

Huon Aquaculture Group Pty Ltd

ACN 114 456 781

Special Purpose Financial Report
for the Financial Year Ended 30 June 2013

Annual Financial Report for the Financial Year Ended 30 June 2013

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Directors' Report

The Directors of Huon Aquaculture Group Pty Ltd submit herewith the Annual Financial Report of the company for the financial year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names of the Directors of the company during or since the end of the financial year are:

Name

- Peter J Bender
- Frances R Bender

Principal activities

The principal activity of the company is investment in salmon producing and value-add businesses.

Review of operations

The consolidated profit from operations after income tax amounted to \$13,792,806 (2012: \$9,900,755).

Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the company other than that referred to in the financial statements or notes thereto.

Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2013. In respect of the financial year ended 30 June 2012 no dividends were paid or declared.

Share options

No options for shares in the company have been granted during the financial year and there were no options outstanding at the end of the financial year.

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company against a liability incurred as such a director to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' Report

Auditor's independence declaration

The auditor's independence declaration is included on page 4.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Peter J Bender

Director

Hobart,

23/12/2013



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The Board of Directors
Huon Aquaculture Group Pty Ltd
Coast Road
Hideaway Bay TAS 7109

23 December 2013

Dear Board Members

Huon Aquaculture Group Pty Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Huon Aquaculture Group Pty Ltd.

As lead audit partner for the audit of the financial statements of Huon Aquaculture Group Pty Ltd for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Rod Whitehead
Partner
Chartered Accountants

Independent Auditor's Report to the members of Huon Aquaculture Group Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report, of Huon Aquaculture Group Pty Ltd, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 7 to 29.

Directors' Responsibility 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



Auditor's Independence Declaration

In conducting our audit, 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 Huon Aquaculture Group Pty Ltd would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the financial report of Huon Aquaculture Group Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

DELOITTE TOUCHE TOHMATSU

Rod Whitehead
Partner
Chartered Accountants
Hobart, 23 December 2013

Directors' Declaration

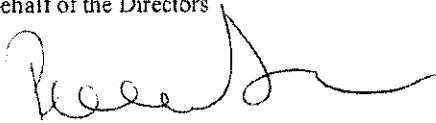
As detailed in Note 1 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

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 company and the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Peter J Bender

Director

Hobart,

23/12/2013

Statement of Comprehensive Income for the financial year ended 30 June 2013

	Note	Consolidated		Company	
		2013	2012	2013	2012
		\$	\$	\$	\$
Revenue	2(a)	152,159,736	133,774,859	-	-
Fair value adjustment of biological assets		1,396,333	3,069,770	-	-
Other income		3,366,436	2,432,236	1,046,934	2,000,000
Raw materials and consumables used		(102,382,045)	(87,867,970)	-	-
Changes in inventories of finished goods and work in progress		29,203,340	17,978,152	-	-
Employee benefit expense		(35,274,603)	(29,832,820)	-	-
Depreciation and amortisation expense	2(c)	(9,140,641)	(8,956,395)	-	-
Finance costs		(4,814,624)	(5,696,471)	(88,772)	(413,064)
Other expenses		(14,005,233)	(12,351,320)	-	-
Profit before income tax expense		20,508,699	12,550,041	958,162	1,586,936
Income tax (expense) / benefit		(6,715,893)	(2,649,286)	12,551	123,919
Profit for the period		13,792,806	9,900,755	970,713	1,710,855
Other Comprehensive Income					
Gain on revaluation of property		2,000,000	-	-	-
Income tax relating to components of other comprehensive income		(600,000)	-	-	-
Other comprehensive income for the period		1,400,000	-	-	-
Total comprehensive income for the period		15,192,806	9,900,755	970,713	1,710,855

Notes to the financial statements are included on pages 12 to 29.

