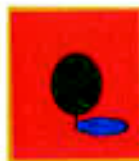


**BOUNDARY
BEND
LIMITED**



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

Half-year report
For the six months ended 31 December 2012

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

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**BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667**

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

Directors' Report

The directors of Boundary Bend Limited submit the financial report of Boundary Bend Limited and its subsidiaries (consolidated entity) for the half-year ended 31 December 2012.

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

Review of operations

The consolidated entity reported a post tax loss of \$1,844,000 (2011: \$649,000 loss). The consolidated entity also reported positive cash flows from operations of \$2,291,000 compared to \$1,314,000 for the same period last year.

Auditor's independence declaration

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

Rounding

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

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



Mr. Robert McGavin
Director



Mr. Tim Jonas
Director

Dated 26 February 2013

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

26 February 2013

Dear Board Members

Boundary Bend Limited

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

As lead audit partner for the review of the financial statements of Boundary Bend Limited Limited for the half-year ended 31 December 2012, 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

Debita Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Craig Bryon
Partner
Chartered Accountants

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

Condensed consolidated statement of profit and loss
for the half-year ended 31 December 2012

	Note	Consolidated Half-year ended	
		31 Dec 2012 \$'000	31 Dec 2011 \$'000
Revenue			
Sales revenue		28,866	26,319
Other revenue		560	1,024
Net increase in fair value of biological assets	3	-	9,133
		<u>29,426</u>	<u>36,475</u>
Expenses			
Cost of sales		(24,407)	(23,732)
Administration expenses		(1,694)	(1,934)
Distribution expenses		(1,291)	(1,460)
Marketing expenses		(1,054)	(1,601)
Occupancy expenses		(328)	(283)
Finance costs		(2,489)	(2,461)
Other expenses		(7)	(117)
Impairment expense	3	-	(1,224)
Loss on revaluation of property	3	-	(839)
Provision for onerous contract	3	-	(3,473)
		<u>(31,270)</u>	<u>(37,124)</u>
Loss for the period before income tax benefit		(1,844)	(649)
Income tax benefit		-	-
Loss for the period		<u>(1,844)</u>	<u>(649)</u>

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

**Condensed consolidated statement of other comprehensive income
for the half-year ended 31 December 2012**

	Consolidated Half-year ended	
	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Loss for the period	(1,844)	(649)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(124)	9
Loss on hedging instruments through cash flow hedge reserve	60	-
<i>Items that may not be reclassified subsequently to profit or loss</i>		
Fair value adjustments to non-current assets	-	(286)
Other comprehensive loss for the period	(64)	(277)
Total comprehensive loss for the period	(1,908)	(926)
Profit/(loss) attributable to:		
Owners of the parent	(1,844)	(649)
Non-controlling interests	-	-
	(1,844)	(649)
Total comprehensive income/(loss) attributable to:		
Owners of the parent	(1,908)	(926)
Non-controlling interests	-	-
	(1,908)	(926)

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

Condensed consolidated statement of financial position
as at 31 December 2012

	Note	Consolidated	
		31 Dec 2012	30 Jun 2012
		\$'000	\$'000
Current assets			
Cash and cash equivalents		708	297
Trade and other receivables		8,580	8,320
Inventories		12,218	25,040
Biological assets		11,081	496
Other financial assets		17	25
Other assets		2,372	907
Total current assets		34,976	35,085
Non-current assets			
Trade and other receivables		101	101
Biological assets		34,077	33,768
Other financial assets		327	436
Intangible assets		6,472	2,567
Property, plant and equipment		78,380	79,666
Total non-current assets		119,357	116,538
Total assets		154,333	151,623
Current liabilities			
Trade and other payables		7,350	4,991
Borrowings	4	62,667	2,363
Provisions		1,620	1,603
Other financial liabilities		-	60
Other liabilities		3,880	3,723
Total current liabilities		75,517	12,740
Non-current liabilities			
Borrowings	4	3,079	60,121
Provisions		1,784	2,628
Other liabilities		670	1,023
Total non-current liabilities		5,533	63,772
Total liabilities		81,050	76,512
Net assets		73,283	75,111
Equity			
Share capital	5	61,237	61,237
Reserves		(288)	(304)
Retained earnings		12,334	14,178
Total equity		73,283	75,111

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES

ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2012

Consolidated	Issued capital \$'000	Asset revaluation reserve \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Cash flow hedge reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2011	55,707	286	252	(740)	-	21,898	77,403
Loss for the period	-	-	-	-	-	(649)	(31)
Exchange differences arising on translation of foreign operations	-	-	-	9	-	-	9
Fair value adjustments to non-current assets	-	(286)	-	-	-	-	(286)
Total comprehensive loss for the period	-	(286)	-	9	-	(649)	(926)
Share based payments expense	-	-	83	-	-	-	83
Balance at 31 December 2011	55,707	-	335	(731)	-	21,249	76,560
Balance at 1 July 2012	61,237	-	551	(795)	(60)	14,178	75,111
Loss for the period	-	-	-	-	-	(1,844)	(1,844)
Other comprehensive income for the year	-	-	-	-	60	-	60
Exchange differences arising on translation of foreign operations	-	-	-	(124)	-	-	(124)
Fair value adjustments to non-current assets	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	(124)	60	(1,844)	(1,908)
Share based payments expense	-	-	80	-	-	-	80
Balance at 31 December 2012	61,237	-	631	(919)	-	12,334	73,283

