Boundary Bend Limited and controlled entities

ABN 32 115 131 667

Financial report
For the year ended 30 June 2019

BOUNDARY BEND LIMITED
Australia's premier olive company

20 September 2019

Dear Shareholders,

I am pleased to report that the business is progressing well. We have seen the solid growth of Cobram Estate in both the Australian and the USA markets. Highlights have included a number of exciting new product launches including the Cobram Essentials range in the USA and our Wellgrove pharmaceutical brand in both Australia and the USA.

However, there have been some challenges. Notably, high water prices in the Southern Murray Darling Basin - due in the main to a combination of drought and a regulatory vacuum where a lack of sustainable water market rules has allowed speculators to force the price of Temporary Allocation water up - are having a material financial impact on our business.

Financial Results

Results

The profit after tax of the consolidated entity for 2019 was $8.76 million compared to last year's loss after tax of $13.28 million.

It is important to note that Boundary Bend's full year trading result in any one year is substantially impacted by the volume of oil produced from each year's harvest. Under the Accounting Standard AASB 141 'Agriculture' (with which Boundary Bend must comply), the oil is required to be measured at fair value less the anticipated selling costs. This means that the expected profit or loss relating to the sale of oil is recognised in the year of harvest, as opposed to the year in which the oil is sold. Cash is generated as the oil is sold, meaning that profit does not align with the consolidated entity's cash flows.

Pleasingly, the profit after tax of $8.76 million in 2019 was driven by a significantly larger crop of 13.1 million litres, compared with a smaller crop of 5.4 million litres in 2018. The 2019 crop was materially higher than 2018 primarily due to the biennial bearing nature of the crop, with this year being an "on-year". This result also needs to be considered in the context of Boundary Bend's grove maturity profile.

Due to our major replant program, 40.1% (2,641 hectares) of the Australian grove area is not yet mature. Furthermore, 19.5% (1,282 Ha) is less than three years old and therefore yet to produce a crop. To provide further context, the Boundary Bend groves produced 9.7 million litres and the Boort grove produced 3.4 million litres. While both groves are a similar size, Boort has most of the immature trees, which demonstrates the potential upside expected in the coming years.

From an EBITDA[1] perspective, the consolidated entity reported a 2019 result of $33.25 million, compared to $1.70 million in 2018.

Disappointingly, the price of irrigation water for the groves was at very high historical levels. Boundary Bend paid $8.85 million more than budget in irrigation water (which was $9.52 million more that our long-term average), and despite a 13.1 million litre harvest, it was still 12.1% below our original 2019 forecasts set 14 months ago. The harvest was impacted by a number of factors, including lower than expected oil accumulation, minor frost damage in Spring 2018 and lower fruit removal by our harvesters than our long-term average.

[1] EBITDA = Earnings before deducting interest, tax and depreciation / amortization

It is important to note that we continued to invest in our four stated growth strategies, consistent with our budgets in the following key areas:

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

As a reminder, expenses relating to our immature groves are capitalised and therefore do not impact EBITDA. Expenditure relating to our USA business and Innovation & Value-Add have reduced EBITDA by $9.32 million ($10.37 million in 2018) but we anticipate this expenditure will help drive sustainable long-term earnings growth. In summary, 2019 EBITDA would have been in the order of $42.57 million ($12.07 million in 2018) if we were not investing in future growth strategies. This comment is made to give an indication as to the underlying performance of the established part of our business and the actual result is, of course, as reported.

Valuation

This year the Directors commissioned valuation and advisory firm CBRE to perform an independent valuation of the company's land and buildings and grove assets.

A summary of these valuations is set out in the following table:

	Carrying Value before valuation increase $'000	Independent Valuation $'000	Valuation Increase/ (decrease) $'000	Valuation Increase/ (decrease) recognised $'000	Carrying Value after Valuation $'000	*Accounting Treatment*
Australian groves						
- land & buildings	40,997	63,168	22,171	22,171	63,168	*Fair value*
- irrigation	26,425	46,244	19,819	-	26,425	*Cost*
- bearer plants (olive trees)	95,380	113,338	17,958	-	95,380	*Cost*
Sub-total	**162,802**	**222,750**	**59,948**	**22,171**	**184,973**	
Geelong: bottling & storage facility	12,071	14,000	1,929	1,929	14,000	*Fair value*
California: bottling, processing & storage facility	13,402	13,669	267	267	13,669	*Fair value*
Total	**188,275**	**250,419**	**62,144**	**24,367**	**212,642**	

As the above table indicates, any valuation increase relating to the olive trees and irrigation infrastructure is not adjusted in our accounts. Our accounting policy is to carry these assets at cost and depreciate them over their useful life. Conversely, the land and building asset class is required to be adjusted in our accounts at fair value.

It should be noted that these upwards revaluations have been put through our asset revaluation reserve so they do not impact the Profit or Loss but they are carried on the Statement of Financial Position at that increased value.

Operating Cashflow

Boundary Bend's operating cashflow[2] was around break-even for the 2019 financial year (surplus of $0.12 million), compared to $18.80 million in 2018.

This year's operating cashflow was well below our forecast, which was impacted by:

- Temporary Water Spend Up - The increased spend on temporary water allocations (refer above and below);
- New Brand Launch - We launched our Wellgrove brand in May 2019, and received listings in major customer accounts sooner than expected, so we have invested in packaged stock levels and commenced marketing activities (refer later in this report for further commentary on Wellgrove), and;
- New Packaged Range Launch - In September 2018 we agreed to launch a new packaged range in the USA (Cobram Estate Essential), so we have retained more oil than was previously flagged for the bulk market, combined with the cost of building up our packaged stock levels.

These last two developments have certainly been a positive for the growth of the company but nonetheless required an increased cash investment.

Below is a summary of our operating cashflow for the business over the last five years as reported, together with the operating cashflow excluding the net impact from the cash expenditure relating to our US business and Innovation & Value-Add business i.e. the core Australian business.

		Group (actual)				
Operating Cash Flow for year ending 30 June:		**2015 ($'000)**	**2016 ($'000)**	**2017 ($'000)**	**2018 ($'000)**	**2019 ($'000)**
Receipts from customers		77,398	102,810	100,526	111,108	115,803
Payments to suppliers and employees		(67,056)	(82,518)	(81,015)	(88,330)	(110,803)
Operating cash flow before interest and tax		**10,342**	**20,292**	**19,511**	**22,778**	**5,000**
Interest paid		(3,951)	(3,819)	(3,687)	(3,904)	(4,874)
Tax paid		(416)	(3)	(3)	(73)	(5)
		(4,367)	**(3,822)**	**(3,690)**	**(3,977)**	**(4,879)**
Operating cash flow (reported)	*A*	**5,975**	**16,470**	**15,821**	**18,801**	**121**
add-back impact of new business units						
Operating cash outflow (value-add / by-products)		-	699	2,250	3,835	5,405
Operating cash outflow (USA business)		2,428	6,560	7,930	8,796	6,998
	B	**2,428**	**7,259**	**10,180**	**12,631**	**12,403**
Operating cashflow - core Australian business	*= A + B*	**8,403**	**23,729**	**26,001**	**31,432**	**12,524**

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

Future Earnings Outlook

Looking ahead to 2020, we are anticipating a decreased profit for the Australian operations due to an anticipated 'off-year' crop. The extent of our profit decrease will be primarily driven by:

1. The final volume of oil harvested from the 2020 crop and;
2. The average price of Temporary Allocation water this year.

To put this into context, a movement either way in our oil production of one million litres of oil has a $6.5 million pre-tax profit impact AND, for a $100 per ML movement in the price of temporary water, has a $3.5 million pre-tax profit impact.

Forecasting our annual crop and therefore statutory profit in any one year is very difficult and so, in our view, likely to present a misleading picture of future performance. Our historical production data shows that predicting average yields over a longer period is more reliable and therefore we are more comfortable giving a two-year average forecast.

With this in mind, we are forecasting that our core Australian business will generate an **average EBITDA** of around $46 million[3] per year over the next two years FY20 and FY21. This compares like for like of $42.72 million in FY19 and $11.96 million in FY18 (average of $27.34 million).

It should be noted that these EBITDA numbers exclude the results from our US business and Innovation/Value-add businesses. The forecasts assume that the FY20 Temporary water price is around 172% higher than our actual six year average - and that the drought breaks in the next 12 months resulting in the price of temporary water returning to a more 'normal' level in FY21. The EBITDA growth is predominantly generated by:

- Yield - the increase in yield from our maturing groves, 40.1% (2,641 hectares) of the grove area not yet mature and 19.5% (1,282 Ha) under three years old and therefore yet to produce a crop
- Frost - The impact of the 2018 frost (refer later in the report for the steps we have taken to reduce this risk)

It should be noted that these forecasts are based on certain assumptions and that the business is subject to a range of agricultural risks and all the normal business risks.

Balance Sheet

As at 30 June 2019, Boundary Bend had net assets of $180 million or $2.94 per share (2018: $161 million or $2.66 per share) and reported gross assets for the company were $403 million (2018: $301 million). However, it is estimated that it would cost approximately $550 million[4] (or approximately $9.00 per share), to replicate the gross assets of the Company.

The drawn bank debt position at 30 June 2019, in Australian dollars, was $119 million, leaving an unused facility limit of $9 million. The current facility extends to October 2020, and the Company will look to extend the term of the facility within the next 6 months. At 30 June 2019, the gearing level of Boundary Bend was 34.20%, which compares to 30.13% at 30 June 2018.

Dividend

It is the Board's intention to release details regarding a dividend at the Annual General Meeting to be held on the 25th October 2019.

[3] Does not include the impact of new Accounting Standards effective 1 July 2019
[4] Management estimate (unaudited), before deducting any debt or other liabilities

Water

Understanding water markets and Boundary Bend's participation

Water rights usually exist in two different forms:

1. **Permanent Entitlement Water (Permanent Water)** - which can be thought of as a "right" to an ongoing share of water in the Murray Darling Basin (MBD). This right is held in perpetuity and is officially called "**Entitlement Water**". Over the last 20 years, **Permanent Water** has been separated from land ownership and therefore can be bought or sold and held independently of any requirement for owning irrigatable land. Over the last 12 years the Federal Government environmental fund has purchased about 25% of the Permanent Water in the Murray Darling Basin. Permanent Water can not be used for irrigation, only the Temporary Water that has been allocated from Permanent Water is available for irrigating crops. Due to capital restraints and/or a focus on investment in farm development, Boundary Bend and many irrigators in the Southern Murray Darling Basin (sMDB) do not own Permanent Water.

2. **Temporary Allocation Water (Temp Water)** - is the allowable volume of water that may be used by irrigators in a particular irrigation season, which is determined by authorities based on how much water is available in storage dams. Temp Water is officially called **Allocation Water** and it expires each year. It is simply a temporary allocation from a permanent entitlement for that year (irrigation season 1 July to 30 June) and has historically been based on a "use it or lose it" concept. The amount of temporary allocation against a permanent entitlement will change due to rainfall, the amount of water in storages, and weather outlook. These temporary allocations can increase during the year in response to improvements in the outlook of available water in the catchment. Boundary Bend purchases Temp Water on the open market to irrigate its olive groves.

Both types of water can be traded subject to rules that may limit the movement of water within different parts of the river system. There are different types of entitlements that have different levels of allocation security. For example, high security entitlements are more likely to receive an allocation than low or general security water, which typically only receive an allocation in average to wet years when there is sufficient storage.

The sMDB relies mostly on government storages (eg Hume, Dartmouth and Lake Eildon) and grows the majority of the higher value permanent type crops eg (olives, almonds, citrus, wine grapes, table grapes, stone fruit) but other annual crops like dairy, rice and cotton, and cereals play a very important role to the fabric of the sMDB and the supply/demand balance.

In general, the Northern Murray Darling Basin operates quite differently to the sMDB, as most irrigators in the northern basin have their own on-farm storages that are filled under license during high-flow river events. Cotton dominates the crop type and water trade is much less common due to the complexities of transporting water from one farm storage dam to another and/or the interconnectivity of the northern river systems.

The ownership and development of irrigation land is highly capital intensive and likewise owning Permanent Water is also very capital intensive. Increasingly non-irrigator investors have purchased Permanent Water in the sMDB. This has worked well for many irrigators including Boundary Bend as a source of important capital. These Permanent Water holders need an irrigator to purchase their Temp Water each year to make any financial return on that water and likewise irrigators need Permanent Water holders to sell their Temp Water to water their crops.

To be clear, both Permanent Water and Temp Water is not tied to land. Subject to delivery rules Boundary Bend can and does purchase Temp Water from other holders located across the sMDB for use at its properties.

The price should fluctuate based on normal supply and demand market drivers such as storage levels, rainfall outlook, and Temp Water allocation percentages against Permanent Water entitlements.

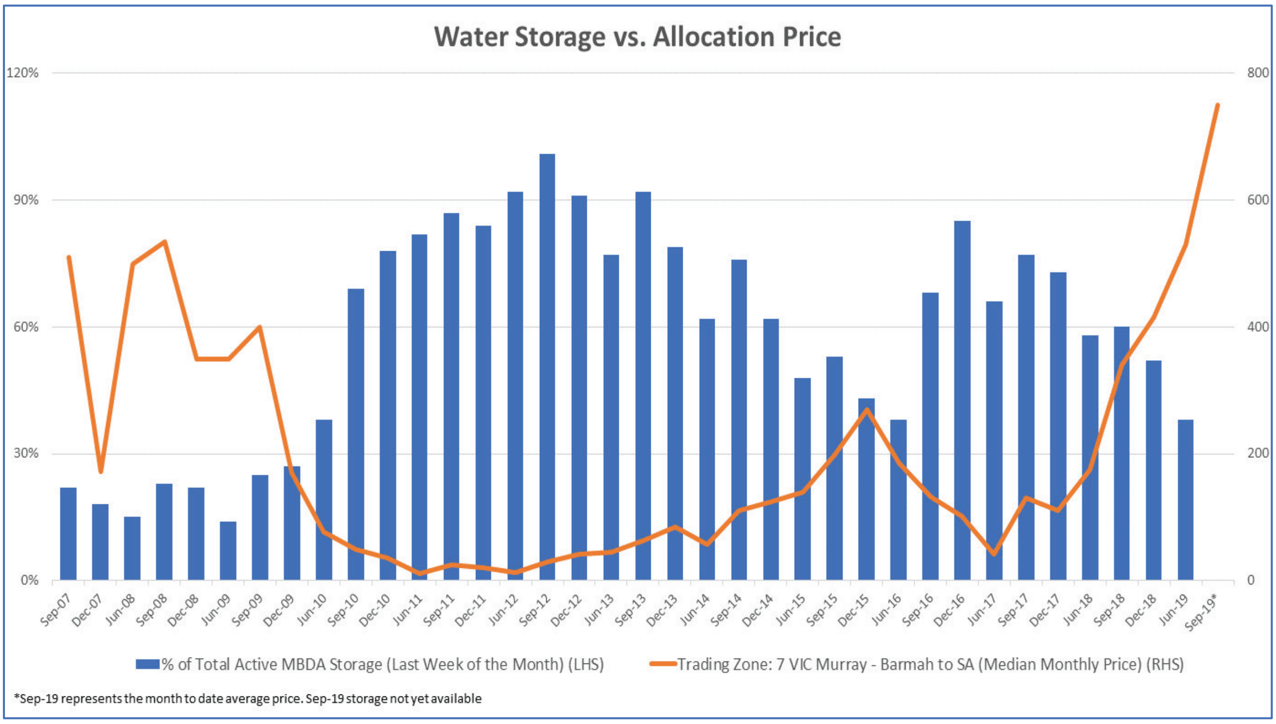
EXECUTIVE CHAIRMAN'S REPORT

Until 2008, Boundary Bend owned Permanent Water covering 100% of its average expected water use. The problem struck the company in the 2007 millennial drought when the Temp Water allocations from its Permanent Water entitlements were only 35% for the whole year. This meant Boundary Bend only had 35% of the water needed to irrigate our groves and had to purchase two-thirds of its yearly requirements on the open market at great expense. Even in that drought there was plenty of Temp Water available for purchase, but the price was high. It worked like a true market.

Therefore, there was a double financial hit; Boundary Bend had the holding cost of its Permanent Water entitlements and also had to purchase most of its water needs on the Temp Water market.

From that day forward, Boundary Bend decided that owning Permanent Water entitlements did not give enough available water or financial security in a severe drought and like many other irrigators decided to secure water as needed in the Temp Water market.

This is still the Company's view so long as the Temp Water market operates like a true market and irrigators are bidding for water against other irrigators for the available Temp Water, not speculators who have no consumptive use for Temp Water.



Source: MDBA and Victorian Water Register

EXECUTIVE CHAIRMAN'S REPORT

Important water market issues that need urgent attention

The graph above shows historic water storage levels and the price of Temp Water in northern Victoria's key irrigation area. As you can see it has stopped behaving in a rational way. Some of the more recent regulatory changes - such as allowing non-irrigators to purchase Temp Water and to carry forward water in government storages from one year to the next (subject to certain criteria) - have seriously disadvantaged irrigators.

