

BARKWORTH OLIVE GROVES LIMITED
A.B.N. 17 076 441 551
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009

**BARKWORTH OLIVE GROVES LIMITED
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

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BARKWORTH OLIVE GROVES LIMITED
A.B.N. 17 076 441 551
DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2009.

1. DIRECTORS

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

D W G Hanlon
D Pollard
G A McClymont
J K Haley

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

2. PRINCIPAL ACTIVITIES

The company's principal activities and sole business and geographical segments are that as an olive grower and oil producer owning two major properties:

- a) The Keetah property in New South Wales adjacent to the Queensland border comprised of 6 titles totalling 1,282.6 hectares;
- b) The Kingsford property in South Australia of approximately 1,600 hectares.

Apart from some relatively small nature reserves all the land is cleared and has extensive irrigation head works including dams, bores, pumping stations and underground water mains.

3. DIVIDENDS

No dividends were paid or declared since the start of the financial year. No dividend has been recommended for the year ended 30 June 2009.

4. REVIEW OF OPERATIONS

A review of the operations of the company during the financial year has resulted in a net loss after income tax for the year ended 30 June 2009 of \$2,822,340 (2008: Loss of \$8,334,080).

Significant events during the year include the following:

- i) The sale of the Bassano Grove property and associated water rights.
- ii) The partial repayment of the Stacks Managed Investments Limited loan facility from \$5,000,000 to \$2,295,000 from part of the proceeds of the Bassano Grove sale. An additional repayment of \$200,000 was made on 01 July 2009 from funds held in Solicitor's Trust Account.
- iii) The granting of an extension by Stacks Managed Investments Limited on the loan facility to 01 August 2010.
- iv) A taxation refund being received for \$362,428 in respect of a Research and Development claim.
- v) After attending the 5th China Oil Conference/Expo in March 2009 the first shipment of bulk oil (21,500 kilos) was exported to China in May 2009.

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5 SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect:

- (a) the operations of the company;
- (b) the results of those operations; or
- (c) the state of affairs of the company;

with the exception of:

(i) Directors deciding to close operations at the Keetah property and embark on a marketing program for its sale as it is unlikely to achieve break-even operations in the foreseeable future. It is proposed that if the sale is achieved, funds received will be used to pay-out the Stacks Management Investments Limited's loan facility.

(ii) There is currently a dispute in connection with the Supply Agreement between the company and its major customer. It is possible that the parties will have to undertake court proceedings to resolve the issue. The dispute is centred around the price the customer is prepared to pay for the oil extracted from olives produced by the company. The directors and the company's legal advisors are confident that should court proceedings be brought against the company will be successfully defended.

6. Likely developments in the operations of the company and expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the company.

7. No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.

8. SHARE OPTIONS

Options granted to Directors and Employees of the Company as at the date of the report:

Name	Date options granted		Expiry Date	Exercise Price	Number under Options		Held at Reporting Date		Vested and Unexercisable	
	granted	Expiry Date			Options	Exercised	Date	Vested and Exercisable	Unexercisable	
Douglas Pollard	20 June 2007	31 December 2011		\$1.00	150,000	0	150,000	150,000	0	
John Haley	20 June 2007	31 December 2011		\$1.00	150,000	0	150,000	150,000	0	
David Hanlon	20 June 2007	31 December 2011		\$1.00	100,000	0	100,000	100,000	0	
Graham McClymont	20 June 2007	31 December 2011		\$1.00	100,000	0	100,000	100,000	0	
Jeanette Arnold	20 June 2007	31 December 2011		\$1.00	100,000	0	100,000	100,000	0	
Ken Schutz	20 June 2007	31 December 2011		\$1.00	100,000	0	100,000	100,000	0	
Stephen Wells	20 June 2007	31 December 2011		\$1.00	100,000	0	100,000	100,000	0	
Vladimir Belededenko	20 June 2007	31 December 2011		\$1.00	100,000	0	100,000	100,000	0	
Tim Trochoulis	20 June 2007	31 December 2011		\$1.00	100,000	0	100,000	100,000	0	

BARKWORTH OLIVE GROVES LIMITED
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DIRECTORS' REPORT

9. Particulars of directors' qualifications, experience, special responsibilities are as follows:

NAME	QUALIFICATIONS & EXPERIENCE	SPECIAL RESPONSIBILITIES
D W G Hanlon	Certified Management Consultant with the Institute of Management Consultants (a body representing agricultural and management consultants in Qld) and is a past Federal President of the Australian Institute of Agricultural Science and Technology. He consults extensively with respect to rural properties throughout Australia with clients in all States. David is currently working with a number of large scale agricultural projects within Australia.	Non Executive Director
D Pollard	Degree in civil engineering from the University of Queensland and has had extensive experience in project planning and implementation. His experience includes the design of major irrigation projects. In addition, his commercial experience is considerable having been Managing Director of a listed public company and the Managing Director of BOGL since its establishment.	Managing Director and Chairman
G A McClymont	Degree in Applied Science and is an agribusiness consultant. He is a member of the Australian Association of Agricultural Consultants and the Australian Institute of Agricultural Science and Technology. Graham is the Managing Director of McClymont Agricultural Services Pty Ltd, an agribusiness consulting company operating throughout Australia. Graham has many years of experience working with companies similar to BOGL.	Non Executive Director
J K Haley	Chartered Accountant (fellow of the Institute of Chartered Accountants) with over 25 years experience in taxation law and accounting (with Coopers & Lybrand and Arthur Anderson & Co), general management, financial reporting and company secretarial duties. He has extensive experience in the preparation of prospectuses and has been involved in the listing of companies in Australia and Canada. His work experience is in a diverse range of industries including mineral exploration, and he has participated as a seed capitalist in a number of mineral exploration companies. He is a Director of an ASX listed mineral development company and company secretary of a listed mineral exploration company.	Non Executive Director

10. **REMUNERATION REPORT**

This report details the nature and amount of remuneration for each director of Barkworth Olive Groves Limited. Apart from the Managing Director and Chairman, there are no executives who are Key Management Personnel.

Remuneration Policy

The remuneration policy of Barkworth Olive Groves Limited has been designed to provide directors and the managing director with a fixed remuneration component only. The board of Barkworth Olive Groves Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain appropriately qualified and experienced directors and managing director to run and manage the company.

The board's policy for determining the nature and amount of remuneration for board members and the managing director is as follows:

- The remuneration policy including the terms and conditions for the directors was developed and approved by the board.
- All directors and managing director receive a base salary, superannuation and options.

BARKWORTH OLIVE GROVES LIMITED
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DIRECTORS' REPORT

10. REMUNERATION REPORT cont'd

The directors receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits.

All remuneration paid to directors and the managing director is valued at the cost to the company and expensed. Shares given to directors are valued at the difference between the market price of those shares and the amount paid by the director. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors and the managing director at market rates for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors and the managing director are not linked to the performance of the company. However, to align directors' and the managing director's interests with shareholders interests, the directors and the managing director are encouraged to hold shares in the company.

Performance-based remuneration

There is no performance-based remuneration for directors and the managing director.

Key Management Personnel Remuneration Policy

The only Key Management Personnel of the company is the Managing Director and Chairman. The board's policy for determining the nature and amount of remuneration of key management personnel is as discussed above.

