

BARKWORTH OLIVE GROVES LIMITED
A.B.N. 17 076 441 551
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

**BARKWORTH OLIVE GROVES LIMITED
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

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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 2011.

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 (Resigned 01 July 2011)
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, sole business and geographical segments was that of an olive grower and oil producer.

At the date of this report, the company has disposed of all trading operations.

It is the intention of the directors to proceed to an orderly windup once all assets have been disposed. Given the specialised nature of the two harvesters and given that the next olive season does not start until April 2012, it may be more than a year before assets have been disposed. The harvesters have a written down value of zero.

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 2011.

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 2011 of \$645,743 (2010: Loss of \$2,313,190).

Significant events during the year include the following:

- The sale of Keetah Grove was settled on 1 December 2010 for \$2,150,000. The facility with Stacks Managed Investments was reduced by \$1,595,000 to \$500,000 and extended until the property at Kingsford Grove was sold.
- The Keetah Grove property was in "caretaker mode" since the execution of the original contract of sale in April 2010 and as such overheads were kept to a minimum.
- An agreement was entered into with Barkworth Financing Pty Ltd whereby the total interest payable on the outstanding loan of \$350,000 will be \$25,200. The loan was first drawdown on 31 May 2008 but interest commenced accruing from 1 December 2009 due to the delay in the settlement of the Keetah Grove property. This loan was paid out on 18 February 2011.
- The remaining stock on hand from the 2010 harvest was sold.
- The sale of Kingsford Grove was effected on 8 February 2011 for \$3,870,000 (cash component \$3,000,000 plus 2 x Sunrunner Boats valued at \$870,000 by the purchaser). The remaining \$500,000 facility with Stacks Managed Investments was repaid.
- The payout of leases in respect of the two Gregoire Harvesters was effected on 25 February 2011. As such the Company has no financial liabilities at the date of this report.
- The Annual General Meeting was held on 25 March 2011, at which Douglas Pollard announced his resignation, effective 1 July 2011.
- On 20 June 2011 a letter announcing the retirement of Douglas Pollard and setting out the future of the company was sent to Ordinary Shareholders. The Redeemable Preference Shareholders (who are also Ordinary Shareholders) received a Loan Pending Redemption Form advising in accordance with legal advice provided to the company that the Board had decided to facilitate the partial return of monies pending the realisation of remaining assets and liquidation of the company. The remittance of these funds commenced on 1 July 2011.
- Concerted efforts are being undertaken to dispose of the remaining assets, namely two Gregoire Harvesters and one Sunrunner Boat (the second Sunrunner boat was sold on 3 June 2011) which formed part of the Kingsford Grove settlement.

BARKWORTH OLIVE GROVES LIMITED
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DIRECTORS' REPORT

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 that as at the date of this report 531 of the 603 Redeemable Preference Shareholders have taken up the offer of the Loan Pending Redemption.

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. The company has agreements with each of the directors and officers of the company in office at the date of this report indemnifying them against liabilities to any person other than the company that may arise from their acting as directors or officers of the company. The indemnity applies, notwithstanding that they may have ceased to hold office, other than where such liabilities arise out of conduct involving a wilful breach of duty, the improper use by the directors or officers of their position or of information to gain an advantage for themselves or someone else or to cause detriment to the company.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability, as such disclosures are prohibited under the terms of the contract.

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

8. DIRECTORS

Particulars of directors' qualifications, experience, special responsibilities and interests in the company and related companies 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 Queensland) 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 Barkworth Olive Groves Ltd since its establishment.	Managing Director and Chairman Resigned 01 July 2011
G A McClymont	Degree in Applied Science and is an agribusiness consultant. He is a member of the Australian Institute of Company Directors 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 Barkworth Olive Groves Ltd.	Non Executive Director As at 01 July 2011 Managing Director and Chairman
J K Haley	Chartered Accountant (fellow of the Institute of Chartered Accountants in Australia) with over 30 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 two ASX listed mineral development companies and company secretary of a listed mineral exploration company.	Non Executive Director and Company Secretary

BARKWORTH OLIVE GROVES LIMITED
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DIRECTORS' REPORT

8. DIRECTORS (continued)

Shares held by Directors and Key Management Personnel and their Related Entities

The number of shares held at 30 June 2011 directly, indirectly or beneficially by directors and key management

2011	Ordinary Shares	Redeemable Preference Shares
Held by		
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) Pty Ltd	522,058	500,005
2010		Redeemable Preference Shares
Held by	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) Pty Ltd	522,058	500,005

9. 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 receive a base salary and superannuation.

