

**Costa Group Holdings Pty
Ltd and controlled entities
ABN 68 151 363 129**

Consolidated Financial report
For the year ended 30 June 2013

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COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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DIRECTORS' REPORT

The directors present their report together with the financial report of the group, being the company and its controlled entities, for the year ended 30 June 2013 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Mr Harry Debney

Mr Robert Costa

Mr Frank Costa

Mr Angelos Dassios

Mr Kevin Schwartz

Mr Neil Chatfield

Mr Greg Hunt

Mr Bruno Ferrari Garcia de Alba (Appointed 7 October 2013)

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

Results

The loss of the group for the year after providing for income tax amounted to \$39,263,185 (2012: \$6,888,868).

Review of operations

The group had strong results from the tomato category (due to tighter operational controls coupled with favourable environmental and market conditions), citrus (due to a combination of high volume and good quality fruit), bananas (due to higher pricing and increase in volumes), avocados (due to an increase in both price and volume traded), market category (due to growth in business coupled with fully operational Brisbane site, strong market and additional volume from Mushroom acquisition) and berries (due to increased volume of high quality raspberries)

The results were adversely impacted by the grape category (due to hail damage during the harvest period impacting fruit volumes harvest timing, resulting in lower prices), mushrooms (due to production and pricing issues) and logistics (due to strong Coles volume offset by restructuring costs and warehouse underutilisation in Melbourne). Other business performed in line with expectations.

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DIRECTORS' REPORT

Significant changes in state of affairs

Significant changes in the state of affairs of the group during the financial year, were as follows:

In March 2013, the consolidated group acquired the business of Adelaide Mushrooms. The acquisition was funded in part via the issue of 45,000,000 Redeemable Preference Shares.

There were no other significant changes in the group's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activities of the group during the year were:

- the packing, marketing and distribution of fruit and vegetables within Australia and to export markets; and
- the growing of bananas, mushrooms, blueberries, raspberries, grapes, citrus and other fruits with Australia; and
- a provider of chilled logistics warehousing and distribution services within Australia.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Likely developments

The company will continue to explore opportunities that meet the group's long term growth and development goals. The goal is to provide a superior sustainable increase in profits. In the opinion of the directors, disclosure of any further information would likely result in unreasonable prejudice to the consolidated entity.

Environmental regulation

Costa Group Holdings Pty Ltd and controlled entities are committed to conducting business activities and having due respect for the environment while continuing to meet expectations of shareholders, employees, customers and suppliers.

The group is subject to environmental regulations under various federal, state and local laws relating predominately to air, noise and water emission levels. One very minor issue of non-compliance has been noted during the 2013 financial year with no material impact on the financial performance of the group.

The group is committed to achieving a level of environmental performance that meets or exceeds Federal, State and local requirements, and improves its use of natural resources and minimises waste.

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DIRECTORS' REPORT

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

Options over unissued ordinary shares granted by Costa Group Holdings Pty Ltd during or since the financial year to the directors and any of the 5 most highly remunerated officers of the group (other than the directors) were as follows:

Directors	Options granted
Mr Harry Debney	9,459,722

Executives	Options granted
George Haggard	2,702,778
Linda Kow	1,621,667
Stuart Costa	1,081,111
Richard Hamley	675,694
Peter McPherson	540,556

Shares under option

Unissued ordinary shares of Costa Group Holdings Pty Ltd under option at the date of this report are as follows:

Date options granted	Number of unissued ordinary shares under option	Issue price of shares	Expiry date of the options
04/03/2013	19,027,557	1.45	03/03/2022

No option holder has any right under the options to participate in any other share issue of the group.

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DIRECTORS' REPORT

Indemnification of officers

Under the Company's constitution, every person who is or has been a director or other officer of the company is to be indemnified, to the maximum extent permitted by law, out of the property of the company against:

- costs and expenses incurred by the person in defending any proceedings (whether civil or criminal) relating to that person's position with the Company in which judgement is given in that person's favour or in which that person is acquitted or which are withdrawn before judgement.
- costs and expenses incurred by the person in connection with any administrative proceedings relating to that person's position with the Company, except proceedings which give rise to the proceedings (whether civil or criminal) against that person in which judgement is not given in that person's favour or in which that person is not acquitted or which arise out of conduct involving a lack of good faith; and
- costs and expenses incurred by the person in connection with any application in relation to proceedings (whether civil or criminal) relating to that person's position with the company in which relief is granted to that person under the Corporations Act by the court and;
- any liabilities to another person (other than to the Company and its related bodies corporate) as such an officer unless the liabilities arise out of conduct involving a lack of good faith.

During the financial year the group paid premiums to insure all directors and officers against certain liabilities as contemplated under the Company's constitution. Disclosure of the total amount of the premiums paid under this renewed insurance policy is not permitted under the provisions of the insurance contract.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the group.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the group

No person has applied for leave of Court to bring proceedings on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of those proceedings.

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DIRECTORS' REPORT

Signed on behalf of the board of directors.

Director:  _____

Mr Harry Debney

Director:  _____

Mr Robert Costa

Dated this 17ⁿ day of October 2013.



**COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF COSTA GROUP HOLDINGS PTY LTD**

In relation to the independent audit for the year ended 30 June 2013, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.



P A JOSE
Partner



PITCHER PARTNERS
Melbourne

24 October 2013

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Revenue			
Sales revenue	3	593,809,684	412,724,627
Other revenue	3	<u>4,581,550</u>	<u>6,194,604</u>
	3	<u>598,391,234</u>	<u>418,919,231</u>
Less: expenses			
Changes in inventories of finished goods and work in progress		3,573,205	10,467,958
Cost of goods sold		(269,895,282)	(179,567,739)
Depreciation and amortisation expense	4	(12,294,794)	(8,797,556)
Employee benefits expense	4	(194,991,005)	(154,233,974)
Occupancy expense		(51,229,090)	(32,338,707)
Finance costs	4	(17,408,589)	(13,793,291)
Loss on sale of assets		(441,099)	(1,146,264)
Bad and doubtful debts expense		(510,724)	(328,805)
Impairment loss		(42,008,391)	(1,144,826)
Leasing expense		(6,953,878)	(4,960,987)
Loss on fair value adjustments - biological assets		(4,113,159)	(4,629,795)
Stamp duty costs		(4,110,028)	(3,081,687)
Other expenses		<u>(39,885,810)</u>	<u>(34,098,728)</u>
		<u>(640,268,644)</u>	<u>(427,654,401)</u>
Share of net profits of associates and joint ventures accounted for using the equity method	31(b)	<u>4,555,508</u>	<u>469,313</u>
Profit / (loss) before income tax expense		(37,321,902)	(8,265,857)
Income tax benefit / (expense)	6	<u>(1,941,283)</u>	<u>1,376,989</u>
Net loss from continuing operations		<u>(39,263,185)</u>	<u>(6,888,868)</u>
Other comprehensive income			
<i>Items that will not be reclassified to profit and loss</i>			
Options granted during the year		<u>38,055</u>	<u>-</u>
Other comprehensive income for the year		<u>38,055</u>	<u>-</u>
Total comprehensive income/(loss)		<u>(39,225,130)</u>	<u>(6,888,868)</u>

The accompanying notes form part of these financial statements.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	7	9,511,607	12,122,815
Receivables	8	54,372,773	48,716,566
Inventories	9	14,041,163	10,467,958
Other financial assets	10	8,508,907	7,496,807
Biological assets	11	21,896,611	16,236,475
Current tax assets	6	489,258	-
Other assets	12	<u>5,478,849</u>	<u>3,979,199</u>
		114,299,168	99,019,820
Assets and liabilities classified as held for sale	28	<u>4,061,100</u>	-
Total current assets		<u>118,360,268</u>	<u>99,019,820</u>
Non-current assets			
Receivables	8	5,359,460	5,809,180
Biological assets	11	6,976,539	11,368,405
Other financial assets	10	2,132,445	2,212,320
Equity accounted investments	31(b)	15,504,871	13,149,124
Intangible assets	14	161,874,250	169,552,021
Deferred tax assets	6	6,653,167	8,905,965
Property, plant and equipment	13	<u>170,577,373</u>	<u>116,283,970</u>
Total non-current assets		<u>369,078,105</u>	<u>327,280,985</u>
Total assets		<u>487,438,373</u>	<u>426,300,805</u>
Current liabilities			
Payables	15	62,634,128	56,367,219
Borrowings	16	14,011,828	12,089,409
Provisions	17	12,345,582	10,881,554
Current tax liabilities	6	-	1,224,280
Other financial liabilities	18	<u>8,508,907</u>	<u>7,496,807</u>
Total current liabilities		<u>97,500,445</u>	<u>88,059,269</u>
Non-current liabilities			
Borrowings	16	193,208,000	147,533,000
Provisions	17	<u>3,243,914</u>	<u>2,997,392</u>
Total non-current liabilities		<u>196,451,914</u>	<u>150,530,392</u>
Total liabilities		<u>293,952,359</u>	<u>238,589,661</u>
Net assets		<u>193,486,014</u>	<u>187,711,144</u>