A growing number of irrigators across different agricultural sectors have grave concerns that the national water market is not operating in the best interest of irrigators - certainly not as intended under the Murray Darling Basin Plan (MDBP). This widespread concern has been reflected in the federal government decision to ask the Australian Competition and Consumer Commission (ACCC) to conduct an inquiry into the water market that will be finalised in late 2020. Boundary Bend strongly supports this decision.

In the interim, Boundary Bend proposes that three measures are implemented.

These are:

1. **Only irrigators can purchase Temporary Water Allocations** - Anyone who is not an irrigator or without existing direct supply contracts to an irrigator should be prevented from purchasing Temp Water.

2. **Non-irrigators must sell Temporary Water** - Regulation is needed to compel non-irrigators to sell Temp Water in the season it is allocated from Permanent Water entitlements, because owning Permanent Water entitlements is a special privilege and with it comes a great responsibility to rural communities and our nation's food supply.

3. **Establishment of a fair, regulated and transparent market** – for example the ASX.

Company Overview – Summary of Key Activities & Divisions

- **Cobram Estate:** achieved retail sales of $77.78 million in 2019 making it the number one selling retail brand of extra virgin olive oil in Australia by every measure: value (36.3% of market), volume (23.6% of market) and number of units sold (30.8% of market)[5]. In the USA the Cobram Estate brand continues to grow, with packaged goods warehouse sales increasing by 211% on prior year sales to US$2.6M.

- **Red Island:** achieved retail sales of $17.80 million in 2019 making it the number four selling retail brand of extra virgin olive oil in Australia with market share as follows: value (8.3% of market), volume (7.4% of market) and number of units sold (8.7% of market)[5]

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

- **Grove Operations:** Boundary Bend planted its first groves in 1999. In Australia the Group has developed and now owns and operates 6,575 hectares of irrigated olive groves (of which 40.1% are not mature, and 19.5% have not yet produced a crop). In the USA, the Group has 542 acres of planted olive groves on owned and long-term leased land.

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

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

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

- **Technical Advice and Laboratory Services:** Advisory services, covering all aspects of the industry relating to project development, technical advice and applied research. The Group also owns and operates two ISO accredited olive oil laboratories, one located at Lara and the other at our USA facility. The Lara Laboratory has achieved Therapeutic Goods Administration (TGA) accreditation for relevant testing.

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

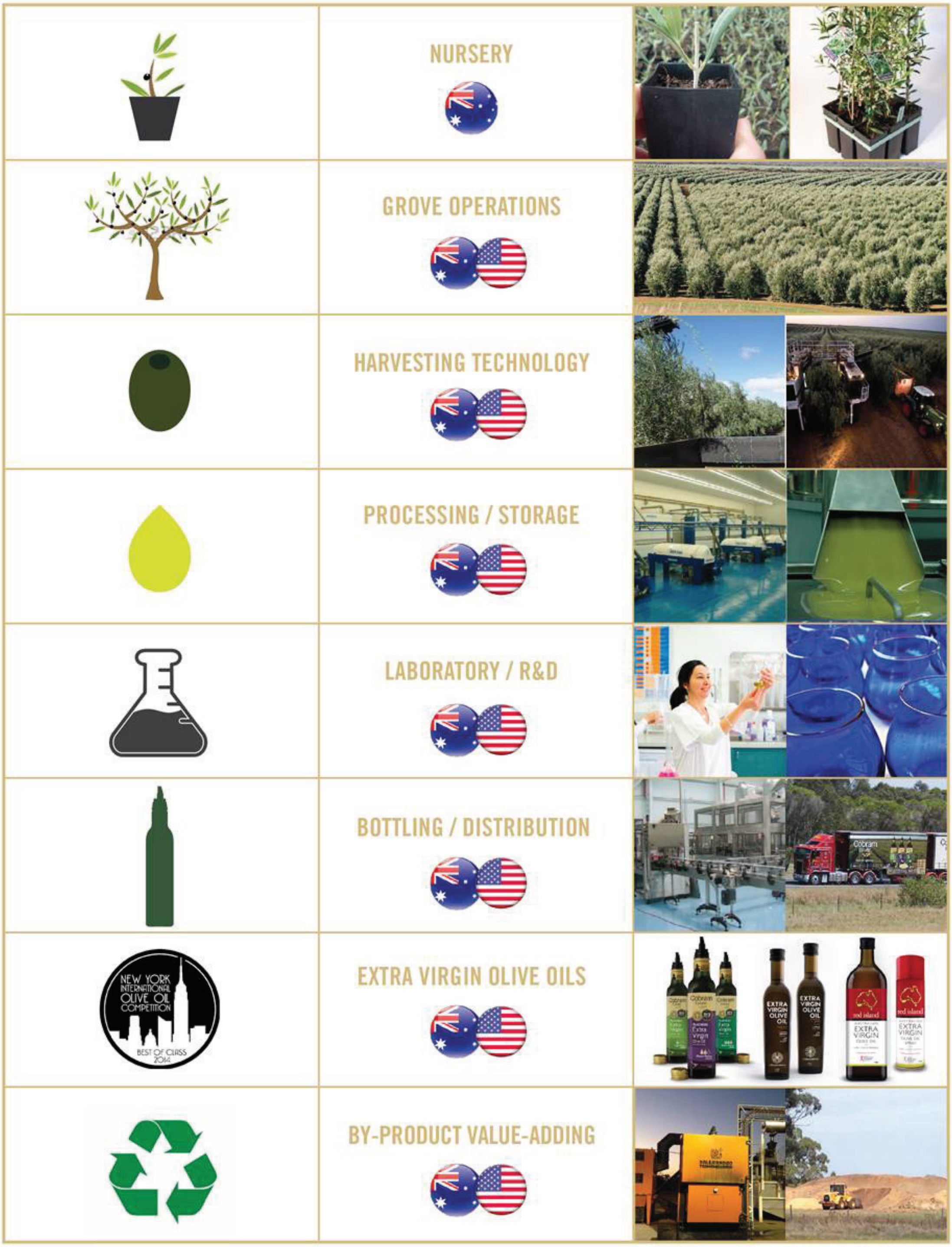
- **Innovation & Value-Add:** A relatively new division tasked with value-adding and commercialising various olive by-products, with sales divisions in both Australia and the USA.

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

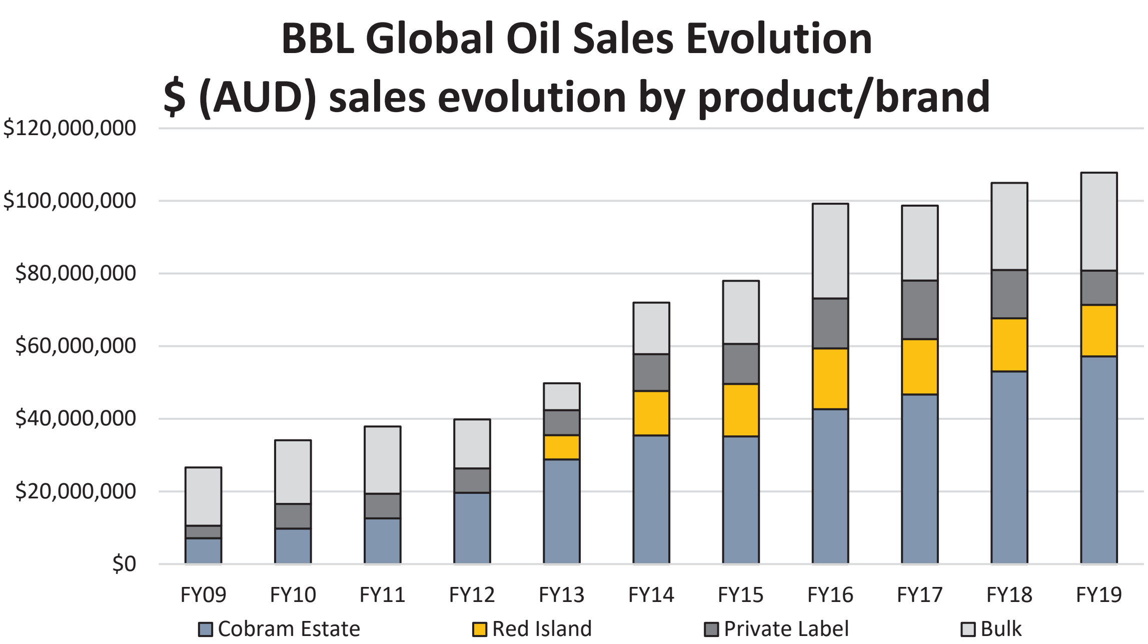
[5] Aztec IRI Australian Grocery Weighted data for year ended 30 June 2019

EXECUTIVE CHAIRMAN'S REPORT

OUR INTEGRATED BUSINESS



Olive Oil Sales and Marketing Summary



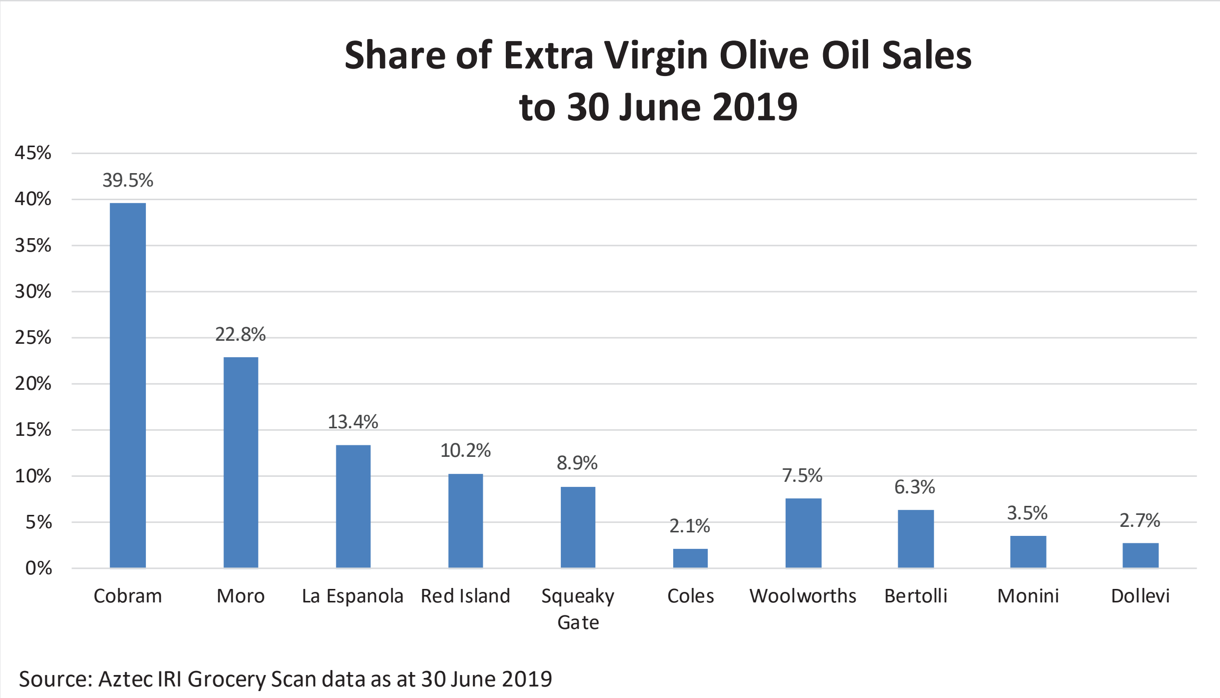
Source: Company data. Note sales net of Customer Promotions and Trading Terms.

Although Boundary Bend had a very low (frost affected) crop to sell in FY19, it was encouraging to still see modest revenue growth, mainly driven by the Cobram Estate brand. Despite the 15% price increase in Australia from 1 July 2019, Cobram Estate has performed exceptionally well, achieving sales growth of 7.97%. Red Island sales declined (-3.26%) due to the end of the everyday low price on the Red Island tins in Woolworths. The tin was at $26.00 and increased to $37.00. The Red Island bottles are performing extremely well (+96%[6]) behind a strong promotional program. Our packaged goods are up by 5.26% which is a significant achievement in a very competitive environment, even after the 15% price increase on our Australian products.

Australian Sales and Marketing

In the extra virgin olive oil category, Cobram Estate remains the clear market leader despite very aggressive pricing strategies from the European brands. After a very good harvest in Europe, Moro decreased its price in Coles and Woolworths at the same time as the price increased in Cobram and Red Island. La Espanola is now selling 91%[7] of its volume on promotion. Cobram has more market share in dollar terms than the sum of the second and third biggest brands of the category (Moro + La Espanola). Red Island brand is currently ranked fourth[8].

[6] Aztec IRI Australian Aus Grocery - data for year ended 30 June 2019 – value sales (000s) vs 30 June 2018
[7] Aztec IRI Australian Aus Grocery - data for year ended 30 June 2019 - Units (000s) % Sold on promotions
[8] Aztec IRI Australian Grocery Weighted data for year ended 30 June 2019



Marketing & Sponsorships

Promoting usage and educational marketing on the versatility of extra virgin olive oil was a key objective of the year with our continued investment in cooking programs.

The third year of our MasterChef partnership kicked off with Leandro and Rob visiting the top 24 contestants in the MasterChef house, providing them with a tasting and education session. This season we saw a significant increase in the number of program features with some examples included in the pictures below. The 2019 season once again included Cobram Estate in the 'staples' box under the bench and in the pantry.

We also continued our partnership with afternoon TV cooking show's Everyday Gourmet with Justine Schofield and The Cook's Pantry with Cobram Estate partner Matt Sinclair. These TV shows target the female grocery buyers in the key afternoon time where dinner decisions are made. Cobram Estate features heavily through sponsored in-show cooking segments and across their Social Media channels. We are also able to amplify the reach of these partnerships by sharing the content they create through our own social media channels.

We have recently filmed a series of videos with Donna Hay which will feature as part of her new book launch which will be released on 23 September. The videos incorporate new recipes from the book paired specifically with Cobram Estate extra virgin olive oil.

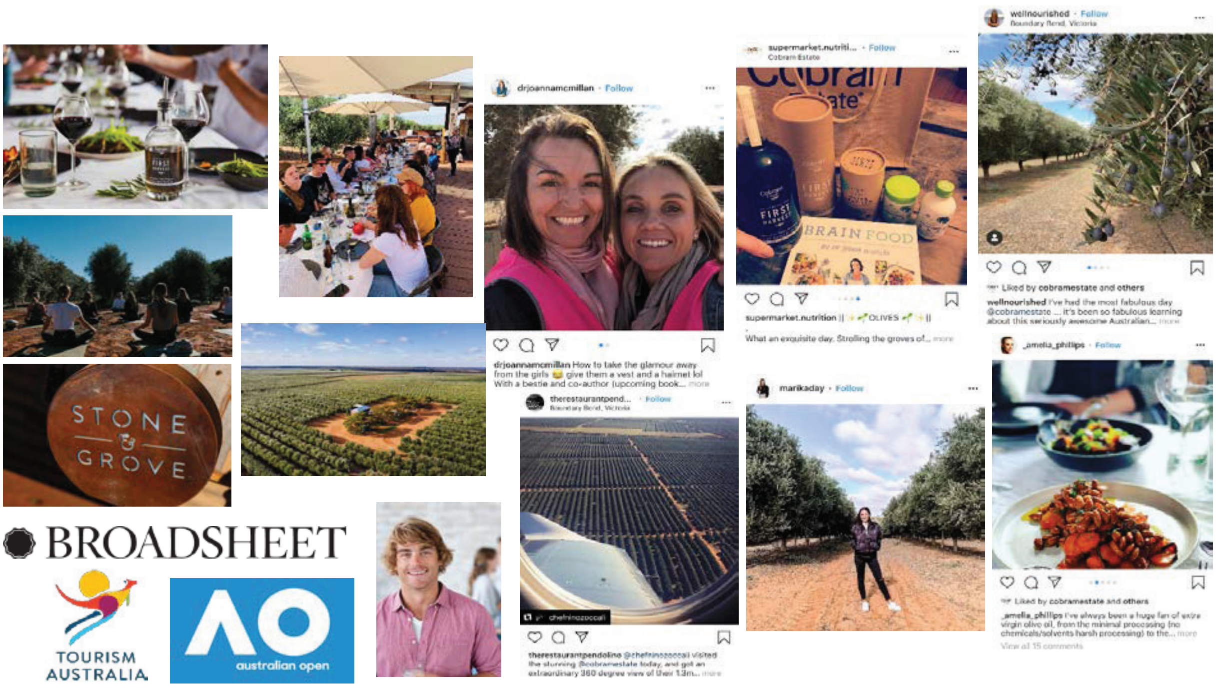
EXECUTIVE CHAIRMAN'S REPORT

(May – Jun 2019)

Harvest Visits

During the 2019 harvest we hosted more than 350 guests at Boundary Bend Estate. This year, we showcased the Wellgrove and Stone & Grove brands along with Cobram Estate as part of the harvest experience. The harvest events began on a glorious day dedicated to Shareholders where over 100 shareholders were the first to see the harvest in action. Thanks to those of you who made the trip out!

