



**Cobram Estate Olives
Limited and controlled
entities**

**(Formerly known as Boundary
Bend Limited)**

ABN 32 115 131 667

ASX Appendix 4E

For the year ended 30 June 2021

**COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
(FORMERLY KNOWN AS BOUNDARY BEND LIMITED)
ABN 32 115 131 667**

Appendix 4E Preliminary Final Report

Corporate Directory

30 June 2021

Directors	Mr. Robert McGavin (Chairman) Mr. Paul Riordan Mr. Leandro Ravetti Mr. Tim Jonas Mr. Craig Ball Mr. Jonathan West Mr. Timothy Smith (resigned 18 March 2021) Mr. Matthew Bailey (resigned 4 May 2021) Mr. Alan Hilburg (resigned 7 December 2020) Mr. Samuel Beaton Ms. Joanna McMillan (appointed 21 May 2021)
Company secretary	Samuel Beaton (resigned 27 May 2021) Russell Dmytrenko (appointed 28 May 2021)
Registered office	151 Broderick Road LARA VICTORIA 3212
Principal place of business	151 Broderick Road LARA VICTORIA 3212
Auditor	Deloitte Touche Tohmatsu 477 Collins Street, Melbourne VIC, 3000, Australia
Stock exchange listing	Cobram Estate Olives Ltd shares are listed on the Australian Securities Exchange (ASX code: CBO)

**COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
(FORMERLY KNOWN AS BOUNDARY BEND LIMITED)
ABN 32 115 131 667**

Appendix 4E Preliminary Final Report

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Appendix 4E Preliminary final report

Name of entity

Cobram Estate Olives Limited

ABN or equivalent company reference: 32 115 131 667

1. Reporting period

Report for the financial year ended 30 June 2021
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Previous corresponding year 30 June 2020
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2. Results for announcement to the market

(All amounts in this report are expressed in A\$'000 unless otherwise stated)

Revenues from ordinary activities (<i>item 2.1</i>)	Down	0.50 % to	\$139,950
Profit from continuing ordinary activities after tax attributable to members (<i>item 2.2</i>)	Up	199.8% to	\$32,647
Net profit for the period attributable to members (<i>item 2.3</i>)	Up	199.8% to	\$32,647
Dividends (<i>item 2.4</i>)	Amount per security	Franked amount per security	
Final dividend	Not applicable	Not applicable	
Previous corresponding period	Not applicable	Not applicable	
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	Not applicable		

3. Preliminary Statement of Comprehensive Income (*item 3*)

Refer to the attached Financial Report.

4. Preliminary Statement of Financial Position (*item 4*)

Refer to the attached Financial Report.

5. Preliminary Statement of Cash Flows (*item 5*)

Refer to the attached Financial Report.

6. Preliminary Statement of Retained Earnings (*item 6*)

Refer to the attached Financial Report.

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7. Dividends (item 7)

Interim Dividend – year ended 30 June 2021

Date of payment	Total amount of dividend
Not applicable	Not applicable

Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign sourced dividend
Total dividend: Current year	Not applicable	Not applicable	Not applicable
Previous period	Not applicable	Not applicable	Not applicable

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (each class separately)	Not applicable	Not applicable
Preference securities (each class separately)	Not applicable	Not applicable
Other equity instruments (each class separately)	Not applicable	Not applicable
Total	Not applicable	Not applicable

8. Details of dividend or distribution reinvestment plans in operation are described below (item 8)

The Company intends to pay a 3.3 cent per share dividend in November/December 2021. The Company is likely to offer shareholders a Dividend Reinvestment Plan (DRP). Further details of this dividend and the DRP will be announced at the Company's Annual General Meeting on 29 October 2021.

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

REFER ABOVE

**COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
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9. Net tangible assets per security (item 9)

	Current period*	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.47	\$0.38

*Includes Right-of-Use Assets and lease liabilities in accordance with AASB 16 Leases. For comparability the previous corresponding period has been adjusted to reflect the 6:1 share split performed in the current period. The net tangible asset backing per ordinary share for the previous corresponding period was \$2.27 prior to the share split.

10. Details of entities over which control has been gained or lost during the period (item 10)

Control gained over entities

Name of entities (item 10.1)	Not applicable
Date(s) of gain of control (item 10.2)	Not applicable
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 10.3)	Not applicable
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 10.3)	Not applicable

Loss of control of entities

Name of entity (item 10.1)	Not applicable
Date(s) of loss of control (item 10.2)	Not applicable
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period on which control was lost (item 10.3)	Not applicable
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 10.3)	Not applicable

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11. Details of associates and joint venture entities (*item 11*)

Name of associates or joint venture entities (<i>item 11.1</i>)	Not applicable
Details of reporting entity's percentage holdings in each of these entities (<i>item 11.2</i>)	Not applicable
Contribution to consolidated profit (loss) from ordinary activities after tax by those entities (<i>item 11.3</i>)	Not applicable
Profit (loss) from ordinary activities after tax of those entities for the whole of the previous corresponding period (<i>item 11.3</i>)	Not applicable

12. Significant information relating to the entity's financial performance (*item 12*)

Cobram Estate Olives' production profile should be assessed on the average of two-years' production. Olive trees naturally bear fruit in biennial cycles. A higher yielding crop one year followed by a lower yielding crop the next.