The employment conditions of the Managing Director and Chairman, Douglas Pollard is based on a fixed remuneration component totalling \$55,000 per annum. Any options not exercised before or on the date of termination will lapse.

2009

Directors	Short Term Cash Benefits (Salaries & Fees)	Post Employ- ment Super- annuation	Long Term Benefits	Share-based payments (Options)	Total
	\$	\$	\$	\$	\$
D Pollard	55,000	-	-	-	55,000
J K Haley	25,000	2,250	-	-	27,250
D W G Hanlon	5,000	-	-	-	5,000
G A McClymont	25,000	2,250	-	-	27,250
	110,000	4,500	-	-	114,500

2008

Directors	Short Term Cash Benefits (Salaries & Fees)	Post Employ- ment Super- annuation	Long Term Benefits	Share-based payments (Options)	Total
	\$	\$	\$	\$	\$
D Pollard	55,000	-	-	-	55,000
J K Haley	25,000	2,250	-	-	27,250
D W G Hanlon	-	-	-	-	-
G A McClymont	25,000	2,250	-	-	27,250
	105,000	4,500	-	-	109,500

Performance Income as a Proportion of Total Remuneration

No performance income has been paid to directors or the Managing Director and Chairman.

Options Issued as Part of Remuneration for the Year Ended 30 June 2009

No options were issued as part of remuneration for the year-ended 30 June 2009.

Shares Issued on Exercise of Compensation Options

No options were exercised during the year that were granted in prior compensation periods.

BARKWORTH OLIVE GROVES LIMITED
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DIRECTORS' REPORT

11. During the financial year, four meetings of the company's directors were held. The number of meetings each director of the company attended is as follows:

Name	No of Meetings	Number of Board Meetings Attended
D W G Hanlon	4	3
D Pollard	4	4
G A McClymont	4	4
J K Haley	4	3

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

12. BOGL relies on bore and river water entitlements for its water. During the current year and subsequently, there had been instances where some entitlements have been subject to doubt as to their adequacy. Notwithstanding this, the company has been able to overcome any such doubts in respect of its properties and ensure a continuous supply of water at the required volumes to its properties.

BOGL operations are subject to significant environmental regulation under the law of the Commonwealth and State. No breaches of these regulations have been reported during the period.

13. The Auditor's Independence Declaration under Section 307C of the Corporations Act is set out on page 6 and forms part of the director's report for the year ended 30 June 2009.

Signed at Brisbane, this 29th day of October 2009 in accordance with a resolution of the Board of Directors.



D POLLARD
DIRECTOR

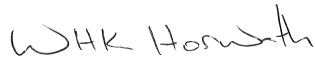
**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BARKWORTH OLIVE GROVES LIMITED
A.B.N. 17 076 441 551**

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Barkworth Olive Groves Limited.

I declare that, to the best of my knowledge and belief, in relation to our audit of Barkworth Olive Groves Limited for the period ended 30 June 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Signed at Brisbane, this 29th day of October 2009



WHK HORWATH



**B P WORRALL
PRINCIPAL**

Liability limited by a scheme approved under Professional Standards Legislation other than for acts or omissions of financial services licensees.

Total Financial Solutions



Horwath refers to Horwath International Association, a Swiss entity.
Each member of the Association is a separate and independent legal entity.

Member Horwath International

WHK Horwath Brisbane
Level 16, WHK Horwath Centre 120 Edward Street
Brisbane Queensland 4000 Australia
GPO Box 736 Brisbane Queensland 4001 Australia
Telephone +61 7 3233 3555 Facsimile +61 7 3210 6183
Email info.bri@whkhorwath.com.au www.whkhorwath.com.au
A WHK Group firm

BARKWORTH OLIVE GROVES LIMITED
BALANCE SHEET
AS AT 30 JUNE 2009

	NOTE	2009 \$	2008 \$
CURRENT ASSETS			
Cash & Cash Equivalents	5	127,686	1,070,334
Trade & Other Receivables	6	1,666,551	769,251
Inventory	8	759,475	51,502
Other current assets	8	230,675	315,553
Assets held for sale	31	<u>-</u>	<u>5,190,000</u>
TOTAL CURRENT ASSETS		<u>2,784,387</u>	<u>7,396,640</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9, 32	5,979,077	6,571,319
Biological assets	10	23,800	23,800
Other financial assets	7	<u>-</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS		<u>6,002,877</u>	<u>6,595,119</u>
TOTAL ASSETS		<u>8,787,264</u>	<u>13,991,759</u>
CURRENT LIABILITIES			
Trade & Other Payables	11	543,279	299,893
Financial liabilities	12	2,914,692	2,826,557
Current tax liabilities	13	11,242	16,679
Other current liabilities	14	6,858	6,706
Short-term provisions	15	74,099	-
Liabilities relating to assets held for sale	31,33	<u>-</u>	<u>2,500,000</u>
TOTAL CURRENT LIABILITIES		<u>3,550,170</u>	<u>5,649,835</u>
NON-CURRENT LIABILITIES			
Financial liabilities	12	157,145	349,113
Provisions	15	<u>7,203</u>	<u>97,725</u>
TOTAL NON-CURRENT LIABILITIES		<u>164,348</u>	<u>446,838</u>
TOTAL LIABILITIES		<u>3,714,518</u>	<u>6,096,673</u>
NET ASSETS		<u>5,072,746</u>	<u>7,895,086</u>
EQUITY			
Issued Capital	16	16,027,477	16,027,477
Retained Profits		(17,350,910)	(18,007,294)
Employee Options Reserve	22,23	80,000	80,000
Asset Revaluation Reserve	23	<u>6,316,179</u>	<u>9,794,903</u>
TOTAL EQUITY		<u>5,072,746</u>	<u>7,895,086</u>

Notes to and forming part of the financial statements are attached.

BARKWORTH OLIVE GROVES LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	NOTE	2009 \$	2008 \$
Revenue	2	673,419	920,455
Profit/Loss on Sale of Assets	2	(176,647)	-
Commission on sale of assets		(101,619)	-
Depreciation and amortisation expense		(358,680)	(492,539)
Finance costs		(493,986)	(957,331)
Groves expenses		(1,371,123)	(1,863,874)
Loss arising from changes in fair value of biological assets	10	-	(4,744,316)
Employee Benefits (Grove and Non-grove)		(960,672)	(1,037,589)
Other expenses		<u>(395,460)</u>	<u>(439,443)</u>
Profit/(Loss) before income tax expense		(3,184,768)	(8,614,637)
Income tax credit/(expense)	4	<u>362,428</u>	<u>280,557</u>
Profit/(Loss) for the year		<u>(2,822,340)</u>	<u>(8,334,080)</u>

Notes to and forming part of the financial statements are attached.

**BARKWORTH OLIVE GROVES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009**

	Share Capital \$	Retained Profits \$	Asset Revaluation Reserve \$	Employee Options Reserves	Total \$
Opening Balance at 30 June 2007	12,305,852	(9,673,214)	9,794,903	80,000	12,507,541
Profit attributable to members of the company	-	(8,334,080)	-	-	(8,334,080)
2007 Rights Issue Shares Issued	1,038,609	-	-	-	1,038,609
2007 Redeemable Preference Shares Issued	2,708,076	-	-	-	2,708,076
Redeemable Preference Rights issue expenses	(25,060)	-	-	-	(25,060)
Balance at 30 June 2008	16,027,477	(18,007,294)	9,794,903	80,000	7,895,086
Sale of Revalued Asset	-	3,478,724	(3,478,724)	-	-
Profit attributable to members of the company	-	(2,822,340)	-	-	(2,822,340)
Balance at 30 June 2009	16,027,477	(17,350,910)	6,316,179	80,000	5,072,746

Notes to and forming part of the financial statements are attached.