The harvest events are a great way to educate potential brand partners on the Boundary Bend story with representatives from Tourism Australia, the Australian Open, Broadsheet Media, chef Hayden Quinn, and Curtis Stone's publicist Tiffany Farrington amongst them. A great day was had by the Pacific Magazines team headed by Editor in Chief, Julia Zaetta and editors from Women's Health, Marie Claire & InStyle. Other guests this year included media personalities, nutritionists, dietitians, chefs, top 24 2018 MasterChef contestants, trade partners and bloggers/influencers in the food, health and wellness spaces. Dr. Joanna McMillan once again hosted a wonderful day with a range of health care professionals.



EXECUTIVE CHAIRMAN'S REPORT

New Product Development

Cobram Estate's new Meal Starters range was launched in July 2019. It is a range of three infused extra virgin olive oil (EVOO) products combining popular and challenging ingredients to help bring confidence to younger cooks and attract them to the EVOO category. The range includes:

- The subtle tickle of **Chilli and Coriander**
- The delicate zing of **Ginger and Lemongrass**
- The robust flavours of **Garlic and Rosemary**

Our Meal Starters range is available in Woolworths, Coles and independent stores.

The limited-edition Baking Range was launched exclusively online prior to Easter and was very well received. The concept will likely continue to be used as a seasonal opportunity.

We also recently launched two new Red Island products:

- **Red Island BBQ Drizzle**
- **Red Island High Heat Stable**

These products are available nationally in Woolworths.

Awards

Cobram Estate continues to collect numerous domestic and international awards further strengthening our unrivalled reputation as one of the world's highest quality extra virgin olive oil producers. In the prestigious 2019 New York International Olive Oil Competition NYIOOC, Cobram Estate Ultra-Premium Hojiblanca and Cobram Estate Premiere each received Gold. We were awarded a further two Gold and three Silver medals at the 2019 Olive Japan Olive Oil Competition with Cobram Estate Ultra-Premium Hojiblanca and Picual taking out the Gold.

EXECUTIVE CHAIRMAN'S REPORT

Cobram Estate Health Care Professional Program

The Cobram Estate Health Care Professional Program run by our inhouse dietitian and nutritionist, is now in its fifth year. It continues to grow and evolve to ultimately increase recommendations and sales of Cobram EVOO through education and knowledge.

Key achievements in the last 12 months:

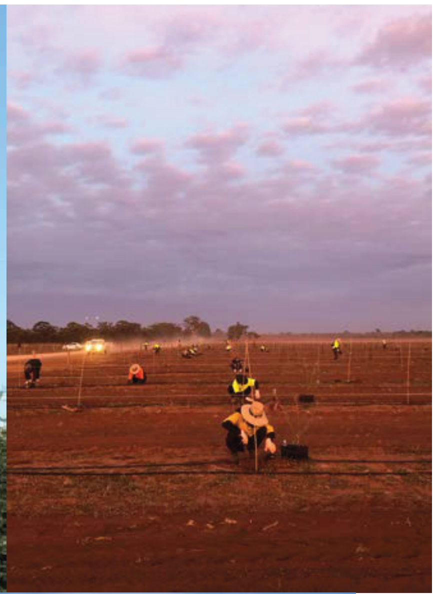
- Health professional links - Database of health professionals has grown to 6,800 members (additional 2,000 new members)[9]
- Growing audience - Expanded audience to include other health professionals that have wide reach to consumer oil purchasing behaviours (naturopaths and diabetes educators).
- Medical professionals education - Executed a more direct avenue to reach GPs through an online accredited module that has educated almost 1000 doctors on why to recommend high quality EVOO. 95% of participants reported the module was relevant to practice and would now recommend EVOO over other fats for patients with heart disease.[10]
- Relaunced website - Refreshed and relaunched Cobram Estate Health Professional website based on health professional feedback and to be more in line with consumer website.
- Sample models - Evolved sampling model (30ml sample sachet of Cobram Estate EVOO) that allowed increased sampling activity for reduced cost. Developed and sent out targeted Health Professional "Practice Kits" that health professionals could use in practice. 67% of dietitians surveyed reported they had provided the samples to patients at least weekly.[11]

[9] Based on mailchimp database numbers as of 20 August 2019
[10] Based on online completion rates as of 20 August 2019
[11] Based on Survey Monkey survey on 40 dietitians as of 4 June 2019

EXECUTIVE CHAIRMAN'S REPORT

Australian Grove operations

During the year we continued with the replant program at our Boort grove in north western Victoria. In total, just over 590 hectares were replanted, equating to more than 210,000 trees.



Following the severe frost in late 2017, Boundary Bend engaged a climatologist to undertake detailed climate mapping of the most susceptible blocks of the Boundary Bend Estate grove. The climate mapping reviewed the ground temperature, temperature 15 metres above ground, wind speed and direction with climate towers and temperature sensors over a four-week period. Following review of this information, 47 frost fans were installed in Autumn 2019.

During Autumn/early Winter, climate mapping was completed for the rest of the Boundary Bend Estate grove and the installation of another 55 frost fans has recently been completed.

The Boort grove is not as frost prone, however we have engaged the climatologist to also map this area. We will have this report and recommendations soon.

USA

Operations - USA

The USA business experienced significant growth during the 2019 financial year, with further growth forecast in 2020. This growth is predominately driven by an increased fruit volume as the Californian crop returns to normal production following a very low 2018 crop due to frost damage at flowering.

Mirroring the Australian business, the USA operates a fully vertically integrated olive business with the following sites/functions:

- Milling and storage - Fruit milling and oil storage at our Woodland California facility - capacity at this site doubled during the year in preparation for the October 2018 harvest, the site is now capable of milling 32 tons of fruit per hour or some 750 tons per day.
- Laboratory – fully accredited with the American Oil Chemists Association.
- Fruit supply contracts – third party growers who supply fruit to Boundary Bend.
- Warehousing - Bottling and finished goods storage facility.
- Grove ownership – we currently have 542.4 acres planted on a mixture of long-term lease and freehold property.
- Sales and Marketing - Established sales and marketing division covering bulk, branded and private label packaged goods.

Fruit Supply - USA

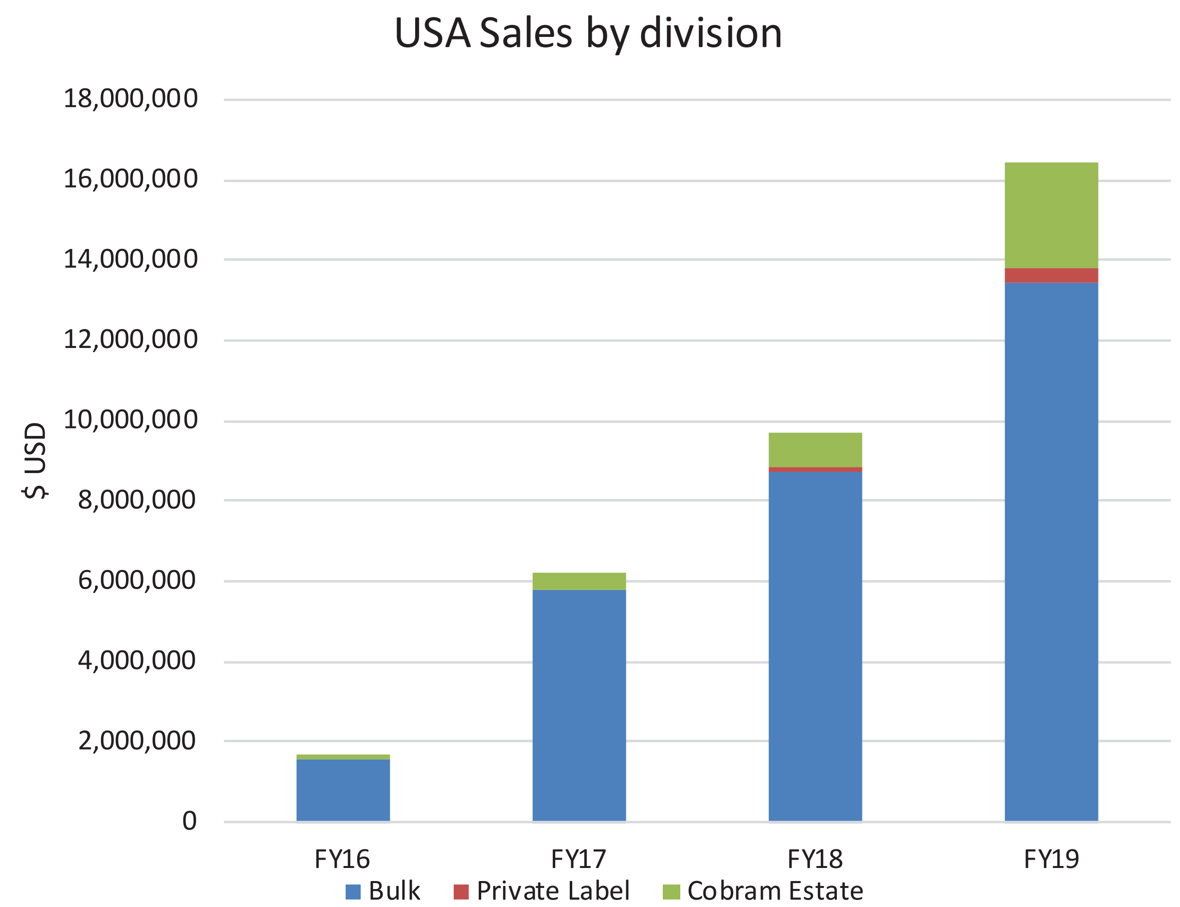
The overall 2018 Californian crop was approximately 55% lower than average of normal production following frost damage at flowering. Pleasingly, Boundary Bend managed to increase its fruit supply volume year on year by 137% and this year produced approximately 16% percent of the total USA production.

The overall low 2018 Californian crop initially led to increases in the bulk price of high quality Californian produced oil. The increase in price of bulk oil was partly curbed when the biggest seller of Californian branded oil (Californian Olive Ranch) made a decision to blend cheaper imported oil with Californian olive oil in a key Californian Olive Ranch retail facing. Since this occurred, industry grower groups and representatives have had a significant focus trying to strengthen Californian labeling laws to prohibit this practice.

We continue to prioritise existing and new relationships with third party growers and see this as an important long-term partnership. We are actively working with growers to expand plantings in addition to continued expansion of Boundary Bend groves.

One of the unexpected pleasures of establishing our Californian business is to hear all the positive feedback and see the real appreciation from growers. They are now getting about 25% more oil from having access to Boundary Bend's technical help and milling methods. This in itself makes the journey for us worthwhile.

Olive Oil Sales - USA



Source: Company data as at 30 June 2019

Cobram Estate - USA

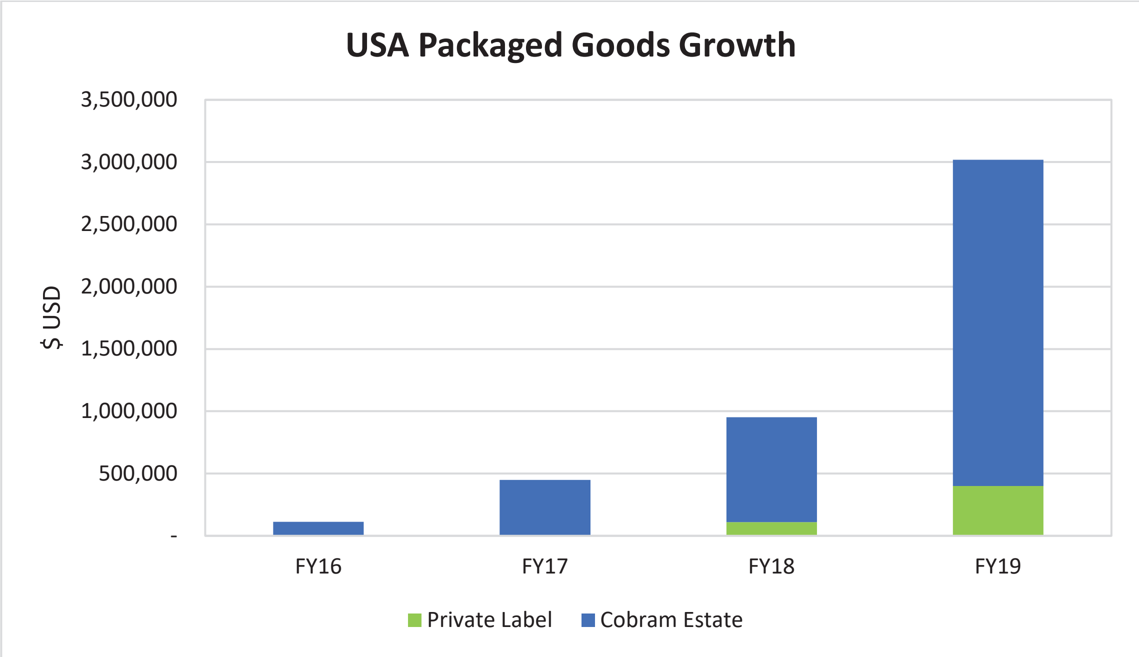
Cobram Estate USA achieved total net sales of US$2.6 million for the 2019 financial year (2018: US$0.8 million), which equates to annual growth of 211%. The growth was driven by a combination of two key factors: the continued expansion and success of the Select line, and the introduction of the new Essentials line. Select is now ranged in 6,800+ locations, adding 3,100+ stores this financial year. Essentials commenced distribution in May 2019.

We are expecting our strong momentum to continue, with our recent placement highlighted by ranging of Select in 740 Target stores and Essentials in two regions of Costco.

Private Label - USA

The US Private Label business achieved total sales of US$0.4 million for the 2019 financial year. This was driven by the launch of Walmart's Sam's Choice California EVOO program.

We are again expecting strong momentum in the 2020 financial year with multiple new private label programs including Trader Joe's and Wegmans.



Bulk Sales - USA

Our USA bulk sales totaled US$13.43 million for the financial year (2018: US$8.73 million). Whilst we finished under budget, this was mainly due to directing both our Australian & Californian Extra Virgin volume to packaged goods sales.

Marketing - USA

New Product Development

In June 2019, Essentials, our new line of six products launched.

- Cobram Estate 100% California- MILD in 375mL and 750mL
- Cobram Estate 100% California- CLASSIC in 375mL and 750mL
- Cobram Estate 100% California- ROBUST in 375mL and 750mL

The sales team is actively selling the line into retail and rapidly building distribution. They have secured 1,750 stores. The marketing team has integrated the line into the website shop and gathering additional content to further build out the brand story online.

EXECUTIVE CHAIRMAN'S REPORT

Award Wins USA Recap: Cobram Essentials[12]

- **2019 BEST CALIFORNIA EVOO –** CA STATE FAIR, COBRAM ESTATE ROBUST
- **2019 BEST OF CLASS –** LA INTERNATIONAL, COBRAM ESTATE CLASSIC
- **2019 GOLD –** CALIFORNIA STATE FAIR, COBRAM ESTATE CLASSIC
- **2019 GOLD –** CALIFORNIA STATE FAIR, COBRAM ESTATE ROBUST
- **2019 GOLD –** LA INTERNATIONAL, COBRAM ESTATE CLASSIC
- **2019 GOLD –** LA INTERNATIONAL, COBRAM ESTATE ROBUST
- **2019 GOLD –** OLIVE JAPAN, COBRAM ESTATE ROBUST
- **2019 GOLD –** ORANGE COUNTY FAIR, COBRAM ESTATE MILD
- **2019 GOLD –** ORANGE COUNTY FAIR, COBRAM ESTATE CLASSIC
- **2019 GOLD –** ORANGE COUNTY FAIR, COBRAM ESTATE ROBUST

Award Wins Recap: Cobram Select

- **2019 GOLD –** CALIFORNIA STATE FAIR, CALIFORNIA SELECT
- **2019 GOLD –** LA INTERNATIONAL, CALIFORNIA SELECT
- **2019 GOLD –** ORANGE COUNTY FAIR, CALIFORNIA SELECT
- **2019 GOLD –** LONDON INTERNATIONAL, CALIFORNIA SELECT

Marketing Highlights - USA

Cobram Estate and our Chef-at-large Kevin O'Connor were featured in Sunset Magazine. Sunset Magazine is a top lifestyle magazine with four million regular readers, as well as nearly one million social followers. Cobram Estate and Chef Kevin O'Connor were featured in the publication's California road trip "Camp Feast" section with several of Kevin's recipes.

12 Excludes Silver and Bronze award wins

Boundary Bend Wellness - Innovation and Value-add

Over the last twelve months we commenced the commercialisation phase on our olive leaf projects and made significant progress on several other by-product projects. For the year ending 30 June, the new Boundary Bend Wellness division generated revenues of $1.3 million, with our new range of Wellgrove olive wellness products launched in Australia and the USA in late April 2019 accounting for over 70% of sales.

Wellgrove Health – Olive Wellness Products

Our new "Wellgrove" brand was launched in Australia and the USA in April/May 2019 featuring our olive leaf extract products. Produced at our Boundary Bend Estate grove in a new nutraceutical extraction facility, Wellgrove olive leaf extracts are therapeutic goods with scientifically supported health benefits. Unique to Wellgrove is the superior antioxidant content of our leaf extract products versus others in the category. This is a result of using our high-quality fresh leaves and our proprietary, natural extraction process.

Wellgrove Australia

In Australia, Wellgrove products are available nationally in Chemist Warehouse, Coles and selected pharmacies. We are continuing to target new sales channels including health food and selected Asian export markets.

