

**BOUNDARY
BEND
LIMITED**



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

Half-year report
For the six months ended 31 December 2018

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES

ABN 32 115 131 667

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

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BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES

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**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

Directors' Report

The directors of Boundary Bend Limited submit the financial report of Boundary Bend Limited and its subsidiaries (the consolidated entity) for the half-year ended 31 December 2018.

Directors

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

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

Review of operating results

The consolidated entity reported a post tax loss of \$3,718,000 (2017: \$7,442,000 loss).

The result includes a pre tax profit of \$1,308,000 from Australian olive oil operations (2017: \$1,751,000 loss), a pre tax loss of \$1,330,000 from US olive oil operations (2017: \$3,668,000 loss) and a pre tax loss of \$1,862,000 from innovation & value-add operations (2017: \$1,672,000 loss). A more detailed breakdown of each segment's earnings can be found on page 14, in Note 2 of the half-year report.

The consolidated entity also reported positive cash flows from operations of \$1,109,000 compared to \$9,582,000 for the same period last year.

Dividends paid, recommended and declared

On 26 October 2018, 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 2018. The dividend which was unfranked was paid to shareholders on 15 February 2019 (record date 31 January 2019). The dividend payable recorded in the financial statements at 31 December 2018 is \$7,308,927 (31 December 2017: \$6,893,055).

Auditor's independence declaration

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

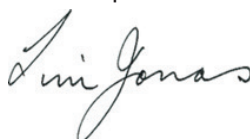
Rounding

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

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



Mr. Robert McGavin
Director



Mr. Tim Jonas
Director

Dated 14th March 2019

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

14 March 2019

Dear Board Members

Boundary Bend Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Boundary Bend Limited.

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Rachel Smith
Partner
Chartered Accountant

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES

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**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

**Condensed consolidated statement of profit or loss
for the half-year ended 31 December 2018**

	Consolidated Half-year ended	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Revenue		
Sales revenue	60,975	58,946
Other revenue	2,540	662
	<u>63,515</u>	<u>59,608</u>
 Expenses		
Cost of sales	(50,927)	(53,639)
Administration expenses	(6,899)	(5,504)
Distribution expenses	(1,997)	(2,015)
Marketing expenses	(4,471)	(4,060)
Occupancy expenses	(924)	(688)
Finance costs	(2,041)	(1,885)
Other expenses	(265)	(666)
	<u>(67,524)</u>	<u>(68,457)</u>
 Loss for the period before income tax benefit	(4,009)	(8,849)
Income tax benefit	291	1,407
	<u>(3,718)</u>	<u>(7,442)</u>
 Loss for the period	(3,718)	(7,442)
 Loss attributable to:		
Owners of Boundary Bend Limited and controlled entities	(3,718)	(7,442)
	<u>(3,718)</u>	<u>(7,442)</u>

* Notes to the condensed consolidated financial statements are included on pages 10 to 17.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
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FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

**Condensed consolidated statement of other comprehensive income
for the half-year ended 31 December 2018**

	Consolidated Half-year ended	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Loss for the period	(3,718)	(7,442)
Other comprehensive income, net of income tax		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(549)	(17)
Profit / (Loss) on hedging instruments through cash flow hedge reserve	(653)	(289)
Income tax relating to items that may be reclassified subsequently to profit or loss	196	87
Other comprehensive loss for the period	(1,006)	(219)
Total comprehensive loss for the period	(4,724)	(7,661)
Total comprehensive loss attributable to:		
Owners of Boundary Bend Limited and controlled entities	(4,724)	(7,661)
	(4,724)	(7,661)

* Notes to the condensed consolidated financial statements are included on pages 10 to 17.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES

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**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