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.

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.

Performance-based remuneration

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

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

9. REMUNERATION REPORT (continued)

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.

2011

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	10,000	-	-	-	10,000
G A McClymont	55,000	2,250	-	-	57,250
	<u>145,000</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>149,500</u>

2010

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 #	30,000	-	-	-	30,000
G A McClymont	25,000	2,250	-	-	27,250
	<u>135,000</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>139,500</u>

Includes Unpaid Director's Fees for the 2007 and 2008 financial year totalling \$20,000.

Performance Income as a Proportion of Total Remuneration

No performance income has been paid to any non-executive directors or the Managing Director and Chairman.

10. NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor (Crowe Horwath) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 as none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid for non-audit services provided by the auditor:

	2011 \$	2010 \$
Preparation and submission of the Research and Development Tax Refund (refer note 4).	-	9,450

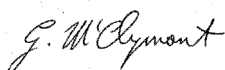
11. During the financial year eleven meetings of the company's directors were held. The number of meetings each director of the company attended is as follows:

Name	No of Meetings	Number of Board Meetings Attended
D W G Hanlon	11	8
D Pollard	11	10
G A McClymont	11	11
J K Haley	11	11

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. The Auditor's Independence Declaration under Section 307C of the Corporations Act is set out on page 5 and forms part of the directors' report for the year ended 30 June 2011.

Signed at Brisbane, this 30th day of September 2011 in accordance with a resolution of the Board of Directors.



G A McCLYMONT
DIRECTOR

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, during the year ended 30 June 2011 there has 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.

Crowe Horwath Brisbane

Crowe Horwath Brisbane

B.P. Worrall

Brendan Worrall
Partner

Signed at Brisbane, 30 September 2011

BARKWORTH OLIVE GROVES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,964,444	364,342
Trade and other receivables	6	46,994	301,709
Inventories	7	-	168,150
Other current assets	8	27,385	66,659
Assets classified as held for sale	9	171,171	4,841,996
TOTAL CURRENT ASSETS		<u>2,209,994</u>	<u>5,742,856</u>
TOTAL ASSETS		<u>2,209,994</u>	<u>5,742,856</u>
CURRENT LIABILITIES			
Trade and other payables	11	38,118	181,776
Current tax liabilities	13	15,924	9,026
Other current liabilities	14	436	3,733
Provisions	15	36,703	78,772
Liabilities relating to assets classified as held for sale	9	5,000	2,709,993
TOTAL CURRENT LIABILITIES		<u>96,181</u>	<u>2,983,300</u>
TOTAL LIABILITIES		<u>96,181</u>	<u>2,983,300</u>
NET ASSETS		<u>2,113,813</u>	<u>2,759,556</u>
EQUITY			
Issued capital	16	16,027,477	16,027,477
Accumulated losses		(13,913,664)	(19,584,100)
Asset revaluation reserve	22	-	6,316,179
TOTAL EQUITY		<u>2,113,813</u>	<u>2,759,556</u>

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

**BARKWORTH OLIVE GROVES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

DISCONTINUED OPERATIONS	NOTE	2011 \$	2010 \$
Revenue	2	385,717	1,406,024
Profit/(loss) on sale of assets	2	916,366	1,995
Provision for doubtful debts	6&21	(57,420)	-
Boat expenses		(21,005)	-
Commission on sale of assets		(118,425)	-
Depreciation expense		-	(91,530)
Finance costs		(187,511)	(268,164)
Groves expenses		(506,406)	(1,524,322)
Impairment of assets classified as held for sale		(299,465)	(1,073,433)
Employee benefits (Grove and non-grove)		(369,752)	(659,667)
Other expenses		<u>(387,843)</u>	<u>(456,491)</u>
Loss on discontinued operations before income tax expense		(645,743)	(2,665,588)
Income tax from discontinued operations	4	<u>-</u>	<u>352,398</u>
Loss for the year from discontinued operations attributable to owners of the company		(645,743)	(2,313,190)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year from discontinued operations attributable to owners of the company		<u>(645,743)</u>	<u>(2,313,190)</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 2011**