Our launch range in Australia consisted of two olive leaf extracts:

- **Wellgrove Immune Support**
  - Great for supporting your immune system and helping to relieve symptoms of common colds and flu.
  - Available in capsules and liquid (natural, berry and green apple flavours).

- **Wellgrove Heart Health:**
  - An 'Extra Strength' olive leaf extract that helps keep cholesterol levels within a healthy range in the body and helps support overall healthy heart function.
  - Currently available in liquid form (natural and mint flavours).

To support the launch of these new products we initiated our first Wellgrove marketing campaign using a combination of digital and traditional media in Australia. Our Australian television, print, digital and outdoor campaign commenced in late June aligning with the cold and flu season. Images from selected campaign assets can be found below.

Wellgrove USA

In the USA, Wellgrove has initially been launched in the digital channel through the WellgroveHealth.com website and key online retailers including Amazon, with an expansion into selected bricks and mortar retail slated for early in 2020.

Due to the differences in regulatory requirements between Australia and the USA, our Wellgrove range and product descriptions have been adapted to best suit the USA market. Our launch range in the USA consisted of two olive leaf extracts:

- **Wellgrove Super Immunity**
  - Immune system support and cold and flu relief.
  - Available in liquid (natural and berry).

- **Wellgrove Super Immunity plus Heart Health**
  - Immune support plus heart health support.
  - Available in liquid (natural and mint) and capsule formats.

Super Immunity +

Super Immunity +

Super Immunity

To support our launch on Amazon we have implemented a multi-layered digital strategy including digital advertising, influencer and affiliate programs. The focus across all marketing platforms is on conveying Wellgrove's unique olive branch to bottle story together with the full traceability and transparency of our naturally sourced products. Selected images from Wellgrove USA digital content and Amazon pages are included in the graphic below.

Wellgrove Health Care Professional Program

The Wellgrove Healthcare Professional Program, managed by our inhouse Naturopath, commenced in Australia in March 2019, in line with the Wellgrove product launch. At this early stage of the program, we are focused on establishing credibility and sharing the overall science related to the products to the following healthcare professional categories; naturopaths, herbalists, pharmacists (and pharmacy assistants), dietitians, nutritionists and integrative doctors.

To date, we have attended three major events, and established a database of close to 1,000 healthcare professionals to further engage with.[13]

Key achievements in the last 12 months:

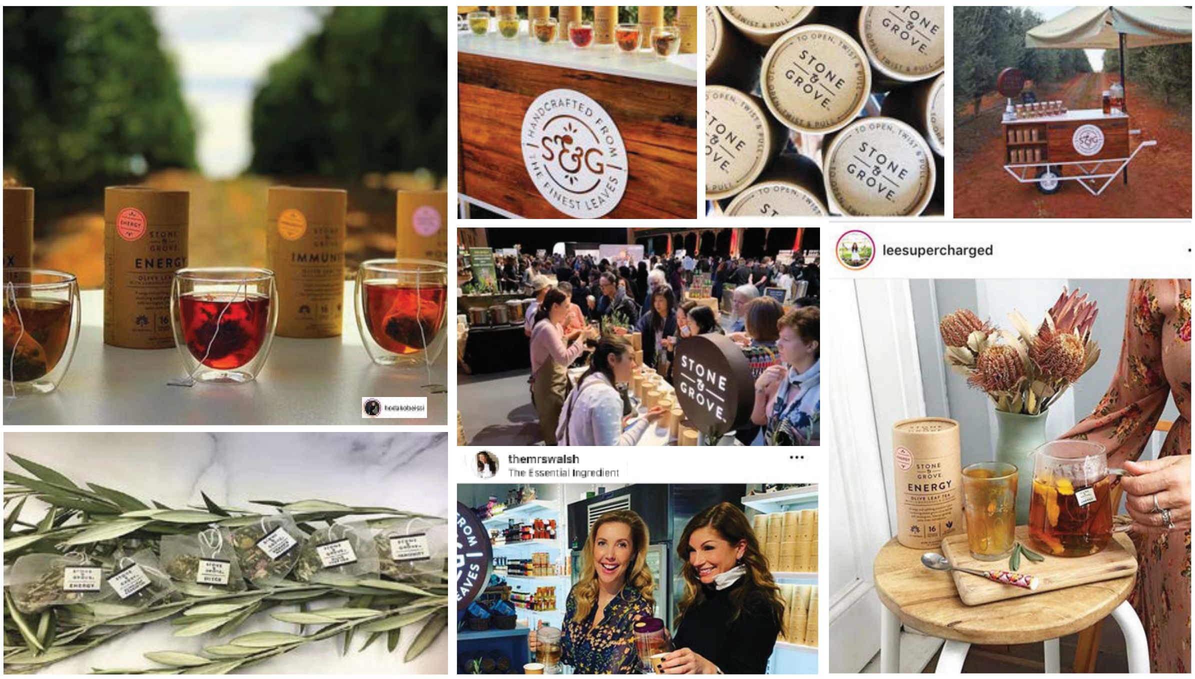
- Establishment of the Wellgrove healthcare professional website portal
- Development of all training materials and presentations
- Trained over 700[14] Chemist Warehouse staff over 6 national training events
- Loaded a training module to Chemist Warehouse staff training app
- Established services with three contract healthcare professional trainers who have trained over 100 pharmacies in person since May 2019.

[13] Based on mailchimp database numbers as of 20 August 2019
[14] Based on Chemist Warehouse correspondence and event reports

Stone and Grove – Olive leaf teas

In November 2018, we launched our new range of premium olive leaf teas under the Stone and Grove brand. Featuring a 100% olive leaf tea, a 50:50 blend with Australian grown green tea, and a range of health-based tisanes, distribution of our teas continues to build. The teas are currently available online and in specialty food stores in Australia (NSW/VIC/SA/TAS); across the USA and Canada in specialty olive oil and vinegar stores; and in selected Asian markets including Malaysia, Cambodia and Taiwan.

Our marketing initiatives to date have focused on consumer, trade, and media-facing events, allowing people to trial the teas and learn about their health benefits. Key events in Australia have included the Melbourne and Sydney tea festivals and the Naturally Good Expo. A snapshot of our launch activities is included in the collage below.



Ingredient sales

During the last twelve months we have released our new olive leaf extract in powder form. We have also commenced sales of branded ingredients to several customers including leading nutraceutical and cosmetic manufacturers in Australia and the USA. We are continuing to develop ingredient and raw material (produced by our olive groves) sales channel for our 'specialty' high-value products into the global nutraceutical industry including dietary supplements, functional food and functional beverage brands and manufacturers.

Olive Wellness Institute

In the second year of the Olive Wellness Institute, we have experienced significant growth and continue to witness the value of non-branded, category education to healthcare professionals. The Olive Wellness Institute is managed by our inhouse Pharmacist and Nutritionist.

Key achievements in the last 12 months:

- From 0% to 20% awareness among healthcare professionals in year 1
- Secured industry funding from Hort Innovation until February 2020
- Website traffic – over 4,000 users each month
- Over 11,000 members in social media and email database community
- Launching a podcast channel in September 2019

Laboratory, Regulatory and Quality Assurance

To support the launch of these new products, our Modern Olives laboratory accreditations have been expanded to include the highly regarded TGA certification for both active ingredient and microbiology testing. Additionally, the team has expanded both regulatory and Quality Assurance activities to oversee product compliance with the rigorous requirements of TGA - from product quality and contract manufacturing through to product claims and marketing.

Other projects

Our research and development team continue to excel in the development of new and unique products. In the last twelve months, the team commissioned our new nutraceutical extraction facility at Boundary Bend (part-funded by an AusIndustry grant) commissioned our proprietary new olive leaf picker and made major breakthroughs in some of our core R&D projects. The majority of our development work is continuing to happen 'in-house' to help protect proprietary intellectual property. We also continue to work with CSIRO and other leading universities and commercial partners on selected projects. Many of our projects remain commercially sensitive and we will keep shareholders updated on progress in this area as appropriate.

Third Party Grove Development

During the year, we contracted to work with a third party on a new 1,000 hectare grove development close to our Boort grove. Planting is expected to commence in the coming weeks.

In summary:

- The third party already owns the land and will fund the development and manage the grove.
- Boundary Bend has been engaged exclusively, on a perpetual basis to:
  - Provide ongoing technical services and advice;
  - Mill the fruit through our existing facility and store the oil;
  - Market and sell all oil produced.

This arrangement, along with the additional oil produced from our maturing groves, will allow Boundary Bend to continue to grow sales through both packaged goods and bulk channels. Boundary Bend nursery supplies the trees to the project.

AGM - Boundary Bend Annual General Meeting 2019

The Annual General Meeting of shareholders will be held at 151 Broderick Road, Lara Victoria. A shareholder morning tea commences at 10:30am with the meeting commencing at 11:00am on Friday 25th October 2019. A formal notice of meeting will be sent to shareholders.

Thank you

I would also like to take this opportunity to recognise the commitment and efforts of the Boundary Bend team and sincerely thank our staff for their many great achievements in the past year. In addition, it is important to also recognise the support of both our shareholders and our loyal customers for their faith in the Company and our products.

I look forward to working with our team and connecting with shareholders and customers in the coming year.

If you have any questions, please call me on 0418 955 363 or email r.mcgavin@boundarybend.com.

Kindest regards

Rob McGavin

Executive Chairman

Boundary Bend Limited

DIRECTORS' REPORT

The Directors present their report together with the financial report of Boundary Bend Limited and controlled entities for the year ended 30 June 2019 and auditors report thereon.

Directors names

The names of the Directors of Boundary Bend Limited (BBL) in office at any time during or since the end of the year are:

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

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

Company secretary

Samuel Beaton

Results

The profit of the consolidated entity for the year after providing for income tax amounted to $8.8 million (2018: $13.3 million loss). For detailed comments in relation to the result of the consolidated entity during the financial year, please refer to the Executive Chairman's report.

Review of operations

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

Significant changes in state of affairs

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

Principal activities

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

After balance date events

The price of allocation water used to water our Australian Olive Groves continues to trade at very high historical levels. Refer to the Executive Chairman's report for further commentary. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely developments

There are no significant likely developments. For more information please refer to the Executive Chairman's report.

Environmental regulation

The consolidated entity's operations are subject to environmental regulations under the laws of the Commonwealth and of a State or Territory.

The Australian entities are subject to regulations stipulated by the Environmental Protection Authority (EPA), Department of Sustainability and Environment concerning native vegetation and the Lower Murray Water Council for irrigation and drainage. The US entities are subject to regulations stipulated by the US Environmental Protection Agency and the Department of Toxic Substances Control for discharge of waste of chemicals.

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

Dividends paid, recommended and declared

On 26 October 2018, the directors declared a dividend of 12 cents per share to the holders of fully paid ordinary shares in respect of the full-year ended 30 June 2018. The dividend which was unfranked, was paid to shareholders on 15 February 2019 (record date 31 January 2019). The dividend paid recorded in the Financial Statements at 30 June 2019 is $7,308,927. 154,350 shares were issued under the Dividend Reinvestment plan.

Information on directors

Robert McGavin	Age 50
Experience	Rob is a co founder of the BBL Group and has extensive experience in the agribusiness sector. He is directly involved in a large scale vineyard in South Australia, grazing operation in Western Queensland, a cropping and grazing operation in South Western Victoria, as well as Boundary Bend Ltd's development and management. Rob is also a board member of Marcus Oldham Agricultural College.
Special responsibilities	Rob is the Executive Chairman of Boundary Bend Ltd.
Paul Riordan	Age 47
Experience	Paul Riordan has extensive experience in the olive industry having worked in the industry since 1996 and is a co founder of the BBL Group. From August 2018, Paul has moved to the USA to act as resident Director. Paul resigned from his position of Non-Executive Director of Select Harvests Limited on 30 June 2018 (held from 2012).
Special responsibilities	Paul is an Executive Director of Boundary Bend Ltd.
Leandro Ravetti	Age 46
Experience	Leandro joined the BBL Group from Argentina where he had been working with many of the largest olive grove developments. Leandro is acknowledged as one of the most experienced and respected olive advisors and researchers dealing specifically with “modern” olive production. This experience adds to his vast knowledge of varieties, olive cultural practices, olive oil processing and oil chemistry. Leandro is highly valued and respected within the BBL Group and a great resource for the Australian Olive industry and USA Operations.
Special responsibilities	Leandro is the Technical Director of Boundary Bend Ltd.

Information on directors (continued)

Tim Jonas	Age 73
Experience	Tim is a former partner and National Chairman of Pitcher Partners. He holds a number of directorships and provides business advice to a wide range of businesses particularly in the agribusiness sector. He has been involved with the BBL Group from its inception. His qualifications include a Master of Business Administration (University of Melbourne), Bachelor of Commerce (University of Melbourne) and Fellow of the Institute of Chartered Accountants in Australia.
Special responsibilities	Tim is the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.
Craig Ball	Age 63
Experience	Craig is an executive director of stockbrokers Taylor Collison Limited, responsible for corporate finance in equity capital markets. He has had extensive experience in capital raising and advising wineries and horticulture enterprises. He has been involved with the BBL Group since 1998 assisting with its formation and development. Craig is a Chartered Accountant and holds a Bachelor of Economics degree from the University of Adelaide. He worked for international Chartered Accounting firms before joining the stockbroking industry.
Special responsibilities	Craig is a member of the Audit and Risk Committee and the Chairman of the Remuneration Committee.
Professor Jonathan West	Age 62
Experience	Jonathan is founding Director of the Australian Innovation Research Centre. Prior to assuming his current appointment, Professor West spent 18 years at Harvard University, where he was Associate Professor in the Graduate School of Business Administration. Jonathan has served as a consultant to and a board member of major corporations around the world and as an advisor to several governments, particularly in the fields of agribusiness, innovation policy and economic development. His doctoral and masters degrees are from Harvard University, and he holds a Bachelor of Arts majoring in history and philosophy of science from the University of Sydney.
Special responsibilities	Jonathan is a member of the Remuneration Committee.
Timothy Smith	Age 45
Experience	Tim joined the Company early in 2004 to head up the consolidated entity's sales and marketing activities. In early 2016 Tim transitioned to lead the innovation and new product development area. Tim's qualifications include a Bachelor of Agricultural Economics from the University New England, Armidale. Prior to joining the BBL Group, Tim was the Food and Beverage Program Business Development Manager at Austrade in New York. Prior to joining Austrade, Tim worked as an export trader and supply management coordinator for Elders Limited.
Special responsibilities	Tim is the Innovation and Value Add Director of Boundary Bend Ltd.

Information on directors (continued)

Matthew Bailey Age 44

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

Samuel Beaton Age 43

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

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

Meetings of Directors

Directors	Directors' meetings		Audit & risk committee meetings		Remuneration committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert McGavin	8	8	-	-	-	-
Paul Riordan	8	7	-	-	-	-
Leandro Ravetti	8	8	-	-	-	-
Tim Jonas	8	8	3	3	1	1
Craig Ball	8	4	3	3	1	1
Jonathan West	8	8	-	-	1	1
Timothy Smith	8	8	-	-	-	-
Matthew Bailey	8	8	-	-	-	-
Samuel Beaton	8	8	-	-	-	-

Options

376,922 options over unissued ordinary shares in the consolidated entity were granted during the financial year ended 30 June 2019 (2018: 82,200).

During the year 324,000 options were exercised. Since year end no options have been granted. The consolidated entity has 5,084,122 options on issue as at 30 June 2019.

Remuneration report (Audited)

This remuneration report, which forms part of the Directors' report, sets out information about the remuneration of Boundary Bend Limited's Directors and its senior management for the financial year ended 30 June 2019.

Director and senior management details:

The following persons acted as Executive Directors of the consolidated entity during or since the end of the financial year. The named persons held their current position for the whole of the financial year and since the end of the financial year:

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

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

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

Remuneration policy

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

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

Remuneration Committee

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

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

Executive Directors and Key Management Personnel

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

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

Remuneration report (Continued)

Executive Directors and Key Management Personnel (continued)

Typically, for each financial year, performance incentive payments include:
• consideration of the consolidated entity's performance
• consideration of specific divisional financial targets and goals
• a discretionary component for each senior executive based on their performance.

Annual performance reviews are completed for all employees including executives.

Non-executive Directors

The Constitution of the consolidated entity provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the consolidated entity at the general meeting, to be divided among the Directors and unless otherwise agreed, then in equal shares. Directors are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the consolidated entity and other miscellaneous expenses.

If any of the non-executive Directors are called upon to perform extra services or make any special exertions on behalf of the consolidated entity or its business, the Directors may remunerate this Director in accordance with such services or exertions, and this remuneration may be either in addition to or in substitution for the remuneration provided in the form of Directors' fees.

Key terms of employment contracts

Directors and Senior managers are employed under our standard employee contract and adhere to our standard terms and conditions. There are no Directors or Senior managers with any special terms or conditions.

Relationship between the remuneration policy and consolidated entity performance

The overall level of executive reward takes into account the performance of the consolidated entity over a number of years, with a greater emphasis given to the current year. Meeting strategic objectives are also taken into account.