**Condensed consolidated statement of financial position
as at 31 December 2018**

		Consolidated	
		31 Dec 2018	30 Jun 2018
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents		2,589	1,034
Trade and other receivables		17,035	15,316
Inventory		41,579	42,558
Biological assets		16,263	15,883
Other assets		2,541	1,991
Total current assets		80,007	76,782
Non-current assets			
Trade and other receivables		95	91
Other financial assets		37	34
Intangible assets		6,678	6,678
Property, plant and equipment		243,509	217,667
Total non-current assets		250,319	224,470
Total assets		330,326	301,252
Current liabilities			
Trade and other payables		23,574	17,881
Borrowings	5	5,507	3,813
Provisions		1,497	1,456
Current tax liabilities		5	5
Other financial liabilities		533	351
Dividend payable		7,310	-
Other liabilities		2,495	1,847
Total current liabilities		40,921	25,353
Non-current liabilities			
Borrowings	5	107,147	85,989
Provisions		59	59
Deferred tax liabilities		26,913	27,406
Other financial liabilities		1,572	1,100
Other liabilities		3,298	296
Total non-current liabilities		138,989	114,850
Total liabilities		179,910	140,203
Net assets		150,416	161,049
Equity			
Share capital	6	111,190	109,850
Reserves		(2,824)	(1,878)
Retained earnings		42,050	53,077
Total equity		150,416	161,049

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BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
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HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2018

Consolidated	Contributed equity \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Cash flow hedge reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2017	82,332	(1,680)	1,200	(871)	73,246	154,227
Loss for the period	-	-	-	-	(7,442)	(7,442)
Exchange differences arising on translation of foreign operations	-	(14)	(3)	-	-	(17)
Fair value loss on hedging instruments entered into for cash flow hedges	-	-	-	(202)	-	(202)
Total comprehensive loss for the period	-	(14)	(3)	(202)	(7,442)	(7,661)
Transactions with owners in their capacity as owners:						-
Proceeds from share issue / options exercised	1,140	-	-	-	-	1,140
Dividends provided for	-	-	-	-	(6,893)	(6,893)
Options exercised	99	-	(99)	-	-	-
Share based payments expense	-	-	309	-	-	309
Total transactions with owners in their capacity as owners	1,239	-	210	-	(6,893)	(5,444)
Balance at 31 December 2017	83,571	(1,694)	1,407	(1,073)	58,911	141,122
Balance at 1 July 2018	109,850	(2,404)	1,542	(1,016)	53,077	161,049
Loss for the period	-	-	-	-	(3,718)	(3,718)
Exchange differences arising on translation of foreign operations	-	(547)	(2)	-	-	(549)
Fair value gain on hedging instruments entered into for cash flow hedges (net of tax)	-	-	-	(457)	-	(457)
Total comprehensive income/(loss) for the period	-	(547)	(2)	(457)	(3,718)	(4,724)
Transactions with owners in their capacity as owners:						
Proceeds from share issue / options exercised	1,223	-	-	-	-	1,223
Dividends provided for	-	-	-	-	(7,309)	(7,309)
Options exercised (transfer from reserve)	117	-	(117)	-	-	-
Share based payments expense	-	-	177	-	-	177
Total transactions with owners in their capacity as owners	1,340	-	60	-	(7,309)	(5,909)
Balance at 31 December 2018	111,190	(2,951)	1,600	(1,473)	42,050	150,416

* Notes to the condensed consolidated financial statements are included on pages 10 to 17.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES

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**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

**Condensed consolidated statement of cash flows
for the half-year ended 31 December 2018**

	Consolidated Half-year ended	
	31 Dec 2018	31 Dec 2017
Note	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	60,552	57,965
Payments to suppliers and employees	(57,262)	(46,265)
Interest received	1	4
Interest paid	(2,176)	(2,049)
Income tax paid	(6)	(73)
	<hr/>	<hr/>
Net cash generated by operating activities	1,109	9,582
	<hr/>	<hr/>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	133	200
Payments for land, property, plant and equipment	(20,192)	(16,569)
	<hr/>	<hr/>
Net cash used in investing activities	(20,059)	(16,369)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from share issue**	1,231	1,140
Net proceeds of borrowings	19,274	5,202
	<hr/>	<hr/>
Net cash provided by financing activities	20,505	6,342
	<hr/>	<hr/>
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	1,034	2,125
Net increase / (decrease) in cash and cash equivalents	1,555	(445)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	2,589	1,680
	<hr/>	<hr/>

* Notes to the condensed consolidated financial statements are included on pages 10 to 17.