Statement of Financial Position at 30 June 2013

	Note	Consolidated		Company	
		2013 \$	2012 \$	2013 \$	2012 \$
Current assets					
Cash and cash equivalents	16	1,784,909	443,265	-	-
Trade and other receivables	4	17,660,248	13,051,038	-	-
Inventories	6	4,646,641	4,128,677	-	-
Biological assets	5	101,755,397	92,201,533	-	-
Current tax receivable		-	19,840	-	-
Other	7	2,276,242	1,352,990	-	-
Total current assets		128,123,437	111,197,343	-	-
Non-current assets					
Other financial assets	9	5,553,022	853,048	53,432,963	65,600,337
Property, plant and equipment	8	110,317,177	105,513,565	-	-
Deferred tax assets		-	-	81,277	688,161
Goodwill		2,608,294	3,960,899	-	-
Other intangible assets		99,205	99,205	-	-
Total non-current assets		118,577,698	110,426,717	53,514,240	66,288,498
Total assets		246,701,135	221,624,060	53,514,240	66,288,498
Current liabilities					
Trade and other payables	10	22,261,549	19,658,608	-	319,233
Current tax liabilities		1,113,463	-	1,113,463	-
Borrowings	11	6,153,245	62,586,128	3,889,820	18,429,021
Provisions	12	3,560,641	2,754,879	-	-
Total current liabilities		33,088,898	84,999,615	5,003,283	18,748,254
Non-current liabilities					
Borrowings	11	57,152,731	1,477,300	-	-
Deferred tax liabilities		41,317,604	35,594,106	-	-
Provisions	12	902,859	506,802	-	-
Total non-current liabilities		99,373,194	37,578,208	-	-
Total liabilities		132,462,092	122,577,823	5,003,283	18,748,254
Net assets		114,239,043	99,046,237	48,510,957	47,540,244
Equity					
Issued capital	13	42,937,368	42,937,368	42,937,368	42,937,368
Asset revaluation reserve		20,178,463	18,778,463	-	-
Retained earnings	14	51,123,212	37,330,406	5,573,589	4,602,876
Total equity		114,239,043	99,046,237	48,510,957	47,540,244

Notes to the financial statements are included on pages 12 to 29.

Statement of Changes in Equity for the financial year ended 30 June 2013

	Ordinary shares \$	Asset revaluation reserve \$	Retained earnings \$	Total attributable to equity holders of the entity \$
Consolidated				
Balance at 1 July 2011	42,937,368	18,778,463	27,429,651	89,145,482
Profit for the period	-	-	9,900,755	9,900,755
Balance at 30 June 2012	42,937,368	18,778,463	37,330,406	99,046,237
Profit for the period	-	-	13,792,806	13,792,806
Gain on revaluation of property	-	2,000,000	-	2,000,000
Related income tax	-	(600,000)	-	(600,000)
Balance at 30 June 2013	42,937,368	20,178,463	51,123,212	114,239,043
Company				
Balance at 1 July 2011	42,937,368	-	2,892,021	45,829,389
Profit for the period	-	-	1,710,855	1,710,855
Balance at 30 June 2012	42,937,368	-	4,602,876	47,540,244
Profit for the period	-	-	970,713	970,713
Balance at 30 June 2013	42,937,368	-	5,573,589	48,510,957

Notes to the financial statements are included on pages 12 to 29.

Statement of Cash flows for the financial year ended 30 June 2013

		Consolidated		Company	
		2013	2012	2013	2012
Note		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		153,045,912	134,686,230	-	-
Payments to suppliers and employees		(130,115,294)	(115,185,501)	-	-
Interest and other costs of finance paid		(5,054,671)	(5,822,777)	(361,071)	(563,064)
Income tax (paid)/refunded		(459,092)	(2,960)	(478,932)	(476,081)
Net cash provided by/(used in) operating activities	16(b)	17,416,855	13,674,992	(840,003)	(1,039,145)
Cash flows from investing activities					
Interest received		64,958	44,618	-	-
Dividends received		-	-	1,000,000	2,000,000
Payment for other assets		-	(158,224)	-	-
Proceeds from/(repayment of) related party loans		(4,700,000)	(284)	3,470,647	1,039,145
Payment for property, plant & equipment		(10,683,097)	(5,628,385)	-	-
Proceeds from sale of property, plant & equipment		380	184,683	-	-
Net cash (used in) / provided by investing activities		(15,317,759)	(5,557,592)	4,470,647	3,039,145
Cash flows from financing activities					
Proceeds from borrowings		23,467,899	5,082,087	-	-
Repayment of borrowings		(24,225,352)	(13,432,013)	(3,630,644)	(2,000,000)
Net cash (used in) / provided by financing activities		(757,452)	(8,349,926)	(3,630,644)	(2,000,000)
Net increase / (decrease) in cash and cash equivalents		1,341,644	(232,526)	-	-
Cash and cash equivalents at the beginning of the financial year		443,265	675,791	-	-
Cash and cash equivalents at the end of the financial year	16(a)	1,784,909	443,265	-	-

Notes to the financial statements are included on pages 12 to 29.