	30 June 2019 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2016 $'000	30 June 2015 $'000
Revenue	151,740	113,128	139,549	114,686	112,912
Net (loss) / profit before tax	16,648	(13,132)	20,968	(385)	21,125
Net (loss) / profit after tax	8,759	(13,276)	12,834	(819)	14,434
Net Assets	179,765	161,049	154,227	141,210	148,411

	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Shares on issue (at end of year)	61,062,099	60,583,729	57,142,125	54,915,042	54,665,042
Net assets per Share ($)	2.94	2.66	2.70	2.57	2.71
Dividends per Share	12 cents (Unfranked)	12 cents (Unfranked)	10 cents (Unfranked)	10 cents (Unfranked)	10 cents (Partially Franked)

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

Remuneration report (Continued)

Remuneration of Directors and senior management

2019	Short term employee benefits: Salary & fees $	Short term employee benefits: Bonus $	Short term employee benefits: Non monetary $	Post employment benefits: Super-annuation $	Share-based Payments: Options & rights $	Total $
Mr T. A. Jonas	60,000	-	-	-	-	60,000
Mr C.P. Ball	-	-	-	-	60,000	60,000
Prof. J. West	-	-	-	-	60,000	60,000
Mr R.D. McGavin	309,935	-	-	20,531	-	330,466
Mr P.C. Riordan	380,561	-	-	5,133	-	385,694
Mr L.M. Ravetti	425,000	* 200,000	-	22,123	58,497	705,620
Mr T.F. Smith	318,692	* 50,000	-	20,531	18,280	407,503
Mr M.R. Bailey	60,000	-	-	-	-	60,000
Mr S. J. Beaton	425,000	* 100,000	-	22,123	36,561	583,684
	1,979,188	**350,000**	**-**	**90,441**	**233,338**	**2,652,967**

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

* Bonuses were paid in recognition of the performance of the consolidated entity for the year ending 30 June 2018, which the board did not resolve to pay until after 30 June 2018. As such, these bonuses are recognised in the year ending 30 June 2019.

Remuneration report (Continued)

Remuneration of Directors and senior management (Continued)

No Director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Shareholdings of Directors and executives

	Balance at beginning of year No.	Granted as compensation No.	Received upon exercise of options No.	Net other change No.	Balance as end of year No.
2019					
Mr T. A. Jonas	943,498	-	-	-	943,498
Mr C.P. Ball	618,797	-	-	8,736	627,533
Prof. J. West	750,000	-	162,000	-	912,000
Mr R.D. McGavin	12,007,396	-	-	-	12,007,396
Mr P.C. Riordan	3,109,118	-	-	-	3,109,118
Mr L.M. Ravetti	204,764	-	-	(80,000)	124,764
Mr T.F. Smith	270,969	-	-	(66,794)	204,175
Mr M.R. Bailey	175,583	-	162,000	-	337,583
Mr S. J. Beaton	420,039	-	-	636	420,675
2018					
Mr T. A. Jonas	908,204	-	-	35,294	943,498
Mr C.P. Ball	609,656	-	-	9,141	618,797
Prof. J. West	600,000	-	150,000	-	750,000
Mr R.D. McGavin	12,007,396	-	-	-	12,007,396
Mr P.C. Riordan	3,109,118	-	-	-	3,109,118
Mr L.M. Ravetti	204,764	-	-	-	204,764
Mr T.F. Smith	270,969	-	-	-	270,969
Mr M.R. Bailey	52,083	-	150,000	(26,500)	175,583
Mr S. J. Beaton	419,374	-	-	665	420,039

Loans to Directors and executives

There were no new loans to Directors and executives during the year ended 30 June 2019.

Employee share option plan

The consolidated entity has an ownership based compensation scheme for employees and officers. Eligibility for the plan and exercise price for options issued under the plan are determined at the discretion of the Board.

Each employee option converts into one ordinary share of Boundary Bend Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

During the financial year, the consolidated entity granted 376,922 options (2018: 82,200) to directors and senior management of the consolidated entity, as part of their remuneration.

324,000 options were exercised in the financial year ended 30 June 2019 (2018: 300,000).

50,000 options lapsed during the year ended 30 June 2019 (2018: nil).

Remuneration report (Continued)

Employee share option plan

Grant date	Vesting Date	Expiry date	Exerc-ise price	Fair value at grant date	Balance at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Exercis-able at end of the year
2019										
01-May-14**	****	1-May-20	$2.50	$2.40	300,000	-	-	-	300,000	250,000
10-Nov-14	10-Nov-21	10-Nov-24	$4.00	$3.30	3,100,000	-	-	-	3,100,000	-
01-Feb-15***	****	31-Mar-20	$3.80	$3.25	400,000	-	-	-	400,000	350,000
23-Oct-15	24-Oct-15	24-Oct-18	$3.80	$3.25	324,000	-	(324,000)	-	-	-
31-Jan-16	31-Jan-21	31-Mar-21	$3.80	$3.25	200,000	-	-	-	200,000	-
11-Jul-16	11-Jul-23	11-Jul-23	$4.25	$3.70	200,000	-	-	-	200,000	-
15-Dec-16	16-Dec-16	15-Dec-19	$7.50	$7.00	75,000	-	-	-	75,000	75,000
27-Apr-17	1-Jul-22	1-Aug-22	$9.00	$8.00	50,000	-	-	(50,000)	-	-
27-Apr-17	1-Jul-24	1-Aug-24	$9.00	$8.00	100,000	-	-	-	100,000	-
1-May-17	****	1-Aug-24	$9.00	$8.00	250,000	-	-	-	250,000	53,750
15-Dec-17	16-Dec-17	15-Dec-20	$8.00	$8.00	82,200	-	-	-	82,200	82,200
19-Sep-18	19-Aug-23	19-Sep-23	$9.00	$8.50	-	190,000	-	-	190,000	-
15-Dec-18	16-Dec-18	15-Dec-21	$8.50	$8.50	-	76,922	-	-	76,922	76,922
22-Mar-19	16-Feb-26	22-Mar-26	$9.00	$8.50	-	110,000	-	-	110,000	-
					5,081,200	376,922	(324,000)	(50,000)	5,084,122	887,872
Weighted average exercise price:					$4.39	$8.90	$3.80	$9.00	$4.72	$4.86
2018										
01-May-14**	****	1-May-20	$2.50	$2.40	300,000	-	-	-	300,000	200,000
10-Nov-14	10-Nov-21	10-Nov-24	$4.00	$3.30	3,100,000	-	-	-	3,100,000	-
9-Dec-14	10-Dec-14	9-Dec-17	$3.80	$3.30	300,000	-	(300,000)	-	-	-
01-Feb-15***	****	31-Mar-20	$3.80	$3.25	400,000	-	-	-	400,000	300,000
23-Oct-15	24-Oct-15	24-Oct-18	$3.80	$3.25	324,000	-	-	-	324,000	324,000
31-Jan-16	31-Jan-21	31-Mar-21	$3.80	$3.25	200,000	-	-	-	200,000	-
11-Jul-16	11-Jul-23	11-Jul-23	$4.25	$3.70	200,000	-	-	-	200,000	-
15-Dec-16	16-Dec-16	15-Dec-19	$7.50	$7.00	75,000	-	-	-	75,000	75,000
27-Apr-17	1-Jul-22	1-Aug-22	$9.00	$8.00	50,000	-	-	-	50,000	-
27-Apr-17	1-Jul-24	1-Aug-24	$9.00	$8.00	100,000	-	-	-	100,000	-
1-May-17	****	1-Aug-24	$9.00	$8.00	250,000	-	-	-	250,000	14,500
15-Dec-17	16-Dec-17	15-Dec-20	$8.00	$8.00	-	82,200	-	-	82,200	82,200
					5,299,000	82,200	(300,000)	-	5,081,200	995,700
Weighted average exercise price:					$4.31	$8.00	$3.80	$0.00	$4.39	$4.24

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

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

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

This is the end of the remuneration report.

Indemnification of officers

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

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

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any auditors of the consolidated entity.

Auditor's independence declaration

A copy of the auditor's declaration under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report on page 37.

Proceedings on behalf of the consolidated entity

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

Rounding off of amounts

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

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

On behalf of the Directors

Director: ______________________

Robert McGavin

Director: Tim Jonas ______________________

Tim Jonas

Dated this 20 September 2019

Deloitte.

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

20 September 2019

Dear Board Members

Boundary Bend Limited

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

As lead audit partner for the audit of the financial statements of Boundary Bend Limited for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Rachel Smith
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Revenue			
Sales revenue	5	112,281	106,831
Other revenue	5	3,783	2,215
Net change in fair value of agricultural produce	5	35,676	4,082
		151,740	113,128
Expenses			
Cost of sales	6	(97,057)	(96,218)
Administration expenses		(14,389)	(11,905)
Distribution expenses		(4,107)	(3,731)
Marketing expenses		(12,227)	(8,241)
Occupancy expenses		(1,905)	(1,626)
Finance costs	6	(4,552)	(3,887)
Other expenses		(855)	(652)
		(135,092)	(126,260)
Profit/(loss) before income tax		16,648	(13,132)
Income tax benefit / (expense)	7	(7,889)	(144)
Profit/(loss) from continuing operations		8,759	(13,276)
Profit/(loss) for the year		**8,759**	**(13,276)**
Profit/(loss) is attributable to:			
Owners of Boundary Bend Limited and controlled entities		8,759	(13,276)
		8,759	(13,276)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	2019 $'000	2018 $'000
Profit/(loss) for the year	8,759	(13,276)
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(699)	(724)
Changes in fair value of cash flow hedges	(3,151)	(207)
Changes in deferred tax recognised in equity	(6,283)	224
Items that may not be reclassified to profit or loss		
Revaluation of land and buildings	24,367	-
Other comprehensive income/(loss) for the year	14,234	(707)
Total comprehensive income/(loss) for the year	**22,993**	**(13,983)**
Total comprehensive income/(loss) for the year is attributable to:		
Owners of Boundary Bend Limited and controlled entities	22,993	(13,983)
	22,993	(13,983)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Current assets			
Cash and cash equivalents	8	2,658	1,034
Trade and other receivables	9	17,542	15,316
Inventory	10	86,691	56,702
Biological assets	13	6,419	1,739
Other assets	12	2,482	1,991
Total current assets		115,792	76,782
Non-current assets			
Trade and other receivables	9	96	91
Other financial assets	11	34	34
Intangible assets	14	6,678	6,678
Property, plant and equipment	15	279,949	217,667
Total non-current assets		286,757	224,470
Total assets		402,549	301,252
Current liabilities			
Trade and other payables	16	26,154	17,881
Borrowings	17	11,129	3,813
Provisions	18	1,635	1,456
Current tax liabilities	7	5	5
Other financial liabilities	19	518	351
Other liabilities	20	8,312	1,847
Total current liabilities		47,753	25,353
Non-current liabilities			
Borrowings	17	126,922	85,989
Provisions	18	108	59
Deferred tax liabilities	7	41,573	27,406
Other financial liabilities	19	4,084	1,100
Other liabilities	20	2,344	296
Total non-current liabilities		175,031	114,850
Total liabilities		222,784	140,203
Net assets		**179,765**	**161,049**
Equity			
Share capital	21	112,504	109,850
Reserves	22	12,734	(1,878)
Retained earnings	23	54,527	53,077
Total equity		**179,765**	**161,049**

The accompanying notes form part of these financial statements.

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Contributed equity $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Share based payments reserve $'000	Cash flow hedge reserve $'000	Retained earnings $'000	Total Equity $'000
Balance at 30 June 2017	82,332	-	(1,680)	1,200	(871)	73,246	154,227
Loss for the year	-	-	-	-	-	(13,276)	(13,276)
Other comprehensive loss for the year	162	-	-	-	(145)	-	17
Exchange differences arising on translation of foreign operations	-	-	(724)	-	-	-	(724)
Total comprehensive income for the period	**162**	**-**	**(724)**	**-**	**(145)**	**(13,276)**	**(13,983)**
Transactions with owners in their capacity as owners:							-
Proceeds from share issue / options exercised	25,602	-	-	-	-	-	25,602
Issue of shares under dividend reinvestment plan	1,603	-	-	-	-	-	1,603
Dividends provided for or paid	-	-	-	-	-	(6,893)	(6,893)
Options exercised (transfer from reserve)	151	-	-	(151)	-	-	-
Share based payments expense	-	-	-	493	-	-	493
Total transactions with owners in their capacity as owners	27,356	-	-	342	-	(6,893)	20,805
Balance at 30 June 2018	**109,850**	**-**	**(2,404)**	**1,542**	**(1,016)**	**53,077**	**161,049**
Profit for the year	-	-	-	-	-	8,759	8,759
Other comprehensive profit/(loss) for the year	2	17,137	-	-	(2,206)	-	14,933
Exchange differences arising on translation of foreign operations	-	-	(699)	-	-	-	(699)
Total comprehensive loss for the year	**2**	**17,137**	**(699)**	**-**	**(2,206)**	**8,759**	**22,993**
Transactions with owners in their capacity as owners:							
Proceeds from share issue / options exercised	1,223	-	-	-	-	-	1,223
Issue of shares under dividend reinvestment plan	1,312	-	-	-	-	-	1,312
Dividends provided for or paid	-	-	-	-	-	(7,309)	(7,309)
Options exercised (transfer from reserve)	117	-	-	(117)	-	-	-
Share based payments expense	-	-	-	497	-	-	497
Total transactions with owners in their capacity as owners	2,652	-	-	380	-	(7,309)	(4,277)
Balance at 30 June 2019	**112,504**	**17,137**	**(3,103)**	**1,922**	**(3,222)**	**54,527**	**179,765**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		115,803	111,108
Payments to suppliers and employees		(110,803)	(88,330)
Interest received		1	9
Borrowing costs		(4,875)	(3,913)
Income tax payments		(5)	(73)
Net cash provided by operating activities	25 (b)	121	18,801
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		290	437
Payments for property, plant and equipment		(31,420)	(31,529)
Net cash used in investing activities		(31,130)	(31,092)
Cash flows from financing activities			
Proceeds from share issue		1,231	25,684
Net proceeds / (repayment) of borrowings		37,399	(9,194)
Dividends paid to shareholders		(5,997)	(5,290)
Net cash provided by financing activities		32,633	11,200
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		1,034	2,125
Net increase / (decrease) in cash and cash equivalents		1,624	(1,091)
Cash and cash equivalents at the end of the year	25 (a)	2,658	1,034

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report was authorised for issue by the directors on 20 September 2019.

The financial report is for the entity Boundary Bend Limited and controlled entities as an individual entity. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Boundary Bend Limited and controlled entities is a consolidated entity limited by shares, incorporated and domiciled in Australia.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the consolidated entity comply with International Financial Reporting Standards (IFRS).

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

(a) Basis of preparation of the financial report

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

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

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

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and all entities which Boundary Bend Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation (continued)

When the consolidated entity loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

(c) Income tax

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

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax Consolidation

The parent entity and its subsidiaries have implemented the tax consolidation legislation and have formed a tax consolidated group from 1 July 2005. This means that:
• each entity recognises their own current and deferred tax amounts in respect of the transactions, events and balances of the entity.
• the parent entity assumes the current tax liability and any deferred tax assets relating to tax losses, arising in the subsidiary, and recognises a contribution to (or distribution from) the subsidiaries.

(d) Borrowing costs

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is firstly treated as a revaluation decrease.

(f) Comparatives

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

(g) Leases

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

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

Chattel Mortgage
Under a Chattel Mortgage, the consolidated entity takes legal ownership of the fixed assets and the financier takes a charge over the equipment. Chattel mortgages are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the Chattel Mortgage and is included in finance costs in the consolidated statement of profit or loss. The assets are depreciated on a mixture of straight line and diminishing value basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset. Chattel Mortgage payments are allocated between the reduction of the liability and the interest expense for the period.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases (continued)

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

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

(h) Revenue

Revenue is measured on the consideration to which the consolidated entity expects to be entitled in a contract with a customer. The consolidated entity recognises revenue when it transfers control of a product of service to a customer.

Revenue from the sales of goods is recognised when control of the goods has transferred, being at the point in time when the goods are delivered to the customer. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the consolidated entity when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional. Revenue is measured at gross price less any rebates or in-store promotional spend.

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

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the

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

Government grants are not recognised until there is reasonable assurance the consolidated entity will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred are recognised in profit or loss in the period in which they become receivable. Government grants relating to the acquisition of property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

Other revenue is recognised when the right to receive the revenue has been established.

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

(i) Inventories

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

Olive oil inventories include agricultural produce that the consolidated entity has harvested from its biological assets. The olive fruit produced at the point of harvest is valued at fair value less costs to sell, forming part of the measurement of inventory cost.

(j) Property, plant and equipment

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment (continued)

Property
Freehold land and buildings are measured at fair value. At each balance date the carrying value of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and credited to other reserves in shareholders' equity. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to profit or loss.

Plant and equipment
Plant and equipment is measured on the cost basis.

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

Bearer plants
Bearer plants comprising of mature and immature olive trees in the olive groves are measured on the cost basis. Costs associated with young trees will be capitalised in the year of planting and the following four years.
Processing and harvesting costs are not capitalised when any of these immature trees are harvested. However, if the fair value of the any olive oil harvested and processed is greater than the harvest and processing costs, then this is deducted from the captalised costs in that year.