** Exercise of options issued under the Employees and Officers Share Option plan.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
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HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

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

Basis of preparation

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the consolidated entity's annual financial report for the year ended 30 June 2018, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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 their operations and effective for an accounting period that begins on or after 1 January 2018.

AASB 9 Financial Instruments

AASB 15 Revenue from Contracts with Customers

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

Interpretation 22 Foreign Currency Transactions and Advance Consideration

AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

1. Significant accounting policies (Continued)

AASB 15: Revenue from Contracts with Customers

In the current year, the consolidated entity has applied AASB 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduced a 5 step approach to revenue recognition. Details of the new requirements as well as their impact on the Group's consolidated financial statements are described below:

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The consolidated entity's current practice for the recognition of revenue from the sale and distribution of goods when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership, is expected to still be an appropriate method under the new standard. Hence, the new standard has no material impact on the consolidated entity's financial position and performance.

AASB 9 Financial Instruments

In the current year, the consolidated entity has applied AASB 9 Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018.

AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities,
- Impairment of financial assets, and
- General hedge accounting.

None of the reclassifications or assessment of impairment of financial assets have had any impact on the consolidated entity's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

In accordance with AASB 9's transition provisions for hedge accounting, the consolidated entity has applied the AASB 9 hedge accounting requirements prospectively from the date of initial application on 1 July 2018. The consolidated entity's qualifying hedging relationships in place as at 1 July 2018 also qualify for hedge accounting in accordance with AASB 9 and were therefore regarded as continuing hedging relationships. No rebalancing of any of the hedging relationships was necessary on 1 July 2018. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under AASB 9's effectiveness assessment requirements. The consolidated entity has not designated any hedging relationships under AASB 9 that would not have met the qualifying hedge accounting criteria under AASB 139.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES**ABN 32 115 131 667****HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018****1. Significant accounting policies (Continued)****Amendments to Accounting Standards that are mandatorily effective for future reporting period**

At the date of authorisation of the half-year financial report, 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 16 'Leases'	1 January 2019	30 June 2020
AASB 2018-1 'Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle'	1 January 2019	30 June 2020
AASB 2018-2 'Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement'	1 January 2019	30 June 2020
AASB 2018-3 'Amendments to Australian Accounting Standards - Reduced Disclosure Requirements'	1 January 2019	30 June 2020
AASB 2018-6 'Amendments to Australian Accounting Standards - Definition of a Business'	1 January 2020	30 June 2021
AASB 2018-7 'Amendments to Australian Accounting Standards - Definition of Material'	1 January 2020	30 June 2021
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 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.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
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HALF-YEAR FINANCIAL REPORT
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1. Significant accounting policies (Continued)

AASB 16: Leases (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 reflect the rights and obligations 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.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
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NOTE 2: 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.

The consolidated entity has the following business segments:

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

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

	Olive oil				Innovation & Value-add		Eliminations & Corporate		Total operations	
	Australian Operations		US Operations		31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue										
Total revenue from external customers	45,729	48,691	15,080	10,255	166	-	-	-	60,975	58,946
Intersegment revenue	737	3,936	-	78	74	-	(811)	(4,014)	-	-
Total segment revenue	46,466	52,627	15,080	10,333	240	-	(811)	(4,014)	60,975	58,946
Other revenue	2,040	466	442	196	58	-	-	-	2,540	662
Total revenue	48,506	53,093	15,522	10,529	298	-	(811)	(4,014)	63,515	59,608
EBITDA	6,444	3,219	(827)	(3,286)	(1,853)	(1,667)	(84)	127	3,680	(1,607)
Depreciation/amortisation of segment assets	(5,136)	(4,970)	(503)	(382)	(9)	(5)	-	-	(5,648)	(5,357)
EBIT	1,308	(1,751)	(1,330)	(3,668)	(1,862)	(1,672)	(84)	127	(1,968)	(6,964)
Finance costs	-	-	-	-	-	-	(2,041)	(1,885)	(2,041)	(1,885)
Profit before income tax	1,308	(1,751)	(1,330)	(3,668)	(1,862)	(1,672)	(2,125)	(1,758)	(4,009)	(8,849)
Segment assets (excl intercompany)	274,617	272,400	54,937	25,351	696	1,186	76	78	330,326	299,015
Segment liabilities (excl intercompany)	33,310	27,333	10,288	4,934	147	397	136,165	125,296	179,910	157,960

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NOTE 2: 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 represents the profit or loss before tax earned by each segment without allocation of investment income and finance costs. Finance costs are shown in the 'Eliminations and Corporate' column.