The accompanying notes form part of these financial statements.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
Equity			
Share capital	19	239,600,012	194,600,012
Reserves	29	38,055	-
Retained losses	20	<u>(46,152,053)</u>	<u>(6,888,868)</u>
Total equity		<u>193,486,014</u>	<u>187,711,144</u>

The accompanying notes form part of these financial statements.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity \$	Reserves \$	Retained earnings \$	Total equity \$
Consolidated				
Balance as at 8 June 2011	-	-	-	-
Loss for the period	-	-	(6,888,868)	(6,888,868)
Total comprehensive income for the year	-	-	(6,888,868)	(6,888,868)
Transactions with owners in their capacity as owners:				
Contributions	<u>194,600,012</u>	-	-	<u>194,600,012</u>
Total transactions with owners in their capacity as owners	<u>194,600,012</u>	-	-	<u>194,600,012</u>
Balance as at 1 July 2012	<u>194,600,012</u>	-	(6,888,868)	<u>187,711,144</u>
Loss for the year	-	-	(39,263,185)	(39,263,185)
Options granted during the year	-	38,055	-	38,055
Total comprehensive income for the year	-	38,055	(39,263,185)	(39,225,130)
Transactions with owners in their capacity as owners:				
Issue of shares	<u>45,000,000</u>	-	-	<u>45,000,000</u>
Total transactions with owners in their capacity as owners	<u>45,000,000</u>	-	-	<u>45,000,000</u>
Balance as at 30 June 2013	<u>239,600,012</u>	<u>38,055</u>	<u>(46,152,053)</u>	<u>193,486,014</u>

The accompanying notes form part of these financial statements.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Cash flow from operating activities			
Receipts from customers		594,944,068	431,227,989
Payments to suppliers and employees		(567,953,953)	(387,845,731)
Interest received		154,725	93,679
Finance costs		(14,424,791)	(9,530,510)
Income tax paid		<u>(1,402,023)</u>	<u>(2,145,041)</u>
Net cash provided by operating activities		<u>11,318,026</u>	<u>31,800,386</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		-	893,244
Payment for property, plant and equipment		(20,403,021)	(12,836,829)
Payment for investments		-	(175,500,000)
Payment for intangible assets		(1,104,653)	(2,418,695)
Acquisition of business combination	27	(87,643,741)	-
Proceeds from property, plant and equipment		<u>2,624,762</u>	<u>-</u>
Net cash used in investing activities		<u>(106,526,653)</u>	<u>(189,862,280)</u>
Cash flow from financing activities			
Capital injection		45,000,000	194,600,012
(Repayment)/Proceeds of borrowings		<u>47,597,419</u>	<u>(24,415,303)</u>
Net cash provided by financing activities		<u>92,597,419</u>	<u>170,184,709</u>
Reconciliation of cash			
Cash at beginning of the financial year		12,122,815	-
Net increase / (decrease) in cash held		<u>(2,611,208)</u>	<u>12,122,815</u>
Cash at end of financial year		<u>9,511,607</u>	<u>12,122,815</u>

The accompanying notes form part of these financial statements.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report was approved by the directors as at the date of the directors' report.

The financial report is for the entity Costa Group Holdings Pty Ltd as an individual entity and Costa Group Holdings Pty Ltd and its consolidated entities. Costa Group Holdings Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Costa Group Holdings Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report is for Costa Group Holdings Pty Ltd and its consolidated entities. Costa Group Holdings Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Costa Group Holdings Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The comparative balances within the financial report are for the period 8 June 2011 to 30 June 2012, with 8 June 2011 being the date of incorporation of Costa Group Holdings Pty Ltd.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities for which the parent has the power to control the financial and operating policies.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

Jointly controlled entities are accounted for using the equity method and are initially recognised at cost. The consolidated financial statements include the consolidated entities share of the income and expenses and equity movement of equity accounted investments, after adjustments to align the accounting policies with those of the consolidated entity, from the date control commences until the date that joint control ceases.

(d) Foreign currency translations and balances

Functional and presentation currency

The financial statements of each entity within the consolidated entity is measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Entities that have a functional currency different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised as a separate component of equity.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue

Sale of goods:

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

Rendering of services:

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Dividends:

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Interest revenue:

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

Rental income:

Rent revenue is recognised on a straight-line basis over the rental term.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income tax (Continued)

Tax Consolidation

The parent entity Costa Group Holdings Pty Ltd and its subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 July 2011. The parent entity and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances;
- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as inter-company payables or receivables.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

(g) Borrowing costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings and foreign exchange losses net of hedged amounts on borrowings.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset are capitalised until the asset is ready for its intended use or sale.

Loan establishment costs have been capitalised and amortised over the life of the loan facility.

(h) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when technical feasibility studies demonstrate that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of its estimated useful life commencing when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and consumables: purchase cost on a first-in, first-out basis;
- Finished goods and work-in-progress: cost of direct material labour and a proportion of manufacturing overheads based on normal operating capacity.

Raw materials and consumables include packaging, supplies and other materials not consumed in the production or growing processes. Work in progress represents partially completed project works. Finished goods include agricultural produce purchased and own farm fruit held for sale and other stock held for sale.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to complete the sale.

(j) Biological assets and agricultural produce

Biological assets and agricultural produce are measured at their fair value at each reporting date. The fair value is determined as the net present value of cash flows expected to be generated by these crops (discounted at a risk-adjusted interest rate).

Net increments and decrements in the fair value of the growing assets are recognised as revenues or expenses in the profit or loss, determined as:

- The difference between the total fair value of the biological assets recognised at the beginning of the financial period and the total fair value of the biological assets recognised at reporting date.
- Costs incurred in maintaining or enhancing the biological assets recognised at the beginning of the financial period and the total fair value of the biological assets recognised at the reporting date.
- The market value of the produce picked during the financial period is measured at their fair value less estimated point of sale costs at the time of picking. Market price is determined based on underlying market prices of the product.

Short lived biological assets such as mushrooms and raspberries are measured at their fair value. These are disclosed as current biological assets.

All non-current values have been determined in accordance with Directors' valuation at each reporting date. In determining the fair value the following factors have been taken into account:

- (i) The productive life of the asset
- (ii) The period over which the asset will mature

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (iii) The expected future sales price
- (iv) The cost expected to arise throughout the life of the asset
- (v) Net cash flows are discounted at a pre-tax average real rate of between 20% and 30% per annum (depending on agricultural risk) and it is assumed that inflation will continue at the current rate

Expected future sale prices for all biological assets, are based on average current prices increased for inflation. Costs expected to arise throughout the life of the biological assets, are based on average costs throughout the period, increased for inflation.

(k) Financial instruments

Classification

The group classifies its financial assets into the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit and loss. After initial recognition, non-derivative financial instruments are measured as described below.

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Available-for-sale

Available-for-sale financial assets include any financial assets not included in the above categories and are measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit and loss.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Foreign Exchange Forward Contracts

The consolidated entity holds derivative financial instruments to mitigate its risk exposure from foreign currency movements.

(l) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Property and Buildings

Property and buildings are measured on a cost basis.

Plant and equipment

Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of fixed asset is not depreciated.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of fixed asset	Depreciation rates	Depreciation basis
Land and buildings at cost	3%	Straight line
Plant and equipment at cost	5%-20%	Straight line
Leased plant and equipment at cost	10-20%	Straight line
Improvements at cost	5%-20%	Straight line

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Interests in joint ventures

Joint venture entities

The group's interest in joint venture entities are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits or losses of the joint venture entity is recognised in profit or loss and the share of other comprehensive income items is recognised in other comprehensive income. The profits or losses of the joint venture entity is recognised in profit or loss. Details relating to the joint venture entity are set out in Note 31.

(n) Investments in associates

An associated company is a company over which the group is able to exercise significant influence.

The group's interests in associates are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits or losses of the associate is recognised in profit or loss and the share of other comprehensive income items is recognised in other comprehensive income. Details relating to associates are set out in Note 31.

Unrealised gains and losses on transactions between the group and an associate are eliminated to the extent of the group's share in an associate.

(o) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

For an asset measured at cost, an impairment loss is recognised in profit or loss where the carrying amount of the asset exceeds its recoverable amount.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Intangibles

Goodwill

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Brandnames

Brand names are measured initially at their cost of acquisition. Brand names are an indefinite life intangible asset and are therefore tested for impairment annually. The carrying amount of brand names is supported by a value in use calculation.

Lease Premiums

The value of market lease premiums is recorded in the financial statements at cost. Market lease premiums are an indefinite life intangible asset and are therefore tested for impairment annually. The carrying amount of market lease premiums is supported by a value in use calculation.

Software

Software is measured initially at the cost of acquisition and amortised over the useful life of the software.

Expenditure on software development activities is capitalised only when it is expected that future benefits will exceed the deferred costs, and these benefits can be reliably measured. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the intangible asset over its estimated useful life (not exceeding three years) commencing when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Intangibles (Continued)

asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

(q) Provisions

Provisions are recognised if, as a result of a past event, the consolidated entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where the consolidated entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

(r) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the group are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of comprehensive income. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the group will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Leases (Continued)

Operating leases

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

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

(s) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Bonus plan

The group recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

(iv) Termination benefits

Termination benefits are payable when employment of an employee or group of employees is terminated before the normal retirement date, or when the group provides termination benefits as a result of an offer made and accepted in order to encourage voluntary redundancy.

