,750	81,750
Mr R.D. McGavin	309,935	-	-	19,616		-	329,551
Mr P.C. Riordan	144,312	-	-	13,710		-	158,022
Mr L.M. Ravetti	395,673	50,000	-	19,616		58,498	523,787
Mr T.F. Smith	314,250	-	-	19,616		27,097	360,963
Mr M.R. Bailey	55,000	-	-	-		-	55,000
Mr S. J. Beaton	385,576	-	-	19,616	**	46,985	452,177
	1,709,746	**50,000**	**-**	**92,174**		**214,330**	**2,066,250**

* Bonuses were paid in recognition of the performance of the consolidated entity for the year ending 30 June 2017, which the board did not resolve to pay until after 30 June 2017. As such, these bonuses are recognised in the year ending 30 June 2018.

** 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 (30 June 2012), 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.

*** Includes $26,750 for consulting services provided during the period.

Remuneration report (Continued)

Remuneration of Directors and senior management (Continued)

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 beginning of year No.	Granted as compensation No.	Received upon exercise of options No.	Net other change No.	Balance as end of year No.
2018					
Mr T. A. Jonas	908,204	-	-	35,294	943,498
Mr C.P. Ball	609,656	-	-	9,141	618,797
Prof. J. West	600,000	-	150,000	-	750,000
Mr R.D. McGavin	12,007,396	-	-	-	12,007,396
Mr P.C. Riordan	3,109,118	-	-	-	3,109,118
Mr L.M. Ravetti	204,764	-	-	-	204,764
Mr T.F. Smith	270,969	-	-	-	270,969
Mr M.R. Bailey	52,083	-	150,000	(26,500)	175,583
Mr S. J. Beaton	419,374	-	-	665	420,039
2017					
Mr T. A. Jonas	758,204	-	250,000	(100,000)	908,204
Mr C.P. Ball	501,837	-	250,000	(142,181)	609,656
Prof. J. West	600,000	-	-	-	600,000
Mr R.D. McGavin	10,757,396	-	1,250,000	-	12,007,396
Mr P.C. Riordan	3,109,118	-	-	-	3,109,118
Mr L.M. Ravetti	404,764	-	-	(200,000)	204,764
Mr T.F. Smith	195,969	-	125,000	(50,000)	270,969
Mr M.R. Bailey	-	-	52,083	-	52,083
Mr S. J. Beaton	419,374	-	-	-	419,374

Loans to Directors and executives

There were no new loans to Directors and executives during the year ended 30 June 2018.

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 82,200 options (2017: 675,000) to directors and senior management of the consolidated entity, as part of their remuneration.

300,000 options were exercised in the financial year ended 30 June 2018 (2017: 2,227,083).

DIRECTORS' REPORT

Remuneration report (Continued)

Employee share option plan

Grant date	Vesting Date	Expiry date	Exercise 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	Exercisable at end of the year
2018										
01-May-14**	****	1-May-20	$2.50	$2.40	300,000	-	-	-	300,000	200,000
10-Nov-14	10-Nov-21	10-Nov-24	$4.00	$3.30	3,100,000	-	-	-	3,100,000	-
9-Dec-14	10-Dec-14	9-Dec-17	$3.80	$3.30	300,000	-	(300,000)	-	-	-
01-Feb-15***	****	31-Mar-20	$3.80	$3.25	400,000	-	-	-	400,000	300,000
23-Oct-15	24-Oct-15	24-Oct-18	$3.80	$3.25	324,000	-	-	-	324,000	324,000
31-Jan-16	31-Jan-21	31-Mar-21	$3.80	$3.25	200,000	-	-	-	200,000	-
11-Jul-16	11-Jul-23	11-Jul-23	$4.25	$3.70	200,000	-	-	-	200,000	-
15-Dec-16	16-Dec-16	15-Dec-19	$7.50	$7.00	75,000	-	-	-	75,000	75,000
27-Apr-17	1-Jul-22	1-Aug-22	$9.00	$8.00	50,000	-	-	-	50,000	-
27-Apr-17	1-Jul-24	1-Aug-24	$9.00	$8.00	100,000	-	-	-	100,000	-
1-May-17	****	1-Aug-24	$9.00	$8.00	250,000	-	-	-	250,000	14,500
15-Dec-17	16-Dec-17	15-Dec-20	$8.00	$8.00	-	82,200	-	-	82,200	82,200
					5,299,000	82,200	(300,000)	-	5,081,200	995,700
Weighted average exercise price:					$4.31	$8.00	$3.80	$0.00	$4.39	$4.24
2017										
15-Feb-12*	16-Feb-12	15-Feb-17	$1.50	$1.50	150,000	-	(150,000)	-	-	-
01-Nov-12	02-Nov-12	01-Nov-16	$1.50	$1.30	250,000	-	(250,000)	-	-	-
15-Nov-12	16-Nov-12	01-Nov-16	$1.55	$1.30	1,250,000	-	(1,250,000)	-	-	-
15-Feb-13*	16-Feb-13	01-Nov-16	$1.50	$1.50	150,000	-	(150,000)	-	-	-
15-Feb-13	01-Oct-16	01-Nov-16	$1.50	$1.50	125,000	-	(125,000)	-	-	-
10-Dec-13	11-Dec-13	01-Dec-16	$2.50	$2.40	250,000	-	(250,000)	-	-	-
15-Mar-14	16-Mar-14	01-Dec-16	$2.50	$2.40	52,083	-	(52,083)	-	-	-
01-May-14**	****	01-May-20	$2.50	$2.40	300,000	-	-	-	300,000	180,000
10-Nov-14	10-Nov-21	10-Nov-24	$4.00	$3.30	3,600,000	-	-	(500,000)	3,100,000	-
09-Dec-14	10-Dec-14	09-Dec-17	$3.80	$3.30	300,000	-	-	-	300,000	300,000
01-Feb-15***	****	31-Mar-20	$3.80	$3.25	500,000	-	-	(100,000)	400,000	225,000
23-Oct-15	24-Oct-15	24-Oct-18	$3.80	$3.25	324,000	-	-	-	324,000	324,000
31-Jan-16	31-Jan-21	31-Mar-21	$3.80	$3.25	200,000	-	-	-	200,000	-
11-Jul-16	11-Jul-23	11-Jul-23	$4.25	$3.70	-	200,000	-	-	200,000	-
15-Dec-16	16-Dec-16	15-Dec-19	$7.50	$7.00	-	75,000	-	-	75,000	75,000
27-Apr-17	01-Jul-22	01-Aug-22	$9.00	$8.00	-	50,000	-	-	50,000	-
27-Apr-17	01-Jul-24	01-Aug-24	$9.00	$8.00	-	100,000	-	-	100,000	-
01-May-17	****	01-Aug-24	$9.00	$8.00	-	250,000	-	-	250,000	-
					7,451,083	675,000	(2,227,083)	(600,000)	5,299,000	1,104,000
Weighted average exercise price:					$3.21	$7.43	$1.66	$3.97	$4.31	$3.84

* Issued to consultants for services provided.

** The agreement relating to these options was not formally signed until 1 May 2014. However, the price and terms of the options were agreed between the parties on 29 March 2014.

*** The agreement relating to these options was not formally signed until 23 October 2015. However, the price and terms of the options were agreed between parties on 1 February 2015.

**** The option vests over the life of the option and have several vesting dates.

This is the end of the remuneration report.

Indemnification of officers

During or since the end of the financial year, the consolidated entity has given indemnity or entered into an agreement to indemnify, or paid insurance premiums for directors and officers liability cover.

Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the insurance contract.

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 30.

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.

Rounding off of amounts

The consolidated entity is a company of the kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Board of Directors, made pursuant to Section 288 (2) of the Corporations Act 2001.

On behalf of the Directors

Director: ______________________________

Robert McGavin

Tim Jonas

Director: ______________________________

Tim Jonas

Dated this 4 September 2018

Deloitte.