Refer to attached investor presentation for actual performance.

13. Set of Accounting Standards used to compile the report (*item 13*)

The financial information provided in this report (Appendix 4E) is based on Australian Accounting Standards.

The preliminary financial accounts (attached) were prepared in accordance with Australian Accounting Standards.

14. Commentary on the results for the period (*item 14*)

Refer to attached investor presentation.

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15. Statement on whether the report is based on audited financial accounts *(item 15)*

This report (Appendix 4E) is based on financial accounts that are currently being audited.

16. Financial accounts have been audited *(item 16 and 17)*

The audit for the financial accounts is currently in progress.



Date: 26 August 2021

Sam Beaton

Join-CEO and Executive Director

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
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ABN 32 115 131 667

PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
Total Revenue and Other Income			
Sales revenue	3	139,950	140,652
Other income	3	2,191	2,163
Net change in fair value of agricultural produce	3	65,011	(11,050)
		<u>207,152</u>	<u>131,765</u>
Expenses			
Cost of sales	4	(121,176)	(125,718)
Administration expenses		(13,920)	(17,059)
Distribution expenses		(5,927)	(6,528)
Marketing expenses		(8,843)	(14,385)
Occupancy expenses		(2,369)	(2,370)
Finance costs	4	(4,743)	(5,360)
Other expenses		(784)	(575)
		<u>(157,762)</u>	<u>(171,995)</u>
(Loss)/profit before income tax		49,390	(40,230)
Income tax (expense)/benefit	5	(16,743)	7,530
(Loss)/profit from continuing operations		<u>32,647</u>	<u>(32,700)</u>
(Loss)/profit for the year		<u>32,647</u>	<u>(32,700)</u>
 (Loss)/profit is attributable to:			
Owners of Cobram Estate Olives Limited and controlled entities		<u>32,647</u>	<u>(32,700)</u>
		<u><u>32,647</u></u>	<u><u>(32,700)</u></u>

The accompanying notes form part of these financial statements.

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
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PRELIMINARY CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$'000	\$'000
(Loss)/profit for the year	32,647	(32,700)
Other comprehensive (loss)/income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(3,348)	(447)
Changes in fair value of cash flow hedges	3,017	(2,512)
Changes in deferred tax recognised in equity	(905)	754
Other comprehensive (loss)/income for the year	<u>(1,236)</u>	<u>(2,205)</u>
Total comprehensive (loss)/income for the year	<u>31,411</u>	<u>(34,905)</u>
Total comprehensive (loss)/income for the year is attributable to:		
Owners of Cobram Estate Olives Limited and controlled entities	<u>31,411</u>	<u>(34,905)</u>
	<u><u>31,411</u></u>	<u><u>(34,905)</u></u>
Earnings/ (Loss) per share		
From continuing operations		
Basic	<u>0.09</u>	<u>(0.09)</u>
Diluted	<u>0.08</u>	<u>(0.09)</u>

The accompanying notes form part of these financial statements.

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
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PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6	1,175	3,767
Trade and other receivables	7	24,758	14,565
Inventory	8	104,691	62,823
Biological assets	10	2,966	1,621
Current tax assets	5	154	-
Other assets	9	2,019	3,226
Total current assets		<u>135,763</u>	<u>86,002</u>
Non-current assets			
Other receivables	7	10,400	218
Other financial assets		10	9
Intangible assets	11	6,677	6,678
Property, plant and equipment	12	290,877	292,188
Right-of-use assets	13	4,867	5,489
Total non-current assets		<u>312,831</u>	<u>304,582</u>
Total assets		<u>448,594</u>	<u>390,584</u>
Current liabilities			
Trade and other payables	14	24,878	25,017
Lease liabilities	15	189	208
Borrowings	16	3,795	4,907
Provisions	17	1,833	1,784
Current tax liabilities	5	-	6
Other financial liabilities	18	974	973
Other liabilities	19	2,177	5,913
Total current liabilities		<u>33,847</u>	<u>38,808</u>
Non-current liabilities			
Lease liabilities	15	4,880	5,358
Borrowings	16	161,832	158,760
Provisions	17	141	117
Deferred tax liabilities	5(d)	50,923	33,282
Other financial liabilities	18	3,123	6,143
Other liabilities	19	3,237	2,026
Total non-current liabilities		<u>224,135</u>	<u>205,686</u>
Total liabilities		<u>257,982</u>	<u>244,494</u>
Net assets		<u>190,612</u>	<u>146,090</u>
Equity			
Share capital	20	127,745	114,211
Reserves	21	8,403	10,252
Retained earnings	22	54,464	21,627
Total equity		<u>190,612</u>	<u>146,090</u>

The accompanying notes form part of these financial statements.