The group recognises a provision for termination benefits when the entity can no longer withdraw the offer of those benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
ABN 68 151 363 129

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(u) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control. Deferred consideration payable is measured at fair value.

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

If the fair value of the acquirer's interest is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), the surplus is immediately recognised in the statement of comprehensive income.

Acquisition related costs are expensed as incurred.

(v) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
ABN 68 151 363 129

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Adoption of new and amended accounting standards that are first operative at 30 June 2013

None of the new and amended accounting standards effective for the financial year beginning 1 July 2012 affected any amounts recorded in the current or prior year. AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of items of Other Comprehensive Income requires items of other comprehensive income to be presented separately for those items that would be reclassified to profit or loss in the future and those that would never be reclassified to profit or loss and the impact of tax on those items.

The adoption of AASB 2011-9 has no effect on the amounts recognised in current or prior years. However, it has resulted in changes to presentation of other comprehensive income in the group's consolidated financial statements.

The entity has decided to early adopt AASB10 and AASB11 at 30 June 2013. Further details are disclosed at Note 33.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 1 year (maximum of five years). Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 3% (2012: 3%) for cash flows in year two to five, which is based on the historical average, a terminal value growth rate of 3.0% (2012: 3.0%) and a discount rate of 9.6% (2012: 10.5%) to determine value-in-use.

(b) Impairment of non-financial assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment or future product expectations. If an indicator of impairment exists the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant and as such all assets have been tested for impairment during the current financial year.

The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 1 year (maximum of five years). Management's determination of cash flow projections and gross margins are based on past performance

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 3% (2012: 3%) for cash flows in year two to five, which is based on the historical average, a terminal value growth rate of 3.0% (2012: 3.0%) and a discount rate of 9.6% (2012:10.5%) to determine value-in-use.

(c) Income tax

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

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

(d) Valuation of non-current biological assets

This takes into account expected sales prices, yields, picked fruit quality and expected expenditure and management must make a judgement as to the trend in these factors. Periodic valuations from independent third parties are obtained. Please refer to Note 11 for further information.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
ABN 68 151 363 129

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
NOTE 3: REVENUE			
<i>Sales income</i>			
Sale of goods		505,738,396	325,588,215
Rebates and discounts provided		<u>(12,858,085)</u>	<u>(7,571,400)</u>
		<u>492,880,311</u>	<u>318,016,815</u>
Rendering of services		<u>100,929,373</u>	<u>94,707,812</u>
		<u>593,809,684</u>	<u>412,724,627</u>
<i>Other revenue</i>			
Dividend income		58,925	24,950
Interest income		154,725	93,679
Rental income		627,064	669,159
Other revenue		2,885,077	5,381,182
Gain on fair value adjustments on assets held for sale		837,850	-
Foreign currency translation gains		<u>17,909</u>	<u>25,634</u>
		<u>4,581,550</u>	<u>6,194,604</u>
		<u>598,391,234</u>	<u>418,919,231</u>
NOTE 4: OPERATING PROFIT			
Losses before income tax has been determined after:			
Finance costs			
Bank charges		64,497	592,632
Interest expense		15,302,337	12,889,562
Borrowing costs		<u>2,041,755</u>	<u>311,097</u>
		<u>17,408,589</u>	<u>13,793,291</u>
Depreciation and amortisation		12,294,794	8,797,556
Impairment			
- Plant and Equipment		846,625	-
- Goodwill		<u>41,161,766</u>	<u>1,144,826</u>
		<u>42,008,391</u>	<u>1,144,826</u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
NOTE 4: OPERATING PROFIT (CONTINUED)			
Employee expenses			
- Wages (including on-costs)		171,891,971	138,599,191
- Superannuation costs		10,326,078	7,906,832
- Annual leave, sick leave, RDO and Long service leave		8,272,821	4,408,051
- Other employee expenses		<u>4,500,135</u>	<u>3,319,900</u>
		<u>194,991,005</u>	<u>154,233,974</u>

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the group

- short-term employee benefits	4,129,863	3,425,946
- post-employment benefits	203,130	155,162
- termination benefits	<u>706,592</u>	<u>-</u>
	<u>5,039,585</u>	<u>3,581,108</u>

The names of directors who have held office during the year are:

Name	Appointment / resignation details
Mr Harry Debney	Appointed 7 October 2011
Mr Robert Costa	Appointed 8 June 2011
Mr Frank Costa	Appointed 8 June 2011
Mr Angelos Dassios	Appointed 7 October 2011
Mr Kevin Schwartz	Appointed 7 October 2011
Mr Neil Chatfield	Appointed 7 October 2011
Mr Greg Hunt	Appointed 7 October 2011
Mr Bruno Ferrari Garcia de Alba	(Appointed 7 October 2013)

The names of key management personnel during the year are:

Name	Appointment / resignation details	Position
Harry Debney	Appointed 7 October 2011	Chief Executive Officer
George Haggard	Appointed 7 October 2011	Chief Operating Officer
Linda Kow	Appointed 1 September 2012	Chief Financial Officer
Tony Di Paolo	Appointed 7 November 2012	Chief Procurement Officer
Peter McPherson	Appointed 7 October 2011	General Manager of Berry Category
Ben Franklin	Appointed 7 October 2011	General Manager Banana Category
David Costa	Appointed 7 October 2011	General Manager Costa Farms

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

Richard Hamley	Appointed 7 October 2011, Ceased 30 April 2013	General Manager of Mushroom Category
Elliot Jones	Appointed 7 October 2011	General Manager Grape Category/Citrus Category
Trevor Jordan	Appointed 1 May 2013	General Manager Mushroom Category
Stuart Costa	Appointed 7 October 2011	General Manager Fresh Exchange
Oliver Flint	Appointed 17 April 2012	General Manager Tomato Category

	Note	2013 \$	2012 \$
NOTE 6: INCOME TAX			
(a) Components of tax expense			
Current tax		-	-
Deferred tax		2,252,798	(1,376,989)
Under/(over) provision in prior years		<u>(311,515)</u>	<u>-</u>
		<u>1,941,283</u>	<u>(1,376,989)</u>
(b) Prima facie tax payable			
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:			
Prima facie income tax benefit on loss before income tax at 30.0% (2012: 30.0%)		(11,196,571)	(2,294,923)
Add tax effect of:			
- government grant income		-	186,000
- non deductible entertainment		19,219	20,950
- Non deductible black hole expenditure		1,232,462	475,546
- Goodwill impairment expense		12,348,530	-
- Other non-allowable items		<u>354,101</u>	<u>235,438</u>
		13,954,312	917,934
Less tax effect of:			
- Deferred tax assets not previously brought to account		504,943	-
Over provision for income tax in prior years		<u>311,515</u>	<u>-</u>
		<u>816,458</u>	<u>-</u>
Income tax expense/(benefit) attributable to profit		<u>1,941,283</u>	<u>(1,376,989)</u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
NOTE 6: INCOME TAX (CONTINUED)			
(c) Current tax			
Current tax relates to the following:			
<i>Current tax liabilities / (assets)</i>			
Opening balance		1,224,280	-
Current tax liability following acquisition of entities	27	-	3,369,321
Tax payments		(1,402,023)	(2,145,041)
Under / (over) provisions		<u>(311,515)</u>	<u>-</u>
Current tax liabilities / (assets)		<u>(489,258)</u>	<u>1,224,280</u>
(d) Deferred tax			
Deferred tax relates to the following:			
<i>Deferred tax assets</i>			
The balance comprises:			
Tax losses carried forward		585,167	4,445,712
Provisions		4,909,200	4,821,170
Trade and other payables		4,016,400	2,439,900
Black hole deductions (section 40-880)		2,623,500	2,877,000
Other		<u>246,500</u>	<u>63,600</u>
		<u>12,380,767</u>	<u>14,647,382</u>
<i>Deferred tax liabilities</i>			
The balance comprises:			
Biological assets		4,059,600	4,170,017
Property, plant and equipment		1,613,100	1,516,800
Intangible assets		<u>54,900</u>	<u>54,600</u>
		<u>5,727,600</u>	<u>5,741,417</u>
Net deferred tax assets		<u>6,653,167</u>	<u>8,905,965</u>
(e) Deferred income tax (revenue)/expense included in income tax expense comprises			
Decrease / (increase) in deferred tax assets		2,266,615	(5,682,782)
(Decrease) / increase in deferred tax liabilities		<u>(13,817)</u>	<u>4,194,417</u>
		<u>2,252,798</u>	<u>(1,488,365)</u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
NOTE 7: CASH AND CASH EQUIVALENTS			
Cash on hand		27,362	23,326
Cash at bank		7,404,268	12,000,292
Cash on deposit		<u>2,079,977</u>	<u>99,197</u>
		<u>9,511,607</u>	<u>12,122,815</u>
NOTE 8: RECEIVABLES			
CURRENT			
Trade debtors		44,773,784	40,480,224
Impairment loss		<u>(774,116)</u>	<u>(2,070,041)</u>
		43,999,668	38,410,183
Other receivables		10,308,073	9,765,977
Loans to associates		<u>65,032</u>	<u>540,406</u>
		<u>54,372,773</u>	<u>48,716,566</u>
NON CURRENT			
Deferred charges		<u>5,359,460</u>	<u>5,809,180</u>

Impairment of trade receivables

Trade receivables are non interest bearing with receivables generally between 14 and 30 day terms. An impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. The impairment losses have been included within other expenses in the statement of comprehensive income. All trade receivables that are not impaired are expected to be received within trading terms.