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

4 September 2018

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 2018, 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

Rachel Smith
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $'000	2017 $'000
Revenue			
Sales revenue	5	106,831	98,627
Other revenue	5	2,215	2,309
Net change in fair value of agricultural produce	5	4,082	38,613
		113,128	139,549
Expenses			
Cost of sales	6	(96,218)	(89,950)
Administration expenses		(11,905)	(10,450)
Distribution expenses		(3,731)	(3,508)
Marketing expenses		(8,241)	(8,799)
Occupancy expenses		(1,626)	(1,675)
Finance costs	6	(3,887)	(3,449)
Other expenses		(652)	(750)
		(126,260)	(118,581)
Profit/(loss) before income tax		(13,132)	20,968
Income tax benefit / (expense)	7	(144)	(8,134)
Profit/(loss) from continuing operations		(13,276)	12,834
Profit/(loss) for the year		**(13,276)**	**12,834**
Profit/(loss) is attributable to:			
Owners of Boundary Bend Limited and controlled entities		(13,276)	12,834
		(13,276)	12,834

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	2018 $'000	2017 $'000
Profit/(loss) for the year	(13,276)	12,834
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(724)	59
Changes in fair value of cash flow hedges	(207)	2,559
Changes in deferred tax recognised in equity	224	(768)
Other comprehensive income/(loss) for the year	(707)	1,850
Total comprehensive income/(loss) for the year	**(13,983)**	**14,684**
Total comprehensive income/(loss) for the year is attributable to:		
Owners of Boundary Bend Limited and controlled entities	(13,983)	14,684
	(13,983)	14,684

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $'000	2017 $'000
Current assets			
Cash and cash equivalents	8	1,034	2,125
Trade and other receivables	9	15,316	13,739
Inventory	10	56,702	76,556
Biological assets	13	1,739	3,440
Other assets	12	1,991	2,110
Total current assets		76,782	97,970
Non-current assets			
Trade and other receivables	9	91	98
Other financial assets	11	34	34
Intangible assets	14	6,678	6,678
Property, plant and equipment	15	217,667	192,464
Total non-current assets		224,470	199,274
Total assets		301,252	297,244
Current liabilities			
Trade and other payables	16	17,881	15,779
Borrowings	17	3,813	3,103
Provisions	18	1,456	1,249
Current tax liabilities	7	5	3
Other financial liabilities	19	351	383
Other liabilities	20	1,847	1,457
Total current liabilities		25,353	21,974
Non-current liabilities			
Borrowings	17	85,989	91,465
Provisions	18	59	44
Deferred tax liabilities	7	27,406	27,561
Other financial liabilities	19	1,100	861
Other liabilities	20	296	1,112
Total non-current liabilities		114,850	121,043
Total liabilities		140,203	143,017
Net assets		**161,049**	**154,227**
Equity			
Share capital	21	109,850	82,332
Reserves	22	(1,878)	(1,351)
Retained earnings	23	53,077	73,246
Total equity		**161,049**	**154,227**

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	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 30 June 2016	77,951	(1,739)	1,534	(2,662)	66,126	141,210
Profit for the year	-	-	-	-	12,834	12,834
Other comprehensive income for the year	-	-	-	1,791	-	1,791
Exchange differences arising on translation of foreign operations	-	59	-	-	-	59
Total comprehensive income for the period	**-**	**59**	**-**	**1,791**	**12,834**	**14,684**
Transactions with owners in their capacity as owners:						-
Proceeds from share issue / options exercised	3,705	-	-	-	-	3,705
Dividends provided for or paid	-	-	-	-	(5,714)	(5,714)
Options exercised (transfer from reserve)	676	-	(676)	-	-	-
Share based payments expense	-	-	342	-	-	342
Total transactions with owners in their capacity as owners	4,381	-	(334)	-	(5,714)	(1,668)
Balance at 30 June 2017	**82,332**	**(1,680)**	**1,200**	**(871)**	**73,246**	**154,227**
Loss for the year	-	-	-	-	(13,276)	(13,276)
Other comprehensive loss for the year	162	-	-	(145)	-	17
Exchange differences arising on translation of foreign operations	-	(724)	-	-	-	(724)
Total comprehensive loss for the year	**162**	**(724)**	**-**	**(145)**	**(13,276)**	**(13,983)**
Transactions with owners in their capacity as owners:						
Proceeds from share issue / options exercised	25,602	-	-	-	-	25,602
Issue of shares under dividend reinvestment plan	1,603	-	-	-	-	1,603
Dividends provided for or paid	-	-	-	-	(6,893)	(6,893)
Options exercised (transfer from reserve)	151	-	(151)	-	-	-
Share based payments expense	-	-	493	-	-	493
Total transactions with owners in their capacity as owners	27,356	-	342	-	(6,893)	20,805
Balance at 30 June 2018	**109,850**	**(2,404)**	**1,542**	**(1,016)**	**53,077**	**161,049**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		111,108	100,526
Payments to suppliers and employees		(88,330)	(81,015)
Interest received		9	8
Borrowing costs		(3,913)	(3,695)
Income tax payments		(73)	(3)
Net cash provided by operating activities	25 (b)	18,801	15,821
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		437	317
Proceeds from sale of investments		-	111
Payments for property, plant and equipment		(31,529)	(20,153)
Payments for investments		-	(25)
Net cash used in investing activities		(31,092)	(19,750)
Cash flows from financing activities			
Proceeds from share issue		25,684	3,705
Net (repayment) / proceeds of borrowings		(9,194)	5,219
Dividends paid to shareholders		(5,290)	(5,714)
Net cash provided by financing activities		11,200	3,210
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		2,125	2,844
Net increase / (decrease) in cash and cash equivalents		(1,091)	(719)
Cash and cash equivalents at the end of the period	25 (a)	1,034	2,125

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 4 September 2018.

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.

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).

The consolidated group has adopted all new and revised Standards and Interpretations that are effective for the reporting period. Refer note 3(b) for the application and impact of these standards.

(a) Basis of preparation of the financial report

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
• Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
• Level 3 inputs are unobservable inputs for the asset or liability.

(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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation (continued)

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.

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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 firstly 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 leases, finance leases, hire purchase or chattel mortgage based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases/Hire Purchase
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.

Chattel Mortgage
Under a Chattel Mortgage, the consolidated entity takes legal ownership of the fixed assets and the financier takes a charge over the equipment. Chattel mortgages 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 Chattel Mortgage and is included in finance costs in the consolidated statement of profit or loss. The 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. Chattel Mortgage payments are allocated between the reduction of the liability and the interest expense for the period.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases (continued)

Operating leases
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight line basis over the term of the lease.

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

(h) Revenue

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Revenue is measured at gross price less any rebates or in-store promotional spend.

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.

Government grants, where there is a reasonable requirement to complete specified task(s)/projects, are not recognised until there is reasonable assurance that the consolidated entity will comply with the conditions attaching to them and that the grants not require repayment. Unconditional grants are recognised when received.

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.

Olive oil inventories include agricultural produce that the consolidated entity has harvested from its biological assets. 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.

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment (continued)

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. 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.

Bearer plants
Bearer plants comprising of mature and immature olive trees in the olive groves are measured on the cost basis. Costs associated with young trees will be capitalised in the year of planting and the following four years.

The carrying amount of bearer plants is reviewed annually to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets are depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Class of fixed asset	**Depreciation**	**Depreciation**
Buildings	*2.5% - 3.25%*	Straight-line
Irrigation assets	*2.5% - 6.25%*	Straight-line
Plant & equipment	*4.5% - 22.5 %*	Diminishing value
Leased plant and equipment	*10% - 22.5 %*	Diminishing value
Bearer plants	*5% - 10%*	Straight-line
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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Intangibles (continued)

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 and the US based entities Boundary Bend Olives, Inc; Boundary Bend Assets, Inc; Boundary Bend Wellness, Inc; and Boundary Bend, Inc., which have a functional currency of US dollars. These financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of the consolidated entity are translated from the functional currency into Australian dollars 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 non-Australian entities 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. 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 29(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

Share based payments
Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Share options are priced using the Black Scholes option pricing model. Details regarding the determination of the fair value of equity settled share based transactions are set out in Note 31.