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
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PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	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 2019	112,504	17,137	(3,103)	1,922	(3,222)	54,527	179,765
Loss for the year	-	-	-	-	-	(32,700)	(32,700)
Other comprehensive profit/(loss) for the year	-	-	-	-	(1,758)	-	(1,758)
Exchange differences arising on translation of foreign operations	-	-	(445)	(2)	-	-	(447)
Total comprehensive loss for the year	-	-	(445)	(2)	(1,758)	(32,700)	(34,905)
Transactions with owners in their capacity as owners:							-
Proceeds from share issue / options exercised	1,520	-	-	-	-	-	1,520
Issue of shares under dividend reinvestment plan	-	-	-	-	-	-	-
Dividends provided for or paid	-	-	-	-	-	-	-
Options exercised (transfer from reserve)	187	-	-	(187)	-	-	-
Expired/cancelled options (transfer from reserve)	-	-	-	(488)	-	(200)	(688)
Share based payments expense	-	-	-	398	-	-	398
Total transactions with owners in their capacity as owners	1,707	-	-	(277)	-	(200)	1,230
Balance at 30 June 2020	114,211	17,137	(3,548)	1,643	(4,980)	21,627	146,090
Profit for the year	-	-	-	-	-	32,647	32,647
Other comprehensive profit/(loss) for the year	-	-	-	-	2,112	-	2,112
Exchange differences arising on translation of foreign operations	-	-	(3,348)	(4)	-	-	(3,352)
Total comprehensive loss for the year	-	-	(3,348)	(4)	2,112	32,647	31,407
Transactions with owners in their capacity as owners:							-
Proceeds from share issue / options exercised	12,400	-	-	-	-	-	12,400
Issue of shares under dividend reinvestment plan	-	-	-	-	-	-	-
Dividends provided for or paid	-	-	-	-	-	-	-
Options exercised (transfer from reserve)	1,134	-	-	(1,134)	-	-	-
Expired/cancelled options (transfer from reserve)	-	-	-	(190)	-	190	-
Share based payments expense	-	-	-	715	-	-	715
Total transactions with owners in their capacity as owners	13,534	-	-	(609)	-	190	13,115
Balance at 30 June 2021	127,745	17,137	(6,896)	1,030	(2,868)	54,464	190,612

The accompanying notes form part of these financial statements.

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
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PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers		135,807	133,579
Payments to suppliers and employees		<u>(113,703)</u>	<u>(120,546)</u>
Cash generated from operations		<u>22,104</u>	<u>13,033</u>
Interest received		-	-
Borrowing costs		(5,440)	(5,988)
Interest paid for leases		(178)	(49)
Income tax payments		<u>(167)</u>	<u>(6)</u>
Net cash provided by operating activities	24 (b)	<u>16,319</u>	<u>6,990</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		125	738
Payments for property, plant and equipment		<u>(19,091)</u>	<u>(24,982)</u>
Net cash used in investing activities		<u>(18,966)</u>	<u>(24,244)</u>
Cash flows from financing activities			
Proceeds from share issue	20(a)	-	1,520
Proceeds from borrowings		15,500	29,250
(Repayment) of borrowings		(15,231)	(12,136)
Payment for leases		(213)	(271)
Dividends paid to shareholders		<u>-</u>	<u>-</u>
Net cash provided by financing activities		<u>55</u>	<u>18,363</u>
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		3,767	2,658
Net increase/(decrease) in cash and cash equivalents		<u>(2,592)</u>	<u>1,109</u>
Cash and cash equivalents at the end of the year	24 (a)	<u><u>1,175</u></u>	<u><u>3,767</u></u>

The accompanying notes form part of these financial statements.

**COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Information

The following notes are disclosed to assist with understanding the preliminary financial report and are not intended to include all notes that will accompany the audited financial statements.

This preliminary financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of the business. During the period the entity incurred a profit of \$32,647,000 (FY20: loss of \$32,700,000) and had net cash inflow generated from operations of \$22,079,000 (FY20: \$13,033,000). As at 30 June 2021 the entity had cash and cash equivalents of \$1,175,000 (FY20: \$3,767,000).

The financial report is for the entity Cobram Estate Olives Limited and controlled entities as an individual entity. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Cobram Estate Olives 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).

In the current environment, Cobram Estate Olives Limited has considered the probability of future restrictions across Australia when measuring assets and liabilities and undertaking going concern assessments given the impact COVID-19 has had on the community.

(b) 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.

**COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Income tax (continued)

Tax Consolidation (continued)

• 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.

(c) Leases

The Consolidated Entity as lessee

The consolidated entity assesses whether a contract is or contains a lease, at inception of the contract. The consolidated entity recognises a right-of-use asset and a corresponding lease liability is recognised, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the consolidated entity recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the consolidated entity uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The consolidated entity remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used) .
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The consolidated entity did not make any such adjustments during the periods presented.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Leases (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the consolidated entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The consolidated entity applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

The Consolidated Entity as lessor

The consolidated entity enters into lease agreements as a lessor with respect to some of its properties. Leases for which the consolidated entity is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the consolidated entity's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the consolidated entity's net investment outstanding in respect of the leases.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue and Other Income

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.