BARKWORTH OLIVE GROVES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	NOTE	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,098,300	741,116
Payments to employees and suppliers		(3,214,031)	(3,559,458)
Interest received		44,560	105,809
Borrowing costs		(493,986)	(957,331)
Research & Development Tax Refund		<u>362,428</u>	<u>280,557</u>
Net cash provided by (used in) operating activities	17(a)	<u>(2,202,729)</u>	<u>(3,389,307)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of property, plant & equipment		3,966,858	7,000
Payment for purchase of property, plant & equipment		(102,944)	(146,157)
Proceeds from loans receivable		<u>-</u>	<u>-</u>
Net cash provided by (used in) investing activities		<u>3,863,914</u>	<u>(139,157)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of share issues		-	3,721,624
Proceeds from borrowings		350,000	500,000
Repayments of borrowings		<u>(2,953,833)</u>	<u>(716,140)</u>
Net cash provided by (used in) investing activities		<u>(2,603,833)</u>	<u>3,505,484</u>
Net increase in cash held		(942,648)	(22,980)
Cash at the beginning of the financial year.	17(c)	<u>1,070,334</u>	<u>1,093,314</u>
Cash at the end of the financial year.	17(c)	<u>127,686</u>	<u>1,070,334</u>

Notes to and forming part of the financial statements are attached.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Barkworth Olive Groves Limited is an unlisted public company limited by shares incorporated and domiciled in Australia. The financial report covers Barkworth Olive Groves Limited as an individual entity.

The company is primarily involved in the operation of growing olives and producing olive oil in Australia.

Basis of Preparation

Statement of Compliance

The financial report of Barkworth Olive Groves Limited is a general purpose financial report prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations and other pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. International Financial Reporting Standards form the basis of Australian Accounting Standards adopted by the AASB.

The financial report of Barkworth Olive Groves Limited complies with all Australian Equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following standards and amendments were available for early adoption but have not been applied in these financial statements:

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. These standards and interrelations have not been adopted in the preparation of the financial report. The following standards, amendments to standards and interpretations have been identified as those which may have a material disclosure impact, but not measurement impact on the economic entity and the parent entity in the period of initial application.

(i) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101.

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The economic entity intends to apply the revised standard from 1 July 2009.

(ii) Revised AASB 3 Business Combinations, Amended AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards Arising from AASB 3 and AASB 127. A revised AASB 3, the amended AASB 127 and AASB 2008-3 are effective from 1 July 2009. AASB 3 (Revised), AASB 127 (Amended) and AASB 2008-3 are available for early adoption "for profit entities" only in respect of business combinations effected subsequent to 30 June 2007. The impact of adopting Revised AASB 3 is likely to be significant for entities with some of the revised requirements actually clarifying existing requirements. If AASB 3 is adopted early, the amendments to AASB 127 will have to be adopted concurrently. The revised Standards must generally be applied on a prospective basis, with some exceptions. Revisions may result in merger and acquisition activity having a high impact on profit and loss in some entities. The economic entity intends to apply the revised standard from 1 July 2009.

(iii) AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2]

AASB 2008-1 is effective for annual reporting periods commencing on or after 1 January 2009. The amendment clarifies that vesting conditions are restricted to: service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. This restriction was not clearly stated in the pre-amended standards. This means that all other terms and conditions are accounted for in the value of the share or option at grant date. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(iv) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project AASB 2008-5 is effective for annual reporting periods commencing on or after 1 January 2009. The amendment results from the International Accounting Standards Board's annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to accounting standards. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The subjects of the principle amendments to the standards are set out in the preface to the standard.

Reporting Basis and Conventions

The financial report is presented in Australian dollars.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and the reported amounts of assets, liabilities, revenue and expenses.

- *Critical Accounting Estimates and Judgments*

The estimates and judgments incorporated into the financial report are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the group. The estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

- *Key Estimates — Impairment*

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

- *Key Estimates — Carrying Amount of Land*

The land and buildings of Keetah and Kingsford are carried at fair value per a 2006 independent assessment by registered valuers as detailed in Note 9. As detailed in Note 32, there is significant uncertainty which cast doubt about whether the carrying amount of land and buildings for the Keetah and Kingsford properties are at fair value or are indeed over-valued or under-valued as at the date of this financial report.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no key adjustments during the year which required accounting estimates and judgements.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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

(a) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or a liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is credited in the income statement except where it relates to items that may be credited direct to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(b) Inventories

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

(c) 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 impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these 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 their present values in determining recoverable amounts.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<i>Class Of Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	2.5% - 40%
Buildings	3% - 13%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the 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 value. Leased assets are amortised on a straight-line basis over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Lease payments for operating leases, where substantially all risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred as this represents the pattern of benefits derived from the leased assets. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

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

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(f) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Employee entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

- (h) **Provisions**
Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.
- (i) **Cash & Cash Equivalents**
Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.
- (j) **Revenue**
Revenue from the sale of goods or rendering of service is recognised upon delivery to the customer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax.
- (k) **Finance Costs**

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

All other finance costs are recognised in the income statement in the period in which they are incurred.
- (l) **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 Australian 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.
- (m) **Comparative Figures**
Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.
- (n) **Trade Debtors**
Trade and other debtors represent principal amounts outstanding at balance date and are normally settled on 30 day terms.
- (o) **Loans receivable**
Loans receivable from related corporations represent the principal amounts due at balance date and are non-interest bearing. There are no fixed terms of repayment.

Promissory Notes receivable represent the principal amounts due at balance date and are non-interest bearing and repayable on demand.
- (p) **Trade creditors and accruals**
A liability is recorded for goods and services received prior to balance date, whether invoiced or not. Trade creditors are normally settled within 60 days.
- (q) **Cash Flow Statement**
For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of any outstanding bank overdrafts.
- (r) **Net Fair Value**
The carrying amount of financial assets and liabilities recorded in the financial statements are stated at net fair values unless otherwise stated. The net fair value of assets is the amount that could be recovered on disposal less any costs of disposal. The net fair value of liabilities is the amount that could be paid to extinguish the debt, plus any costs of extinguishment.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
NOTE 2 - REVENUE		
Operating revenue:		
Sales - Farm Gate - Olives	293,071	766,532
Sales - Export - Oil	67,597	
Sales - Water Allocation	236,865	
Lease/Agistment Fees/Sale of Hay	8,562	9,625
Hire of equipment	-	-
	<u>606,096</u>	<u>776,157</u>
Non-operating revenue:		
Interest received	44,560	105,810
Insurance Claims	7,500	25,173
Rental/Reimbursements	15,263	6,315
	<u>67,323</u>	<u>137,298</u>
	<u>673,419</u>	<u>913,455</u>
Profit/Loss on Sale of Assets		
Profit on sale of non current assets	11,911	7,000
Loss on Sale of Bassano Assets	(188,558)	-
	<u>(176,647)</u>	<u>7,000</u>
	<u>496,772</u>	<u>920,455</u>