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.

(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 amortisation.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments (continued)

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

At the inception of each hedging transaction, the consolidated entity documents the relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair value or cash flows of hedged items.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge
To qualify as a cash flow hedge the underlying transactions generating the cash flows must be highly probable. Changes in the fair value of derivative that are designated and 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 rate or interest rate fluctuations that would have transpired in the absence of the hedge.

(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. If 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 held in the nursery. 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. Where there is fruit that has not yet been harvested at reporting date, this fruit is treated as biological produce and reported in the balance sheet under biological assets.

Olive trees in the olive groves are measured at cost in accordance with AASB 116 "Property, plant and equipment", refer to Note 1 (j) .

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 other assets

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

No impairment loss has been recognised in current year (2017: $nil).

(b) Income tax

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

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

NOTE 3: APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

(a) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the following applicable Standards and Interpretations listed below were in issue but not yet adopted by the group.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 ‘Financial Instruments’, and the relevant amending standards	1 January 2018	30 June 2019
AASB 15: Revenue from Contracts with Customers and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	30 June 2019
AASB 16 ‘Leases’	1 January 2019	30 June 2020
AASB 17 'Insurance Contracts'	1 January 2021	30 June 2022
AASB 2016-5 'Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions'	1 January 2018	30 June 2019
AASB 2017-1 'Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments'	1 January 2018	30 June 2019
AASB 2008-1 'Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle'	1 January 2019	30 June 2020
AASB 2008-2 'Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement'	1 January 2019	30 June 2020
Interpretation 22 'Foreign Currency Transactions and Advance Consideration'	1 January 2018	30 June 2019
Interpretation 23 'Uncertainty over Income Tax Treatments'	1 January 2019	30 June 2020

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

AASB 15: Revenue
AASB 15 Revenue will be effective from the annual reporting period commencing 1 July 2018. While we are currently assessing the impact of the new standard, our revenue is primarily generated from the sale of finished product to customers. Those sales predominantly contain a single delivery element and revenue is recognised at a single point in time when ownership, risks and rewards transfer. These are largely un-impacted by the new standard. Therefore we do not expect this new standard to have a material impact on our financial report.

NOTE 3: APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

(a) Standards and Interpretations in issue not yet adopted (Continued)

AASB 9: Financial Instruments
AASB 9 Financial Instruments was effective from 1 January 2018, and addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting.

The new classification, measurement and derecognition rules of AASB 9 may only affect financial assets that are classified as available-for-sale or are designated at fair value through profit or loss and are held both for collecting contractual cash flows and sales integral to achieving the objective of the business model as well as financial liabilities designated at fair value through profit or loss. The consolidated entity does not carry such financial assets or financial liabilities and therefore the directors do not expect that the new Accounting Standard will have a material impact on the accounting for financial assets or financial liabilities.

The new hedging rules align hedge accounting more closely with an entity's risk management practices. As a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation. As the new hedge accounting requirements will not alter the way the consolidated entity currently applies hedge accounting, the Directors do not expect that the new Accounting Standard will have a material impact on the financial report.

AASB 16: Leases
AASB 16 Leases will replace AASB 117 Leases and other related interpretations. The new lease standard will be effective from the annual reporting period commencing 1 July 2019.

All leases should be recognised on the balance sheet at inception of the lease with the exception of short-term leases (less than 12 months) and leases of low-value assets. The lessee must recognise a right-of-use asset and a corresponding lease liability in the amount of the present value of the lease payments. Subsequent to this initial measurement, the right-of-use asset is depreciated over the lease term, whilst lease payments are separated into a principal and interest portion to wind up the lease liability over the lease term.

Although depreciation on the right-of-use asset will be recorded on a straight-line bases, the total periodic expense (i.e. the sum of interest and depreciation expenses) will be generally higher in the early periods and lower in the later periods. As a constant interest rate is applied to the lease liability, interest expenses decrease as the lease payments are made during the lease term and the lease liability decreases. This trend in interest expense, combined with straight-line depreciation of the right-of-use asset, results in a front-loaded expense recognition pattern.

NOTE 3: APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

(a) Standards and Interpretations in issue not yet adopted (Continued)

Impact on financial report
At this stage, the consolidated entity is not able to reasonably measure the quantitative impact arising from AASB 16 as there may be new lease agreements between the date of this report and the effective date of AASB 16, which could be materially different from the existing lease agreements. Nevertheless, after its initial assessment on the impact arising from AASB 16, the consolidated entity anticipates that upon adoption of this standard:

- the consolidated entity's Statement of Financial Position will be grossed up (both assets and liabilities) to refect the rights and obiligations relating to the consolidated entity's leases. For leased properties occupied by the consolidated entity, the Statement of Financial Position will hold a depreciating non-financial asset and the associated payable under the lease.

- In the Statement of Comprehensive Income, net rental expense will be replaced by a net interest expense and a straight-lined depreciation expense. This is expected to have some impact on the consolidated entity's earnings before interest and tax ('EBIT').

The consolidated entity is considering the available options for transition and will determine in due course which transition approach will be adopted.

(b) Amendments to Accounting Standards that are mandatorily effective for the current reporting period

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 its operations and effective for the current period.

NOTE 4: SEGMENT REPORTING

Segment products and locations

The segment reporting reflects the way information is reported internally to the Chief Operating Officer (COO) for the purpose of resource allocation and assessment of segment performance focuses on the geographic location.

The consolidated entity has the following business segments:

- Australia - production and marketing of olive oil
- Australia - innovation and value-add products
- United States of America (USA) - production and marketing of olive oil

The segment information provided to the COO is referenced in the following table:

	Australian Operations				USA Operations		Eliminations & Corporate		Total Operations	
	Olive oil		Innovation & Value-add							
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue										
Total revenue from external customers	93,512	89,843	17	2	13,302	8,782	-	-	106,831	98,627
Intersegment revenue	5,674	1,475	-	-	-	290	(5,674)	(1,765)	-	-
Total segment revenue	**99,186**	**91,318**	**17**	**2**	**13,302**	**9,072**	**(5,674)**	**(1,765)**	**106,831**	**98,627**
Other revenue	1,708	1,531	32	-	475	778	-	-	2,215	2,309
Net change in fair value of agricultural produce	4,082	38,613	-	-	-	-	-	-	4,082	38,613
Total revenue	**104,976**	**131,462**	**49**	**2**	**13,777**	**9,850**	**(5,674)**	**(1,765)**	**113,128**	**139,549**
EBITDA	**11,955**	**44,249**	**(3,936)**	**(2,540)**	**(6,435)**	**(6,759)**	**115**	**241**	**1,699**	**35,191**
Depreciation/amortisation of segment assets	(10,178)	(10,152)	(17)	(8)	(749)	(614)	-	-	(10,944)	(10,774)
EBIT	**1,777**	**34,097**	**(3,953)**	**(2,548)**	**(7,184)**	**(7,373)**	**115**	**241**	**(9,245)**	**24,417**
Finance costs	-	-	-	-	-	-	(3,887)	(3,449)	(3,887)	(3,449)
Profit / (loss) before income tax	**1,777**	**34,097**	**(3,953)**	**(2,548)**	**(7,184)**	**(7,373)**	**(3,772)**	**(3,208)**	**(13,132)**	**20,968**
Segment assets (excl intercompany)	265,126	275,061	2,352	1,165	33,665	21,030	109	(12)	301,252	297,243
Segment liabilities (excl intercompany)	19,375	18,606	1,515	649	4,467	3,494	114,846	120,269	140,203	143,017
Capital expenditure	24,422	18,191	554	1,130	10,748	2,955	-	-	35,724	22,276

NOTE 4: SEGMENT REPORTING (CONTINUED)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1. Segment profit/(loss) represents the profit before tax earned by each segment without allocation investment income and finance costs.