Other Income

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

Rent income 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 income is recognised when the right to receive the income has been established.

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

(e) 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.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

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

Property

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 capitalised 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

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**NOTES TO FINANCIAL STATEMENTS
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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment (continued)

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.

(g) 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.

(h) 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.

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.

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.

(i) 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 Cobram Estate Olives Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

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

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

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**NOTES TO FINANCIAL STATEMENTS
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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

(j) 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 of production, inclusive of selling costs less allowance for loss 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(f).

(k) 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.

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**NOTES TO FINANCIAL STATEMENTS
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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

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.

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 consolidated entity, 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 consolidated entity derecognises financial liabilities when, and only when, the consolidated entity'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.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

(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.

(l) 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.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: SEGMENT REPORTING

Segment products and locations

The segment reporting reflects the way information is reported internally to the joint Chief Executive Officers (CEO's) 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 joint CEO's is referenced in the following table:

	Olive oil				Innovation & Value-add		Eliminations & Corporate		Total Operations	
	Australian Operations		USA Operations		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000						
Revenue and other Income										
Total revenue from external customers	99,193	108,560	38,886	29,941	1,872	2,151	-	-	139,950	140,652
Intersegment revenue	1,948	6,542	-	-	277	395	(2,225)	(6,937)	-	-
Total segment revenue	101,141	115,102	38,886	29,941	2,149	2,546	(2,225)	(6,937)	139,950	140,652
Other income	1,672	1,661	398	391	121	111	-	-	2,191	2,163
Net change in fair value of agricultural produce	65,011	(11,050)	-	-	-	-	-	-	65,011	(11,050)
Total revenue and other income	167,823	105,713	39,283	30,332	2,270	2,657	(2,225)	(6,937)	207,152	131,765
EBITDA	75,116	(2,947)	526	(8,100)	(5,306)	(8,619)	-	-	70,336	(19,666)
Depreciation/amortisation of segment assets	(14,102)	(12,856)	(1,967)	(2,188)	(135)	(160)	-	-	(16,204)	(15,204)
EBIT	61,014	(15,803)	(1,441)	(10,288)	(5,440)	(8,779)	-	-	54,133	(34,870)
Finance costs	-	-	-	-	-	-	(4,743)	(5,360)	(4,743)	(5,360)
Profit / (loss) before income tax	61,014	(15,803)	(1,441)	(10,288)	(5,440)	(8,779)	(4,743)	(5,360)	49,390	(40,229)
Segment assets (excl intercompany)	382,335	315,997	63,299	70,367	2,961	4,234	-	(13)	448,594	390,585
Segment liabilities (excl intercompany)	26,982	22,958	12,545	20,018	240	1,444	218,215	200,074	257,982	244,494
Capital expenditure	14,550	21,899	4,360	10,798	1	192	-	-	18,912	32,889

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**NOTES TO FINANCIAL STATEMENTS
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NOTE 2: SEGMENT REPORTING (CONTINUED)

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 individual reportable segments; and all liabilities are allocated to reportable segments other than borrowings, other financial liabilities, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

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**NOTES TO FINANCIAL STATEMENTS
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	2021 \$'000	2020 \$'000
NOTE 3: REVENUE AND OTHER INCOME		
Sale of goods	139,950	140,652
Other income:		
Management/service fees	345	329
Rental income	348	368
Interest income	127	-
Freight income	174	266
Other income	339	346
Unrealised foreign currency gains	31	779
Subsidies and grants *	827	75
	<u>2,191</u>	<u>2,163</u>
Fair value adjustments:		
Net (decrease) / increase in fair value of agricultural produce	65,011	(11,050)
	<u>207,152</u>	<u>131,765</u>
* Includes \$690k relating to COVID-19 subsidies and grants, predominately relating to the partial reimbursement of abnormal costs incurred during the Australian 2020 harvest to help minimise the risk of a COVID-19 outbreak during this critical period.		
NOTE 4: PROFIT/(LOSS) BEFORE INCOME TAX		
Profit/(loss) before income tax has been determined after:		
Cost of sales	121,176	125,718
Finance costs:		
Interest expense	2,717	3,397
Borrowing costs	1,732	1,706
Chattel mortgage charges	133	208
Lease charges	161	49
	<u>4,743</u>	<u>5,360</u>
Depreciation & Amortisation:		
Buildings	1,030	1,032
Plant and equipment	6,718	6,424
Irrigation Assets	974	982
Bearer Plants	6,077	5,500
Motor vehicles	831	684
Office furniture and equipment	178	199
Furniture and fittings	57	49
Leases	339	334
	<u>16,204</u>	<u>15,204</u>
Expected credit losses on trade debtors	103	175
Employee benefits:		
Share based payments	715	398
Defined contribution superannuation expense	1,512	1,634
Salaries and Wages	20,315	21,439
	<u>22,542</u>	<u>23,471</u>
Loss on sale of property plant and equipment	68	69

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**NOTES TO FINANCIAL STATEMENTS
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	2021	2020
	\$	\$
NOTE 4: PROFIT/(LOSS) BEFORE INCOME TAX (CONTINUED)		
Deloitte and related network firms		
Audit or review of financial reports:		
- Group	145,750	87,951
- Subsidiaries and joint operations	101,833	43,449
	<u>247,583</u>	<u>131,400</u>
Other services:		
- IPO related services	220,000	-
	<u>467,583</u>	<u>131,400</u>

The auditor of Cobram Estate Olives Limited is Deloitte Touche Tohmatsu.