Movements in the accumulated impairment losses were:

	2013 \$	2012 \$
Opening balance at 1 July	(2,070,041)	-
Balance acquired on acquisition of entities	-	(1,765,973)
Charge/writeback for for the period	1,126,325	(332,196)
Amount written off	<u>169,600</u>	<u>28,128</u>
Closing balance at 30 June	<u>(774,116)</u>	<u>(2,070,041)</u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
NOTE 9: INVENTORIES			
CURRENT			
<i>At cost</i>			
Raw materials		8,954,576	5,896,638
Work in progress		109,323	215,952
Finished goods		<u>4,977,264</u>	<u>4,355,368</u>
		<u>14,041,163</u>	<u>10,467,958</u>
NOTE 10: OTHER FINANCIAL ASSETS			
CURRENT			
<i>Hedging instruments</i>			
Forward foreign currency contracts		<u>8,508,907</u>	<u>7,496,807</u>
NON CURRENT			
Loans to related party associates		1,630,585	1,613,737
Available for sale financial assets			
Shares in other corporations		<u>501,860</u>	<u>598,583</u>
		<u>2,132,445</u>	<u>2,212,320</u>
NOTE 11: BIOLOGICAL ASSETS			
CURRENT			
<i>At fair value</i>			
Fruit and vegetables - at fair value		<u>21,896,611</u>	<u>16,236,475</u>
NON CURRENT			
<i>At fair value</i>			
Plants - at fair value		<u>6,976,539</u>	<u>11,368,405</u>
(a) Reconciliation of charges in carrying amount of biological assets			
Opening balance		27,604,880	-
Loss arising from changes in fair value		(4,113,159)	(4,629,795)
Increases due to purchases		113,641,766	135,557,838
Decreases due to harvest		(110,203,835)	(132,583,235)
Increases resulting from acquisition of entities		<u>1,943,498</u>	<u>29,260,072</u>
Closing balance		<u>28,873,150</u>	<u>27,604,880</u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 11: BIOLOGICAL ASSETS (CONTINUED)

(b) Significant fair value assumptions

The biological asset valuations are based on the following assumptions

Growing Crop	Hectares planted (approx) - 2013	Location	2013 Total Tonnages Harvested	Productive life	Non-mature plant maturity
Fruit					
Blueberries	285ha	New South Wales	2,112	Between 1 and 11 years	Between now and 2016
Blueberries	49ha	Tasmania	143	Between 3 and 20 years	Between now and 2020
Raspberries	31ha	New South Wales	453	Less than 1 year	N/A
Raspberries	22ha	Tasmania	368	Between 1 and 4 years	Reaching maturity in 2014
Citrus	1606ha	South Australia	62,705	Between 7 and 30 years	Between now and 2014
Avocodos	46ha	South Australia	649	Between 7 and 30 years	Between now and 2014
Table Grapes	306ha	Queensland	2,677	Between 1 and 20 years	N/A
Table Grapes	88ha	New South Wales	1,375	Between 1 and 20 years	N/A
Wine Grapes	106ha	South Australia	2,215	Between 1 and 20 years	N/A
Bananas	626ha	Queensland	16,814	Up to 5 years	Between now and 2014
Tomatoes	20ha	New South Wales	11,748	Less than 1 year	N/A
Tomatoes	2.3ha	South Australia	485	Less than 1 year	N/A
Vegetables					
Mushrooms	N/A	Victoria	11,061	Less than 1 year	N/A
Mushrooms	N/A	Western Australia	3,078	Less than 1 year	N/A
Mushrooms	N/A	Queensland	2,361	Less than 1 year	N/A
Mushrooms	N/A	New South Wales	852	Less than 1 year	N/A
Mushrooms	N/A	South Australia	2,252	Less than 1 year	N/A

NOTE 12: OTHER ASSETS

CURRENT

Prepayments	5,317,483	3,889,223
Other current assets	<u>161,366</u>	<u>89,976</u>
	<u><u>5,478,849</u></u>	<u><u>3,979,199</u></u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
NOTE 13: PROPERTY, PLANT AND EQUIPMENT			
Land and buildings			
At cost		113,071,048	75,093,434
Accumulated depreciation		<u>(26,241,919)</u>	<u>(23,123,201)</u>
		<u>86,829,129</u>	<u>51,970,233</u>
Plant and equipment			
Plant and equipment at cost		154,172,301	125,485,024
Accumulated depreciation		<u>(76,112,386)</u>	<u>(66,826,425)</u>
		78,059,915	58,658,599
Leased plant and equipment at cost		2,448,185	4,647,413
Accumulated depreciation		<u>(2,132,945)</u>	<u>(3,029,603)</u>
		315,240	1,617,810
Improvements at cost		8,556,049	6,887,095
Accumulated depreciation		<u>(3,182,960)</u>	<u>(2,849,767)</u>
		<u>5,373,089</u>	<u>4,037,328</u>
Total plant and equipment		<u>83,748,244</u>	<u>64,313,737</u>
Total property, plant and equipment		<u>170,577,373</u>	<u>116,283,970</u>

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

<i>Land and buildings</i>			
Opening carrying amount		51,970,233	-
Additions		1,116,005	2,918,524
Disposals		(1,084,438)	(80,618)
Additions through acquisition of entities		37,908,900	50,533,890
Depreciation expense		(2,809,951)	(1,401,563)
Transfers		<u>(271,620)</u>	<u>-</u>
Closing carrying amount		<u>86,829,129</u>	<u>51,970,233</u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
NOTE 13: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
(a) Reconciliations (Continued)			
<i>Plant and equipment</i>			
Opening carrying amount		58,658,599	-
Additions		17,633,062	9,415,625
Disposals		(1,421,423)	(1,019,516)
Additions through acquisition of entities		11,413,860	55,324,130
Depreciation expense		(8,743,354)	(7,894,518)
Impairment		(846,625)	-
Transfers from leasehold improvements		<u>1,365,796</u>	<u>2,832,878</u>
Closing carrying amount		<u><u>78,059,915</u></u>	<u><u>58,658,599</u></u>
<i>Leased plant and equipment</i>			
Opening carrying amount		1,617,810	-
Additions		-	8,977
Disposals		-	(4,279)
Additions through acquisition of entities		-	4,712,312
Depreciation expense		(239,568)	(266,322)
Transfers		<u>(1,063,002)</u>	<u>(2,832,878)</u>
Closing carrying amount		<u><u>315,240</u></u>	<u><u>1,617,810</u></u>
<i>Leasehold improvements</i>			
Opening carrying amount		4,037,328	-
Additions		1,653,953	493,704
Disposals		-	(80,839)
Additions through acquisition of entities		15,000	3,915,907
Depreciation expense		<u>(333,192)</u>	<u>(291,444)</u>
Closing carrying amount		<u><u>5,373,089</u></u>	<u><u>4,037,328</u></u>
<i>Total property, plant and equipment</i>			
Carrying amount at 1 July		116,283,970	-
Additions		20,403,020	12,836,830
Disposals		(2,505,861)	(1,185,252)
Additions through acquisition of entities		49,337,760	114,486,239
Depreciation expense		(12,126,065)	(9,853,847)
Impairment		(846,625)	-
Transfers		<u>31,174</u>	<u>-</u>
Carrying amount at 30 June		<u><u>170,577,373</u></u>	<u><u>116,283,970</u></u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 13: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Property, plant and equipment pledged as security

All property, plant and equipment (excluding property in Innisfail Holdings Pty Ltd) across Costa Group Holdings Pty Ltd has been pledged as security under a fixed and floating agreement with the groups financiers.

(c) Impairment loss

Impairment losses in relation to property plant and equipment are recorded in impairment loss expense within the statement of comprehensive income. The recoverable amount of these assets was determined based on their value in use.