All assets are allocated to reportable segments other than other financial assets and current and deferred tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individiual reportable segments; and all liabilities are allocated to reportable segments other than borrowings, other financial liabilities, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Included in revenue from external customers arising from Australian operations of $93.512 million (2017: $89.843 million) are revenues from major customers of approximately:

	2018	**2017**
	$'000	**$'000**
- Customer A	31,386	32,099
- Customer B	23,514	21,611

No other single customer contributed 10% or more to the consolidated entity's revenue for 2018 and 2017.

	2018 $'000	2017 $'000
NOTE 5: REVENUE		
Sale of goods	106,831	98,627
Other revenue:		
Management/service fees	393	371
Rental income	549	500
Interest income	9	8
Other income	182	1,394
Profit on sale of property plant and equipment	74	-
Unrealised foreign currency gains	972	-
Subsidies and grants	36	36
	2,215	2,309
Fair value adjustments:		
Net increase in fair value of agricultural produce	4,082	38,613
	113,128	139,549
NOTE 6: OPERATING PROFIT		
Profit/(loss) before income tax has been determined after:		
Cost of sales	96,218	89,950
Finance costs:		
Interest expense	2,415	1,966
Borrowing costs	1,256	1,232
Hire purchase charges	216	259
Finance lease charges	0	(8)
	3,887	3,449
Depreciation:		
Buildings	466	457
Plant and equipment	4,189	4,326
Irrigation Assets	830	733
Bearer Plants	4,995	4,951
Motor vehicles	297	159
Office furniture and equipment	149	128
Furniture and fittings	18	19
	10,944	10,773
Bad debts - trade debtors	5	99
Employee benefits:		
Share based payments	499	367
Defined contribution superannuation expense	1,050	1,018
Other employee benefits	16,938	15,703
	18,487	17,088
Loss on sale of property plant and equipment	-	8
Unrealised foreign currency losses	-	262

NOTE 6: OPERATING PROFIT (CONTINUED)

		2018 $	2017 $
Remuneration of auditors for:			
Auditor's remuneration audit and review fees	*	107,262	69,500

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

* This year additional audit procedures were undertaken for our USA operations and entities.

NOTE 7: INCOME TAX

(a) Components of tax expense

	2018 $'000	2017 $'000
Current tax	75	3
Deferred tax	(122)	8,117
Under / (over) provision in prior years	191	14
	144	8,134

(b) Prima facie tax payable

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

	2018 $'000	2017 $'000
Prima facie income tax (benefit) / expense before income tax at 30% (2017: 30%)	(3,940)	6,290
Add tax effect of:		
Other non allowable items	33	13
- Offshore tax losses not brought to account	3,293	3,786
Share based payments	150	77
- Under provision in prior years	191	14
- Capital loss adjustment in prior years	2	-
- Depreciation entitlement attached to fixed assets	1,469	-
	5,138	3,890
Less tax effect of:		
- Depreciation entitlement attached to fixed assets	-	(331)
- Research and development deductions	(330)	(400)
- Other deductible items	(155)	(77)
- Capital loss adjustment in prior years	-	(187)
- Difference in overseas tax rates	(569)	(1,051)
	(1,054)	(2,046)
Income tax expense / (credits) attributable to profit / (loss)	144	8,134

(c) Current tax

	2018 $'000	2017 $'000
Current tax liabilities		
Opening balance	3	3
Income tax	75	3
Tax payments	(73)	(3)
Current tax liabilities	5	3

NOTE 7: INCOME TAX (CONTINUED)

(d) Deferred tax balances

	Opening balance $'000	Recognised in profit or loss $'000	Recognised directly in equity $'000	Closing balance $'000
2017				
Deferred tax asset				
Employee benefits	285	63	-	348
Impairment of investments	233	(233)	-	-
Impairment of goodwill	2,504	-	-	2,504
Future tax depreciation entitlement on plant & equipment	1,150	(344)	-	806
Capital raising costs	11	(11)	-	-
Doubtful debts	16	4	-	20
Other	1,129	508	(768)	869
Tax losses brought to account	1,873	4,189	-	6,062
	7,201	4,176	(768)	10,609
Deferred tax liability				
The balance comprises:				
Finance leases	427	(64)	-	363
Fair value adjustment to inventory	-	11,584	-	11,584
Fair value adjustment to property, plant & equipment	25,359	864	-	26,223
Fair value adjustment to biological assets	77	(77)	-	-
	25,863	12,307	-	38,170
Net deferred tax assets / (liabilities)	(18,662)	(8,131)	(768)	(27,561)
2018				
Deferred tax asset				
Employee benefits	348	49	-	397
Impairment of goodwill	2,504	-	-	2,504
Future tax depreciation entitlement on plant & equipment	806	(283)	-	523
Capital raising costs	-	(32)	162	130
Doubtful debts	20	(2)	-	18
Other	869	348	62	1,279
Tax losses brought to account	6,062	(5,175)	-	887
	10,609	(5,095)	224	5,738
Deferred tax liability				
The balance comprises:				
Finance leases	363	(233)	-	130
Fair value adjustment to inventory	11,584	(10,360)	-	1,224
Fair value adjustment to property, plant & equipment	26,223	5,200	-	31,423
Other	-	367	-	367
	38,170	(5,026)	-	33,144
Net deferred tax assets / (liabilities)	(27,561)	(69)	224	(27,406)

NOTE 7: INCOME TAX (CONTINUED)

(e) Deferred tax revenue included in income tax expense

	2018 $'000	2017 $'000
Decrease / (increase) in deferred tax assets	5,095	(4,176)
(Decrease) / increase in deferred tax liabilities	(5,026)	12,307
	69	8,131

(f) Deferred income tax related to items credited directly to equity

	2018 $'000	2017 $'000
Decrease / (increase) in deferred tax assets	(224)	768

(g) Deferred tax assets not brought to account

Deferred tax asset not brought to account relating to:

USA Operations:

	2018 $'000	2017 $'000
Other deferred tax assets / (liabilities)	876	(753)
Tax losses	6,206	6,677
Net deferred tax asset not brought to account	7,082	5,924

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. In 2018, tax liabilities have been recognised and excess tax assets above what is deemed able to be realised have not been brought to account.

	Note	2018 $'000	2017 $'000
NOTE 8: CASH AND CASH EQUIVALENTS			
Cash at bank		1,034	2,125

NOTE 9: RECEIVABLES

	Note	2018 $'000	2017 $'000
CURRENT			
Trade debtors		14,758	12,031
Provision for doubtful debts		(61)	(66)
		14,697	11,965
Other receivables		619	1,774
		15,316	13,739
NON CURRENT			
Other Receivables		91	98

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 (2017: $0.4 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	Note	2018 $'000	2017 $'000
Opening balance at 1 July		(66)	(53)
Doubtful debts recognised on receivables		5	(99)
Amounts written off against the provision during the year		-	86
Closing balance at 30 June		(61)	(66)

NOTE 10: INVENTORY

	Note	2018 $'000	2017 $'000
CURRENT			
Value-add products		192	-
Raw materials at cost		2,940	2,901
Olive oil	1(i)	53,570	73,655
		56,702	76,556

	Note	2018 $'000	2017 $'000
NOTE 11: OTHER FINANCIAL ASSETS			
NON CURRENT			
Other financial assets			
Shares in other corporations		95	95
Provision for impairment loss		(61)	(61)
		34	34
Reconciliation:			
Shares in other corporations			
Opening balance at 1 July		95	958
Share acquired		-	25
Shares written off		-	(888)
Closing balance at 30 June		95	95
Provision for impairment of shares in other corporations			
Opening balance at 1 July		(61)	(832)
Plus amounts written off against the provision		-	771
Closing balance at 30 June		(61)	(61)