NOTE 3 - PROFIT

Profit before income tax has been determined after:

Crediting as Income:

Interest received and receivable		
- other persons or corporations	44,560	105,809
Profit on sale of non current assets	11,911	7,000

Charging as Expense:

Amortisation – leased assets	131,409	223,595
Depreciation	227,272	268,944
Auditors' remuneration		
- Audit and review of financial report	22,900	38,649
- Other services - review of prior year reports	12,660	8,633
Commissions on sale of assets	101,619	-
Borrowing costs - other	54,518	399,484
Finance charges	439,469	557,846
Foreign exchange rate losses/(profit)	1,082	76
Profit/(Loss) on sale of assets	(188,558)	(705)
Provision for doubtful debts	-	-

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
NOTE 4 - INCOME TAX		
The prima facie tax on operating profit/(loss) before income tax is reconciled to the income tax as follows:		
Operating profit/(loss) before income tax	(2,822,340)	(8,334,080)
Prima facie tax payable (benefit) before income tax at 30% (2008: 30%)	(846,702)	(2,500,224)
Add tax effect of:		
Non-deductible items	95	-
Deferred tax asset not brought to account	(846,607)	(2,500,224)
	<hr/>	<hr/>
Recoupment of prior year tax losses	-	-
Research & Development Tax Refund#	(362,428)	(280,557)
Income tax attributable to entity	<u>(362,428)</u>	<u>(280,557)</u>

Deferred tax assets not brought to account, the benefits of which will only be realised if condition deductibility set out in Note 1(a) and below occur:

- Temporary differences \$58,023 (2008 \$69,792)
 - Tax losses: operating losses \$1,587,942 (2008 \$2,651,209)
- Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax \$71,474 (2008 \$71,474)

Deferred tax assets attributable to tax losses and timing differences will only be realised where there are no adverse changes in income taxation legislation and the company derives sufficient future assessable income to enable the asset to be realised and the company continues to comply with the conditions of deductibility imposed by the law.

A taxation refund of \$362,428 (2008: \$280,557) was received during the year in respect of a research and development claim.

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash on Hand	5	5
Cash at Bank	127,681	1,070,329
	<hr/>	<hr/>
	<u>127,686</u>	<u>1,070,334</u>

**BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	\$	\$
NOTE 6 - TRADE AND OTHER RECEIVABLES		
Trade & other debtors #	1,639,798	741,882
Accrued Income	-	2,300
Fuel Tax Credits	4,012	5,073
GST Receivables	22,741	19,996
	1,666,551	769,251

includes funds totalling \$1,383,000 held in Geoff Klooger & Associates Trust Account as at 30 June 2009 for the sale of Bassano water rights. These funds were received into BOGL's Bank Account on 1 July 2009.

NOTE 7 - OTHER FINANCIAL ASSETS

Non-Current

Shares in Inglewood Olive Processors Limited, at cost	4,055,930	4,055,930
Impairment write down	(4,055,930)	(4,055,930)
	-	-

Barkworth Olive Groves Limited owns 38% of the share capital in Inglewood Olive Processors Pty Ltd. Inglewood Olive Processors Pty Ltd formerly owned and operated processing equipment for the conversion of olives into olive oil, but is now non-operating.

The equity method of accounting has not been applied to the investment on the basis that recoverable amount write-downs have reduced the carrying amount to nil.

NOTE 8 - OTHER CURRENT ASSETS

Inventory - Processed Olive Oil	759,475	51,502
Prepayments - Creditors	25,494	32,470
Prepayments - Interest	188,681	266,283
Deposits paid	16,500	16,800
	230,675	315,553

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	2008 \$
NOTE 9 - PROPERTY, PLANT & EQUIPMENT		
Freehold land, at cost	-	-
Freehold land, at fair value	5,186,384	5,186,384
	5,186,384	5,186,384
Buildings, at cost	312,198	309,798
Less accumulated depreciation	(117,642)	(109,104)
	194,556	200,694
Plant, motor vehicle, and equipment - at cost	2,618,952	3,304,831
Less accumulated depreciation	(2,150,398)	(2,490,192)
	468,554	814,639
Plant, motor vehicle, and equipment, under finance lease	855,001	945,577
Less accumulated depreciation	(812,995)	(747,986)
	42,006	197,591
Plant, motor vehicle, and equipment, under hire purchase	-	41,000
Accumulated Amortisation	-	(20,781)
	-	20,219
Motor Vehicles under finance	90,337	157,552
Less accumulated depreciation	(56,141)	(98,651)
	34,196	58,901
Plant & Equipment under finance	128,208	183,880
Less accumulated depreciation	(74,827)	(90,989)
	53,381	92,891
	5,979,077	6,571,319

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Freehold land \$	Buildings, at cost \$	Plant, motor vehicle, and equipment \$	Plant, motor vehicle, and equipment, under lease \$	Plant, motor vehicle, and equipment, under hire purchase \$	Plant, motor vehicle, and equipment, under finance \$	Total \$
Balance at the beginning of the year	5,186,384	200,694	814,639	197,591	20,219	151,792	6,571,319
- Additions	-	2,400	100,543	-	-	-	102,943
- Revaluation	-	-	-	-	-	-	-
- Transfers	-	-	122,888	-	-	(122,888)	-
- Disposals	-	-	(297,726)	(24,176)	(14,603)	-	(336,505)
- Depreciation expense	-	(8,538)	(271,790)	(131,409)	(5,616)	58,673	(358,680)
Carrying amount at the end of the year	5,186,384	194,556	468,554	42,006	-	87,577	5,979,077

Freehold land was valued by the directors in 2006. The 2006 director's valuations were based on independent assessments by Mr E.M. Harrison AAPI (CPV) Registered Valuer No. 1353 QLD and Registered Valuer No. 2827 NSW, Mr N.G. Bruce AAPI (CPV) Registered Valuer No. 2425 and Mr N.J. Newton, Qualified Land Valuer, CPM (Val.) PAAPI. The values have been determined from the valuers experience and knowledge of intensive tree crop properties throughout Australia using the direct comparison method. Refer also to Note 32 regarding the carrying amount of land and buildings at the Keetah and Kingsford properties.

The disposal of freehold land in 2008 relates to the Bassano property which was reclassified as a current asset available for sale.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 10 BIOLOGICAL ASSETS

The olive trees are stated at net market value. AASB141 Agriculture requires that biological assets be measured at fair value less estimated point of sale costs. Adjustments to the fair value of biological assets are recognised as revenues and expenses in the Income Statement in the financial year in which they occur.

Olive Trees

The valuation of the bearer olive trees are determined by independent valuations to be performed at regular intervals of not more than three years or as determined by the directors where there is a known change in the values evident from sale of a similar property.

Olives on the trees are fully harvested and sold by year end.