	2021	2020
	\$'000	\$'000
NOTE 5: INCOME TAX		
(a) Components of tax expense		
Current tax	7	6
Deferred tax	16,665	(7,530)
(Over) / Under provision in prior years	71	(6)
	<u>16,743</u>	<u>(7,530)</u>
(b) Prima facie tax payable		
The prima facie tax payable on profit / (loss) is reconciled to the income tax expense as follows:		
Prima facie income tax (benefit) / expense at 30% (2020: 30%)	14,817	(12,069)
Add tax effect of:		
- Other non-allowable items	(235)	149
- Offshore tax losses not brought to account	1,862	4,074
- Share based payments	214	119
- Under provision in prior years	71	-
- Difference in overseas tax rates	238	498
	<u>2,150</u>	<u>4,840</u>
Less tax effect of:		
- Research and development deductions	(224)	(295)
- Over provision in prior years	-	(6)
	<u>(224)</u>	<u>(301)</u>
Income tax (benefit)/expense attributable to profit / (loss)	<u>16,743</u>	<u>(7,530)</u>
(c) Current tax		
<i>Current tax liabilities</i>		
Opening balance	6	5
Income tax	7	6
Tax payments	(167)	(5)
Current tax liabilities / (assets)	<u>(154)</u>	<u>6</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 5: INCOME TAX (CONTINUED)

(d) Deferred tax balances

	Opening balance \$'000	Recognised in profit or loss \$'000	Recognised directly in equity \$'000	Closing balance \$'000
2020				
<i>Deferred tax asset</i>				
Employee benefits	464	101	-	565
Impairment of goodwill	2,504	-	-	2,504
Capital raising costs	99	(33)	-	66
Expected credit losses	8	21	-	29
Inventory	-	3,463	-	3,463
Cash flow hedge	1,380	-	754	2,134
Other	1,562	163	-	1,725
Tax losses brought to account	3,333	(3,281)	-	52
	9,350	434	754	10,538
<i>Deferred tax liability</i>				
The balance comprises:				
Leases	107	892	-	999
Inventory	8,325	(8,325)	-	-
Property, plant & equipment	41,104	1,042	-	42,146
Unrealised FX gain	941	(266)	-	675
Biological assets	446	(446)	-	-
	50,923	(7,103)	-	43,820
Net deferred tax assets / (liabilities)	(41,573)	7,537	754	(33,282)
2021				
<i>Deferred tax asset</i>				
Employee benefits	565	(12)	-	553
Impairment of goodwill	2,504	-	-	2,504
Capital raising costs	66	161	-	227
Expected credit losses	29	(13)	-	16
Inventory	3,463	(3,463)	-	-
Cash flow hedge	2,134	-	(905)	1,229
Other	1,725	953	-	2,678
Tax losses brought to account	52	2,221	-	2,273
	10,538	(153)	(905)	9,480
<i>Deferred tax liability</i>				
The balance comprises:				
Leases	999	(977)	-	22
Inventory	-	14,493	-	14,493
Property, plant & equipment	42,146	2,417	-	44,563
Unrealised FX gain	675	650	-	1,325
	43,820	16,583	-	60,403
Net deferred tax assets / (liabilities)	(33,282)	(16,736)	(905)	(50,923)

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**NOTES TO FINANCIAL STATEMENTS
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	2021 \$'000	2020 \$'000
NOTE 5: INCOME TAX (CONTINUED)		
(e) Deferred tax revenue included in income tax expense		
Increase in deferred tax assets	153	(434)
(Decrease) / increase in deferred tax liabilities	<u>16,583</u>	<u>(7,103)</u>
	<u><u>16,736</u></u>	<u><u>(7,537)</u></u>
(f) Deferred income tax related to items credited directly to equity		
(Increase)/decrease in deferred tax assets	<u>905</u>	<u>(754)</u>
(g) Deferred tax assets not brought to account		
Deferred tax asset not brought to account relating to:		
USA Operations:		
Other deferred tax assets	1,612	1,481
Tax losses - Federal and State	<u>12,583</u>	<u>12,372</u>
Net deferred tax asset not brought to account	<u><u>14,195</u></u>	<u><u>13,853</u></u>

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 2021, tax liabilities have been recognised and excess tax assets above what is deemed able to be realised have not been brought to account.