NOTE 12: OTHER ASSETS

		2018 $'000	2017 $'000
CURRENT			
Prepayments		1,798	1,919
Other current assets		193	191
		1,991	2,110

NOTE 13: BIOLOGICAL ASSETS

	Note	2018 $'000	2017 $'000
CURRENT			
At fair value			
Biological assets for sale - nursery trees	1(p)	1,408	702
Biological produce		331	2,738
		1,739	3,440

NOTE 14: INTANGIBLE ASSETS

		2018 $'000	2017 $'000
Water rights at cost		326	326
Trademarks at cost		6,352	6,352
Total intangible assets		6,678	6,678

	2018 $'000	2017 $'000

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

Land & buildings

	2018 $'000	2017 $'000
Land & buildings at fair value	64,675	50,693
Less accumulated depreciation	(2,070)	(1,594)
	62,605	49,099
Plant & equipment		
Plant & equipment at cost	64,296	57,637
Less accumulated depreciation	(27,398)	(24,386)
	36,898	33,251
Irrigation assets at cost	28,503	26,235
Less accumulated depreciation	(2,263)	(1,430)
	26,240	24,805
Bearer plants at cost	104,694	93,493
Less accumulated depreciation	(14,722)	(9,727)
	89,972	83,766
Motor vehicles at cost	1,912	1,303
Less accumulated depreciation	(651)	(379)
	1,261	924
Office equipment at cost	1,063	865
Less accumulated depreciation	(512)	(360)
	551	505
Furniture, fixtures & fittings at cost	274	229
Less accumulated depreciation	(134)	(115)
	140	114
Total plant and equipment	155,062	143,365
Total property, plant and equipment	217,667	192,464

(a) Reconciliations

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

	2018 $'000	2017 $'000
Land & buildings		
Opening carrying amount	49,099	48,775
Additions	13,339	1,859
Depreciation expense	(466)	(457)
Net foreign currency movements	278	(338)
Reclassification/transfers between groups	355	(740)
Closing carrying amount	62,605	49,099

NOTE 15: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2018 $'000	2017 $'000
Plant & equipment		
Opening carrying amount	33,251	32,020
Additions	8,197	6,529
Disposals	(346)	(500)
Depreciation expense	(4,189)	(4,326)
Net foreign currency movements	400	(218)
Reclassification/transfers between groups	(415)	(254)
Closing carrying amount	36,898	33,251
Irrigation assets		
Opening carrying amount	24,805	22,380
Additions	1,523	2,904
Depreciation expense	(830)	(733)
Net foreign currency movements	16	-
Reclassification/transfers between groups	726	254
Closing carrying amount	26,240	24,805
Bearer plants		
Opening carrying amount	83,766	78,181
Additions	11,798	9,840
Depreciation expense	(4,995)	(4,951)
Net foreign currency movements	85	(44)
Reclassification/transfers between groups	(682)	740
Closing carrying amount	89,972	83,766
Motor vehicles		
Opening carrying amount	924	757
Additions	645	382
Disposals	(16)	(51)
Depreciation expense	(297)	(159)
Net foreign currency movements	5	(5)
Closing carrying amount	1,261	924
Office equipment		
Opening carrying amount	505	427
Additions	180	210
Disposals	(2)	(1)
Depreciation expense	(149)	(128)
Net foreign currency movements	1	(3)
Reclassification/transfers between groups	16	-
Closing carrying amount	551	505

	Note	2018 $'000	2017 $'000

NOTE 15: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	2018 $'000	2017 $'000
Furniture, fixtures & fittings			
Opening carrying amount		114	114
Additions		42	21
Depreciation expense		(18)	(19)
Net foreign currency movements		2	(2)
Closing carrying amount		140	114
Total property, plant and equipment			
Carrying amount at 1 July		192,464	182,654
Additions		35,724	21,745
Disposals		(364)	(552)
Depreciation expense		(10,944)	(10,773)
Net foreign currency movements		787	(610)
Carrying amount at 30 June		217,667	192,464

NOTE 16: PAYABLES

	Note	2018 $'000	2017 $'000
CURRENT			
Unsecured liabilities			
Trade creditors		13,576	10,561
Other creditors and accruals		4,305	5,218
		17,881	15,779

NOTE 17: BORROWINGS

	Note	2018 $'000	2017 $'000
CURRENT			
Secured Liabilities			
Finance lease liability	24(a)	70	278
Hire purchase/chattel mortgage liability	24(b)	3,743	2,825
		3,813	3,103
NON CURRENT			
Secured liabilities			
Bank loans	(a)	78,183	84,161
Finance lease liability	24(a)	-	70
Hire purchase/chattel mortgage liability	24(b)	7,806	7,234
		85,989	91,465
Total Borrowings		89,802	94,568

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

The bank loans are secured by a general security interest over the assets and undertakings of Boundary Bend Limited and its Australian subsidiaries. The bank also has mortgages over the real properties owned by the consolidated entities Australian subsidiaries. All Australian subsidiaries guarantee the bank loans.

	2018 $'000	2017 $'000
NOTE 18: PROVISIONS		
CURRENT		
Dividends payable	1	-
Employee benefits	1,455	1,249
	1,456	1,249
NON CURRENT		
Employee benefits	59	44
	59	44
NOTE 19: OTHER FINANCIAL LIABILITIES		
CURRENT		
Hedging instruments		
Interest rate swap	351	383
NON-CURRENT		
Hedging instruments		
Interest rate swap	1,100	861
NOTE 20: OTHER LIABILITIES		
CURRENT		
Deferred income	759	520
Other current liabilities	1,088	937
	1,847	1,457
NON-CURRENT		
Other non-current liabilities	296	1,112

	Note	2018 $'000	2017 $'000
NOTE 21: SHARE CAPITAL			
Issued and paid up capital			
60,583,729 (2017: 57,142,125) ordinary shares	(a)	109,850	82,332

	2018		2017	
	Shares '000	$'000	Shares '000	$'000
(a) Ordinary shares				
Consolidated				
Opening balance	57,142	82,332	54,915	77,951
11 October 2016	-	-	125	220
17 October 2016	-	-	250	567
26 October 2016	-	-	275	517
31 October 2016	-	-	1,250	2,238
17 November 2016	-	-	125	347
21 November 2016	-	-	52	144
18 January 2017	-	-	150	296
30 June 2017	-	-	-	52
27 November 2017	150	620	-	-
7 December 2017	150	620	-	-
16 February 2018	200	1,603	-	-
9-10 May 2018	2,941	24,623		
30 June 2018	-	52		
	3,441	27,518	2,227	4,381
At reporting date	60,583	109,850	57,142	82,332

(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 2018, directors, senior employees and consultants held options over 5,081,200 ordinary shares of the consolidated entity. At 30 June 2017, directors, senior employees and consolutants held options over 5,299,000 ordinary shares of the consolidated entity.

Share options granted under the Employees and Officers Share Option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided in Note 31.

NOTE 22: RESERVES

	Note	2018 $'000	2017 $'000
Foreign currency translation reserve	22(a)	(2,404)	(1,680)
Share based payments reserve	22(b)	1,542	1,200
Cash flow hedge reserve	22(c)	(1,016)	(871)
		(1,878)	(1,351)

(a) 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	2018 $'000	2017 $'000
Opening balance	(1,680)	(1,739)
Exchange difference arising on translation of foreign operations	(724)	59
Closing balance	(2,404)	(1,680)

(b) 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 31.