	2013	2012
	\$	\$
NOTE 14: INTANGIBLE ASSETS		
Goodwill at cost	105,772,791	111,132,074
Goodwill on consolidation at cost	43,384,100	43,384,100
Capitalised software costs	6,260,776	5,187,297
Accumulated amortisation and impairment	<u>(1,950,047)</u>	<u>(1,781,330)</u>
	4,310,729	3,405,967
 Brandnames at cost	 1,730,000	 1,730,000
Lease premiums at cost	1,665,149	1,665,149
Accumulated amortisation and impairment	<u>(362,819)</u>	<u>(362,819)</u>
	1,302,330	1,302,330
 Water rights at cost	 <u>5,374,300</u>	 <u>8,597,550</u>
Total intangible assets	<u><u>161,874,250</u></u>	<u><u>169,552,021</u></u>

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

<i>Goodwill at cost</i>		
Opening balance	111,132,074	-
Additions through acquisition of entities	36,362,483	111,132,074
Disposals	(560,000)	-
Impairment	<u>(41,161,766)</u>	<u>-</u>
Closing balance	<u><u>105,772,791</u></u>	<u><u>111,132,074</u></u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
NOTE 14: INTANGIBLE ASSETS (CONTINUED)			
(a) Reconciliations (Continued)			
<i>Goodwill on consolidation at cost</i>			
Opening balance		43,384,100	-
Additions through acquisition of entities and establishment of new consolidated group.		<u>-</u>	<u>43,384,100</u>
Closing balance		<u><u>43,384,100</u></u>	<u><u>43,384,100</u></u>
<i>Capitalised software costs</i>			
Opening balance		3,405,967	-
Additions		1,104,653	2,418,695
Amortisation expense		(168,717)	(88,545)
Additions through acquisition of entities		-	1,075,817
Transfers to plant and equipment		<u>(31,174)</u>	<u>-</u>
Closing balance		<u><u>4,310,729</u></u>	<u><u>3,405,967</u></u>
<i>Brandnames</i>			
Opening balance		1,730,000	-
Additions through acquisition of entities		<u>-</u>	<u>1,730,000</u>
Closing balance		<u><u>1,730,000</u></u>	<u><u>1,730,000</u></u>
<i>Lease premiums</i>			
Opening balance		1,302,330	-
Additions through acquisition of entities		<u>-</u>	<u>1,302,330</u>
Closing balance		<u><u>1,302,330</u></u>	<u><u>1,302,330</u></u>
<i>Water Rights</i>			
Opening balance		8,597,550	-
Additions through acquisition of entities		-	8,597,550
Revaluation of water rights		837,850	-
Transfer to assets held for sale		<u>(4,061,100)</u>	<u>-</u>
Closing balance		<u><u>5,374,300</u></u>	<u><u>8,597,550</u></u>

Amortisation expense in relation to intangible assets is included within depreciation and amortisation expenses in the statement of comprehensive income.

(b) Impairment loss

Impairment losses in relation to intangible assets are included within other expenses in the statement of comprehensive income.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
ABN 68 151 363 129

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
NOTE 15: PAYABLES			
CURRENT			
<i>Unsecured liabilities</i>			
Trade creditors		25,286,737	26,159,475
Sundry creditors and accruals		<u>37,347,391</u>	<u>30,207,744</u>
		<u>62,634,128</u>	<u>56,367,219</u>
 NOTE 16: BORROWINGS			
CURRENT			
<i>Secured liabilities</i>			
Bank loans		14,000,000	11,967,000
Hire purchase liability		<u>11,828</u>	<u>122,409</u>
		<u>14,011,828</u>	<u>12,089,409</u>
 NON CURRENT			
<i>Secured liabilities</i>			
Bank loans		<u>193,208,000</u>	<u>147,533,000</u>

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

- 1) Secured lease and hire purchase liabilities are secured by a charge over the assets.
- 2) Details of the key terms and conditions of the bank facilities are as follows:
 - The term of the bank facility is five years from 7 October 2011.
 - Lending covenants include Interest Cover Ratio, Total Gearing Ratio, Debt Service Cover Ratio and maximum limit for capital expenditure.
 - A requirement to hold embedded interest rate swap facilities to fix interest rates on a minimum of 75% of main facility debt until 6 October 2014 and 50% for the remainder of the facility. Total bank facilities with embedded interest rate swaps at 30 June 2013 is \$154.4 million.
 - The facility stipulates minimum loan repayments in each financial year, with a minimum debt repayment of \$14 million for the year ended 30 June 2014.
 - The bank facilities are secured by cross deeds of covenant between mortgage debentures over all assets (excluding property in Innisfail Holdings Pty Ltd) of Costa Group Holdings Pty Ltd and its subsidiaries.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
NOTE 17: PROVISIONS			
CURRENT			
Employee benefits	(a)	<u>12,345,582</u>	<u>10,881,554</u>
NON CURRENT			
Long service leave	(a)	3,243,914	2,974,659
Other		<u>-</u>	<u>22,733</u>
		<u>3,243,914</u>	<u>2,997,392</u>
(a) Aggregate employee benefits liability		15,589,496	13,856,213
(b) Reconciliations			
Reconciliation of the carrying amounts of provisions at the beginning and end of the current financial year			
<i>Employee benefits (Current)</i>			
Opening balance		13,856,213	-
Acquired on acquisition of entities		351,564	14,959,000
Amounts used		(6,878,329)	(5,409,440)
Additional amounts recognised		<u>8,260,048</u>	<u>4,306,653</u>
Closing balance		<u>15,589,496</u>	<u>13,856,213</u>
<i>Other (non current)</i>			
Opening balance		22,733	-
Acquired on acquisition of entities		-	305,000
Amounts used		(22,733)	(553,758)
Additional amounts recognised		<u>-</u>	<u>271,491</u>
Closing balance		<u>-</u>	<u>22,733</u>
NOTE 18: OTHER FINANCIAL LIABILITIES			
CURRENT			
Forward foreign currency contracts		<u>8,508,907</u>	<u>7,496,807</u>
		2013	2012
		\$	\$
NOTE 19: SHARE CAPITAL			
Issued and paid-up capital			
194,600,012 \$1 ordinary shares	(a)	194,600,012	194,600,012

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
NOTE 19: SHARE CAPITAL (CONTINUED)			
45,000,000 (2012: -) Redeemable convertible preference shares	(b)	<u>45,000,000</u>	<u>-</u>
		<u>239,600,012</u>	<u>194,600,012</u>

	2013 Number	\$	2012 Number	\$
(a) Ordinary shares				
Consolidated				
Opening balance	194,600,012	194,600,012	-	-
Shares issued:				
8 June 2011	-	-	12	12
7 October 2011	<u>-</u>	<u>-</u>	<u>194,600,000</u>	<u>194,600,000</u>
At reporting date	<u>194,600,012</u>	<u>194,600,012</u>	<u>194,600,012</u>	<u>194,600,012</u>

Costa Group Holdings Pty Ltd				
Opening balance	194,600,012	194,600,012	-	-
Shares issued:				
8 June 2011	-	-	12	12
7 October 2011	<u>-</u>	<u>-</u>	<u>194,600,000</u>	<u>194,600,000</u>
At reporting date	<u>194,600,012</u>	<u>194,600,012</u>	<u>194,600,012</u>	<u>194,600,012</u>

(b) Redeemable convertible preference shares

Consolidated				
Opening balance	-	-	-	-
Shares issued:				
15 March 2013	<u>45,000,000</u>	<u>45,000,000</u>	<u>-</u>	<u>-</u>
At reporting date	<u>45,000,000</u>	<u>45,000,000</u>	<u>-</u>	<u>-</u>

Costa Group Holdings Pty Ltd				
Opening balance	-	-	-	-
Shares issued:				
15 March 2013	<u>45,000,000</u>	<u>45,000,000</u>	<u>-</u>	<u>-</u>
At reporting date	<u>45,000,000</u>	<u>45,000,000</u>	<u>-</u>	<u>-</u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19: SHARE CAPITAL (CONTINUED)

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Convertible preference shares are subject to the conditions described below:

- Convertible preference shares do not entitle the holder to vote at a general meeting of the company. Voting rights on conversion to ordinary shares are restricted until an insolvency event occurs.
- Convertible preference shares allow the holder to receive cumulate fixed dividends, where the fixed dividend rate is 8.0% per annum, accruing daily and compounding quarterly. They are also entitled to non-fixed dividends that rank equally with Ordinary shares with reference to the equivalent dividends declared with respect to ordinary shares.
- Payment of any dividend is subject to the Directors declaring or resolving to pay a dividend, the payment not breaching the Corporations Act provision and the payment being permitted by the Group Finance Facilities.
- The convertible preference shares rank junior to all secured and unsecured debt of the Company but have priority over ordinary shares.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 19: SHARE CAPITAL (CONTINUED)

Share options

Share Based Payment Plan - Employee Share Option Plan

The group continued to offer employee participation in short-term and long-term incentive schemes as part of the remuneration packages for the key management personnel of the company through the establishment of an Employee Share Option Plan ("Option Plan").

A Shareholders Deed entered into the by the shareholders of Costa Group Holdings Pty Ltd allow the issue of options under the Option Plan representing up to 8% of the ordinary share capital of Costa Group Holdings Pty Ltd.

Eligibility for the Option Plan is determined at the discretion of the Board.

Any shares issued pursuant to the Option Plan have no voting rights.

Terms and conditions as well as key assumptions utilised in the valuation of options includes:

- Each option carries the right to subscribe to a non-voting C class share at an exercise price of \$1.45.
- The options will vest in 5 tranches over a 5 year period, with 20% of the options vesting at each anniversary of the grant date.
- All relevant employees will continue to be employed by Costa Group Holdings Pty Ltd until the final vesting date.
- Dividend yield - 0%
- Risk Free rate - 3.84%
- Share Price volatility - 40.54%

During or since the end of the financial year, 19,027,557 (2012: -) options have been granted under this scheme.

	2013	2012
	\$	\$
NOTE 20: RETAINED EARNINGS/(ACCUMULATED LOSSES)		
Accumulated losses at beginning of year	(6,888,868)	-
Net loss	<u>(39,263,185)</u>	<u>(6,888,868)</u>
	<u>(46,152,053)</u>	<u>(6,888,868)</u>

NOTE 21: CASH FLOW INFORMATION

(a) Loan facilities

Loan facilities	245,708,000	205,000,000
Amount utilised*	<u>(215,188,949)</u>	<u>(173,886,378)</u>
Unused loan facilities	<u>30,519,051</u>	<u>31,113,622</u>

The major facilities and term and conditions are summarised at Note 17(a).