Notes to the financial statements for the financial year ended 30 June 2013

1. Summary of accounting policies

General Information

Huon Aquaculture Group Pty Ltd (the company) is a proprietary company, incorporated and operating in Australia.

Huon Aquaculture Group Pty Ltd's registered office and its principal place of business are as follows:

<u>Registered Office</u>	<u>Principal Place of Business</u>
Huon Aquaculture Group Pty Ltd	Huon Aquaculture Group Pty Ltd
Coast Road, Hideaway Bay, Tasmania, 7109	Coast Road, Hideaway Bay, Tasmania, 7109

The entity's principal activity in the course of the financial year was investment in salmon producing and value-add businesses.

Adoption of New and Revised Accounting Standards

In the current year, the Company 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 annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

New and revised Standards and Interpretations effective for the current period that are relevant to the Company include:

- AASB 1010 'Presentation of Financial Statements'

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or the financial position.

Standards and Interpretations issued not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<i>AASB 9 'Financial Instruments', and the relevant amending standards</i>	1 January 2015	30 June 2016
<i>AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'</i>	1 January 2013	30 June 2014
<i>AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'</i>	1 January 2013	30 June 2014

1. Summary of accounting policies (continued)

<i>AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'</i>	1 January 2013	30 June 2014
<i>AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'</i>	1 January 2013	30 June 2014
<i>AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'</i>	1 January 2013	30 June 2014
<i>AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'</i>	1 January 2013	30 June 2014
<i>AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'</i>	1 January 2013	30 June 2014
<i>AASB 2011-4 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities' and AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'</i>	1 January 2013	30 June 2014
<i>AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'</i>	1 January 2014	30 June 2015
<i>AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'</i>	1 January 2013	30 June 2014
<i>AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'</i>	1 January 2013	30 June 2014

1 The AASB has issued the following versions of AASB 9 and the relevant amending standards;

- AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'

- AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure'.

For annual reporting periods beginning before 1 January 2015, an entity may early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards.

At the date of authorisation of the financial statements, there were no IASB Standards and IFRIC Interpretations in issue for which an Australian equivalent Standards and Interpretations had not yet been issued.

1. Summary of accounting policies (continued)

Significant Accounting Policies

Financial reporting framework

The company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this "special purpose financial report" has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001. For the purposes of preparing the financial statements, the Company is a for-profit entity.

Statement of compliance

The financial report has been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 "Presentation of Financial Statements", AASB 107 "Cash Flow Statements", AASB 108 "Accounting Policies, Changes in Accounting Estimates and Errors" and AASB 1054 "Australian Additional Disclosures".

Basis of preparation

The financial report has 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. Unless otherwise indicated, all amounts are presented in Australian dollars.

Net current liabilities

At 30 June 2013, the company's current liabilities exceeded its current assets by \$5,003,283. The net current liability position has arisen primarily due to the classification of loans to related parties of \$8,130,644 as non-current as they are not expected to be realised within 12 months of the year end. However, the company can call those loans at any time such that it will be able to pay its debts as and when they become due and payable. The classification of loans from related parties of \$3,889,820 are classified as current as they are repayable at call. No interest is charged on loans between entities in the wholly owned group.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements that management has made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed, where applicable, in the relevant notes to the financial statements.

1. Summary of accounting policies (continued)

The following significant accounting policies have been adopted in the preparation and presentation of the financial reports:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group 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. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(b) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

1. Summary of accounting policies (continued)

(c) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(e) Derivative Financial Instruments

The consolidated entity enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including forward foreign exchange contracts. The derivative financial instruments do not qualify for hedge accounting. Changes in the fair value of the derivative financial instruments are recognised immediately in profit or loss.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

(f) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(g) Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 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.