	Share Capital \$	Accumulated Losses \$	Asset Revaluation Reserve \$	Employee Options Reserves \$	Total \$
Balance at 1 July 2009	16,027,477	(17,350,910)	6,316,179	80,000	5,072,746
Total comprehensive income:					
Loss for the year from discontinued operations	-	(2,313,190)	-	-	(2,313,190)
Other comprehensive income	-	-	-	-	-
Transactions with owners in their capacity as owners:					
Employee options - surrender	-	80,000	-	(80,000)	-
Balance at 30 June 2010	<u>16,027,477</u>	<u>(19,584,100)</u>	<u>6,316,179</u>	<u>-</u>	<u>2,759,556</u>
Total comprehensive income:					
Loss for the year from discontinued operations	-	(645,743)	-	-	(645,743)
Transactions with owners in their capacity as owners:					
Sale of Revalued Assets	-	6,316,179	(6,316,179)	-	-
Balance at 30 June 2011	<u>16,027,477</u>	<u>(13,913,664)</u>	<u>-</u>	<u>-</u>	<u>2,113,813</u>

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

BARKWORTH OLIVE GROVES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

DISCONTINUED OPERATIONS	NOTE	2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,472,728	1,306,552
Payments to employees and suppliers		(2,371,437)	(2,202,195)
Interest received		48,595	16,744
Finance charges		(132,517)	(255,914)
Research & development tax refund		<u>-</u>	<u>352,398</u>
Net cash used in operating activities	17(a)	<u>(982,631)</u>	<u>(782,415)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of property, plant & equipment		5,287,726	1,406,637
Payment for purchase of property, plant & equipment		<u>-</u>	<u>(25,723)</u>
Net cash provided by (used in) investing activities		<u>5,287,726</u>	<u>1,380,914</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayments of borrowings		<u>(2,704,993)</u>	<u>(361,843)</u>
Net cash used in investing activities		<u>(2,704,993)</u>	<u>(361,843)</u>
Net increase/(decrease) in cash and cash equivalents held		1,600,102	236,656
Cash and cash equivalents at the beginning of the financial year	17(a)	<u>364,342</u>	<u>127,686</u>
Cash and cash equivalents at the end of the financial year	17(a)	<u>1,964,444</u>	<u>364,342</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 2011

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 was primarily involved in the operation of growing olives and producing olive oil in Australia.

Refer also Note 9(c) regarding Discontinued Operations and Note 26 Going Concern.

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 International Financial Reporting Standards (IFRS) in their entirety.

New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the company in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report:

- *AASB 9 Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the company's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The company has not yet determined the potential effect of the standard.
- *AASB 124 Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party. The amendments, which will become mandatory for company's 30 June 2012 financial statements, are not expected to have any significant impact on the financial statements.
- *AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the company's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

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 and Buildings*
The land and buildings of Keetah and Kingsford were carried at fair value per a 2006 independent assessment by registered valuers.

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.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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 statement of comprehensive income 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.

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 statement of comprehensive income 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 statement of financial position 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 statement of comprehensive income.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income.

(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 statement of comprehensive income.

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.

(h) Provisions

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.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Provisions (continued)

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 statement of comprehensive income 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.

(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 measured at fair value of consideration received or receivable, net of discounts. Revenue is recognised to the extent that it is probable that economic benefits will flow to the company, and revenue can be reliably measured.