	2009	2008
	\$	\$
Bearer trees, at market value	4,768,116	4,768,116
Impairment loss arising from change in fair value (2008)	<u>(4,744,316)</u>	<u>(4,744,316)</u>
	<u>23,800</u>	<u>23,800</u>

NOTE 11 TRADE AND OTHER PAYABLES

Trade Payables	508,174	280,782
Other Creditors and accruals	<u>35,105</u>	<u>19,111</u>
	<u>543,279</u>	<u>299,893</u>

NOTE 12 FINANCIAL LIABILITIES

Current:

Lease liability and Hire Purchase (Note 18)	221,599	262,750
Finance/Chattel Mortgage Liabilities (Note 18)	43,093	58,807
Loan - Stacks Managements Investments Pty Ltd	2,295,000	2,500,000
Loan - Barkworth Financing Pty Ltd	350,000	-
Redeemable preference share liability #	<u>5,000</u>	<u>5,000</u>
	<u>2,914,692</u>	<u>2,826,557</u>

Non-current:

Lease liability and Hire Purchase (Note 18)	101,444	250,320
Finance/Chattel Mortgage Liabilities (Note 18)	<u>55,701</u>	<u>98,793</u>
	<u>157,145</u>	<u>349,113</u>

The redeemable preference shares are redeemable at the option of the holder for cash consideration.

Details of Security

Lease liabilities, hire purchase liabilities and chattel mortgage liabilities are secured by the respective equipment.

The Stacks Managed Investments Pty Ltd loan is secured by Registered 1st Mortgages over all properties owned by Barkworth Olive Groves Limited, Charge over Water Licences and Company Charge over the Company.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	2008 \$
NOTE 13 CURRENT TAX LIABILITIES		
PAYG Liabilities	11,242	16,679
Other	-	-
	11,242	16,679
NOTE 14 OTHER CURRENT LIABILITIES		
Payroll Liabilities	6,858	6,706
	6,858	6,706
NOTE 15 PROVISIONS		
Employee Leave Benefits		
Balance at the beginning period	97,725	83,862
Additions to provision	58,460	42,875
Charges against provision	(74,883)	(29,012)
Closing balance	81,302	97,725
Current	74,099	-
Non-Current	7,203	97,725
	81,302	97,725

Employee leave benefits

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
NOTE 16 ISSUED CAPITAL		
Ordinary shares	4,144,280	4,144,280
Ordinary shares converted from Class AB/C/D/E/F	6,185,170	6,185,170
Ordinary shares (2006 Rights Issue)	793,638	793,638
Ordinary shares (2007 Rights Issue)	2,279,506	2,279,506
Rights issue expenses	(58,133)	(58,133)
Redeemable preference shares (2008 RPS Issue)	2,708,076	2,708,076
Redeemable preference shares expenses	(25,060)	(25,060)
	<u>16,027,477</u>	<u>16,027,477</u>

Number of shares

27,004,560 fully paid Ordinary shares (2008: 27,004,560) and 10,832,302 Redeemable Preference shares (2008: 10,832,302)

	2009	2009	2008	2008
	Number of	Number of	Number of	Number of
	Ordinary	Preference	Ordinary	Preference
	shares	shares	shares	shares
Balance at beginning of the year	27,004,560	10,832,302	14,787,446	-
Ordinary share issue	-	-	1,384,812	-
Preference share issue	-	-	-	10,832,302
Bonus share issue	-	-	10,832,302	-
Balance at end of the year	<u>27,004,560</u>	<u>10,832,302</u>	<u>27,004,560</u>	<u>10,832,302</u>

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the company does not have authorised capital nor par value in respect of its issued shares.

	2009	2008
	\$	\$
NOTE 17 CASH FLOW INFORMATION		
(a) Reconciliation of Cash Flow from Operating		
Operating profit / (loss) after income tax	(2,822,340)	(8,334,080)
Non-cash flows in operating profit;		
Amortisation	131,409	223,595
Depreciation	227,272	268,943
Loss/(Profit) on sale of property, plant & equipment	176,647	(6,295)
Loss arising from changes in fair value of biological assets	-	4,744,316
Changes in assets and liabilities;		
Trade & other receivables	483,397	(40,757)
Prepayments	84,877	(274,066)
Inventory	(707,970)	(51,505)
Accounts payable	240,400	66,679
Provision for annual leave	(16,421)	13,863
	<u>(2,202,729)</u>	<u>(3,389,307)</u>

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

(b) Non-cash Financing Activities

(i) During the year the company acquired property, plant and equipment with an aggregate fair value of \$Nil (2008:Nil) by means of a finance lease. These acquisitions are not reflected in the statement of cash flows or note (a) above.

(ii) During the year non-cash loan account transactions between related parties totalled \$Nil (2008:Nil)

(c) Reconciliation of Cash	2009	2008
	\$	\$
Cash on hand	5	5
Cash at Bank	<u>127,681</u>	<u>1,070,329</u>
	<u>127,686</u>	<u>1,070,334</u>

NOTE 18 EXPENDITURE COMMITMENTS

Finance Leases and Hire Purchase:

Payable:

- no later than 1 year	236,609	285,307
- later than 1 year but no later than 5 years	107,458	259,998
- later than 5 years	-	-
Minimum lease payments	<u>344,067</u>	<u>545,305</u>
Less Future finance charges		
- no later than 1 year	15,011	22,558
- later than 1 year but no later than 5 years	6,013	9,678
- later than 5 years	-	-
Present value of minimum lease payments	<u>323,043</u>	<u>513,069</u>
Disclosed as:		
Current (Note 12)	221,599	262,750
Non-Current (Note 12)	<u>101,444</u>	<u>250,320</u>
	<u>323,043</u>	<u>513,070</u>

Finance/Chattel Mortgage:

Payable:

- no later than 1 year	49,067	68,504
- later than 1 year but no later than 5 years	<u>57,656</u>	<u>106,723</u>
Minimum payments	106,723	175,227
Less Future finance charges		
- no later than 1 year	5,976	9,697
- later than 1 year but no later than 5 years	<u>1,954</u>	<u>7,928</u>
Present value of minimum payments	<u>98,793</u>	<u>157,602</u>
	<u>98,793</u>	<u>157,602</u>
Disclosed as:		
Current (Note 12)	43,093	58,807
Non-Current (Note 12)	<u>55,701</u>	<u>98,793</u>
	<u>98,793</u>	<u>157,600</u>

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 19 RELATED PARTY DISCLOSURES

(a) Names and positions held by Directors and Key Management Personnel

Directors

D Pollard	Managing Director/Chairman/Secretary
D W G Hanlon	Non Executive Director
G A McClymont	Non Executive Director
J K Haley	Non Executive Director

Executives

There are no executives who are Key Management Personnel apart from the Managing Director and Chairman.

Principles of compensation

Remuneration of directors is referred to as compensation as defined in AASB124 Related Party Disclosures.

Compensation levels for directors are competitively set to attract and retain appropriately qualified and experienced directors.

Compensation packages only include a fixed component comprising base compensation as well as employer contributions to superannuation funds.