* Amount utilised includes bank guarantees of \$7,980,949 (2012: \$14,895,135)

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note	2013	2012
	\$	\$

NOTE 22: RELATED PARTY TRANSACTIONS

(a) Transactions with entities with associates

The group transacted with jointly controlled entities during the 2013 financial period as follows:

Africa Blue SARL - Accrual of royalty income on blueberry sales of \$340,000

Africa Blue SARL - Other costs charged of \$100,000

Polar Fresh Partnership - Dividends received amounting to \$1,699,764 and \$125,000 for transactional and management services provided.

Wadda Plantations Pty Ltd - Purchase of bananas of \$14,107,779

Driscolls Australia Partnership - Commission paid on sale of berries \$7,546,247.

Driscolls Australia Partnership - Other costs charged \$72,000.

Driscolls Australia Partnership - Dividend received \$500,000.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22: RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with key management personnel of the entity or its parent and their personally related entities

Mr Robert Costa (Director)

- Director and ownership interest in STG Nominees and Baxter Hill. STG Nominees received rental income of \$4,620,000 (2012: \$4,620,000) from entities within the consolidated group.
- Director and ownership interest of Costa Asset Management Pty Ltd (formerly Six Oaks Pty Ltd) which provided management services to the consolidated group totaling \$660,000 (2012: \$660,000)
- Director and ownership interest in Vitalharvest Ltd which is the landlord for the citrus and berry farms managed by the consolidated group. Refer to Note 22(c) for transactions with this entity.
- Director of Wadda Plantations Pty Ltd and Wadda Plantation Partnership which are joint ventures of the consolidated group (refer to Note 31 for details of Joint Ventures).
- Director of Polar Fresh Cold Chain Services Pty Ltd (Polar Fresh Partnership) which is a joint venture of the consolidated group (refer to Note 31 for details of Joint Ventures).

Mr Frank Costa (Director)

- Director and ownership interest of Costa Asset Management Pty Ltd (formerly Six Oaks Pty Ltd) which provided management services to the consolidated group totaling \$660,000 (2012: \$660,000)
- Director and ownership interest in Vitalharvest Ltd which is the landlord for the citrus and berry farms managed by the consolidated group. Refer to Note 22(c) for transactions with this entity.
- Director of Wadda Plantations Pty Ltd and Wadda Plantation Partnership until 17 September 2012, which are joint ventures of the consolidated group (refer to Note 31 for details of Joint Ventures).

Kevin Schwartz (Director)

- An employee for a company associated with P&P COS Holdings B.V. P&P COS Holdings B.V. is a 50% shareholder in Costa Group Holdings Pty Ltd. Payment includes provision of management services on behalf of P&P COS Holdings B.V of AUD \$600,000 (2012: 440,217), advisory fees of AUD\$1,500,000 (2012: nil) and travel costs reimbursed for the year ended 30 June 2013 of USD \$395,653 (2012: USD \$132,944)

Angelos Dassios (Director)

- An employee for a company associated with P&P COS Holdings B.V. P&P COS Holdings B.V. is a 50% shareholder in Costa Group Holdings Pty Ltd. Payment includes provision of management services on behalf of P&P COS Holdings B.V of AUD \$600,000 (2012: 440,217), advisory fees of AUD\$1,500,000 (2012: nil) and travel costs reimbursed to P&P COS Holdings B.V for the year ended 30 June 2013 of USD \$395,653 (2012: USD \$132,944)

Greg Hunt (Director)

- A consultant for a company associated with P&P COS Holdings B.V. P&P COS Holdings B.V. is a 50% shareholder in Costa Group Holdings Pty Ltd. No fees or costs have been paid to Greg Hunt by Costa Group Holdings Pty Ltd.

Neil Chatfield (Director)

- A consultant for Costa Asset Management Pty Ltd (formerly Six Oaks Pty Ltd), a company associated with Costa AFR Pty Ltd ACN 151 727 614 as trustee for the Costa AFR Unit Trust. No fees or costs have been paid to Neil Chatfield by Costa Group Holdings Pty Ltd.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22: RELATED PARTY TRANSACTIONS (CONTINUED)

Harry Debney (Director)

- Director of Polar Fresh Cold Chain Services Pty Ltd (Polar Fresh Partnership) which is a joint venture of the consolidated group (Refer to Note 31 for details of Joint Ventures).
- Director of Driscolls Australia Pty Ltd (Driscolls Australia Partnership) and Wadda Plantation Partnership which are joint ventures of the consolidated group.

(c) Transactions with other related parties

Vitalharvest Limited

Property rent expense

During the year Costa Group Holdings leased citrus and berry farms across Australia from Vitalharvest Limited. Fixed rental payments totaled \$6,992,554 and variable rent payments totaled \$3,903,037. Refer to below for key terms and conditions on these property leases.

Capex reimbursed by Vitalharvest

During the financial year, Vitalharvest Pty Ltd reimbursed Costa Exchange Pty Ltd \$5,640,786 and AgriExchange Pty Ltd \$1,282,590 in relation to costs incurred on capital expenditure.

Property leases - key terms and conditions

The company has leases on the citrus properties in the Riverland, South Australia. These leases are for a period of 15 years with an option for AgriExchange Pty Ltd to extend the leases for a further 10 years. The lease payments consist of a fixed and variable component. The fixed component is based on 8% of the capital costs incurred on each property by VitalHarvest Limited, including land, fixed equipment, permanent water and plantings. Any capital spent on expanding farms will result in an increase in the fixed rental. The variable rent is based on 25% of the earnings before tax and before variable rent. This includes earnings from farming, packing and marketing profits earned by AgriExchange Pty Ltd. Under the terms of the lease, AgriExchange is responsible for the replanting of any existing planted areas and provides all non-fixed equipment to maintain the farm.

The company has leases on the berry properties throughout Australia. The lease payments consist of a fixed and variable component. The fixed component is based on 8% of the capital costs incurred on each property by VitalHarvest Limited, including land, fixed equipment, permanent water and plantings. Any capital spent on expanding farms will result in an increase in the fixed rental. The variable rental is based on 25% of earnings before tax and variable rent. This includes earnings from farming, packing and marketing profits earned by Costa Exchange Ltd berry operations. Under the terms of the lease, Costa Exchange Ltd is responsible for the re-planting of any existing planted areas and provides all non-fixed equipment to maintain the farms.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
NOTE 23: CAPITAL AND LEASING COMMITMENTS			
(a) Hire purchase commitments			
Payable			
- not later than one year		<u>11,828</u>	<u>122,409</u>
Total hire purchase liability		<u><u>11,828</u></u>	<u><u>122,409</u></u>
Represented by:			
Current liability		<u>11,828</u>	<u>122,409</u>
		<u><u>11,828</u></u>	<u><u>122,409</u></u>
The above liability relates to the hire purchase of operating plant and equipment			
(b) Operating lease commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements:			
Payable			
- not later than one year		36,211,591	34,410,256
- later than one year and not later than five years		146,809,644	111,912,552
- later than five years		<u>91,458,006</u>	<u>154,559,072</u>
		<u><u>274,479,241</u></u>	<u><u>300,881,880</u></u>
Operating lease commitments are in relation to property rentals and various rental of plant and equipment.			
(c) Remuneration contracts			
Payable			
- not later than one year		139,000	785,400
- later than one year and not later than three years		<u>480,000</u>	<u>130,900</u>
		<u><u>619,000</u></u>	<u><u>916,300</u></u>
The above represents commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities.			

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
ABN 68 151 363 129

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note	2013 \$	2012 \$
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NOTE 24: CONTINGENT LIABILITIES

A contingent liability exists relative to any future claims which may be made against the group.

Refer to Note 21 for details of bank guarantees utilised by the group.

A future commitment exists in relation to variable rent payable to Vitalharvest Pty Ltd. Refer to Note 22(c) for further details.

NOTE 25: PARENT ENTITY

(a) Summarised presentation of the parent entity, Costa Group Holdings Pty Ltd financial statements

Assets

Current Assets	639,806	1,619,924
Non Current Assets	<u>230,021,500</u>	<u>186,413,534</u>
Total Assets	<u>230,661,306</u>	<u>188,033,458</u>

Liabilities

Current Liabilities	<u>1,585,143</u>	<u>213,510</u>
Total Liabilities	<u>1,585,143</u>	<u>213,510</u>

Net Assets	<u>229,076,163</u>	<u>187,819,948</u>
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Equity

Contributed Equity	239,600,012	194,600,012
Reserves	38,055	-
Accumulated losses	<u>(10,561,904)</u>	<u>(6,780,064)</u>
Total Equity	<u>229,076,163</u>	<u>187,819,948</u>

(b) Summarised statement of comprehensive income

Loss for the period	<u>(3,781,840)</u>	<u>(6,780,064)</u>
Total comprehensive loss for the year	<u>(3,781,840)</u>	<u>(6,780,064)</u>

(c) Parent entity guarantees

Refer to Note 21 for details of bank guarantees utilised by the parent entity.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 26: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2013 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2013, of the group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2013, of the group.