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 statement of comprehensive income 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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cashflows 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) Statement of Cashflow

For the purposes of the statement of cashflows, 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 2011

	2011 \$	2010 \$
NOTE 2 - REVENUE FROM DISCONTINUED OPERATIONS		
Operating revenue:		
Sales - Farm Gate - Olives	-	119,159
Sales - Export - Oil	80,662	714,294
Sales - Australia	87,488	456,873
Lease/Agistment Fees/Contract Pruning	32,208	13,537
Hire of equipment	94,920	25,768
	<u>295,278</u>	<u>1,329,631</u>
Non-operating revenue:		
Interest received	48,595	16,744
Insurance claims	9,964	-
Rental/reimbursements	31,880	59,649
	<u>90,439</u>	<u>76,393</u>
	<u>385,717</u>	<u>1,406,024</u>
Profit/Loss on Sale of Assets		
Profit on sale of assets	1,175,003	2,506
Loss on sale of assets	(258,636)	(511)
	<u>916,366</u>	<u>1,995</u>
Total revenue from discontinued operations	<u>1,302,083</u>	<u>1,408,019</u>

NOTE 3 - PROFIT/LOSS FROM DISCONTINUED OPERATIONS

Profit/Loss before income tax has been determined after:

Crediting as income:

Interest received and receivable		
- other persons or corporations	48,595	16,744
Profit/(Loss) on sale of assets	916,366	1,995

Charging as expense:

Depreciation	-	91,530
- Owned assets	-	15,673
- Leased assets	-	75,857
Auditors' remuneration	61,649	38,600
- Audit and review of financial report	22,500	29,150
- Other services - review of prior year reports	39,149	9,450
Commissions on sale of assets	-	14,735
Borrowing costs - other	54,994	8,455
Finance charges	132,517	271,957
Foreign exchange rate losses	97	69,680

NOTE 4 - INCOME TAX FROM DISCONTINUED OPERATIONS

(a) Income tax expense

Current tax	-	(352,398)
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The entire amount relates to discontinued operations.

(b) Reconciliation of income tax expense to prima facie tax payable

The prima facie tax on operating loss before income tax is reconciled to the income tax as follows:

Operating loss before income tax	(645,743)	(2,313,190)
Prima facie tax benefit before income tax at 30% (2010: 30%)	(193,723)	(693,957)
Add tax effect of:		
Non-deductible items	958,910	(5,786)
Deferred tax asset not brought to account	-	699,743
Previously unrecognised tax losses used to reduce current tax expense	(765,187)	
Research & Development Tax Refund#	-	(352,398)
Income tax attributable to the entity	<u>-</u>	<u>(352,398)</u>

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

- Temporary differences \$17,226 (2010: \$70,215)
- Tax losses: operating losses \$2,100,983 (2010: \$2,731,401)

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax \$71,474 (2010: \$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 \$Nil (2010: \$352,398) was received during the year in respect of a research and development claim. No Research and Development claim was made for the financial year ended 30 June 2011.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 5 - CASH AND CASH EQUIVALENTS		
Cash on hand	5	5
Cash at bank	1,964,439	364,337
	<u>1,964,444</u>	<u>364,342</u>
NOTE 6 - TRADE AND OTHER RECEIVABLES		
Trade and other debtors	104,414	292,956
Provision for doubtful debts	(57,420)	
Accrued income	-	1,540
Fuel tax credits	-	675
GST receivables	-	6,538
	<u>46,994</u>	<u>301,709</u>
NOTE 7 - INVENTORIES		
Processed olive oil - net realisable value	-	168,150
NOTE 8 - OTHER CURRENT ASSETS		
Prepayments - Creditors	16,501	31,357
Prepayments - Interest	-	24,474
Deposits paid	10,884	10,828
	<u>27,385</u>	<u>66,659</u>
NOTE 9 - ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS		
(a) Assets classified as held for sale		
Disposal group held for sale (discontinued operations - see (c) below)		
- Biological assets (Note 10)	-	23,800
- Property, plant and equipment	171,171	4,818,196
	<u>171,171</u>	<u>4,841,996</u>
(b) Liabilities directly associated with assets classified as held for sale		
- Lease liability and hire purchase (Note 12 & 18)	-	238,086
- Finance/Chattel mortgage liabilities (Note 12 & 18)	-	21,907
- Financial liabilities (Note 12)	-	2,095,000
- Loan - Barkworth Financing Pty Ltd (Note 12 & 19(c))	-	350,000
- Redeemable preference share liability (Note 12)	5,000	5,000
	<u>5,000</u>	<u>2,709,993</u>
(c) Discontinued operations		

At a directors' meeting held on 11 August 2009 it was agreed the property at Keetah Grove would be marketed for sale. This property sold on 1 December 2010.