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

Depreciation

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

Class of fixed asset	**Depreciation**	**Depreciation**
Buildings	*2.5% - 3.25%*	Straight-line
Irrigation assets	*2.5% - 6.25%*	Straight-line
Plant & equipment	*4.5% - 22.5 %*	Diminishing value
Bearer plants	*5% - 10%*	Straight-line
Motor vehicles	*18.75%*	Diminishing value
Office equipment	*10% - 60%*	Diminishing value
Furniture, fixtures & fittings	*4.5% - 22.5%*	Diminishing value

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Intangibles

Water rights

Water rights are recorded at cost. Water rights have an indefinite life and are not amortised. Water rights are tested annually for impairment.

Distribution rights and Trademarks

Distribution rights and Trademarks are initially recorded at the purchase price and are subsequently carried at cost. Distribution rights and Trademarks have an indefinite life. They are not amortised but are tested annually for impairment.

(l) Foreign currency translations and balances

Functional and presentation currency

The functional currency of each of the individual entities comprising the consolidated entity is measured using the currency of the primary economic environment in which that entity operates. The functional currency of all entities is Australian dollars except for Boundary Bend Estate Pty Ltd which has a functional currency of Argentinean Pesos and the US based entities Boundary Bend Olives, Inc; Boundary Bend Assets, Inc; Boundary Bend Wellness, Inc; and Boundary Bend, Inc., which have a functional currency of US dollars. These financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of the consolidated entity are translated from the functional currency into Australian dollars at the rate of exchange ruling at the date of the transaction.

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of non-Australian entities are expressed in Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for each month in the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated directly into equity in the Foreign Currency Translation Reserve.

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

The foreign currency hedging risk policy is described under Note 29(a) Financial Risk Management.

(m) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Contributions made by the consolidated entity to an employee superannuation fund are recognised as an expense as they become payable.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

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

Options that vest on issue are expensed in full on issue date. Options that do not vest on issue are expensed on a straight line basis over the vesting period based on the consolidated entity's estimate of equity instruments that will eventually vest.

(n) Research and development expenditure

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

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

Other development expenditure is recognised as an expense when incurred.

(o) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated entity's statement of financial position when the consolidated entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification
Debt instruments that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments (continued)

Impairment of financial assets
The consolidated entity makes use of a simplified approach for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. The consolidated entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured at amortised cost
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

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

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

(ii) Cash flow hedge
To qualify as a cash flow hedge the underlying transactions generating the cash flows must be highly probable. Changes in the fair value of derivative that are designated and qualify as cash flow hedges are recognised in equity in the cash flow hedging reserve. This gain or loss is released to profit or loss in the same period when the forecast transactions occur, thereby mitigating any exchange rate or interest rate fluctuations that would have transpired in the absence of the hedge.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Agriculture

The consolidated entity applies Accounting Standard AASB 141 "Agriculture", which requires the measurement of biological assets and agricultural produce at the point of harvest to be valued at fair value less estimated point of sale costs. If fair value cannot be measured reliably for biological assets, such biological assets are measured at cost.

Biological assets include olive trees owned by the consolidated entity held in the nursery. Olive trees in the nursery are initially measured at cost until the tree has reached maturity and there is a market in which to sell the trees, which is historically at 18 months from date of propagation. Where no active market exists for the sale of the olives trees, or the trees are to be used for planting on the consolidated entities owned groves, they are recognised at cost.

The olive fruit produced at the point of harvest is valued at fair value less costs to sell forming part of the measurement of inventory cost. Where there is fruit that has not yet been harvested at reporting date, this fruit is treated as biological produce and reported in the balance sheet under biological assets.

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

(q) Goods and services tax (GST)

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(r) Rounding of amounts

The consolidated entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Impairment of assets

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

No impairment loss has been recognised in current year (2018: $nil).

(b) Income tax

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

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

NOTE 3: APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

(a) Standards and Interpretations in issue not yet adopted

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 17 'Insurance Contracts'	1 January 2021	30 June 2022
AASB 2008-1 'Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle'	1 January 2019	30 June 2020
AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business	1 January 2020	30 June 2021
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2020	30 June 2021

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

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

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

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

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

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

AASB 16: Leases (continued)
The consolidated entity anticipates that upon initial application of this standard:

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

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

Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers), the consolidated entity will opt to recognise a lease expense on a straight-line basis in accordance with its existing accounting policy, which is permitted under AASB 16.

As at 30 June 2019, the consolidated entity has non-cancellable operating lease commitments of A$207k and US$3,241k (see Note 24).

The impact assessment in relation to its operating leases highlights that the consolidated entity will recognise a right-of-use asset of approximately $1.9m and a corresponding lease liability of that same amount. The approximate impact on profit or loss is to decrease occupancy expenses by $304k, to increase depreciation by $275k and to increase interest expense by $126k for the financial year ended 30 June 2020.

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

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

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

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

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

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

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

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

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

AASB 9: Financial Instruments
In the current year, the consolidated entity has applied AASB 9 Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018.
AASB 9 introduced new requirements for:
• The classification and measurement of financial assets and financial liabilities,
• Impairment of financial assets, and
• General hedge accounting.

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

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

NOTE 4: SEGMENT REPORTING

Segment products and locations
The segment reporting reflects the way information is reported internally to the Chief Operating Officer (COO) for the purpose of resource allocation and assessment of segment performance.

The consolidated entity has the following business segments:
• Australia - production and marketing of olive oil
• United States of America (USA) - production and marketing of olive oil
• Innovation and value-add products, including the sale of the Wellgrove branded olive leaf extract branded product.

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

	Olive oil				Innovation & Value-add		Eliminations & Corporate		Total Operations	
	Australian Operations		USA Operations							
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Revenue										
Total revenue from external customers	86,499	93,512	24,477	13,302	1,305	17	-	-	112,281	106,831
Intersegment revenue	1,721	5,674	-	-	253	-	(1,974)	(5,674)	-	-
Total segment revenue	**88,220**	**99,186**	**24,477**	**13,302**	**1,558**	**17**	**(1,974)**	**(5,674)**	**112,281**	**106,831**
Other revenue	3,084	1,708	595	475	104	32	-	-	3,783	2,215
Net change in fair value of agricultural produce	35,676	4,082	-	-	-	-	-	-	35,676	4,082
Total revenue	**126,980**	**104,976**	**25,072**	**13,777**	**1,662**	**49**	**(1,974)**	**(5,674)**	**151,740**	**113,128**
EBITDA	**42,723**	**11,955**	**(4,430)**	**(6,435)**	**(4,887)**	**(3,936)**	**(157)**	**115**	**33,249**	**1,699**
Depreciation/amortisation of segment assets	(10,580)	(10,178)	(1,436)	(749)	(33)	(17)	-	-	(12,049)	(10,944)
EBIT	**32,143**	**1,777**	**(5,866)**	**(7,184)**	**(4,920)**	**(3,953)**	**(157)**	**115**	**21,200**	**(9,245)**
Finance costs	-	-	-	-	-	-	(4,552)	(3,887)	(4,552)	(3,887)
Profit / (loss) before income tax	**32,143**	**1,777**	**(5,866)**	**(7,184)**	**(4,920)**	**(3,953)**	**(4,709)**	**(3,772)**	**16,648**	**(13,132)**
Segment assets (excl intercompany)	341,209	265,126	57,446	33,665	3,892	2,352	2	109	402,549	301,252
Segment liabilities (excl intercompany)	34,274	19,375	13,280	4,467	2,132	1,515	173,098	114,846	222,784	140,203
Capital expenditure	28,833	24,422	16,024	10,748	2,360	554	-	-	47,217	35,724

NOTE 4: SEGMENT REPORTING (CONTINUED)

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

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

Included in revenue from external customers arising from Australian operations of $86.499 million (2018: $93.512 million) are revenues from major customers of approximately:

	2019	**2018**
	$'000	**$'000**
- Customer A	35,852	31,386
- Customer B	20,484	23,514

No other single customer contributed 10% or more to the consolidated entity's revenue for 2019 and 2018.

	2019 $'000	2018 $'000
NOTE 5: REVENUE		
Sale of goods	112,281	106,831
Other revenue:		
Management/service fees	272	393
Rental income	518	549
Interest income	1	9
Other income	726	182
Profit on sale of property plant and equipment	-	74
Unrealised foreign currency gains	2,095	972
Subsidies and grants	171	36
	3,783	2,215
Fair value adjustments:		
Net increase in fair value of agricultural produce	35,676	4,082
	151,740	113,128
NOTE 6: OPERATING PROFIT		
Profit/(loss) before income tax has been determined after:		
Cost of sales	97,057	96,218
Finance costs:		
Interest expense	3,036	2,415
Borrowing costs	1,330	1,256
Hire purchase charges	186	216
	4,552	3,887
Depreciation:		
Buildings	602	466
Plant and equipment	4,623	4,189
Irrigation Assets	926	830
Bearer Plants	5,284	4,995
Motor vehicles	435	297
Office furniture and equipment	158	149
Furniture and fittings	21	18
	12,049	10,944
Bad debts - trade debtors	176	5
Employee benefits:		
Share based payments	499	499
Defined contribution superannuation expense	1,050	1,050
Other employee benefits	16,938	16,938
	18,487	18,487
Loss on sale of property plant and equipment	106	-

	2019 $	2018 $
NOTE 6: OPERATING PROFIT (CONTINUED)		
Remuneration of auditors for:		
Auditor's remuneration - audit and review fees	121,153	107,262

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

NOTE 7: INCOME TAX

(a) Components of tax expense

	2019 $'000	2018 $'000
Current tax	5	75
Deferred tax	7,834	(122)
Under / (over) provision in prior years	50	191
	7,889	144

(b) Prima facie tax payable

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

	2019 $'000	2018 $'000
Prima facie income tax (benefit) / expense before income tax at 30% (2018: 30%)	4,994	(3,940)
Add tax effect of:		
- Other non allowable items	59	33
- Offshore tax losses not brought to account	2,727	3,293
- Share based payments	150	150
- Under provision in prior years	50	191
- Capital loss adjustment in prior years	-	2
- Depreciation entitlement attached to fixed assets	-	1,469
- Difference in overseas tax rates	197	-
	3,183	5,138
Less tax effect of:		
- Research and development deductions	(288)	(330)
- Other deductible items	-	(155)
- Difference in overseas tax rates	-	(569)
	(288)	(1,054)
Income tax expense / (credits) attributable to profit / (loss)	7,889	144

(c) Current tax

	2019 $'000	2018 $'000
Current tax liabilities		
Opening balance	5	3
Income tax	5	75
Tax payments	(5)	(73)
Current tax liabilities	5	5

NOTE 7: INCOME TAX (CONTINUED)

(d) Deferred tax balances

	Opening balance $'000	Recognised in profit or loss $'000	Recognised directly in equity $'000	Closing balance $'000
2018				
Deferred tax asset				
Employee benefits	348	49	-	397
Impairment of goodwill	2,504	-	-	2,504
Capital raising costs	-	(32)	162	130
Doubtful debts	20	(2)	-	18
Cash flow hedge	373	-	62	435
Other	496	348		844
Tax losses brought to account	6,062	(5,175)	-	887
	10,609	(5,095)	224	5,215
Deferred tax liability				
The balance comprises:				
Finance leases	363	(233)	-	130
Inventory	11,584	(10,360)	-	1,224
Property, plant & equipment	25,417	5,483	-	30,900
Unrealised FX gain	-	367	-	367
	37,364	(4,743)	-	32,621
Net deferred tax assets / (liabilities)	(26,755)	(352)	224	(27,406)
2019				
Deferred tax asset				
Employee benefits	397	67	-	464
Impairment of goodwill	2,504	-	-	2,504
Capital raising costs	130	(33)	2	99
Doubtful debts	18	(10)	-	8
Cash flow hedge	435	-	945	1,380
Other	844	718	-	1,562
Tax losses brought to account	887	2,446	-	3,333
	5,215	3,188	947	9,350
Deferred tax liability				
The balance comprises:				
Finance leases	130	(23)	-	107
Inventory	1,224	7,101	-	8,325
Property, plant & equipment	30,900	2,974	7,230	41,104
Unrealised FX gain	367	574	-	941
Biological assets	-	446	-	446
	32,621	11,072	7,230	50,923
Net deferred tax assets / (liabilities)	(27,406)	(7,884)	(6,283)	(41,573)

NOTE 7: INCOME TAX (CONTINUED)

(e) Deferred tax revenue included in income tax expense

	2019 $'000	2018 $'000
Decrease / (increase) in deferred tax assets	(3,188)	5,095
(Decrease) / increase in deferred tax liabilities	11,072	(5,026)
	7,884	69

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

	2019 $'000	2018 $'000
Decrease / (increase) in deferred tax assets	6,283	(224)

(g) Deferred tax assets not brought to account

Deferred tax asset not brought to account relating to:

USA Operations:

	2019 $'000	2018 $'000
Other deferred tax assets / (liabilities)	1,155	876
Tax losses	8,925	6,206
Net deferred tax asset not brought to account	10,080	7,082

The benefits of the deferred tax assets not brought to account will only be realised if the conditions for deductibility set out in the accounting policies note occur. In 2019, tax liabilities have been recognised and excess tax assets above what is deemed able to be realised have not been brought to account.

	Note	2019 $'000	2018 $'000
NOTE 8: CASH AND CASH EQUIVALENTS			
Cash at bank	25	2,658	1,034

NOTE 9: RECEIVABLES

		2019 $'000	2018 $'000
CURRENT			
Trade debtors		16,373	14,758
Loss allowance		(178)	(61)
		16,195	14,697
Other receivables		1,347	619
		17,542	15,316
NON CURRENT			
Other Receivables		96	91

The standard credit period on sales of goods and rendering of services is 30-60 days. No interest is charged on the trade receivables for the first 30-60 days from when the receivable was incurred. Thereafter, the consolidated entity has the right to charge interest at a commercial rate on a case by case basis depending on management's discretion and whether the receivable is past due. A provision has been made for estimated irrecoverable trade receivable amounts arising from the sale of goods and rendering services.

New and existing customers are subject to defined credit limits, which are reviewed on a regular basis. The consolidated entity operates credit insurance, where appropriate, for customers to minimise the risk associated with default.

The consolidated entity measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Reconciliation of provision for doubtful debts		2019 $'000	2018 $'000
Opening balance at 1 July		(61)	(66)
Net remeasurement of loss allowance		(147)	5
Amounts written off during the year		30	-
Closing balance at 30 June		(178)	(61)

NOTE 10: INVENTORY

	Note	2019 $'000	2018 $'000
CURRENT			
Value-add products		1,657	192
Raw materials at cost		3,426	2,940
Olive oil	1(i)	81,608	53,570
		86,691	56,702

	Note	2019 $'000	2018 $'000
NOTE 11: OTHER FINANCIAL ASSETS			
NON CURRENT			
Other financial assets			
Shares in other corporations		95	95
Provision for impairment loss		(61)	(61)
		34	34
Reconciliation:			
Shares in other corporations			
Opening balance at 1 July		95	95
Closing balance at 30 June		95	95
Provision for impairment of shares in other corporations			
Opening balance at 1 July		(61)	(61)
Closing balance at 30 June		(61)	(61)

NOTE 12: OTHER ASSETS

		2019 $'000	2018 $'000
CURRENT			
Prepayments		2,307	1,798
Other current assets		175	193
		2,482	1,991

NOTE 13: BIOLOGICAL ASSETS

	Note	2019 $'000	2018 $'000
CURRENT			
At fair value			
Biological assets for sale - nursery trees	1(p)	2,343	1,408
Biological produce		4,076	331
		6,419	1,739

NOTE 14: INTANGIBLE ASSETS

		2019 $'000	2018 $'000
Water rights at cost		326	326
Trademarks at cost		6,352	6,352
Total intangible assets		6,678	6,678

	2019 $'000	2018 $'000
NOTE 15: PROPERTY, PLANT AND EQUIPMENT		
Land & buildings		
Land & buildings at fair value	101,863	64,675
Less accumulated depreciation	(491)	(2,070)
	101,372	62,605
Plant & equipment		
Plant & equipment at cost	77,762	64,296
Less accumulated depreciation	(31,194)	(27,398)
	46,568	36,898
Irrigation assets at cost	32,037	28,503
Less accumulated depreciation	(3,192)	(2,263)
	28,845	26,240
Bearer plants at cost	119,765	104,694
Less accumulated depreciation	(20,006)	(14,722)
	99,759	89,972
Motor vehicles at cost	3,809	1,912
Less accumulated depreciation	(1,038)	(651)
	2,771	1,261
Office equipment at cost	1,121	1,063
Less accumulated depreciation	(612)	(512)
	509	551
Furniture, fixtures & fittings at cost	247	274
Less accumulated depreciation	(122)	(134)
	125	140
Total plant and equipment	178,577	155,062
Total property, plant and equipment	279,949	217,667

(a) Reconciliations
Reconciliation of the carrying amounts of property, plant and equipment:

	2019 $'000	2018 $'000
Land & buildings		
Opening carrying amount	62,605	49,099
Additions	13,873	13,339
Depreciation expense	(602)	(466)
Net foreign currency movements	334	278
Revaluations	24,367	-
Reclassification/transfers between groups	795	355
Closing carrying amount	101,372	62,605