(b) Key Management Personnel Remuneration and Retirement Benefits

2009

Directors	Short Term Cash Benefits (Salaries & Fees) \$	Post Employ- ment Super- annuation \$	Long Term Benefits \$	Share-based payments (Options) \$	Total \$
D Pollard	55,000	-	-	-	55,000
J K Haley	25,000	2,250	-	-	27,250
D W G Hanlon	5,000	-	-	-	5,000
G A McClymont	25,000	2,250	-	-	27,250
	110,000	4,500	-	-	114,500

2008

Directors	Short Term Cash Benefits (Salaries & Fees) \$	Post Employ- ment Super- annuation \$	Long Term Benefits \$	Share-based payments (Options) \$	Total \$
D Pollard	55,000	-	-	-	55,000
J K Haley	25,000	2,250	-	-	27,250
D W G Hanlon	-	-	-	-	-
G A McClymont	25,000	2,250	-	-	27,250
	105,000	4,500	-	-	109,500

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

(c) Transactions with Directors' and Director Related Entities or Related Person

- (i) During the year the company advanced funds and received repayments from a number of related entities. The balances of these loan accounts are set out in Notes 6 and 12. These loans are unsecured, interest free and repayable on demand. Details of these transactions are as follows:

2009 Entity	Loans advanced \$	Loans repaid \$	Reimbursed for Interest Received \$
Barkworth Financing Pty Ltd (loan payable)	350,000	-	-

2008 Entity	Loans advanced \$	Loans repaid \$	Reimbursed for Interest Received \$
Capital Project Financing No 2 PL (loan payable)	-	460,000	-

2009 Related Person	Short Term Benefits (Salaries & Fees) \$	Post Employment - Superannuat- ion \$	Long Term Benefits \$	Total \$
M Pollard	17,308	1,558	-	18,866
2008 Related Person				
M Pollard	50,000	4,500	-	54,500

The spouse of Douglas Pollard was employed in the roles of Special Projects Officer and Administrative Assistant on an arms length basis. M Pollard employment ceased on 29 October 2008.

(d) Shares held by Directors and Key Management Personnel and their Related Entities

The number of shares held at 30 June 2009 directly, indirectly or beneficially by directors and key management personnel and their related entities are as follows:

2009	Ordinary	Redeemable Preference Shares
Held by Directors		
D Pollard	294,626	147,313
J K Haley	-	-
D W G Hanlon	-	-
G A McClymont	-	-
Held by Related Parties		
Barkworth Holdings Pty Ltd	187,095	
Barkworth Financing Pty Ltd	783,312	391,656
Capital Project Financing (No 2) PL	522,058	500,005
2008		Redeemable Preference Shares
Held by Directors	Ordinary	
D Pollard	294,626	147,313
J K Haley	-	-
D W G Hanlon	-	-
G A McClymont	-	-
Held by Related Parties		
Barkworth Holdings Pty Ltd	187,095	
Barkworth Financing Pty Ltd	783,312	391,656
Capital Project Financing (No 2) PL	522,058	500,005

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 20 FINANCIAL REPORTING BY SEGMENTS

The company's principal activities and sole business and geographical segments are that as an olive grower and oil producer owning two major properties:

- a) The Keetah property in New South Wales adjacent to the Queensland border comprised of 6 titles totalling 1,282.6 hectares;
- b) The Kingsford property in South Australia of approximately 1,600 hectares.

Apart from some relatively small nature reserves all the land is cleared and has extensive irrigation head works including dams, bores, pumping stations and underground water mains.

NOTE 21- FINANCIAL INSTRUMENTS

Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from associates, bills and leases.

The directors' overall risk management strategy seeks to assist the company to meet its financial targets, whilst minimising potential adverse affects on financial performance.

Risk management polices are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The company does not have any derivative instruments at 30 June 2009.

Financial Risk Exposures and Management

Interest Rate Risk

The company manages its exposure to interest rates through a formal set of policies and procedures approved by the board of directors. Interest rate risk is managed through a mixture of short and long term debt in the form of debentures, finance leases, hire purchase and chattel mortgages. Details of interest risk are shown in the table below.

Liquidity Risk

Prudent Liquidity management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The company manages liquidity risk by monitoring forecast cash flows and adequate unutilised borrowing facilities and cash reserves are maintained. At year end there were no unused borrowing facilities.

Credit Risk

Credit risk refers to the risk that a counterparty will default on contractual obligations resulting in financial loss to the company. As detailed in Note 30 the company is partially economically dependent on the purchase of its harvest by Viva Olives Pty Ltd.

The maximum credit risk exposure of financial assets is represented by the carrying amounts of assets recognised in the balance sheet net of any provisions for losses. Credit risk is managed and reviewed regularly by the Board of Directors. It arises from exposure to customers as well as through deposits with financial institutions.

The ageing of the company's receivables at reporting date was:

	2009		2008	
	Gross	Impairment	Gross	Impairment
	\$	\$	\$	\$
Not past due (current)	147,352	-	741,882	-
Past due 0-30 days	109,084	-	-	-
Past due 30-60 days	-	-	-	-
Past due more than 60 days	362	-	-	-
	256,798	-	741,882	-

Past due more than 60 days relates to the hire charges of a Coe Shaker and is payable to Barkworth Financing Pty Ltd

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 21- FINANCIAL INSTRUMENTS cont'd
Financial Risk Exposures and Management cont'd

Foreign Currency Risk

As contracts for sale of oil to China are in both Euros and US dollars, the company may be exposed to fluctuations in foreign currencies. At present these contracts are of minimal value but should export volumes increase the use of forward exchange contracts will be investigated.

Price Risk

The company is exposed to the commodity price of olives.

Capital Risk Management

The directors manage the capital to ensure that the company will be able to continue as a going concern and to be able to satisfy future capital needs of the company, through the optimisation of debt and equity.

The capital structure consists of cash and cash equivalents and equity comprising reserves and retained earnings.

The board reviews this structure and the associated risks with each class of capital on a regular basis.

Net Fair Values

The net fair values of financial assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standard form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

The company's exposure 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 and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest		Floating Interest Rate		Fixed Interest Rate Maturing						Non Interest Bearing		Total		Total	
					Within 1 year		1 to 5 Years		Over 5 Years		2009	2008	2009	2008	2009	2008
					2009	2008	2009	2008	2009	2008						
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Financial Assets																
Cash	3%	3%	127,686	1,070,334	-	-	-	-	-	-	-	-	-	127,686	1,070,334	
Trade & Other Receivables	0%	0%	-	-	-	-	-	-	-	-	1,643,810	749,255	-	1,643,810	749,255	
GST Receivables	0%	0%	-	-	-	-	-	-	-	-	22,741	19,996	-	22,741	19,996	
Short Term Deposits	0%	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	
Loans to Related Companies	0%	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	
Promissory Notes	0%	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Financial Assets			127,686	1,070,334	-	-	-	-	-	-	1,666,551	769,251	-	1,794,237	1,839,585	
Financial Liabilities																
Trade & Other Payables	0%	0%	-	-	-	-	-	-	-	-	543,279	299,893	-	543,279	299,893	
Loan from Related Company	0%	0%	-	-	-	-	-	-	-	-	350,000	-	-	350,000	-	
Redeemable Preference Share Liability	0%	0%	-	-	-	-	-	-	-	-	5,000	5,000	-	5,000	5,000	
Finance/Chattel Mortgages	4%	4%	-	-	43,093	58,807	55,701	98,794	-	-	-	-	-	98,794	157,601	
Lease & Hire Purchase Liabilities	7%	7%	-	-	221,599	262,750	101,444	250,320	-	-	-	-	-	323,043	513,070	
Loan	10.5%	12%	-	-	2,295,000	5,000,000	-	-	-	-	-	-	-	2,295,000	5,000,000	
Total Financial Liabilities			-	-	2,559,692	5,321,557	157,145	349,114	-	-	898,279	304,893	-	3,615,116	5,975,564	