At a directors' meeting held on 21 May 2010 it was agreed the property at Kingsford Grove would be selectively marketed to parties who have been identified as potentially interested buyers as they are already in the olive industry. This property sold on 8 February 2011.

As a consequence, the entire company's operations are considered to be a disposal group classified as held of sale and as such the entire Statement of Comprehensive Income and Statement of Cash Flows are disclosed as discontinued. In accordance with the requirements of AASB 5 Non-current Assets Held for Sale and Discontinued Operations, non-current assets comprising property, plant, equipment (including head office plant and equipment which is immaterial) and biological assets (bearer trees) have been reclassified as held for sale and stated at fair value less costs to sell. The liabilities directly associated with these assets have also been reclassified.

At the date of this report the company's has ceased trading operations.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 Statement of Comprehensive Income 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.

	2011	2010
	\$	\$
Bearer trees, at market value	-	4,768,116
Impairment loss arising from change in fair value	-	(4,744,316)
Transfer to assets classified as held for sale	-	(23,800)
	<u>-</u>	<u>-</u>

NOTE 11 - TRADE AND OTHER PAYABLES

Trade and other payables	23,118	147,256
Other creditors and accruals	15,000	34,520
	<u>38,118</u>	<u>181,776</u>

NOTE 12 - FINANCIAL LIABILITIES

Current:

- Lease liability and hire purchase (Note 18)	-	238,086
- Finance/Chattel mortgage liabilities (Note 18)	-	21,907
- Loan - Stacks Managed Investments Pty Ltd	-	2,095,000
- Loan - Barkworth Financing Pty Ltd *	-	350,000
- Redeemable preference share liability #	5,000	5,000
	<u>5,000</u>	<u>2,709,993</u>

Transfer to liabilities relating to assets classified as held for sale

	<u>(5,000)</u>	<u>(2,709,993)</u>
	<u>-</u>	<u>-</u>

Non-current:

- Lease liability and hire purchase (Note 18)	-	-
- Finance/Chattel mortgage liabilities (Note 18)	-	-
	<u>-</u>	<u>-</u>

The redeemable preference shares are redeemable at the option of the holder for cash consideration. These redeemable preference shares were redeemed on 4 August 2011.

* Refer Note 19(c) for conditions of the loan.

NOTE 13 - CURRENT TAX LIABILITIES

GST liabilities	12,830	-
PAYG liabilities	3,094	9,026
	<u>15,924</u>	<u>9,026</u>

NOTE 14 - OTHER CURRENT LIABILITIES

Payroll liabilities	436	3,733
	<u>436</u>	<u>3,733</u>

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
NOTE 15 - PROVISIONS		
Employee leave entitlements		
Balance at the beginning year	78,772	81,302
Additions to provision	41,293	-
Charges against provision	(83,362)	(2,530)
Closing balance	36,703	78,772
Current	36,703	78,772
Non-Current	-	-
	36,703	78,772

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)
	16,027,477	16,027,477

Number of shares

27,004,560 fully paid Ordinary shares (2010: 27,004,560) and 10,832,302 Redeemable Preference shares (2010: 10,832,302)

	2011 Number of Ordinary shares	2011 Number of Preference shares	2010 Number of Ordinary shares	2010 Number of Preference shares
Balance at beginning of the year	27,004,560	10,832,302	27,004,560	10,832,302
Balance at end of the year	27,004,560	10,832,302	27,004,560	10,832,302

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.

	2011 \$	2010 \$
NOTE 17 - CASH FLOW INFORMATION		
(a) Reconciliation of cash flow from operating activities with operating loss after income tax		
Operating loss after income tax	(645,743)	(2,313,190)
Non-cash flows in operating profit:		
Movement in provision for doubtful debts	57,420	-
Depreciation	-	91,530
(Profit)/loss on sale of property, plant & equipment	(916,366)	(1,995)
Impairment loss of assets classified as held for sale	299,465	1,073,433
Tax paid	(5,932)	(2,216)
Changes in assets and liabilities:		
Trade and other receivables	189,217	(18,159)
Prepayments and deposits	60,181	164,016
Inventories	168,150	591,325
Trade and other payables	(146,954)	(364,628)
Provision for annual leave	(42,069)	(2,531)
	(982,631)	(782,415)
(b) Non-cash Financing Activities		
There were no non-cash financing activities during the year (2010: \$Nil).		
(c) Reconciliation of Cash		
Cash on hand	5	5
Cash at bank	1,964,439	364,337
	1,964,444	364,342