NOTE 27: BUSINESS ACQUISITIONS

On 7 October 2011, the group acquired 100% of the share capital of the entities listed in Note 32 with the exception of Costa Group Holdings Finance Pty Ltd and ACN 151 702 251 Pty Ltd which were newly incorporated during the year.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 27: BUSINESS ACQUISITIONS (CONTINUED)

Assets and liabilities acquired

Assets and liabilities acquired as a result of the acquisition of Costa's Pty Ltd and its subsidiaries:

	Recognised on acquisition at fair value \$
ASSETS	
Current Assets	
Cash and cash equivalents	22,772,439
Trade and other receivables	57,429,814
Inventories	12,324,891
Biological assets	18,498,803
Other current assets	5,562,178
Assets classified as held for sale	<u>2,121,517</u>
Total Current Assets	<u>118,709,642</u>
Non-Current Assets	
Available-for-sale investments	10,412,179
Property, plant and equipment	114,486,237
Long Term Biological assets	12,753,172
Deferred tax assets	8,964,600
Financial assets	500,000
Intangible assets and goodwill	165,931,431
Other	<u>4,637,460</u>
Total Non-Current Assets	<u>317,685,079</u>
TOTAL ASSETS	<u>436,394,721</u>
LIABILITIES	
Current Liabilities	
Trade and other payables	58,129,712
Short term borrowings	181,814,195
Income tax payable	3,369,321
Provisions	<u>10,644,171</u>
Total Current Liabilities	<u>253,957,399</u>
Non-Current Liabilities	
Interest-bearing loans and borrowings	2,137,553
Deferred tax liabilities	1,262,400
Long term provisions	<u>3,537,369</u>
Total Non-Current Liabilities	<u>6,937,322</u>
TOTAL LIABILITIES	<u>260,894,721</u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 27: BUSINESS ACQUISITIONS (CONTINUED)

NET ASSETS 175,500,000

On 4 March 2013, the group acquired the business of Adelaide Mushrooms.

Details of the transaction were:

	\$
Consideration and costs paid	<u>87,634,741</u>
Total consideration	<u><u>87,634,741</u></u>

Assets and liabilities acquired

Assets and liabilities acquired as a result of the business combination were:

	Recognised on acquisition at fair value \$
Assets and liabilities held at acquisition date:	
- Biological assets	1,943,498
- Property, plant and equipment	<u>49,337,760</u>
Net assets acquired	51,281,258
- Goodwill	<u>36,362,483</u>
	<u><u>87,643,741</u></u>

NOTE 28: ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Prior to 30 June 2013, a subsidiary of Costa Group Holdings Pty Ltd decided to dispose of excess water licences. The sale of these licences has settled subsequent to year end. The group has valued these licenses at fair value less costs to sell and reclassified these intangible assets to current assets held for sale at 30 June 2013.

	2013 \$	2012 \$
(a) Carrying amounts of assets and liabilities		
<i>Assets</i>		
Water Licences at fair value	<u>4,061,100</u>	<u>-</u>

NOTE 29: RESERVES

Share based payments reserve	<u>38,055</u>	<u>-</u>
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COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
ABN 68 151 363 129

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note	2013	2012
	\$	\$

NOTE 29: RESERVES (CONTINUED)

The share based payments reserve is used to record the fair value of shares or options issued to employees.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note	2013 \$	2012 \$
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NOTE 30: DEED OF CROSS GUARANTEE

The wholly owned subsidiaries listed in Note 31 (excluding Hillston Investments Pty Ltd and Innisfail Holdings Pty Ltd) are parties to a deed of cross guarantee under which each company guarantees the debts of the others.

Pursuant to ASIC Class Order 98/1418 (as amended), these wholly-owned subsidiaries listed in Note 31 (excluding Hillston Investments Pty Ltd and Innisfail Holdings Pty Ltd) are relieved from the Corporations Act requirements to prepare a financial report and director's report.

A consolidated statement of comprehensive income and a consolidated statement of financial position for the year ended 30 June 2013, comprising the above listed parties to the deed which represent the "closed group" and the "extended closed group", are set out below:

(a) Consolidated Statement of Comprehensive Income of the closed group

Revenue	599,323,061	418,582,949
Less: Expense	<u>(635,713,136)</u>	<u>(427,460,875)</u>
Profit / (loss) before income tax expense	(36,390,075)	(8,877,926)
Income tax benefit / (expense)	<u>(1,939,503)</u>	<u>1,376,989</u>
Net loss from continuing operations	<u>(38,329,578)</u>	<u>(7,500,937)</u>
Net profit from discontinued operations	<u>-</u>	<u>-</u>
Profit / (loss) for the year	<u>(38,329,578)</u>	<u>(7,500,937)</u>
Total comprehensive income for the year	<u><u>38,329,578</u></u>	<u><u>7,500,937</u></u>

(b) Summary of movements in consolidated retained earnings of the closed group

Retained earnings at the beginning of the year	(7,500,937)	-
Profit for the year	<u>(38,329,578)</u>	<u>(7,500,937)</u>
Retained earnings at the end of the year	<u><u>(45,830,515)</u></u>	<u><u>(7,500,937)</u></u>

(c) Consolidated Statement of Financial Position of the closed group

Total current assets	117,094,079	97,906,090
Total non current assets	<u>366,319,335</u>	<u>323,532,253</u>
Total assets	<u>483,413,414</u>	<u>421,438,343</u>
Total current liabilities	93,265,479	83,808,877
Non current liabilities	<u>196,451,913</u>	<u>150,530,391</u>
Total liabilities	<u>289,717,392</u>	<u>234,339,268</u>
Net assets	<u><u>193,696,022</u></u>	<u><u>187,099,075</u></u>
Total equity	<u><u>193,696,022</u></u>	<u><u>187,099,075</u></u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
ABN 68 151 363 129

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 31: INTERESTS IN ASSOCIATES AND JOINT ARRANGEMENTS NOTE

(a) Associates and Joint Ventures

	Equity instrument	Ownership interest		Measurement basis	Quoted fair value (if available)	
		2013 %	2012 %		2013 \$	2012 \$
Associate						
Africa Blue SARL	Ordinary shares	40	40	Equity accounted	-	-
Polar Fresh Partnership	Ordinary shares	50	50	Equity accounted	-	-
Joint venture						
Wadda Plantation Partnership	Ordinary shares	50	50	Equity accounted	-	-
Driscolls Australia Partnership	Ordinary shares	50	50	Equity accounted	-	-

(b) Summarised financial information for associates and joint ventures

	Africa Blue SARL \$	Polar Fresh Partnership \$	Wadda Plantation Partnership \$	Driscolls Australia Partnership \$	Total \$
Reconciliation to carrying amount of interest in joint ventures:					
Opening balance	916,243	7,595,421	1,982,322	2,655,138	13,149,124
Total comprehensive income	1,700,000	2,053,484	(942,484)	1,744,508	4,555,508
Dividend paid	-	(1,699,761)	-	(500,000)	(2,199,761)
Closing balance	<u>2,616,243</u>	<u>7,949,144</u>	<u>1,039,838</u>	<u>3,899,646</u>	<u>15,504,871</u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 32: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

The following are the group's significant subsidiaries:

Subsidiaries of Costa Group Holdings Pty Ltd (Consolidated):	Country of incorporation	Ownership interest held by the group		Ownership interest held by NCI	
		2013 %	2012 %	2013 %	2012 %
Costa Group Holdings (Finance) Pty Ltd	Australia	100	100	-	-
Costa's Pty Ltd	Australia	100	100	-	-
ACN 151 702 251 Pty Ltd	Australia	100	100	-	-
Costa Exchange Holdings Pty Ltd	Australia	100	100	-	-
ACN 125 158 741 Pty Ltd	Australia	100	100	-	-
Grape Exchange Management Euston	Australia	100	100	-	-
North Fresh Pty Ltd	Australia	100	100	-	-
Vine Fresh Pty Ltd	Australia	100	100	-	-
Southern Cross Overseas	Australia	100	100	-	-
CostaExchange Pty Ltd (Formerly CostaExchange Ltd)	Australia	100	100	-	-
Costa Berry Holdings Pty Ltd	Australia	100	100	-	-
Blueberry Investments Pty Ltd	Australia	100	100	-	-
Raspberry Fresh Pty Ltd	Australia	100	100	-	-
CBSP Pty Ltd	Australia	100	100	-	-
FruitExpress Pty Ltd	Australia	100	100	-	-
ACN 057 689 246 Pty Ltd	Australia	100	100	-	-
Exchange Innisfail Pty Ltd	Australia	100	100	-	-
Fresh Exchange Pty Ltd	Australia	100	100	-	-
Yandilla Park Pty Ltd	Australia	100	100	-	-
Export Exchange (Australia) Pty Ltd	Australia	100	100	-	-
East Africa Coffee Plantations Pty Ltd	Australia	100	100	-	-
AgriExchange Pty Ltd	Australia	100	100	-	-
Vitor Marketing Pty Ltd	Australia	100	100	-	-
AgriExchange Farm Management Pty Ltd	Australia	100	100	-	-
Mushroom Exchange Holdings Pty Ltd	Australia	100	100	-	-
Mushroom Exchange Pty Ltd	Australia	100	100	-	-
Costa Fresh Logistics Pty Ltd	Australia	100	100	-	-
Tomato Exchange Pty Ltd	Australia	100	100	-	-