1. Summary of accounting policies (continued)

(g) Financial Assets (continued)

Financial assets at fair value through profit or loss

The consolidated entity may classify certain shares and options as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss. Fair value is determined in the manner described below.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where that the consolidated entity has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Fair values of financial assets

The fair values of financial assets measured at fair value are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

1. Summary of accounting policies (continued)

(g) Financial Assets (continued)

Derecognition of financial assets

The consolidated entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the consolidated entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the consolidated entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the consolidated entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the consolidated entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(h) Financial Instruments Issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(i) Foreign Currency

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise.

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised 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 included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

1. Summary of accounting policies (continued)

(k) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

(l) Government Grants

Government grants are assistance by the government in the form of transfers of resources to the consolidated entity in return for past or future compliance with certain conditions relating to the operating activities of the consolidated entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the consolidated entity other than the requirement to operate in certain regions or industry sectors.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised as income of the period in which it becomes receivable.

Government grants relating to assets are treated as deferred income and recognised in profit and loss over the expected useful lives of the assets concerned.

(m) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of 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 pre-tax 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 (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

1. Summary of accounting policies (continued)

(m) Impairment of Assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(n) Income Tax

The company is part of a tax-consolidated group under Australian taxation law, of which Huon Aquaculture Group Pty Ltd is the head entity. The consolidated current and deferred tax amounts for the tax-consolidated group are allocated to the members of the tax-consolidated group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, the entities within the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity equal to the tax liability or asset assumed by the head entity for that period as noted above. Such amounts are reflected in amounts receivable from or payable to the head entity. Accordingly, the amount arising under the tax funding arrangement for each period is equal to the tax liability or asset assumed by the head entity for that period and no contribution from (or distribution to) equity participants arises in relation to income taxes.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that the company's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the group or that have a different tax consequence at the level of the group.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the group or that have a different tax consequence at the level of the group.

1. Summary of accounting policies (continued)

(n) Income Tax (continued)

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in branches and associates, and interests in joint ventures except where the company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(o) Intangible Assets

Licences and trademarks

Licences and trademarks recognised by the consolidated entity have an indefinite useful life and are not amortised. They are recorded at cost less any impairment.

(p) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1. Summary of accounting policies (continued)

(q) Leased Assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Company as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's general policy on borrowing costs. Refer to note 1(b). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the periods in which they are incurred.

(r) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(s) Biological Assets

Live finfish assets are valued at fair value less estimated point of sale costs. The fair value is the amount which could be expected to be received from the disposal of the asset in an active and liquid market less the costs expected in realising the sale. The net increment/decrement in the fair value of finfish is recognised as income/(expense) in the reporting period in which it arises. Where an active and liquid market is not available the net present value of cash flows expected to be generated by the live finfish is applied having regard to the expected harvest numbers, future selling prices and expected margins. Historic cost is used as an estimate of fair value where little or no biological change has taken place. Fair value has been determined in accordance with Directors' valuation.

(t) Property, Plant and Equipment

Land and buildings are measured at fair value. Fair value is determined on the basis of an independent valuation prepared by external experts and in conformance with Australian Valuation Standards. The fair values are recognised in the financial statements of the consolidated entity, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase arising on the revaluation of land and buildings is credited to a revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

1. Summary of accounting policies (continued)

(t) Property, Plant and Equipment (continued)

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve, net of any related taxes, is transferred directly to retained earnings.

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period.

The following estimated useful lives are used in the calculation of depreciation:

• Buildings	25 – 50 years
• Leasehold improvements	5 – 10 years
• Plant and equipment	5 – 15 years
• Equipment under finance lease	5 – 10 years

(u) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(v) Revenue

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1. Summary of accounting policies (continued)

(v) Revenue (continued)

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(w) Marine Leases

Marine leases are recorded at fair value. Fair value is determined on the basis of an independent valuation prepared by external valuation experts, based on discounted cash flows or capitalisation of net income (as appropriate).

The estimated life is reviewed at the end of each annual reporting period.