NOTE 22 SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Name	Date options granted	Expiry Date	Exercise Price	Number under Options
Douglas Pollard	20 June 2007	31 December 2011	\$1.00	150,000
John Haley	20 June 2007	31 December 2011	\$1.00	150,000
David Hanlon	20 June 2007	31 December 2011	\$1.00	100,000
Graham McClymont	20 June 2007	31 December 2011	\$1.00	100,000
Jeanette Arnold	20 June 2007	31 December 2011	\$1.00	100,000
Ken Schutz	20 June 2007	31 December 2011	\$1.00	100,000
Stephen Wells	20 June 2007	31 December 2011	\$1.00	100,000
Vladimir Belededenko	20 June 2007	31 December 2011	\$1.00	100,000
Tim Trochoulis	20 June 2007	31 December 2011	\$1.00	100,000
Total				1,000,000

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

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
NOTE 23 RESERVES		
Asset Revaluation reserve	<u>6,316,179</u>	<u>9,794,903</u>
The asset revaluation reserve records revaluations of non-current assets. The movement of \$3,478,724 related to the reclassification of the Bassano Grove assets which were sold during the financial year ended 30 June 2009.		
Employee Options reserve	<u>80,000</u>	<u>80,000</u>

The employee options reserve records the expenses of options issued in return for services provided to the Company.

NOTE 24 SIGNIFICANT CHANGES IN OPERATIONS

There were no significant changes in operations during the year except that the company is now processing the majority of its harvest into olive oil rather than selling olives.

NOTE 25 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The entity had no contingent liabilities or contingent assets at 30 June 2009.

NOTE 26 SHARE-BASED PAYMENTS

All options granted to key management personnel confer a right to be issued one ordinary share in Barkworth Olive Groves Limited for every option held.

	2009		2008	
	Number of Options	Weighted Average Exercise	Number of Options	Weighted Average Exercise
Outstanding at the beginning of the year	1,000,000	\$1.00	1,000,000	\$1.00
Granted	-		-	-
Exercised	-		-	-
Expired	-		-	-
Outstanding at year-end	<u>1,000,000</u>	<u>\$1.00</u>	<u>1,000,000</u>	<u>\$1.00</u>
Exercisable at year-end	<u>1,000,000</u>	<u>\$1.00</u>	<u>1,000,000</u>	<u>\$1.00</u>

There were nil (2008:nil) options exercised during the year ended 30 June 2009.

The options outstanding at 30 June 2009 had a weighted average exercise price of \$1.00 and a weighted average remaining contractual life of 2.53 years. Exercise prices of all options was \$1.00.

BARKWORTH OLIVE GROVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 27 SUBSEQUENT EVENTS

As at the date of this financial report:

(i) Directors have decided to close operations at the Keetah property and embark on a marketing program for its sale as it is unlikely to achieve break-even operations in the foreseeable future. This uncertainty is producing a significant drain on cashflow. It is proposed that if the sale is achieved, funds received will be used to pay-out the Stacks Management Investments Limited's loan facility.

(ii) There is currently a dispute in connection with the Supply Agreement between the company and its major customer. It is possible that the parties will have to undertake court proceedings to resolve the issue. The dispute is centred around the price the customer is prepared to pay for the oil extracted from olives produced by the company. The directors and the company's legal advisors are confident that should court proceedings be brought against the company will be successfully defended.

NOTE 28 GOING CONCERN

The company made a loss for the year-ended 30 June 2009 of \$2,822,340 (2008: loss of \$8,334,080) and its current liabilities exceed current assets by \$765,783 (2008: \$3,540,919 after excluding assets held for sale). Further, the company has continued to have substantial negative cash flows from operations.

The company has extended its \$2,095,000 loan facility (at the date of issuing this report) (\$2,295,000 as at 30 June 2009 less \$200,000 reduction on 01 July 2009) with Stacks Managed Investments Ltd to 1 August 2010. This loan facility was reduced from \$5,000,000 with the sale of the Bassano Grove and associated water rights. Stacks Managed Investments Ltd is holding funds to cover interest payments for the next twelve (12) months. It is the intention of the directors to pay out the loan facility in the 2009-10 financial year from the proceeds for the sale of Keetah (see discussion below).

The company has also ceased operations at its Keetah Grove which was loss making and now will solely operate the Kingsford Grove which was profitable in 2009 and is expected to be profitable in the future. The directors anticipate that the sale of Keetah Grove will be concluded by the end of the first quarter of 2010. In anticipation of the sale, the directors will minimise the operating costs of Keetah Gove.

Other key director assumptions in preparing the financial report on a going concern basis include:

- the sale of all inventory on hand as at 30 June 2009 and the full recovery of all associated receivables in the 2009-10 financial year
- the recovery of all reported receivable balances at 30 June 2009 in the 2009-10 financial year including the receivables due from its major customer
- the dispute with its major customer as outlined in Note 27 to the financial statements will be satisfactorily resolved without any material costs to the company
- the 2010 Kingsford harvest will be similar in volume to the 2009 harvest
- sale prices for the 2010 harvest of table olives and olive oil will be similar to those of the 2009 harvest
- operating costs for Kingsford in 2009-10 will be of a similar level to 2008-09 operating costs
- corporate overheads for 2009-10 will be of a similar level to 2008-09 corporate overheads
- proceeds from the sale of Keetah Grove will be sufficient to fully repay the loan from Stacks Managed Investments Ltd
- at least \$779,000 will be realised in the sale of olive oil from the 2010 harvest from Kingsford by 30 October 2010
- at least \$412,000 will be realised in the sale of the 2010 table grapes harvest from Kingsford by 31 July 2010.

After operations in 2009-10 and after allowing for the expected settlement of the sale of Keetah and the full repayment of the loan from Stacks Managed Investments Ltd, the company is expected to have \$519,000 of funds available at 30 June 2010 which the directors believe will be sufficient to fund the company's activities until at least 31 October 2010.

It is on this basis that the financial report has been prepared on a going concern basis and no adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary if the entity does not continue as a going concern.

NOTE 29 AUDITORS REMUNERATION

	2009	2008
	\$	\$
Amounts received or due and receivable by auditors for:		
- An audit or review of the financial report of the entity	29,900	38,649
- Other services in relation to the entity	12,660	8,633
	<u>42,560</u>	<u>47,282</u>

**BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 30 ECONOMIC DEPENDENCY

Barkworth Olive Groves Ltd has an established sales contract with Viva Olives Pty Ltd, to sell all its harvested fruits to Viva Olives Pty Ltd, under the terms and conditions of the supply and purchase agreement between the two companies. The entire 2008 harvested fruit was sold to Viva Olives Pty Ltd. In 2009 only olives with a value of \$293,071 intended to be sold as table fruit were sold to Viva Olives Pty Ltd. Refer further to Note 27 and Note 28.

NOTE 31 ASSETS HELD FOR SALE

Assets held for sale as at 30 June 2008 were realised during the financial year. The total sales proceeds for the assets was \$5,098,150, and most of it was received before year end, apart from \$1,383,000 which was held in Trust Account as at 30 June 2009.