NOTE 15: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2019 $'000	2018 $'000
Plant & equipment		
Opening carrying amount	36,898	33,251
Additions	14,933	8,197
Disposals	(721)	(346)
Depreciation expense	(4,623)	(4,189)
Net foreign currency movements	313	400
Reclassification/transfers between groups	(232)	(415)
Closing carrying amount	46,568	36,898
Irrigation assets		
Opening carrying amount	26,240	24,805
Additions	3,496	1,523
Depreciation expense	(926)	(830)
Net foreign currency movements	35	16
Reclassification/transfers between groups	-	726
Closing carrying amount	28,845	26,240
Bearer plants		
Opening carrying amount	89,972	83,766
Additions	15,593	11,798
Depreciation expense	(5,284)	(4,995)
Net foreign currency movements	41	85
Reclassification/transfers between groups	(563)	(682)
Closing carrying amount	99,759	89,972
Motor vehicles		
Opening carrying amount	1,261	924
Additions	1,971	645
Disposals	(38)	(16)
Depreciation expense	(435)	(297)
Net foreign currency movements	12	5
Closing carrying amount	2,771	1,261
Office equipment		
Opening carrying amount	551	505
Additions	114	180
Disposals	(3)	(2)
Depreciation expense	(158)	(149)
Net foreign currency movements	5	1
Reclassification/transfers between groups	-	16
Closing carrying amount	509	551

	Note	2019 $'000	2018 $'000

NOTE 15: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	2019 $'000	2018 $'000
Furniture, fixtures & fittings			
Opening carrying amount		140	114
Additions		-	42
Depreciation expense		(21)	(18)
Net foreign currency movements		6	2
Closing carrying amount		125	140
Total property, plant and equipment			
Carrying amount at 1 July		217,667	192,464
Additions		49,980	35,724
Disposals		(762)	(364)
Depreciation expense		(12,049)	(10,944)
Net foreign currency movements		746	787
Revaluations		24,367	-
Carrying amount at 30 June		279,949	217,667

NOTE 16: PAYABLES

	Note	2019 $'000	2018 $'000
CURRENT			
Unsecured liabilities			
Trade creditors		18,050	13,576
Other creditors and accruals		8,104	4,305
		26,154	17,881

NOTE 17: BORROWINGS

	Note	2019 $'000	2018 $'000
CURRENT			
Secured Liabilities			
Finance lease liability	24(a)	-	70
Hire purchase/chattel mortgage liability	24(b)	11,129	3,743
		11,129	3,813
NON CURRENT			
Secured liabilities			
Bank loans	24(a)	118,974	78,183
Hire purchase/chattel mortgage liability	24(b)	7,948	7,806
		126,922	85,989
Total Borrowings		138,051	89,802

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

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

	2019 $'000	2018 $'000
NOTE 18: PROVISIONS		
CURRENT		
Dividends payable	1	1
Employee benefits	1,634	1,455
	1,635	1,456
NON CURRENT		
Employee benefits	108	59
	108	59
NOTE 19: OTHER FINANCIAL LIABILITIES		
CURRENT		
Hedging instruments		
Interest rate swap	518	351
NON-CURRENT		
Hedging instruments		
Interest rate swap	4,084	1,100
NOTE 20: OTHER LIABILITIES		
CURRENT		
Deferred income	4,328	759
Other current liabilities	3,984	1,088
	8,312	1,847
NON-CURRENT		
Other non-current liabilities	2,344	296

	Note	2019 $'000	2018 $'000
NOTE 21: SHARE CAPITAL			
Issued and paid up capital			
61,062,099 (2018: 60,583,729) ordinary shares	(a)	112,504	109,850

	2019		2018	
	Shares '000	$'000	Shares '000	$'000
(a) Ordinary shares				
Consolidated				
Opening balance	60,584	109,850	57,142	82,332
27 November 2017	-	-	150	620
7 December 2017	-	-	150	620
16 February 2018	-	-	200	1,603
9-10 May 2018	-	-	2,942	24,623
30 June 2018	-	-	-	52
1 July 2018	-	(6)	-	-
19 October 2018	162	674	-	-
27 December 2018	162	674	-	-
15 February 2019	154	1,312	-	-
	478	2,654	3,442	27,518
At reporting date	61,062	112,504	60,584	109,850

(b) Rights of each type of share

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

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares have no par value.

(c) Share options granted under the Employees and Officers Share Option plan

At 30 June 2019, directors, senior employees and consultants held options over 5,084,122 ordinary shares of the consolidated entity (2018: 5,081,200).

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

NOTE 22: RESERVES

	Note	2019 $'000	2018 $'000
Asset revaluation reserve	22(a)	17,137	-
Foreign currency translation reserve	22(b)	(3,103)	(2,404)
Share based payments reserve	22(c)	1,922	1,542
Cash flow hedge reserve	22(d)	(3,222)	(1,016)
		12,734	(1,878)

(a) Asset revaluation reserve

The asset revaluation reserve is used to record revaluations of non current assets.

Movements in reserve	2019 $'000	2018 $'000
Opening balance	-	-
Fair value adjustments to non current assets	24,367	-
- Deferred tax charged directly to equity	(7,230)	-
Closing balance	17,137	-

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record the exchange differences arising on translation of a foreign entity.

Movements in reserve	2019 $'000	2018 $'000
Opening balance	(2,404)	(1,680)
Exchange difference arising on translation of foreign operations	(699)	(724)
Closing balance	(3,103)	(2,404)

(c) Share based payments reserve

The share based payments reserve relates to share options granted to employees, officers and consultants under the Employee and Officers Share Option plan. Further information about share based payments to employees and officers is set out in Note 31.

Movements in reserve	2019 $'000	2018 $'000
Opening balance	1,542	1,200
Options exercised, transferred to share capital	(117)	(151)
Share based payments expense	499	499
Net foreign currency translation adjustment	(2)	(6)
Closing balance	1,922	1,542

(d) Cash flow hedge reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges.

Movements in reserve	2019 $'000	2018 $'000
Opening balance	(1,016)	(871)
Gain / (loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges		
- Interest rate swap	(3,151)	(207)
- Deferred tax charged directly to equity	945	62
Closing balance	(3,222)	(1,016)

	Note	2019 $'000	2018 $'000
NOTE 23: RETAINED EARNINGS			
Retained earnings at beginning of year		53,077	73,246
Net profit / (loss)		8,759	(13,276)
Dividends provided for or paid		(7,309)	(6,893)
		54,527	53,077

NOTE 24: CAPITAL AND LEASING COMMITMENTS

	Note	2019 $'000	2018 $'000
(a) Finance leasing commitments			
Payable			
not later than one year		-	71
later than one year and not later than five years		-	-
Minimum lease payments		-	71
Less future finance charges		-	(1)
Total finance lease liability		-	70
Represented by:			
Current liability	17	-	70
Non current liability	17	-	-
		-	70

	Note	2019 $'000	2018 $'000
(b) Hire purchase and Chattel mortgage commitments			
Payable			
not later than one year		11,586	4,172
later than one year and not later than five years		8,738	8,406
Minimum hire purchase payments		20,324	12,578
Less future finance charges		(1,247)	(1,029)
Total hire purchase liability		19,077	11,549
Represented by:			
Current liability	17	11,129	3,743
Non current liability	17	7,948	7,806
		19,077	11,549

NOTE 24: CAPITAL AND LEASING COMMITMENTS (CONTINUED)

(c) Operating lease commitments

	2019 $'000	2018 $'000
Non cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable in AUD		
not later than one year	84	161
later than one year and not later than five years	123	117
	207	278
Payable in USD		
not later than one year	144	66
later than one year and not later than five years	431	446
- later than five years	2,666	1,183
	3,241	1,695

General description of operating leasing arrangements:
Operating leases relate to office space, warehouse, USA farm land and office equipment and land with lease terms of between 2 to 35 years. All operating lease contracts contain market review clauses in the event that the Boundary Bend Group exercises any option to renew. The Boundary Bend Group does not have a right to purchase the leased asset at the expiry of the lease period. Each lease consists of an initial fixed term, plus options to extend beyond the initial term (at the option of the consolidated entity). Only the first term of each lease is included in the above commitments.

	Note	2019 $'000	2018 $'000

NOTE 25: CASH FLOW INFORMATION

(a) Reconciliation of cash

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

	Note	2019 $'000	2018 $'000
Cash at bank	8	2,658	1,034

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

	2019 $'000	2018 $'000
Profit/(loss) from ordinary activities after income tax	8,759	(13,276)
Adjustments for non cash items		
Depreciation & amortisation	12,049	10,944
Bad debt expense	(35)	(5)
Stock obsolescence	4	-
(Profit)/loss on sale of assets	106	(74)
Share based payment expense	499	499
Unrealised foreign currency losses/(gains)	(1,580)	(926)
	11,043	10,438
Changes in assets and liabilities		
(Increase) / decrease in receivables	(1,306)	(812)
(Increase) / decrease in prepayments and other assets	(491)	118
(Increase) / decrease in inventories	(34,673)	21,556
Increase in payables	1,308	1,160
(Decrease) / increase in income tax payable	-	2
(Decrease) / increase in deferred taxes	7,885	69
Increase in provisions	232	-
Increase / (decrease) in accrued expenses & other liabilities	7,363	(454)
	(19,682)	21,639
Cash flows provided by operating activities	121	18,801

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

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

NOTE 25: CASH FLOW INFORMATION (CONTINUED)

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

Facility	Currency	Limit $'000	Drawn at 30 Jun 19 $'000	Term
Core Debt	AUD	58,000	58,000	October 2020
Working Capital Debt	AUD	55,000	46,000	October 2020
Domestic Foreign Currency Account Facility	USD	10,500	10,500	October 2020

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

Finance will continue to be provided under the above facilities provided the consolidated entity has not breached any borrowing requirements and the consolidated financial entity meets the required financial ratios. The consolidated entity confirms that it has complied with all borrowing requirements and met the required financial ratios during the year.

NOTE 26: CONTROLLED ENTITIES

	Country of incorporation	Ownership 2019 %	Ownership 2018 %
Parent Entity:			
Boundary Bend Limited	Australia		
Subsidiaries of Boundary Bend Limited:			
Boundary Bend Estate Management Pty Ltd	Australia	100	100
Boundary Bend Estate (Processors) Pty Ltd	Australia	100	100
Boundary Bend Estate Pty Ltd	Australia	100	100
Boundary Bend Olives Pty Ltd	Australia	100	100
Boundary Bend Wellness Pty Ltd	Australia	100	100
Boundary Bend IP Pty Ltd	Australia	100	100
Karee Pty Ltd	Australia	100	100
Boundary Bend Marketing Pty Ltd	Australia	100	100
Olive Management Pty Ltd	Australia	100	100
Cobram Estate Pty Ltd	Australia	100	100
Maqtec Australia Pty Ltd	Australia	100	100
Boundary Bend Assets Pty Ltd	Australia	100	100
Boundary Bend Estate (No. One) Pty Ltd	Australia	100	100
Boundary Bend Estate (No. Two) Pty Ltd	Australia	100	100
Boundary Bend Estate (No. Three) Pty Ltd	Australia	100	100
Boundary Bend Nominees (No. One) Pty Ltd	Australia	100	100
Boundary Bend Nominees (No. Two) Pty Ltd	Australia	100	100
Boundary Bend Nominees (No. Three) Pty Ltd	Australia	100	100
Boundary Bend Olives, Inc.	USA	100	100
Boundary Bend Assets, Inc.	USA	100	100
Boundary Bend, Inc.	USA	100	100
Boundary Bend Wellness, Inc.	USA	100	100

NOTE 27: RELATED PARTY TRANSACTIONS

(a) Trading transactions

During the year, consolidated entities entered into the following trading transactions with related parties that are not members of the consolidated entity. Please note amounts in this note are in $, not rounded to $'000 like the rest of the report.

	Sales of goods/services		Purchase of goods/services	
	2019	2018	2019	2018
	$	$	$	$
R. McGavin	3,497	1,884	-	-
P & F Riordan Family Trust	-	-	4,903	29,421
P & F Riordan Pty Ltd	862	1,576	13,650	18,200
United Retail Group Pty Ltd	-	-		4,323
Riordan Group Pty Ltd	-	-	127,552	71,412
McGavin Investments Pty Ltd	-	-	27,500	20,460
Poligolet Holdings Pty Ltd	7,379	16,011	-	-
Jubilee Park Vineyards Pty Ltd	7,216	8,647	-	-
	18,954	28,118	173,605	143,816

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

	Amounts owed by related parties		Amounts owed to related parties	
	2019	2018	2019	2018
	$	$	$	$
R. McGavin	1,235	712	-	-
P & F Riordan Family Trust	-	-	-	7,355
P & F Riordan Pty Ltd	-	117	-	4,550
United Retail Group Pty Ltd	-	-	-	-
Poligolet Holdings Pty Ltd	-	2,312	-	-
Jubilee Park Vineyards Pty Ltd	-	827	-	-
	1,235	3,968	-	11,905

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Sale of goods and services were made at the consolidated entity's usual list prices. Purchases were made at market price.

NOTE 27: RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Loans to key management personnel

There were no loans to key management personnel of the consolidated group or their related entities in 2019. (2018: Nil)

(c) Transactions with key management personnel compensation

(i) Key management personnel compensation

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

(ii) Key management personnel equity holdings

Fully paid ordinary shares of Boundary Bend Limited:

	Balance at beginning of year No.	Granted as compensation No.	Received upon exercise of options No.	Net other change No.	Balance at end of year No.
2019					
Mr T. A. Jonas	943,498	-	-	-	943,498
Mr C.P. Ball	618,797	-	-	8,736	627,533
Prof. J. West	750,000	-	162,000	-	912,000
Mr R.D. McGavin	12,007,396	-	-	-	12,007,396
Mr P.C. Riordan	3,109,118	-	-	-	3,109,118
Mr L.M. Ravetti	204,764	-	-	(80,000)	124,764
Mr T.F. Smith	270,969	-	-	(66,794)	204,175
Mr M. Bailey	175,583	-	162,000	-	337,583
Mr S. J. Beaton	420,039	-	-	636	420,675
2018					
Mr T. A. Jonas	908,204	-	-	35,294	943,498
Mr C.P. Ball	609,656	-	-	9,141	618,797
Prof. J. West	600,000	-	150,000	-	750,000
Mr R.D. McGavin	12,007,396	-	-	-	12,007,396
Mr P.C. Riordan	3,109,118	-	-	-	3,109,118
Mr L.M. Ravetti	204,764	-	-	-	204,764
Mr T.F. Smith	270,969	-	-	-	270,969
Mr M. Bailey	52,083	-	150,000	(26,500)	175,583
Mr S. J. Beaton	419,374	-	-	665	420,039

NOTE 27: RELATED PARTY TRANSACTIONS (CONTINUED)

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

Share options of Boundary Bend Limited:

	Balance at beginning of year No.	Granted as compen-sation No.	Exercised No.	Lapsed No.	Balance at end of year No.
2019					
Mr T. A. Jonas	-	-	-	-	-
Mr C.P. Ball	41,100	-	-	-	41,100
Prof. J. West	278,100	38,461	(162,000)	-	154,561
Mr R.D. McGavin	-	-	-	-	-
Mr P.C. Riordan	-	-	-	-	-
Mr L.M. Ravetti	1,600,000	-	-	-	1,600,000
Mr T.F. Smith	500,000	-	-	-	500,000
Mr M. Bailey	162,000	38,461	(162,000)	-	38,461
Mr S. J. Beaton	1,000,000	-	-	-	1,000,000
2018					
Mr T. A. Jonas	-	-	-	-	-
Mr C.P. Ball	-	41,100	-	-	41,100
Prof. J. West	387,000	41,100	(150,000)	-	278,100
Mr R.D. McGavin	-	-	-	-	-
Mr P.C. Riordan	-	-	-	-	-
Mr L.M. Ravetti	1,600,000	-	-	-	1,600,000
Mr T.F. Smith	500,000	-	-	-	500,000
Mr M. Bailey	312,000	-	(150,000)	-	162,000
Mr S. J. Beaton	1,000,000	-	-	-	1,000,000

All share options issued to key management personnel are made in accordance with the provision of the employee share option plan.

During the financial year 324,000 options (2018: 300,000) were exercised by key management personnel.

Further details of the employee share option plan and of share options issued during the 2019 and 2018 financial year are contained in Note 31 to the financial statements.

NOTE 28: FAIR VALUE MEASUREMENTS

(a) Fair value hierarchy

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

Year ended 30 June 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements	**$'000**	**$'000**	**$'000**	**$'000**
Non-financial assets				
Land and building at fair value	-	14,001	87,371	101,372
Financial liabilities				
Hedging instruments	-	4,602	-	4,602

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

(b) Transfers between levels

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

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

	Fair value $'000	**Valuation technique**	**Description of valuation technique and inputs used**
Land & Buildings	14,001	Market approach	The consolidated entity's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, plus any subsequent capital improvements. The fair value measurements of the consolidated entity's land & buildings as at 30 June 2019 were performed by CBRE, independent valuers. The valuation was performed using a capitalisation of net income and direct market comparison approach. Based on current market conditions the directors consider that the basis of the independent valuation is appropriate for 30 June 2019, being the fair value at the date of revaluation.
Interest rate swap	4,602	Income approach	The fair value of interest rate swaps is calculated using the present value of the estimated future cash flows based on observable interest rate yield curves.