Any revaluation increase arising on the revaluation of a marine lease is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of a marine lease is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

The company/consolidated entity has reassessed the useful lives of its marine leases and has determined that these represent indefinite useful life assets. As such, no amortisation expense is charged through the profit or loss statement relating to these assets.

(x) Correction of prior year error

An adjustment has been made to the year ended 30 June 2012 figures within the 30 June 2013 financial statements. This adjustment relates to an incorrect income tax expense calculation within the parent entity column only. The adjustment has the effect of reducing income tax expense by \$600 thousand at 30 June 2012, and reducing the intercompany loan payable account by the corresponding amount. An adjustment has also been made to the opening 2012 financial year retained earnings balance to increase retained earnings at 30 June 2011 by \$600 thousand.

(y) Property, Plant and Equipment – Useful life change

During the current year, the Company/Group reassessed the useful lives of various assets within the "Plant and Equipment" and "Leased Plant and Equipment" classes of its property, plant and equipment to better reflect the consumption of the economic benefits of those depreciable assets. In the 2013 financial year, this resulted in the reduction of depreciation expense charged to profit or loss of \$647 thousand. The expected impact for the 2014 and 2015 financial years is the reduction of depreciation expense charged to profit or loss of \$308 thousand and \$167 thousand respectively.

2. Profit from operations

(a) Profit from operations

The profit from operations includes the following items of income and expense from both continuing and discontinuing operations:

	Consolidated		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Revenue from the sale of goods	152,159,736	133,774,859	-	-
(b) Income				
Dividend income	-	-	1,000,000	2,000,000
Interest income	64,958	44,618	-	-
Loss on disposal of property, plant & equipment	(91,069)	(515,806)	-	-
	(26,111)	(471,188)	1,000,000	2,000,000
(c) Expenses				
Depreciation	7,788,036	8,956,395	-	-
Amortisation	1,352,605	-	-	-
	9,140,641	8,956,395	-	-

3. Remuneration of auditors

Audit of the company

Audit of the financial report	119,263	116,995	7,950	7,526
Taxation services	81,375	78,761	895	815
	200,638	195,756	8,845	8,341

The auditor of the entity is Deloitte Touche Tohmatsu.

4. Current trade and other receivables

Trade receivables	17,042,214	12,441,839	-	-
Allowance for doubtful debts	(199,497)	(108,863)	-	-
Goods and services tax (GST) recoverable	817,531	718,062	-	-
	17,660,248	13,051,038	-	-

The average credit period on sale of goods is 60 days. No interest is charged on the trade receivable for the first 60 days from the date of the invoice. An allowance has been made for estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Huon Aquaculture Group Pty Ltd
Notes to the financial statements

5. Biological assets	Consolidated		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Livestock (i)	101,755,397	92,201,533	-	-

(i) Members of the group, Huon Aquaculture Company Pty Ltd and Springfield Hatcheries Pty Ltd grow fish from juveniles through to harvest.

6. Current inventories

Raw materials and stores at cost				
Feed and packaging	2,817,995	2,553,395	-	-
Finished goods				
Frozen and processed fish	2,042,794	1,747,655	-	-
	4,860,789	4,301,050	-	-
Provision for inventory obsolescence	(214,148)	(172,373)	-	-
	4,646,641	4,128,677	-	-

7. Other current assets

Prepayments	2,276,242	1,352,990	-	-
	2,276,242	1,352,990	-	-

8. Property, plant and equipment

	Marine leases at fair value	Plant and equipment at cost	Plant and equipment under lease at cost	Land and Buildings at valuation	Total
Consolidated	\$	\$	\$	\$	\$
2013					
Gross carrying amount	56,308,173	106,646,509	752,844	4,038,333	167,745,859
Work in progress	-	7,806,703	-	-	7,806,703
Accumulated depreciation/ amortisation	-	(64,498,580)	(252,896)	(483,909)	(65,235,385)
	56,308,173	49,954,632	499,948	3,554,424	110,317,177
2012					
Gross carrying amount	54,308,173	64,279,144	35,936,754	4,038,333	158,562,404
Work in progress	-	4,587,641	-	-	4,587,641
Accumulated depreciation/ amortisation	-	(36,458,427)	(20,817,708)	(360,345)	(57,636,480)
	54,308,173	32,408,358	15,119,046	3,677,988	105,513,565
Company					
2013	-	-	-	-	-
2012	-	-	-	-	-