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 32: INTERESTS IN SUBSIDIARIES (CONTINUED)

(a) Subsidiaries (Continued)

Subsidiaries of Costa Group Holdings Pty Ltd (Consolidated):	Country of incorporation	Ownership interest held by the group		Ownership interest held by NCI	
		2013 %	2012 %	2013 %	2012 %
Grape Exchange Farming Pty Ltd	Australia	100	100	-	-
Grape Exchange Farm Management Pty Ltd	Australia	100	100	-	-
Grape Exchange Pty Ltd	Australia	100	100	-	-
Costa Group Finance Pty Ltd	Australia	100	100	-	-
Costa Farms Pty Ltd	Australia	100	100	-	-
Costa Logistics Pty Ltd	Australia	100	100	-	-
Vitor Unit Trust	Australia	100	100	-	-
AgriExchange Murtho Pty Ltd	Australia	100	100	-	-
Hillston Investments Pty Ltd	Australia	100	100	-	-
Banana Exchange Pty Ltd	Australia	100	100	-	-
Innisfail Holdings Pty Ltd	Australia	100	100	-	-
Exchange Brisbane Pty Ltd	Australia	100	100	-	-

NOTE 33: CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ERROR

(a) Early adoption of AASB 10

The group has elected to early adopt AASB 10 for the financial year ended 30 June 2013. In accordance with the transition provisions of AASB 10, the group has assessed whether the consolidation conclusion under AASB 10 differs from AASB 127 as at 1 July 2012.

The group concludes that the adoption of AASB 10 does not change the consolidation status of its subsidiaries. Therefore, no adjustments to any of the carrying amounts are required.

(b) Early adoption of AASB 11

The group has elected to early adopt AASB 11 for the financial year ended 30 June 2013. Under AASB 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the rights and obligations of the parties to the arrangement.

The group has assessed its involvement in joint arrangements and conclude that Drsicolls Australia Partnership and Wadda Plantation Partnership that were previously classified as a jointly controlled entity and accounted for using proportionate consolidation method meet the classification criteria of a joint venture under AASB11 and must now be accounted for using the equity method.

Accordingly, the group retrospectively applied AASB 11 and the immediately preceding comparative is restated.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 33: CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ERROR (CONTINUED)

(c) Correction of error

During the current financial year it was identified by management that there were errors in the prior year reporting of inventory.

This error had the effect of understating the loss after income tax by \$671,802. The error also had the effect of understating inventory by \$671,802 and total assets by \$671,802.

The error was corrected by restating the prior year financial statement line items affected by the amounts described above. This is disclosed in detail in Note 33(d) below.

(d) Restatement of prior year comparatives

The following table summarises the adjustments made to the group's statement of financial position at 30 June 2012, and its statements of comprehensive income and cash flows for the year ended 30 June 2012 as a result of the change in accounting policies and prior year error described above:

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 33: CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ERROR (CONTINUED)

Restatement of prior year comparatives (Continued)

	30 June 2012			
	As previously reported \$	Restatement due to early adoption \$	Restatement due to prior year error \$	As restated \$
Statement of financial position				
Assets				
Cash at bank	10,926,223	1,196,592	-	12,122,815
Receivables	57,982,212	(3,456,466)	-	54,525,746
Inventories	11,087,080	52,684	(671,802)	10,467,962
Other financial assets	9,709,127	-	-	9,709,127
Biological assets	29,112,977	(1,508,097)	-	27,604,880
Other assets	4,565,041	(585,842)	-	3,979,199
Property, Plant and Equipment	118,386,513	(2,102,543)	-	116,283,970
Intangible Assets	170,552,021	(1,000,000)	-	169,552,021
Equity Accounted Investments	8,511,664	4,637,460	-	13,149,124
Deferred Tax Assets	<u>8,905,965</u>	<u>-</u>	<u>-</u>	<u>8,905,965</u>
Total assets	<u>429,738,823</u>	<u>(2,766,212)</u>	<u>(671,802)</u>	<u>426,300,809</u>
Liabilities				
Payables	58,699,118	(2,331,895)	-	56,367,223
Borrowings	12,175,373	(85,964)	-	12,089,409
Provisions	11,002,478	(120,924)	-	10,881,554
Current tax liabilities	1,451,709	(227,429)	-	1,224,280
Other financial liabilities	7,496,807	-	-	7,496,807
Borrowings	147,533,000	-	-	147,533,000
Provisions	<u>2,997,392</u>	<u>-</u>	<u>-</u>	<u>2,997,392</u>
Total liabilities	<u>241,355,877</u>	<u>(2,766,212)</u>	<u>-</u>	<u>238,589,665</u>
Equity				
Share Capital	194,600,012	-	-	194,600,012
Retained Losses	<u>(6,217,066)</u>	<u>-</u>	<u>(671,802)</u>	<u>(6,888,868)</u>
Total equity	<u>188,382,946</u>	<u>-</u>	<u>(671,802)</u>	<u>187,711,144</u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 33: CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ERROR (CONTINUED)

Restatement of prior year comparatives (Continued)

	For the period ended 30 June 2012			
	As previously reported	Restatement due to early adoption	Restatement due to prior year error	As restated
	\$	\$	\$	\$
Statement of comprehensive income				
Revenue	463,327,026	(44,407,795)	-	418,919,231
Cost of goods sold	(209,939,675)	41,511,700	(671,802)	(169,099,777)
Depreciation and amortisation expense	(8,961,877)	174,541	-	(8,787,336)
Employee benefits expense	(155,161,807)	927,833	-	(154,233,974)
Occupancy expense	(32,409,781)	71,074	-	(32,338,707)
Finance costs	(13,916,408)	123,114	-	(13,793,294)
Loss of fair value adjustments	(6,621,698)	1,991,903	-	(4,629,795)
Bad and doubtful debts expense	(329,751)	946	-	(328,805)
Other expenses (including income tax)	(43,850,349)	784,625	-	(43,065,724)
Share of net profit of associates	<u>1,647,254</u>	<u>(1,177,941)</u>	<u>-</u>	<u>469,313</u>
Total comprehensive income	<u>(6,217,066)</u>	<u>-</u>	<u>(671,802)</u>	<u>(6,888,868)</u>

	For the period ended 30 June 2012			
	As previously reported	Restatement due to early adoption	Restatement due to prior year error	As restated
	\$	\$	\$	\$
Statement of cash flows				
Receipts from customers	513,215,238	(81,987,249)	-	431,227,989
Payments to suppliers	(471,057,446)	83,211,715	-	(387,845,731)
Interest received	112,708	(19,029)	-	93,679
Finance costs	(9,530,510)	-	-	(9,530,510)
Income tax paid	<u>(2,145,041)</u>	<u>-</u>	<u>-</u>	<u>(2,145,041)</u>
Total Cash flows from operating activities	<u>30,594,949</u>	<u>1,205,437</u>	<u>-</u>	<u>31,800,386</u>
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	893,244	-	-	893,244
Payment for property, plant and equipment	(13,001,141)	164,312	-	(12,836,829)
Payment for investments	(175,500,000)	-	-	(175,500,000)
Payment for intangible assets	<u>(2,331,493)</u>	<u>(87,202)</u>	<u>-</u>	<u>(2,418,695)</u>
Total Cash flows from investing activities	<u>(189,939,390)</u>	<u>77,110</u>	<u>-</u>	<u>(189,862,280)</u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 33: CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ERROR (CONTINUED)

Restatement of prior year comparatives (Continued)

Cash flows from financing activities

Capital injection	194,600,012	-	-	194,600,012
Repayment of borrowings	<u>(24,329,339)</u>	<u>(85,964)</u>	<u>-</u>	<u>(24,415,303)</u>
Total Cash flows from financing activities	<u>170,270,673</u>	<u>(85,964)</u>	<u>-</u>	<u>170,184,709</u>
Net movements in cash flows	<u>10,926,232</u>	<u>1,196,583</u>	<u>-</u>	<u>12,122,815</u>

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
ABN 68 151 363 129

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 - 58, are in accordance with the *Corporations Act 2001*; and
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position of the consolidated entity as at 30 June 2013 and its performance for the year ended on that date.
2. 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.
3. At the date of this declaration, there are reasonable grounds to believe that the members of the closed group under the cross deed of guarantee identified in Note 30 will be able to meet any obligations or liabilities to which they are, or may become subject to by virtue of the deed of cross guarantee described in Note 30.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: 
Mr Harry Debney

Director: 
Mr Robert Costa

Dated this 17th day of October 2013.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
ABN 68 151 363 129

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF COSTA GROUP HOLDINGS PTY LTD

We have audited the accompanying financial report of Costa Group Holdings Pty Ltd and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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.

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We 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 about 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 in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company'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 company'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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

COSTA GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES
ABN 68 151 363 129

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF COSTA GROUP HOLDINGS PTY LTD

Opinion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.



P A JOSE
Partner



PITCHER PARTNERS
Melbourne

24 October 2013