Movements in reserve	2018 $'000	2017 $'000
Opening balance	1,200	1,534
Options exercised, transferred to share capital	(151)	(676)
Share based payments expense	499	344
Net foreign currency translation adjustment	(6)	(2)
Closing balance	1,542	1,200

(c) 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	2018 $'000	2017 $'000
Opening balance	(871)	(2,662)
Gain / (loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges		
- Interest rate swap	(207)	2,559
- Deferred tax charged directly to equity	62	(768)
Closing balance	(1,016)	(871)

NOTE 23: RETAINED EARNINGS

	2018 $'000	2017 $'000
Retained earnings at beginning of year	73,246	66,126
Net profit / (loss)	(13,276)	12,834
Dividends provided for or paid	(6,893)	(5,714)
	53,077	73,246

NOTE 24: CAPITAL AND LEASING COMMITMENTS

	Note	2018 $'000	2017 $'000
(a) Finance leasing commitments			
Payable			
not later than one year		71	290
later than one year and not later than five years		-	72
Minimum lease payments		71	362
Less future finance charges		(1)	(14)
Total finance lease liability		70	348
Represented by:			
Current liability	17	70	278
Non current liability	17	-	70
		70	348
(b) Hire purchase and Chattel mortgage commitments			
Payable			
not later than one year		4,172	3,260
later than one year and not later than five years		8,406	7,891
Minimum hire purchase payments		12,578	11,151
Less future finance charges		(1,029)	(1,092)
Total hire purchase liability		11,549	10,059
Represented by:			
Current liability	17	3,743	2,825
Non current liability	17	7,806	7,234
		11,549	10,059
(c) Operating lease commitments			
Non cancellable operating leases contracted for but not capitalised in the financial statements:			
Payable in AUD			
not later than one year		161	117
later than one year and not later than five years		117	71
		278	188
Payable in USD			
not later than one year		66	21
later than one year and not later than five years		446	271
- later than five years		1,183	-
		1,695	292

General description of operating leasing arrangements:

Operating leases relate to office space, warehouse and office equipment and land with lease terms of between 2 to 35 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 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	2018 $'000	2017 $'000

NOTE 25: CASH FLOW INFORMATION

(a) Reconciliation of cash

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

	Note	2018 $'000	2017 $'000
Cash at bank	8	1,034	2,125

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

	2018 $'000	2017 $'000
Profit/(loss) from ordinary activities after income tax	(13,276)	12,834
Adjustments for non cash items		
Depreciation & amortisation	10,944	10,773
Bad debt expense	(5)	13
(Profit)/loss on sale of assets	(74)	8
Profit on sale of investments	-	4
Share based payment expense	499	367
Unrealised foreign currency losses/(gains)	(926)	246
	10,438	11,411
Changes in assets and liabilities		
(Increase) / decrease in receivables	(812)	498
(Increase) / decrease in prepayments and other assets	118	(63)
(Increase) / decrease in inventories	21,556	(18,738)
Increase in payables	1,160	682
(Decrease) / increase in income tax payable	2	-
(Decrease) / increase in deferred taxes	69	8,899
Increase in provisions	-	339
Decrease in accrued expenses & other liabilities	(454)	(41)
	21,639	(8,424)
Cash flows provided by operating activities	18,801	15,821

(c) Purchase of property, plant and equipment under borrowings

Where property, plant and equipment has been purchased on a lease or hire purchase arrangement and no cash has flowed to or from the group, neither payments for property, plant and euqipment nor proceeds of borrowings have been recognised in the consolidated statement of cash flows.

NOTE 25: CASH FLOW INFORMATION (CONTINUED)

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

Facility	Currency	Limit $'000	Drawn at 30 Jun 18 $'000	Term
Core Debt	AUD	58,000	58,000	October 2020
Working Capital Debt	AUD	25,000	6,000	October 2020
Domestic Foreign Currency Account Facility	USD	10,500	10,500	October 2020

The interest cost under the AUD facilities are referenced to the bank bill swap bid rate (BBSY). The interest cost under the USD facility is referenced to the London Interbank Offer Rate (LIBOR). A margin and line fee is also paid in addition to this reference rate.

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.

NOTE 26: CONTROLLED ENTITIES

	Country of incorporation	Ownership 2018 %	Ownership 2017 %
Parent Entity:			
Boundary Bend Limited	Australia		
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
Boundary Bend Wellness Pty Ltd	Australia	100	-
Boundary Bend IP Pty Ltd	Australia	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
Boundary Bend Olives, Inc.	USA	100	100
Boundary Bend Assets, Inc.	USA	100	100
Boundary Bend, Inc.	USA	100	100
Boundary Bend Wellness, Inc.	USA	100	-

NOTE 27: 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	
	2018	2017	2018	2017
	$	$	$	$
R. McGavin	1,884	5,003	-	-
P & F Riordan Family Trust	-	-	29,421	29,341
P & F Riordan Pty Ltd	1,576	3,602	18,200	27,484
United Retail Group Pty Ltd	-	360	4,323	94,307
Riordan Group Pty Ltd	-	-	71,412	396,401
McGavin Investments Pty Ltd	-	-	20,460	30,240
Poligolet Holdings Pty Ltd	16,011	20,274	-	-
Jubilee Park Vineyards Pty Ltd	8,647	8,249	-	-
	28,118	37,488	143,816	577,773

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

	Amounts owed by related parties		Amounts owed to related parties	
	2018	2017	2018	2017
	$	$	$	$
R. McGavin	712	-	-	-
P & F Riordan Family Trust	-	-	7,355	-
P & F Riordan Pty Ltd	117	-	4,550	-
United Retail Group Pty Ltd	-	-	-	58,384
Poligolet Holdings Pty Ltd	2,312	4,833	-	-
Jubilee Park Vineyards Pty Ltd	827	723	-	-
	3,968	5,556	11,905	58,384

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 27: RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Loans to key management personnel

There were no loans to key management personnel of the consolidated group or their related entities in 2018. (2017: Nil)

(c) Transactions with key management personnel compensation

(i) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 35 to the financial statements.

(ii) Key management personnel equity holdings

Fully paid ordinary shares of Boundary Bend Limited:

	Balance at beginning of year No.	Granted as compensation No.	Received upon exercise of options No.	Net other change No.	Balance at end of year No.
2018					
Mr T. A. Jonas	908,204	-	-	35,294	943,498
Mr C.P. Ball	609,656	-	-	9,141	618,797
Prof. J. West	600,000	-	150,000	-	750,000
Mr R.D. McGavin	12,007,396	-	-	-	12,007,396
Mr P.C. Riordan	3,109,118	-	-	-	3,109,118
Mr L.M. Ravetti	204,764	-	-	-	204,764
Mr T.F. Smith	270,969	-	-	-	270,969
Mr M. Bailey	52,083	-	150,000	(26,500)	175,583
Mr S. J. Beaton	419,374	-	-	665	420,039
2017					
Mr T. A. Jonas	758,204	-	250,000	(100,000)	908,204
Mr C.P. Ball	501,837	-	250,000	(142,181)	609,656
Prof. J. West	600,000	-	-	-	600,000
Mr R.D. McGavin	10,757,396	-	1,250,000	-	12,007,396
Mr P.C. Riordan	3,109,118	-	-	-	3,109,118
Mr L.M. Ravetti	404,764	-	-	(200,000)	204,764
Mr T.F. Smith	195,969	-	125,000	(50,000)	270,969
Mr M. Bailey	-	-	52,083	-	52,083
Mr S. J. Beaton	419,374	-	-	-	419,374

NOTE 27: RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with key management personnel compensation (continued)

Share options of Boundary Bend Limited:

	Balance at beginning of year No.	Granted as compen-sation No.	Exercised No.	Lapsed No.	Balance at end of year No.
2018					
Mr T. A. Jonas	-	-	-	-	-
Mr C.P. Ball	-	41,100	-	-	41,100
Prof. J. West	387,000	41,100	(150,000)	-	278,100
Mr R.D. McGavin	-	-	-	-	-
Mr P.C. Riordan	-	-	-	-	-
Mr L.M. Ravetti	1,600,000	-	-	-	1,600,000
Mr T.F. Smith	500,000	-	-	-	500,000
Mr M. Bailey	312,000	-	(150,000)	-	162,000
Mr S. J. Beaton	1,000,000	-	-	-	1,000,000
2017					
Mr T. A. Jonas	250,000	-	(250,000)	-	-
Mr C.P. Ball	250,000	-	(250,000)	-	-
Prof. J. West	312,000	75,000	-	-	387,000
Mr R.D. McGavin	1,250,000	-	(1,250,000)	-	-
Mr P.C. Riordan	-	-	-	-	-
Mr L.M. Ravetti	1,600,000	-	-	-	1,600,000
Mr T.F. Smith	625,000	-	(125,000)	-	500,000
Mr M. Bailey	364,083	-	(52,083)	-	312,000
Mr S. J. Beaton	1,000,000	-	-	-	1,000,000

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 300,000 options (2017: 1,927,083) were exercised by key management personnel.