9. Other non-current assets at amortised cost	Consolidated		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Investment in Subsidiaries	-	-	45,302,319	45,302,319
Investment in Salmon Enterprises of Tasmania (i)	852,764	852,764	-	-
Loans to related parties	4,700,258	284	8,130,644	20,298,018
	5,553,022	853,048	53,432,963	65,600,337

(i) The entity holds ordinary share capital of Salmon Enterprises of Tasmania. The directors of Huon Aquaculture Group do not believe that the entity is able to exert significant influence over Salmon Enterprises of Tasmania.

10. Trade and other payables

Trade payables	17,377,074	17,827,778	-	-
Goods and services tax (GST) payable	93,780	101,352	-	-
Other	4,790,695	1,729,478	-	319,233
	22,261,549	19,658,608	-	319,233

The average credit period on purchases of goods and services is 30 days.

11. Borrowings

Current

Loans – other entities (unsecured)	20,000	520,000	-	-
Loans – related entities (unsecured)	-	-	3,889,820	14,798,378
Bank bill (i)	6,002,772	51,171,714	-	-
Finance lease liability (ii)	130,473	7,263,771	-	-
Preference shares	-	3,630,643	-	3,630,643
	6,153,245	62,586,128	3,889,820	18,429,021

Non – Current

Bank bill (i)	56,900,000	229,434	-	-
Loans – other entities (unsecured)	99,169	117,351	-	-
Finance lease liability (ii)	153,562	1,130,515	-	-
	57,152,731	1,477,300	-	-

(i) Secured by mortgage over entity's total assets, the value of which exceeds the outstanding liability

(ii) Secured over the related assets, the value of which exceeds the related liability.

12. Provisions

	Consolidated		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Current				
Annual leave	2,631,151	2,206,787	-	-
Long service leave	929,490	548,092	-	-
	3,560,641	2,754,879	-	-
Non - Current				
Long service leave	902,859	506,802	-	-
	902,859	506,802	-	-

13. Issued capital

1,848,259 fully paid ordinary shares (2012: 1,848,259)	42,937,368	42,937,368	42,937,368	42,937,368
Balance at end of financial year	42,937,368	42,937,368	42,937,368	42,937,368

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

14. Retained earnings

Balance at beginning of financial year	37,330,406	27,429,651	4,602,876	2,892,021
Profit for the period	13,792,806	9,900,755	970,713	1,710,855
Balance at end of financial year	51,123,212	37,330,406	5,573,589	4,602,876

15. Dividends

Fully paid ordinary shares

Dividend

Fully franked at a 30% tax rate

-	-	-	-
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No dividend was paid or declared in respect of the financial year ended 30 June 2013.

No dividend was paid or declared in respect of the financial year ended 30 June 2012.

Adjusted franking account balance	-	-	7,906,588	6,962,570
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16. Notes to the cash flow statement

(a) Reconciliation of cash

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company
	2013	2012	2013
	\$	\$	\$

Cash and cash equivalents	1,784,909	443,265	-	-
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(b) Reconciliation of profit for the period to net cash flows from operating activities

Profit for the period	13,792,806	9,900,755	970,713	1,710,855
Depreciation and amortisation	9,140,641	8,956,395	-	-
Interest received	(64,958)	(44,618)	-	-
Net loss on sale of non current assets	91,069	515,806	-	-
Increase/(decrease) in deferred tax balances	5,123,498	2,649,286	606,884	-
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other debtors	(4,609,210)	(1,992,053)	-	-
(Increase)/decrease in inventory and biological assets	(10,071,828)	(6,165,494)	-	-
(Increase)/decrease in prepayments	(923,252)	(134,969)	-	-
Increase/(decrease) in payables and accruals	2,602,967	(470,140)	(3,531,063)	(2,750,000)
Increase/(decrease) in other provisions	1,201,819	462,984	-	-
Increase/(decrease) in tax payable	1,133,303	(2,960)	1,113,463	-
Net cash from operating activities	17,416,855	13,674,992	(840,003)	(1,039,145)