As of 30 June 2021, the Company had Federal and State net operating losses available to offset future taxable income. The federal net operating loss carryforwards begins to expire in 2035 and the state net operating loss carryforwards will begin to expire in 2035, if not utilised. In addition, the use of net operating loss and tax credit carryforwards may be limited under Section 382 of the Internal Revenue Code in certain situations where changes occur in the stock ownership of a company. In the event that the Company has had a change in ownership, utilisation of the carryforwards could be restricted.

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**NOTES TO FINANCIAL STATEMENTS
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	Note	2021 \$'000	2020 \$'000
NOTE 6: CASH AND CASH EQUIVALENTS			
Cash at bank	24(a)	1,175	3,767
NOTE 7: RECEIVABLES			
CURRENT			
Trade debtors		21,470	14,158
Expected credit losses		(182)	(103)
		21,288	14,055
Other receivables		1,470	510
Loan to key management personnel		2,000	-
		24,758	14,565
NON CURRENT			
Other Receivables		-	218
Loan to key management personnel		10,400	-
		10,400	218

Unsecured loans have been provided by Cobram Estate Olives Limited to entities controlled by each of Sam Beaton and Leandro Ravetti (who are both Executive Directors of the Company), for amounts of \$4.0 million and \$6.4 million, respectively, and to Tim Smith (a current employee and former Executive Director of the Company). Refer note 20(a) for further discussion.

The derivative asset and liability with Cobram Estate Olive's major customers meet the offsetting criteria in AASB 132. Consequently, the gross derivative liability is set off against the gross derivative asset, resulting in the presentation of a net derivative asset of \$6.7m in the statement of financial position. This net derivative asset forms part of the Trade debtors balance.

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 expected credit losses

Opening balance at 1 July		(103)	(178)
Net remeasurement of loss allowance		(182)	(100)
Amounts written off during the year		103	175
Closing balance at 30 June		(182)	(103)

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	Note	2021 \$'000	2020 \$'000
NOTE 8: INVENTORY			
CURRENT			
Value-add products		2,235	1,872
Raw materials at cost		4,949	4,434
Olive oil		97,507	56,517
		<u>104,691</u>	<u>62,823</u>
NOTE 9: OTHER ASSETS			
CURRENT			
Prepayments		1,650	2,977
Other current assets		369	249
		<u>2,019</u>	<u>3,226</u>
NOTE 10: BIOLOGICAL ASSETS			
CURRENT			
<i>At fair value</i>			
Biological assets for sale - nursery trees		725	1,188
Biological produce		2,241	433
		<u>2,966</u>	<u>1,621</u>
NOTE 11: INTANGIBLE ASSETS			
Water rights at cost		325	326
Trademarks at cost		6,352	6,352
Total intangible assets		<u>6,677</u>	<u>6,678</u>
NOTE 12: PROPERTY, PLANT AND EQUIPMENT			
Land & buildings			
Land & buildings at fair value		100,338	101,731
Less accumulated depreciation		<u>(3,284)</u>	<u>(2,320)</u>
		97,054	99,411
Plant & equipment			
Plant & equipment at cost		89,813	88,819
Less accumulated depreciation		<u>(43,478)</u>	<u>(37,154)</u>
		46,335	51,665

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
(FORMERLY KNOWN AS BOUNDARY BEND LIMITED)
ABN 32 115 131 667

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
NOTE 12: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
Plant and equipment (continued)			
Irrigation assets at cost		34,135	32,945
Less accumulated depreciation		(5,128)	(4,174)
		29,007	28,771
Bearer plants at cost		145,584	133,666
Less accumulated depreciation		(31,583)	(25,506)
		114,001	108,160
Motor vehicles at cost		5,933	4,905
Less accumulated depreciation		(2,175)	(1,548)
		3,758	3,357
Office equipment at cost		1,359	1,257
Less accumulated depreciation		(947)	(813)
		412	444
Furniture, fixtures & fittings at cost		529	552
Less accumulated depreciation		(219)	(172)
		310	380
Total plant and equipment		193,823	192,777
Total property, plant and equipment		290,877	292,188

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment:

Land & buildings

Opening carrying amount		99,411	101,372
Additions		921	2,252
Depreciation expense		(1,030)	(1,032)
Net foreign currency movements		(2,193)	347
Revaluations		-	-
Reclassification/transfers between groups		(55)	(3,528)
Closing carrying amount		97,054	99,411

Plant & equipment

Opening carrying amount		51,665	46,568
Additions		2,548	8,443
Disposals		(100)	(766)
Depreciation expense		(6,718)	(6,424)
Net foreign currency movements		(1,045)	316
Reclassification/transfers between groups		(15)	3,528
Closing carrying amount		46,335	51,665