NOTE 28: FAIR VALUE MEASUREMENTS (CONTINUED)

(d) Reconciliation of recurring level 2 fair value movements

	2019 $'000	2018 $'000
Land and building at fair value		
Opening balance	11,092	11,161
Purchases / additions	1,128	76
Depreciation	(148)	(145)
Revaluation increment	1,929	-
Closing balance	14,001	11,092
Hedging instruments		
Opening balance	1,451	1,244
Total gains and losses recognised in other comprehensive income	3,151	207
Closing balance	4,602	1,451

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

	Fair value $'000	Valuation technique	Description of valuation technique and inputs used
Land & Buildings	87,371	Market approach	The consolidated entity's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, plus any subsequent capital improvements. The fair value measurements of the consolidated entity's land & buildings as at 30 June 2019 were performed by CBRE, independent valuers. The valuation was performed using a Net Present Value of the expected income streams, sum of the parts valuation and direct market comparison approach. Based on current market conditions the directors consider that the basis of the independent valuation is appropriate for 30 June 2019, being the fair value at the date of revaluation.

(f) Reconciliation of recurring level 3 fair value movements

	2019 $'000	2018 $'000
Land and building at fair value		
Opening balance	51,513	37,938
Purchases / additions	12,967	13,618
Depreciation	(444)	(321)
Net foreign currency movements	334	278
Revaluation increment	22,438	-
Reclassication/transfers between groups	563	-
Closing balance	87,371	51,513

NOTE 29: FINANCIAL RISK MANAGEMENT

Capital risk management

The consolidated entity manages its capital to ensure that entities within the consolidated entity will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the consolidated entity consists of debt, which includes the borrowings disclosed in Note 17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 21, 22 and 23 respectively.

Operating cash flows are used to maintain and expand the consolidated entity's net asset position, as well as to make the normal outflows of tax, dividend and interest obligations. The consolidated entity's policy is to borrow centrally, using a variety of borrowing facilities, to meet anticipated funding requirements.

Gearing Ratio

The Board of Directors regularly review the capital structure of the business, based on information provided from monthly management reporting. The consolidated entity has a benchmark gearing ratio calculated as the ratio of total external debt to tangible assets. As at year end, the consolidated entity was below the said benchmark.

	2019 $'000	2018 $'000
Total External Debt	138,051	89,802
Less: Cash and Cash Equivalents	(2,658)	(1,034)
Net External Debt	135,393	88,768
Total Assets	402,549	301,252
Less: Intangible Assets	(6,678)	(6,678)
Tangible Assets	395,871	294,574
Gearing Ratio	34.20%	30.13%

The consolidated entity monitors and manages the financial risks relating to the operations of the consolidated entity throughout the year at meetings of the Board of Directors and key management personnel.

An annual risk review involving all areas of the business is conducted with a report and recommendations presented to the board at the conclusion of the review. The consolidated entity has, to date, identified the following financial risks:
(a) Currency risk
(b) Interest rate risk
(c) Credit risk
(d) Liquidity risk
(e) Fair values

The Board of Directors have overall responsibility for identifying and managing operational and financial risks.

The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposing the consolidated entity to the risk of exchange rate fluctuations. The consolidated entity's policy is to trade in stable currencies which are actively traded in local and world markets to reduce the risk of strongly adverse movements in exchange rates.

NOTE 29: FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Currency risk

It is the policy of the consolidated entity to continually monitor its currency risk, which may include entering into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates to reduce this risk. The objective in entering the forward exchange contracts is to protect the consolidated entity against unfavourable exchange rate movements for both the contracted and anticipated future sales and purchases undertaken in foreign currencies.

At reporting date the carrying amount in AUD of the consolidated entities external monetary assets denominated in foreign currencies were as follows:

	Assets		**Liabilities**	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
European Euros	-	138	4,231	2,087
US dollars	4,409	1,362	20,124	16,907

Sensitivity

The consolidated entity is mainly exposed to European Euros (EUR), US dollars (USD) and Argentinean pesos (ARS). Contracts for sale of olive oil to the international market are generally denominated in EUR. Contracts for the sale of olive oil are also entered into in USD when selling to the US market. The exposure to ARS is as a result of the consolidated entity's investment in land suitable for the establishment of an olive grove in Argentina. A subsidiary of the consolidated entity, Boundary Bend Estate Pty Ltd, that owns this land, has been determined to have a functional currency of ARS at balance date. The US based entities (Boundary Bend Olives, Inc; Boundary Bend Assets, Inc.; Boundary Bend Wellness, Inc.; and Boundary Bend, Inc.) have a functional currency of USD. Exposure to all other foreign currencies is incidental to the trading of the consolidated entity and the effect of movements in the exchange rates with these foreign currencies is considered immaterial.

The table set out below shows the impact that a 10% increase or decrease in the Australian dollar against the relevant foreign currency would have on the financial statements at reporting date. A positive number indicates an increase in profit or other equity where the Australian dollar strengthens against the foreign currency. A weakening of the Australian dollar against the respective foreign currencies would result in an equal and opposite impact on the financial statements. The stipulated movement for the sensitivity analysis of 10% has been chosen as it represents what may occur in any financial year.

	2019	**2018**
+ / 10% United States dollars	**$'000**	**$'000**
Impact on profit before tax	1,571	1,555
Impact on equity	937	148
+ / 10% Argentinean pesos		
Impact on profit before tax	-	-
Impact on equity	120	20
+ / 10% European euros		
Impact on profit before tax	423	195
Impact on equity	-	-

NOTE 29: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk

The consolidated entity is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, because the consolidated entity borrows funds at both fixed and floating interest rates.

The consolidated entity manages its interest costs using a mix of fixed and floating rate debt. The consolidated entity has fixed a certain amount of debt with the remaining balance financed via a variable interest rate. The consolidated entity has fixed a portion of the floating rate debt by entering into interest rate swaps.

The consolidated entity's exposures to interest rates on financial assets and liabilities are detailed in the liquidity risk management section of this note.

Sensitivity

The following sensitivity analysis has been determined based on the consolidated entity's exposure to long term debt obligations. Changes in interest rates would also have an effect on the interest received by the consolidated entity, however, this effect is considered immaterial for the purpose of the sensitivity analysis.

The analysis has been conducted based on a 100 basis point change (1.00%), either up or down, in the prevailing interest rate at the end of the financial year applied to outstanding debt obligations at reporting date. A 100 basis point sensitivity has been used for the analysis as this is deemed a reflective basis point variance given recent market conditions.

Taking into consideration the variable interest rate instruments at reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the consolidated entity's net profit would decrease/increase:

	2019	**2018**
+ / 1% interest rate	**$'000**	**$'000**
Impact on profit before tax	890	482

(c) Credit risk

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

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

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

NOTE 29: FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the consolidated entity's short, medium and long term funding and liquidity management requirements. The Consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated entity can be required to pay. The tables below include the weighted average effective interest rate.

Year ended 30 June 2019	Weighted average effective interest rate	< 6 months	6 - 12 months	> 12 months	Total
	%	$'000	$'000	$'000	$'000
Financial assets:					
Non interest bearing assets	0.00	17,542	-	-	17,542
Variable interest rate instruments					
- Cash	0.02	2,658	-	-	2,658
- Amounts receivable from directors and key management personnel	0.00	-	-	96	96
Financial liabilities:					
Non interest bearing liabilities	0.00	26,154	-	-	26,154
Variable interest rate instruments					
- Bank loans	3.26	-	-	88,974	88,974
Fixed interest rate instruments					
- Bank loans	4.93	-	-	30,000	30,000
- Hire Purchase/Chattel Mortgage liability	4.58	3,686	7,443	7,948	19,077
Year ended 30 June 2018					
Financial assets:					
Non interest bearing assets	0.00	15,316	-	-	15,316
Variable interest rate instruments					
- Cash	0.00	1,034	-	-	1,034
- Amounts receivable from directors and key management personnel	0.00	-	-	91	91
Financial liabilities:					
Non interest bearing liabilities	0.00	17,881	-	-	17,881
Variable interest rate instruments					
- Bank loans	3.62	-	-	48,183	48,183
Fixed interest rate instruments					
- Bank loans	4.93	-	-	30,000	30,000
- Finance lease liability	6.24	70	0	-	70
- Hire Purchase/Chattel Mortgage liability	4.43	2,337	1,406	7,806	11,549

NOTE 29: FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values

The fair value of financial assets and financial liabilities approximates their carrying values as disclosed in the statement of financial position and notes to the financial statements.

NOTE 30: CONSOLIDATED ENTITY DETAILS

The registered office of the consolidated entity is:

151 Broderick Road
LARA VICTORIA 3212

NOTE 31: SHARE BASED PAYMENTS

(a) Employee option plan

The consolidated entity has an ownership based compensation scheme for employees, officers and consultants.

Each option converts into one ordinary share of Boundary Bend Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

NOTE 31: SHARE BASED PAYMENTS (CONTINUED)

Details of the options granted are provided below:

Grant date	Vesting Date	Expiry date	Exercise price	Fair value at grant date	Balance at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Exercisable at end of the year
2019										
01-May-14**	****	01-May-20	$2.50	$2.40	300,000	-	-	-	300,000	250,000
10-Nov-14	10-Nov-21	10-Nov-24	$4.00	$3.30	3,100,000	-	-	-	3,100,000	-
01-Feb-15	****	31-Mar-20	$3.80	$3.30	400,000	-	-	-	400,000	350,000
23-Oct-15	24-Oct-15	24-Oct-18	$3.80	$3.30	324,000	-	(324,000)	-	-	-
31-Jan-16	31-Jan-21	31-Mar-21	$3.80	$3.30	200,000	-	-	-	200,000	-
11-Jul-16	11-Jul-23	11-Jul-23	$4.25	$3.70	200,000	-	-	-	200,000	-
15-Dec-16	16-Dec-16	15-Dec-19	$7.50	$7.00	75,000	-	-	-	75,000	75,000
27-Apr-17	01-Jul-22	01-Aug-22	$9.00	$8.00	50,000	-	-	(50,000)	-	-
27-Apr-17	01-Jul-24	01-Aug-24	$9.00	$8.00	100,000	-	-	-	100,000	-
01-May-17	****	01-Aug-24	$9.00	$8.00	250,000	-	-	-	250,000	53,750
15-Dec-17	16-Dec-17	15-Dec-20	$8.00	$8.00	82,200	-	-	-	82,200	82,200
19-Sep-18	19-Aug-23	19-Sep-23	$9.00	$8.50	-	190,000	-	-	190,000	-
15-Dec-18	16-Dec-18	15-Dec-21	$8.50	$8.50	-	76,922	-	-	76,922	76,922
22-Mar-19	16-Feb-26	22-Mar-26	$9.00	$8.50	-	110,000	-	-	110,000	-
					5,081,200	376,922	(324,000)	(50,000)	5,084,122	887,872
Weighted average exercise price:					$4.39	$8.90	$3.80	$9.00	$4.72	$4.86
2018										
01-May-14**	****	01-May-20	$2.50	$2.40	300,000	-	-	-	300,000	200,000
10-Nov-14	10-Nov-21	10-Nov-24	$4.00	$3.30	3,100,000	-	-	-	3,100,000	-
09-Dec-14	10-Dec-14	09-Dec-17	$3.80	$3.30	300,000	-	(300,000)	-	-	-
01-Feb-15	****	31-Mar-20	$3.80	$3.30	400,000	-	-	-	400,000	300,000
23-Oct-15	24-Oct-15	24-Oct-18	$3.80	$3.30	324,000	-	-	-	324,000	324,000
31-Jan-16	31-Jan-21	31-Mar-21	$3.80	$3.30	200,000	-	-	-	200,000	-
11-Jul-16	11-Jul-23	11-Jul-23	$4.25	$3.70	200,000	-	-	-	200,000	-
15-Dec-16	16-Dec-16	15-Dec-19	$7.50	$7.00	75,000	-	-	-	75,000	75,000
27-Apr-17	01-Jul-22	01-Aug-22	$9.00	$8.00	50,000	-	-	-	50,000	-
27-Apr-17	01-Jul-24	01-Aug-24	$9.00	$8.00	100,000	-	-	-	100,000	-
01-May-17	****	01-Aug-24	$9.00	$8.00	250,000	-	-	-	250,000	14,500
15-Dec-17	16-Dec-17	15-Dec-20	$8.00	$8.00	-	82,200	-	-	82,200	82,200
					5,299,000	82,200	(300,000)	-	5,081,200	995,700
Weighted average exercise price:					$4.31	$8.00	$3.80	$0.00	$4.39	$4.24

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

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

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

NOTE 31: SHARE BASED PAYMENTS (CONTINUED)

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

There were 376,922 options granted during the year (2018: 82,200). Options were priced using the Black-Scholes option pricing model. Expected volatility is based on relevant industry benchmark, as the consolidated entity does not have an reasonable measure of its own volatility.

	Options series		
Inputs into the model	**19-Sep-18**	**15-Dec-18**	**22-Mar-19**
Number of options issued	190,000	76,922	110,000
Exercise price	$9.00	$8.50	$9.00
Fair value per option	$1.83	$1.56	$2.04
Grant date share price	$8.50	$8.50	$8.50
Expected volatility	27%	27%	27%
Option life	5	3	7
Dividend yield	1.41%	1.41%	1.41%
Risk-free interest rate	2.33%	1.98%	1.67%

(c) Share options exercised during the year

- 162,000 options granted on 23 October 2015 were exercised on 19 October 2018
- 162,000 options granted on 23 October 2015 were exercised on 27 December 2018

(d) Options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of $4.72 (2018: $4.39), and a weighted average remaining contractual life of 1,571 days (2018: 1,818 days).

NOTE 32: DIVIDENDS

	2019 $'000	2018 $'000
Dividends declared and paid at $0.12 per share unfranked (2018: $0.12 per share partially franked)	7,309	6,893
Balance of franking account on a tax paid basis at financial year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years:	9	9

NOTE 33: PARENT ENTITY DETAILS

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

(a) Summarised parent statement of financial position

	2019 $'000	2018 $'000
Assets		
Current assets	106	65
Non current assets	170,501	130,141
Total assets	170,607	130,206
Liabilities		
Current liabilities	4,727	1,629
Non current liabilities	118,974	78,183
Total liabilities	123,701	79,812
Net assets	46,906	50,394
Equity		
Share capital	112,504	109,850
Retained earnings	(64,298)	(59,982)
Reserves	-	-
Share based payments reserve	1,922	1,542
Cash flow hedge reserve	(3,222)	(1,016)
Total equity	46,906	50,394

(b) Summarised parent statement of comprehensive income

	2019 $'000	2018 $'000
Profit/(loss) for the year	2,993	2,481
Other comprehensive income for the year	(2,204)	17
Total comprehensive income for the year	789	2,498

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

(d) Parent entity contingent liabilities
There are no contingent liabilities as at 30 June 2019.

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

NOTE 34: CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2019.

NOTE 35: KEY MANAGEMENT PERSONNEL COMPENSATION

Details of key management personnel
The directors and other members of key management personnel of the consolidated entity during the year were:

R.D. McGavin (Executive Chairman)
P.C. Riordan (Executive Director)
L.M. Ravetti (Technical Director)
T.A. Jonas (Non-executive Director)
C.P. Ball (Non-executive Director)
J. West (Non-executive Director)
T.F. Smith (Innovation and Value-Adding Director)
M. Bailey (Non-executive Director)
S.J. Beaton (Company Secretary, Chief Financial Officer, Chief Operating Officer)

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

	2019 $	20108 $
Compensation received by key management personnel of the consolidated entity:		
- short-term employee benefits	2,329,188	1,978,318
- post-employment benefits	90,441	95,750
- share based payments	233,338	233,378
	2,652,967	2,307,446

NOTE 36: SUBSEQUENT EVENTS

The price of allocation water used to water our Australian Olive Groves continues to trade at very high historical levels. Refer to the Executive Chairman's report for further commentary. There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidate entity in future financial years.

NOTE 37: COMMITMENTS FOR EXPENDITURE

At 30 June 2019 there were the following commitments for capital expenditure:

- Land & Buildings	$5.4 million
- Plant & Equipment	$0.1 million
- Furniture & Fittings	$0.2 million

DIRECTORS' DECLARATION

The directors of the consolidated entity declare that:

1. The financial statements and notes, as set out on pages 38 - 87, are in accordance with the *Corporations Act 2001* :

   (a) comply with Accounting Standards in Australia and the Corporations Regulations 2001; and

   (b) as stated in Note 1, the financial statements also comply with International Financial Reporting Standards; and

   (c) give a true and fair view of the financial position as at 30 June 2019 and performance for the year ended on that date of the consolidated entity.

2. In the directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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

Director: ______________________

Robert McGavin

Director: ______________________

Tim Jonas

Dated this 20 September 2019

Deloitte.

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Boundary Bend Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss, consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Company and Group's financial position as at 30 June 2019 and of their financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

Deloitte.

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

Report on Other Legal and Regulatory Requirements

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 31 to 35 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Boundary Bend Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of Boundary Bend Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Rachel Smith
Partner
Chartered Accountants
Melbourne, 20 September 2019