Further details of the employee share option plan and of share options issued during the 2018 and 2017 financial year are contained in Note 31 to the financial statements.

NOTE 28: FAIR VALUE MEASUREMENTS

(a) Fair value hierarchy

Asset and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Inputs for the asset or liability that are not based on observable market data

Year ended 30 June 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements	**$'000**	**$'000**	**$'000**	**$'000**
Non-financial assets				
Land and building at fair value	-	11,092	51,513	62,605
Financial liabilities				
Hedging instruments	-	1,451	-	1,451

Year ended 30 June 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements	**$'000**	**$'000**	**$'000**	**$'000**
Non-financial assets				
Land and building at fair value	-	11,161	37,938	49,099
Financial liabilities				
Hedging instruments	-	1,244	-	1,244

(b) Transfers between levels

There were no transfers between level 1 and level 2 of the fair value hierarchy during the year.

(c) Valuation techniques and inputs used in level 2 fair value measurements

	Fair value $'000	**Valuation technique**	**Description of valuation technique and inputs used**
Land & Buildings	11,092	Market approach	The consolidated entity's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, plus any subsequent capital improvements. The fair value measurements of the consolidated entity's land & buildings as at 30 June 2015 were performed by CBRE, independent valuers. The valuation was performed using a capitalisation of net income and direct market comparison approach. Based on current market conditions the directors consider that the basis of the independent valuation is appropriate for 30 June 2018, being the fair value at the date of revaluation, plus any subsequent capital improvements.
Interest rate swap	1,451	Income approach	The fair value of interest rate swaps is calculated using the present value of the estimated future cash flows based on observable interest rate yield curves.

NOTE 28: FAIR VALUE MEASUREMENTS (CONTINUED)

(d) Reconciliation of recurring level 2 fair value movements

	2018 $'000	2017 $'000
Land and building at fair value		
Opening balance	11,161	11,258
Purchases / additions	76	45
Depreciation	(145)	(142)
Closing balance	11,092	11,161
Hedging instruments		
Opening balance	1,244	3,803
Total gains and losses recognised in other comprehensive income	207	(2,559)
Closing balance	1,451	1,244

(e) Valuation techniques and significant unobservable inputs used in level 3 fair value measurements

	Fair value $'000	Valuation technique	Description of valuation technique and inputs used
Land & Buildings	51,513	Market approach	The consolidated entity's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, plus any subsequent capital improvements. The fair value measurements of the consolidated entity's land & buildings as at 30 June 2015 were performed by CBRE, independent valuers. The valuation was performed using a capitalisation of net income and direct market comparison approach. Based on current market conditions the directors consider that the basis of the independent valuation is appropriate for 30 June 2018, being the fair value at the date of revaluation, plus any subsequent capital improvements.

(f) Reconciliation of recurring level 3 fair value movements

	2018 $'000	2017 $'000
Land and building at fair value		
Opening balance	37,938	37,517
Purchases / additions	13,618	1,814
Depreciation	(321)	(315)
Net foreign currency movements	278	(338)
Reclassification/transfers between groups	-	(740)
Closing balance	51,513	37,938

NOTE 29: FINANCIAL RISK MANAGEMENT

Capital risk management

The consolidated entity manages its capital to ensure that entities within 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 17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 21, 22 and 23 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.

	2018 $'000	2017 $'000
Total External Debt	89,802	94,568
Less: Cash and Cash Equivalents	(1,034)	(2,125)
Net External Debt	88,768	92,443
Total Assets	301,252	297,244
Less: Intangible Assets	(6,678)	(6,678)
Tangible Assets	294,574	290,566
Gearing Ratio	30.13%	31.81%

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 risks.

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 29: 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	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
European Euros	138	316	2,087	2,912
US dollars	1,362	1,449	16,907	16,151

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. Contracts for the sale of olive oil are also entered into in USD when selling to the US market. 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. The US based entities (Boundary Bend Olives, Inc; Boundary Bend Assets, Inc.; Boundary Bend Wellness, Inc.; and Boundary Bend, Inc.) have a functional currency of USD. 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.

	2018	**2017**
+ / 10% United States dollars	**$'000**	**$'000**
Impact on profit before tax	1,555	1,470
Impact on equity	148	16
+ / 10% Argentinean pesos		
Impact on profit before tax	-	-
Impact on equity	20	2
+ / 10% European euros		
Impact on profit before tax	195	259
Impact on equity	-	-

NOTE 29: 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 has entered into an interest rate swap to fix a portion of the floating rate debt.

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:

	2018	**2017**
+ / 1% interest rate	**$'000**	**$'000**
Impact on profit before tax	482	542

(c) Credit risk

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

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

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

NOTE 29: 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 2018	Weighted average effective interest rate	< 6 months	- 6 12 months	> 12 months	Total
	%	$'000	$'000	$'000	$'000
Financial assets:					
Non interest bearing assets	0.00	15,316	-	-	15,316
Variable interest rate instruments					
- Cash	0.00	1,034	-	-	1,034
- Amounts receivable from directors and key management personnel	0.00	-	-	91	91
Financial liabilities:					
Non interest bearing liabilities	0.00	17,881	-	-	17,881
Variable interest rate instruments					
- Bank loans	3.62	-	-	48,183	48,183
Fixed interest rate instruments					
- Bank loans	4.93	-	-	30,000	30,000
- Finance lease liability	6.24	70	0	-	70
- Hire Purchase/Chattel Mortgage liability	4.43	2,337	1,406	7,806	11,549
Year ended 30 June 2017					
Financial assets:					
Non interest bearing assets	0.00	13,739	-	-	13,739
Variable interest rate instruments					
- Cash	0.25	2,125	-	-	2,125
- Amounts receivable from directors and key management personnel	0.00	-	-	98	98
Financial liabilities:					
Non interest bearing liabilities	0.00	15,779	-	-	15,779
Variable interest rate instruments					
- Bank loans	3.23	-	-	54,161	54,161
Fixed interest rate instruments					
- Bank loans	4.93	-	-	30,000	30,000
- Finance lease liability	6.06	195	83	70	348
- Hire Purchase/Chattel Mortgage liability	4.82	1,761	1,064	7,234	10,059

NOTE 29: 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 30: CONSOLIDATED ENTITY DETAILS

The registered office of the consolidated entity is:

151 Broderick Road
LARA VICTORIA 3212

NOTE 31: 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 31: SHARE BASED PAYMENTS (CONTINUED)

Details of the options granted are provided below:

Grant date	Vesting 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
2018										
01-May-14**	****	01-May-20	$2.50	$2.40	300,000	-	-	-	300,000	200,000
10-Nov-14	10-Nov-21	10-Nov-24	$4.00	$3.30	3,100,000	-	-	-	3,100,000	-
09-Dec-14	10-Dec-14	09-Dec-17	$3.80	$3.30	300,000	-	(300,000)	-	-	-
01-Feb-15	****	31-Mar-20	$3.80	$3.30	400,000	-	-	-	400,000	300,000
23-Oct-15	24-Oct-15	24-Oct-18	$3.80	$3.30	324,000	-	-	-	324,000	324,000
31-Jan-16	31-Jan-21	31-Mar-21	$3.80	$3.30	200,000	-	-	-	200,000	-
11-Jul-16	11-Jul-23	11-Jul-23	$4.25	$3.70	200,000	-	-	-	200,000	-
15-Dec-16	16-Dec-16	15-Dec-19	$7.50	$7.00	75,000	-	-	-	75,000	75,000
27-Apr-17	1-Jul-22	1-Aug-22	$9.00	$8.00	50,000	-	-	-	50,000	-
27-Apr-17	1-Jul-24	1-Aug-24	$9.00	$8.00	100,000	-	-	-	100,000	-
1-May-17	****	1-Aug-24	$9.00	$8.00	250,000	-	-	-	250,000	14,500
15-Dec-17	16-Dec-17	15-Dec-20	$8.00	$8.00	-	82,200	-	-	82,200	82,200
					5,299,000	82,200	(300,000)	-	5,081,200	995,700
Weighted average exercise price:					$4.31	$8.00	$3.80	$0.00	$4.39	$4.24
2017										
15-Feb-12*	16-Feb-12	15-Feb-17	$1.50	$1.50	150,000	-	(150,000)	-	-	-
01-Nov-12	02-Nov-12	01-Nov-16	$1.50	$1.30	250,000	-	(250,000)	-	-	-
15-Nov-12	16-Nov-12	01-Nov-16	$1.55	$1.30	1,250,000	-	(1,250,000)	-	-	-
15-Feb-13	16-Feb-13	01-Nov-16	$1.50	$1.50	125,000	-	(125,000)	-	-	-
15-Feb-13*	01-Oct-16	01-Nov-16	$1.50	$1.50	150,000	-	(150,000)	-	-	-
10-Dec-13	11-Dec-13	01-Dec-16	$2.50	$2.40	250,000	-	(250,000)	-	-	-
15-Mar-14	16-Mar-14	01-Dec-16	$2.50	$2.40	52,083	-	(52,083)	-	-	-
01-May-14**	****	01-May-20	$2.50	$2.40	300,000	-	-	-	300,000	180,000
10-Nov-14	10-Nov-21	10-Nov-24	$4.00	$3.30	3,600,000	-	-	(500,000)	3,100,000	-
09-Dec-14	10-Dec-14	09-Dec-17	$3.80	$3.30	300,000	-	-	-	300,000	300,000
01-Feb-15	****	31-Mar-20	$3.80	$3.30	500,000	-	-	(100,000)	400,000	225,000
23-Oct-15	24-Oct-15	24-Oct-18	$3.80	$3.30	324,000	-	-	-	324,000	324,000
31-Jan-16	31-Jan-21	31-Mar-21	$3.80	$3.30	200,000	-	-	-	200,000	-
11-Jul-16	11-Jul-23	11-Jul-23	$4.25	$3.70	-	200,000	-	-	200,000	-
15-Dec-16	16-Dec-16	15-Dec-19	$7.50	$7.00	-	75,000	-	-	75,000	75,000
27-Apr-17	1-Jul-22	1-Aug-22	$9.00	$8.00	-	50,000	-	-	50,000	-
27-Apr-17	1-Jul-24	1-Aug-24	$9.00	$8.00	-	100,000	-	-	100,000	-
1-May-17	****	1-Aug-24	$9.00	$8.00	-	250,000	-	-	250,000	-
					7,451,083	675,000	(2,227,083)	(600,000)	5,299,000	1,104,000
Weighted average exercise price:					$3.21	$7.43	$1.66	$3.97	$4.31	$3.84

* Issued to consultants for services provided.

** The agreement relating to these options was not formally signed until 1 May 2014. However, the price and terms of the options were agreed between the parties on 29 March 2014.

*** The agreement relating to these options was not formally signed until 23 October 2015. However, the price and terms of the options were agreed between parties on 1 February 2015.

**** The option vests over the life of the option and has several vesting dates.

NOTE 31: SHARE BASED PAYMENTS (CONTINUED)

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

There were 82,200 options granted during the year (2017: 675,000). 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	**15-Dec-17**
Number of options issued	82,200
Exercise price	$8.00
Grant date share price	$8.00
Expected volatility	27%
Option life	3
Dividend yield	1.50%
Risk-free interest rate	1.98%

(c) Share options exercised during the year

- 150,000 options granted on 9 December 2014 were exercised on 27 November 2017
- 150,000 options granted on 9 December 2014 were exercised on 7 December 2017

(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 $4.39 (2017: $4.31), and a weighted average remaining contractual life of 1,818 days (2017: 2,083 days).

NOTE 32: DIVIDENDS

	2018 $'000	2017 $'000
Dividends declared and paid at $0.12 per share unfranked (2017: $0.10 per share partially franked)	6,893	5,714
Balance of franking account on a tax paid basis at financial year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years:	9	9

NOTE 33: PARENT ENTITY DETAILS

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

(a) Summarised parent statement of financial position

	2018 $'000	2017 $'000
Assets		
Current assets	65	51
Non current assets	130,141	112,536
Total assets	130,206	112,587
Liabilities		
Current liabilities	1,629	1,703
Non current liabilities	78,183	84,161
Total liabilities	79,812	85,864
Net assets	50,394	26,723
Equity		
Share capital	109,850	82,332
Retained earnings	(59,982)	(55,938)
Reserves	-	-
Share based payments reserve	1,542	1,200
Cash flow hedge reserve	(1,016)	(871)
Total equity	50,394	26,723

(b) Summarised parent statement of comprehensive income

	2018	2017
Profit/(loss) for the year	2,481	292
Other comprehensive income for the year	17	1,791
Total comprehensive income for the year	2,498	2,083

(c) Parent entity guarantees

The bank loans are secured by a general security interest over the assets and undertakings of Boundary Bend Limited and its Australian subsidiaries. The bank also has mortgages over the real properties owned by the consolidated entity Australian subsidiaries. All Australian subsidiaries guarantee the bank loans.

(d) Parent entity contingent liabilities

There are no contingent liabilities as at 30 June 2018.

(e) Parent entity contractual commitments

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

NOTE 34: CONTINGENT LIABILITIES

In May 2018 Boundary Bend agreed to purchase a parcel of land adjoining the Boort Estate for $1.9 million of which $1.7 million remained payable at 30 June 2018. The property has approximately 350 hectares suitable for planting olive trees. The property settlement was conditional. Subsequent to year end conditions were met and the property has since settled.

NOTE 35: 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 (Executive 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 (Innovation and Value-Adding Director)
M. Bailey (Non-executive Director)
S.J. Beaton (Company Secretary, Chief Financial Officer, Chief Operating Officer)

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

	2018 $	2017 $
Compensation received by key management personnel of the consolidated entity:		
- short-term employee benefits	1,978,318	1,759,746
- post-employment benefits	95,750	92,174
- share based payments	233,378	214,330
	2,307,446	2,066,250

NOTE 36: SUBSEQUENT EVENTS

The parcel of land adjoining the Boort Estate settled in August 2018.

In August 2018, the consolidated entity has entered into due diligence relating to the purchase of a property in USA for US$2.6m. There is no contractual commitment to purchase the property.

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidate entity in future financial years.

NOTE 37: COMMITMENTS FOR EXPENDITURE

At 30 June 2018 there were the following commitments for expenditure:

- Plant & Equipment	$2.6 million
- Irrigation	$1 million
- Land & Buildings	$2.6 million

In May 2018 Boundary Bend agreed to purchase a parcel of land adjoining the Boort Estate for $1.9 million of which $1.7 million remained payable at 30 June 2018. The property has approximately 350 hectares suitable for planting olive trees. The property settlement was conditional. Subsequent to year end conditions were met and the property has since settled.

DIRECTORS' DECLARATION

The directors of the consolidated entity declare that:

1. The financial statements and notes, as set out on pages 31 - 78, 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 2018 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 4 September 2018

Deloitte.

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Boundary Bend Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies , and the declaration by Board of Directors.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company and Group's financial position as at 30 June 2018 and of their financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 28 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Boundary Bend Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of Boundary Bend Limited 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Rachel Smith
Partner
Chartered Accountants
Melbourne, 4 September 2018