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

Condensed consolidated statement of cash flows
for the half-year ended 31 December 2012

	Note	Consolidated Half-year ended	
		31 Dec 2012 \$'000	31 Dec 2011 \$'000
Cash flows from operating activities			
Receipts from customers		28,645	26,668
Payments to suppliers and employees		(23,814)	(22,070)
Interest received		-	7
Borrowing costs		(2,540)	(3,291)
Net cash generated by operating activities		<u>2,291</u>	<u>1,314</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		624	170
Payments for land, property, plant and equipment		(360)	(218)
Payment for business acquisition	6	(4,000)	-
Payments for biological assets		(309)	(241)
Net cash used in investing activities		<u>(4,045)</u>	<u>(289)</u>
Cash flows from financing activities			
Net (repayment)/proceeds of borrowings		3,165	(818)
Payment for water lease termination		(1,000)	-
Net cash provided by/(used in) financing activities		<u>2,165</u>	<u>(818)</u>
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		297	187
Net increase in cash and cash equivalents		<u>411</u>	<u>207</u>
Cash and cash equivalents at the end of the period		<u><u>708</u></u>	<u><u>394</u></u>

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

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

Basis of preparation

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

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

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income'

The application of AASB 2011-9 has resulted in changes to the consolidated entity's presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

1. Significant accounting policies (continued)

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Going Concern

These financial statements have been prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As referred to in Note 4, the term of the existing bank facilities expire in November 2013. In accordance with applicable accounting standards this resulted in the bank debt being classified as a current liability at 31 December 2012 in the consolidated statement of financial position, resulting in an excess of current liabilities over current assets of \$40.5million.

The group has complied with all financial performance undertakings during the year and the existing financiers provided acquisition finance for the Redisland acquisition during the period.

The financial report has been prepared on the assumption that the directors are confident that in the ordinary course of business the consolidated entity will successfully extend the existing facilities or re-finance with other debt providers.

2. Dividends paid and proposed

During the period, the consolidated entity did not make nor declare any dividend payments.

3. Results for the period

There are no individually significant items charged to the statement of profit and loss for the half-year ended 31 December 2012.

4. Borrowings

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

Facility	Limit \$'000	Drawn at 31 Dec 2012 \$'000	Term
Core Debt	45,000	44,980	Matures 30 November 2013
Harvest Facility Debt	17,000	11,500	Matures 30 November 2013
Acquisition Facility Debt	4,000	4,000	Matures 15 November 2013
	66,000	60,480	

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
CURRENT		
<i>Secured liabilities</i>		
Bank loans	60,480	-
Finance lease & hire purchase liability	2,187	2,363
	62,667	2,363

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

4. Borrowings (continued)	31 Dec 2012	30 Jun 2012
	\$'000	\$'000
NON CURRENT		
<i>Secured liabilities</i>		
Bank loans	-	56,480
Finance lease & hire purchase liability	3,079	3,641
	<u>3,079</u>	<u>60,121</u>

Refer Note 1 for the directors' assessment of going concern.

5. Share capital

Issued capital as at 31 December 2012 amounted to \$61,236,622 (48,839,320 ordinary shares). There were no movements in the issued capital of the company in the current reporting period (prior period \$nil).

6. Business combinations

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

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

Impact of acquisition on the results

Included in the revenue for the half-year is \$963,000 of revenue attributable to the Redisland brand. Due to the integration of the brand into existing operations and cost structures, the profit directly attributable to the brand cannot be reliably determined.

Provisional accounting

The accounting for the business combination has been provisionally determined as at 31 December 2012, in accordance with AASB 3.

7. Key management personnel

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

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

8. Contingent Liability

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

Tax deductions previously claimed under this legislation have also resulted in additional tax losses to Boundary Bend Ltd with a future value of up to \$1,005,893. The tax asset associated with these losses have not been brought to account within the financial statements of the group. These tax losses may be disallowed to the extent tax deductions giving rise to them are retrospectively disallowed.

9. Subsequent events

On the evening of 13 February 2013 the Boort olive grove had a severe hail storm which removed thousands of tons of fruit from the trees. Management estimates the loss to be in the order of approximately \$5 million of the 2013 crop value. We are working with our insurance assessor and expect our crop insurance policy will cover a proportion of this. The groves at Boundary Bend and Wemen were not impacted.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

Directors' Declaration

The directors declare that:

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

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

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

On behalf of the Directors



Mr. Robert McGavin
Director



Mr. Tim Jonas
Director

Dated 26 February 2013

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 statement of financial position as at 31 December 2012, and the condensed statement of profit or loss, the condensed statement of other comprehensive income, the condensed statement of cash flows and the condensed 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 14.

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 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 2011 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 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Craig Bryan
Partner
Chartered Accountants
Melbourne, 26 February 2013