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 individual 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.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES

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**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

Notes to the condensed consolidated financial statements

3. Dividends paid and proposed

On 26 October 2018, 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 2018. The dividend which was unfranked was paid to shareholders on 15 February 2019 (record date 31 January 2019). The dividend payable recorded in the Financial Statements at 31 December 2018 is \$7,308,927 (2017: \$6,893,055).

A Dividend Reinvestment Plan (DRP) was offered to shareholders. A total of 11,465,113 shares participated in the DRP, representing a reinvestment of \$1,312,145 through the issue of 154,370 new shares. The impact of the DRP has not been recognised in the Financial Statements at 31 December 2018, as the DRP participation rate had not been finalised at 31 December 2018.

4. Results for the period

There are no individually significant items charged to the condensed consolidated statement of profit or loss for the half-year ended 31 December 2018.

5. Borrowings

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

Facility	Currency	Limit \$'000	Drawn at 31 Dec 2018 \$'000	Term
Core Debt	AUD	58,000	58,000	Matures October 2020
Working Capital Debt	AUD	35,000	27,000	Matures October 2020
Domestic Foreign Currency Account Facility	USD	10,500	10,500	Matures October 2020

	31 Dec 2018 \$'000	30 Jun 2018 \$'000
CURRENT		
<i>Secured liabilities</i>		
Finance lease liability	-	70
Hire purchase/chattel mortgage liability	5,507	3,743
	<u>5,507</u>	<u>3,813</u>
NON CURRENT		
<i>Secured liabilities</i>		
Bank loans	99,885	78,183
Hire purchase/chattel mortgage liability	7,262	7,806
	<u>107,147</u>	<u>85,989</u>

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6. Share capital

Issued capital as at 31 December 2018 amounted to \$111,189,358 (60,907,729 ordinary shares).

During the half-year, the consolidated entity issued 324,000 ordinary shares for a cash payment of \$1,231,200 (2017: \$1,140,000) on exercise of 324,000 (2017: 300,000) share options, issued under its employee share option plan. As a result of this share issue, \$116,640 (2017: \$99,000) was transferred from the share based payments reserve to issued capital. There were no other movements in the ordinary share capital or other issued share capital of the consolidated entity in the current or prior half-year.

The consolidated entity issued 76,922 share options to non-executive directors (2017: 82,200) over ordinary shares under its share based payments plan during the half-year.

The consolidated entity issued 190,000 share options to senior employees during the half-year (2017: NIL).

50,000 options issued under the employment share option plan lapsed during the period due to cessation of employment (2017: NIL).

7. Key management personnel

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

8. Subsequent events

There have not been any other matters or circumstances occurring subsequent to the end of the half year ended 31 December 2018, that have significantly affected, or may significantly affect the operations of the consolidated entity, the results of these operations, or the state of affairs of the consolidated entity in future financial periods.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Directors' Declaration

The directors declare that:

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

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

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

On behalf of the Directors



Mr. Robert McGavin
Director



Mr. Tim Jonas
Director

Dated 14th March 2019

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

We have reviewed the accompanying half-year financial report of Boundary Bend Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2018, and the condensed consolidated statement of profit or loss, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 18.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Boundary Bend Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration


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

Conclusion

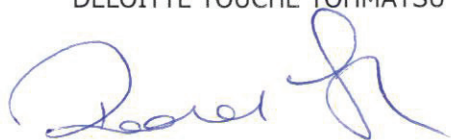
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Boundary Bend Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Rachel Smith
Partner
Chartered Accountants
Melbourne, 14 March 2019