NOTE 32 CARRYING AMOUNT OF LAND AT KEETAH AND KINGSFORD PROPERTIES

The company last obtained an independent valuation on its Keetah and Kingsford properties in 2006 as detailed in Note 9 of this financial report. Since the 2006 valuation the general drought conditions have continued for both properties. There is significant uncertainty as to whether the drought conditions will continue beyond 2009 and as such, there is a risk that the future fair value of the Keetah and Kingsford properties may be negatively impacted if the drought conditions persist. Conversely, if the drought conditions break then this may have a positive impact on the fair value of both properties. Refer further to Note 27.

NOTE 33 LIABILITIES RELATING TO ASSETS HELD FOR SALE

	2009	2008
	\$	\$
Loan - Stacks Managed Investments Pty Ltd	-	<u>2,500,000</u>
	-	<u>2,500,000</u>

NOTE 34 COMPANY DETAILS

Legal form:

Barkworth Olive Groves Ltd is a company limited by shares domiciled in Australia.

The registered office of the company is:

Barkworth Olive Groves Limited
98 Main Street
Kangaroo Point, Brisbane
Queensland, Australia

The financial report was authorised for issue by the Board of Directors on 30th October 2009.

BARKWORTH OLIVE GROVES LIMITED
A.B.N. 17 076 441 551
DIRECTORS' DECLARATION

The directors declare that:

(a) the financial statements and notes set out on pages 6 to 30 are in accordance with the Corporations Act 2001 and:

- (i) comply with Accounting Standards and the Corporations Regulations 2001; and
- (ii) give a true and fair view of the company's financial position as at 30 June 2009 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

(b) in the directors' opinion:

there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

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



D POLLARD
DIRECTOR

Signed at Brisbane, this 29th day of October 2009

BARKWORTH OLIVE GROVES LIMITED
A.B.N. 17 076 441 551

INDEPENDENT AUDITOR'S REPORT
To the Members of Barkworth Olive Groves Limited

Report on the Financial Report

We have audited the accompanying financial report of Barkworth Olive Groves Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and the cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the director's declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations, and the *Corporations Act 2001*). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, was provided to the directors of Barkworth Olive Groves Limited on the same date as the auditor's report.

Total Financial Solutions



Horwath refers to Horwath International Association, a Swiss entity.
Each member of the Association is a separate and independent legal entity.

Member Horwath International

WHK Horwath Brisbane
Level 16, WHK Horwath Centre 120 Edward Street
Brisbane Queensland 4000 Australia
GPO Box 736 Brisbane Queensland 4001 Australia
Telephone +61 7 3233 3555 Facsimile +61 7 3210 6183
Email info.bri@whkhorwath.com.au www.whkhorwath.com.au
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BARKWORTH OLIVE GROVES LIMITED
A.B.N. 17 076 441 551

INDEPENDENT AUDITOR'S REPORT (continued)
To the Members of Barkworth Olive Groves Limited

Basis for Qualified Auditor's Opinion

We draw your attention to Note 32 to the financial statements which indicates the company last obtained an independent valuation on its Keetah and Kingsford properties in 2006 as detailed in Note 9 to the financial statements. Since the 2006 valuation general drought conditions have continued for both properties and in addition, the recent global financial crisis has had a general downward impact on the value of properties. As both these factors are indicators of impairment and given that the directors have not obtained an independent valuation of land in the year-ended 30 June 2009, we are unable to satisfy ourselves whether the carrying amount of the land for both the Keetah and Kingsford properties are at fair value in accordance with the requirements of accounting standard AASB 116 Property, Plant and Equipment and the Corporations Act 2001.

Qualified Auditor's Opinion

In our opinion, except for effects of such adjustments, if any, as might have been determined necessary had the director's obtained an independent valuation of land, the financial report of Barkworth Olive Groves Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in paragraph 10 of the director's report for the year ended 30 June 2009. The directors of the company 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.

Auditor's Opinion on the Remuneration Report

In our opinion the Remuneration Report of Barkworth Olive Groves Limited for the year ended 30 June 2009, complies with Section 300A of the Corporations Act 2001.

Significant Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 28 to the financial statements which states:

"The company made a loss for the year-ended 30 June 2009 of \$2,822,340 (2008: loss of \$8,334,080) and its current liabilities exceed current assets by \$765,783 (2008: \$3,540,919 after excluding assets held for sale). Further, the company has continued to have substantial negative cash flows from operations.

The company has extended its \$2,095,000 loan facility (at the date of issuing this report) (\$2,295,000 as at 30 June 2009 less \$200,000 reduction on 01 July 2009) with Stacks Managed Investments Ltd to 1 August 2010. This loan facility was reduced from \$5,000,000 with the sale of the Bassano Grove and associated water rights. Stacks Managed Investments Ltd is holding funds to cover interest payments for the next twelve (12) months. It is the intention of the directors to pay out the loan facility in the 2009-10 financial year from the proceeds for the sale of Keetah (see discussion below).

INDEPENDENT AUDITOR'S REPORT (continued)
To the Members of Barkworth Olive Groves Limited

Significant Uncertainty Regarding Continuation as a Going Concern (continued)

The company has also ceased operations at its Keetah Grove which was loss making and now will solely operate the Kingsford Grove which was profitable in 2009 and is expected to be profitable in the future. The directors anticipate that the sale of Keetah Grove will be concluded by the end of the first quarter of 2010. In anticipation of the sale, the directors will minimise the operating costs of Keetah Gove.

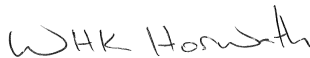
Other key director assumptions in preparing the financial report on a going concern basis include:

- the sale of all inventory on hand as at 30 June 2009 and the full recovery of all associated receivables in the 2009-10 financial year*
- the recovery of all reported receivable balances at 30 June 2009 in the 2009-10 financial year including the receivables due from its major customer*
- the dispute with its major customer as outlined in Note 27 to the financial statements will be satisfactorily resolved without any material costs to the company*
- the 2010 Kingsford harvest will be similar in volume to the 2009 harvest*
- sale prices for the 2010 harvest of table olives and olive oil will be similar to those of the 2009 harvest*
- operating costs for Kingsford in 2009-10 will be of a similar level to 2008-09 operating costs*
- corporate overheads for 2009-10 will be of a similar level to 2008-09 corporate overheads*
- proceeds from the sale of Keetah Grove will be sufficient to fully repay the loan from Stacks Managed Investments Ltd*
- at least \$779,000 will be realised in the sale of olive oil from the 2010 harvest from Kingsford by 30 October 2010*
- at least \$412,000 will be realised in the sale of the 2010 table grapes harvest from Kingsford by 31 July 2010*

After operations in 2009-10 and after allowing for the expected settlement of the sale of Keetah and the full repayment of the loan from Stacks Managed Investments Ltd, the company is expected to have \$519,000 of funds available at 30 June 2010 which the directors believe will be sufficient to fund the company's activities until at least 31 October 2010.

It is on this basis that the financial report has been prepared on a going concern basis and no adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary if the entity does not continue as a going concern."

These conditions as set forth in Note 28 are dependent upon future events and therefore constitute a significant uncertainty over the company's ability to continue as a going concern and to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.



WHK HORWATH



B P WORRALL
Principal

Signed at Brisbane, 29th October 2009

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