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
NOTE 12: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
(a) Reconciliations (continued)			
<i>Irrigation assets</i>			
Opening carrying amount		28,771	28,845
Additions		1,202	730
Depreciation expense		(974)	(982)
Net foreign currency movements		(212)	57
Reclassification/transfers between groups		220	121
Closing carrying amount		29,007	28,771
<i>Bearer plants</i>			
Opening carrying amount		108,160	99,759
Additions		12,692	13,929
Depreciation expense		(6,077)	(5,500)
Net foreign currency movements		(624)	93
Reclassification/transfers between groups		(150)	(121)
Closing carrying amount		114,001	108,160
<i>Motor vehicles</i>			
Opening carrying amount		3,357	2,771
Additions		1,390	1,278
Disposals		(100)	(25)
Depreciation expense		(831)	(684)
Net foreign currency movements		(58)	17
Closing carrying amount		3,758	3,357
<i>Office equipment</i>			
Opening carrying amount		444	509
Additions		159	131
Disposals		(5)	-
Depreciation expense		(178)	(199)
Net foreign currency movements		(8)	3
Closing carrying amount		412	444
<i>Furniture, fixtures & fittings</i>			
Opening carrying amount		380	125
Additions		-	302
Disposals		(6)	-
Depreciation expense		(57)	(49)
Net foreign currency movements		(7)	2
Closing carrying amount		310	380
<i>Total property, plant and equipment</i>			
Carrying amount at 1 July		292,188	279,949
Additions		18,912	27,066
Disposals		(211)	(791)
Depreciation expense		(15,865)	(14,870)
Net foreign currency movements		(4,147)	834
Carrying amount at 30 June		290,877	292,188

**COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	Land & Buildings \$'000	Plant \$'000	Equipment \$'000	Total \$'000
NOTE 13: RIGHT-OF-USE ASSETS				
Cost				
At 1 July 2020	5,636	89	99	5,824
Adjustments	(289)	-	-	(289)
At 30 June 2021	5,347	89	99	5,535
Accumulated depreciation				
At 1 July 2020	(270)	(44)	(20)	(334)
Amortisation	(270)	(44)	(20)	(334)
At 30 June 2021	(540)	(88)	(40)	(668)
Carrying amount				
At 30 June 2020				5,489
At 30 June 2021				4,867

The consolidated entity leases several assets including olive groves, land and buildings, plant and IT equipment. The average lease term, including options to extend, on land and buildings is 33 years for US leases and 8 years for Australian leases. Plant & Equipment lease terms range from 2-3 years.

The analysis of lease liabilities is presented in note 15.

The total cash outflow for leases amount to \$406,052 (2020: \$306,506).

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
NOTE 14: PAYABLES			
CURRENT			
<i>Unsecured liabilities</i>			
Trade creditors		14,765	18,592
Other creditors and accruals		10,113	6,425
		24,878	25,017
NOTE 15: LEASE LIABILITIES			
Payable			
- not later than one year		348	401
- later than one year and not later than five years		1,739	1,810
- later than five years		6,346	6,986
Minimum lease payments		8,433	9,197
Less future finance charges		(3,364)	(3,631)
Total lease liability		5,069	5,566
Represented by:			
Current liability		189	208
Non-current liability		4,880	5,358
		5,069	5,566
NOTE 16: BORROWINGS			
CURRENT			
<i>Secured Liabilities</i>			
Chattel mortgage liability		3,795	4,907
		3,795	4,907
NON CURRENT			
<i>Secured liabilities</i>			
Bank loans		144,748	140,293
Chattel mortgage liability		17,084	18,467
		161,832	158,760
Total Borrowings		165,627	163,667
NOTE 17: PROVISIONS			
CURRENT			
Dividends payable		1	1
Employee benefits		1,832	1,783
		1,833	1,784
NON CURRENT			
Employee benefits		141	117
		141	117

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**NOTES TO FINANCIAL STATEMENTS
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	2021 \$'000	2020 \$'000
NOTE 18: OTHER FINANCIAL LIABILITIES		
CURRENT		
<i>Hedging instruments</i>		
Interest rate swap	<u>974</u>	<u>973</u>
NON-CURRENT		
<i>Hedging instruments</i>		
Interest rate swap	<u>3,123</u>	<u>6,143</u>
NOTE 19: OTHER LIABILITIES		
CURRENT		
Deferred income	1,035	1,867
Loan - other parties	201	2,938
Other current liabilities	941	1,108
	<u>2,177</u>	<u>5,913</u>
NON-CURRENT		
Loan - other parties	2,404	-
Other entities liabilities	833	910
Other non-current liabilities	-	1,116
	<u>3,237</u>	<u>2,026</u>
NOTE 20: SHARE CAPITAL		
Issued and paid-up capital		
387,372,594 (2020: 61,462,099) ordinary shares	(a) <u>127,745</u>	<u>114,211</u>

On 24 June 2021, the shareholders approved the share split of 6:1 ratio. This resulted in the shares and options then on issue multiplying by 6.

	2021		2020	
	Shares '000	\$'000	Shares '000	\$'000
(a) Ordinary shares Consolidated				
Opening balance	61,462	114,211	61,062	112,504
23 March 2020	-	-	400	1,707
10 April 2021 (i)	3,100	13,534	-	-
24 June 2021 (Share Split)	322,810	-	-	-
	<u>325,910</u>	<u>13,534</u>	<u>400</u>	<u>1,707</u>
At reporting date	<u>387,372</u>	<u>127,745</u>	<u>61,462</u>	<u>114,211</u>

(i) Shares issued during the period were funded by way of loans to key management personnel \$12,400k (Note 7), and also arose from exercised options \$1,134k (30 June 2020: \$187k).

**COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 20: SHARE CAPITAL (CONTINUED)

(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 2021, directors, senior employees and consultants held options over 20,451,534 ordinary shares of the consolidated entity (2020: 23,704,734 held post 6:1 share split).

Share options granted under the Employees and Officers Share Option plan carry no rights to dividends and no voting rights.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$'000	2020 \$'000
NOTE 21: RESERVES			
Asset revaluation reserve	21(a)	17,137	17,137
Foreign currency translation reserve	21(b)	(6,896)	(3,548)
Share based payments reserve	21(c)	1,030	1,643
Cash flow hedge reserve	21(d)	(2,868)	(4,980)
		<u>8,403</u>	<u>10,252</u>

(a) Asset revaluation reserve

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

Movements in reserve

Opening balance		17,137	17,137
Fair value adjustments to non-current assets		-	-
- Deferred tax charged directly to equity		-	-
Closing balance		<u>17,137</u>	<u>17,137</u>

(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

Opening balance		(3,548)	(3,103)
Exchange difference arising on translation of foreign operations		1,850	(445)
Exchange on related party loans that form part of the investment		(5,198)	-
Closing balance		<u>(6,896)</u>	<u>(3,548)</u>

(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.

Movements in reserve

Opening balance		1,643	1,922
Options exercised, transferred to share capital		(1,134)	(187)
Share based payments expense		715	398
Transfers to retained earnings		(190)	200
Payment on cancellation of options		-	(688)
Net foreign currency translation adjustment		(4)	(2)
Closing balance		<u>1,030</u>	<u>1,643</u>

(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

Opening balance		(4,980)	(3,222)
Gain / (loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges			
- Interest rate swap		3,017	(2,512)
- Deferred tax charged directly to equity		(905)	754
Closing balance		<u>(2,868)</u>	<u>(4,980)</u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
NOTE 22: RETAINED EARNINGS			
Retained earnings at beginning of year		21,627	54,527
Net (loss)/profit		32,647	(32,700)
Transfers from reserves		190	(200)
Dividends provided for or paid		-	-
		<u>54,464</u>	<u>21,627</u>

NOTE 23: SUBSEQUENT EVENTS

Cobram Estate Olives Limited listed on the Australian Securities Exchange on 11 August 2021. Otherwise there are no matters or circumstances that 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.

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NOTES TO FINANCIAL STATEMENTS
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	Note	2021 \$'000	2020 \$'000
NOTE 24: 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:			
Cash at bank	6	1,175	3,767
(b) Reconciliation of cash flow from operations with profit / (loss) after income tax			
(Loss)/profit from ordinary activities after income tax		32,647	(32,700)
Adjustments for non-cash items			
Depreciation & amortisation		16,204	15,204
Expected credit losses		103	175
Stock obsolescence		(617)	(6)
Loss on sale of assets		68	69
Loss on sale of investments		-	25
Share based payment expense		715	396
Unrealised foreign currency gains		(31)	(1,872)
		16,442	13,991
Changes in assets and liabilities			
(Increase) / decrease in receivables		(7,865)	3,354
(Increase) / decrease in prepayments and other assets		1,207	(744)
(Increase) / decrease in inventories		(42,598)	28,675
Increase / (decrease) in payables		(174)	1,812
(Decrease) / increase in income tax payable		-	-
(Decrease) / increase in current and deferred taxes		16,575	(7,537)
Increase in provisions		85	139
		(32,770)	25,699
Cash flows provided by operating activities		16,319	6,990
(c) Purchase of property, plant and equipment under borrowings			
Where property, plant and equipment has been purchased on a lease or chattel mortgage 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.			
Lease asset purchases for FY21 amounted to \$289k (FY20: \$0).			

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**NOTES TO FINANCIAL STATEMENTS
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NOTE 24: CASH FLOW INFORMATION (CONTINUED)

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

Facility	Currency	Limit \$'000	Drawn at 30 Jun 21 \$'000	Term
Core Debt	AUD	58,000	58,000	October 2024
Working Capital Debt	AUD	55,000	55,000	October 2024
Working Capital Debt	AUD	20,000	17,750	October 2024
Domestic Foreign Currency Account Facility	USD	10,500	10,500	October 2024

The limits and terms of the facilities are outlined above. The bank loans are secured by a general security interest over the assets and undertakings of Cobram Estate Olives Limited and its Australian Subsidiaries. CBA also has mortgages over the Australian real properties owned by the consolidated entity's Australian subsidiaries.

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 25: INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy:

	Country of incorporation	Ownership	
		2021 %	2020 %
Parent Entity:			
Cobram Estate Olives Limited	Australia		
Subsidiaries of Cobram Estate Olives Limited:			
Boundary Bend Estate Management 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
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 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