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 18 - EXPENDITURE COMMITMENTS

	2011	2010
Finance leases and hire purchase:		
Payable:		
- no later than 1 year	-	263,794
- later than 1 year but no later than 5 years	-	-
Minimum lease payments	-	263,794
Less future finance charges		
- no later than 1 year	-	25,708
- later than 1 year but no later than 5 years	-	-
- later than 5 years	-	-
Present value of minimum lease payments	<u>-</u>	<u>238,086</u>
Disclosed as:		
Current (Note 12)	-	238,086
Non-current	-	-
	<u>-</u>	<u>238,086</u>
 Finance/Chattel Mortgage:		
Payable:		
- no later than 1 year	-	22,304
- later than 1 year but no later than 5 years	-	-
Minimum payments	-	22,304
Less Future finance charges		
- no later than 1 year	-	397
- later than 1 year but no later than 5 years	-	-
Present value of minimum payments	<u>-</u>	<u>21,907</u>
Disclosed as:		
Current (Note 12)	-	21,907
Non-Current	-	-
	<u>-</u>	<u>21,907</u>

NOTE 19 - RELATED PARTY DISCLOSURES

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

Directors

D Pollard	Managing Director/Chairman/Secretary (Resigned 01 July 2011)
D W G Hanlon	Non-executive director
G A McClymont	Non-executive director (Appointed Managing Director 01 July 2011)
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

2011

	Short Term Cash Benefits (Salaries & Fees)	Post Employ- ment Super- annuation	Long Term Benefits	Share-based payments (Options)	Total
	\$	\$	\$	\$	\$
Directors					
D Pollard	55,000	-	-	-	55,000
J K Haley	25,000	2,250	-	-	27,250
D W G Hanlon	10,000	-	-	-	10,000
G A McClymont	55,000	2,250	-	-	57,250
	<u>145,000</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>149,500</u>

2010

	Short Term Cash Benefits (Salaries & Fees)	Post Employ- ment Super- annuation	Long Term Benefits	Share-based payments (Options)	Total
	\$	\$	\$	\$	\$
Directors					
D Pollard	55,000	-	-	-	55,000
J K Haley	25,000	2,250	-	-	27,250
D W G Hanlon #	30,000	-	-	-	30,000
G A McClymont	25,000	2,250	-	-	27,250
	<u>135,000</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>139,500</u>

Unpaid Director's Fees for the 2007 and 2008 financial year totalling \$20,000 have been provided for as at 30 June 2010.

**BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 19 - RELATED PARTY DISCLOSURES (continued)

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

During the prior year the company received funds from a related entity. The balance of this loan account is set out in Note 9. The loan is secured by a floating mortgage debenture charge over the company's assets, compound interest of 6% and repayable on demand. Details of this balance are as follows:

Entity	2011 \$	2010 \$
Barkworth Financing Pty Ltd (loan payable)	-	350,000

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

The number of shares held at 30 June 2011 directly, indirectly or beneficially by directors and key management personnel and their related entities are as follows:

2011	Ordinary Shares	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) Pty Ltd	522,058	500,005

2010	Ordinary Shares	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) Pty Ltd	522,058	500,005

NOTE 20 - FINANCIAL REPORTING BY SEGMENTS

The company's principal activities and sole business and geographical segments was that as an olive grower and oil producer owning two major properties: Due to the company ceasing trading operations financial reporting by segments was not applicable.

Refer also Note 9(c) Discontinued Operations.

BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 2011.

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.

The maximum credit risk exposure of financial assets is represented by the carrying amounts of assets recognised in the statement of financial position 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:

	2011		2010	
	Gross	Impairment	Gross	Impairment
	\$	\$	\$	\$
Not past due (current)	104,414	57,420	70,265	-
Past due 0-30 days	-	-	34,263	-
Past due 30-60 days	-	-	185,843	-
Past due more than 60 days	-	-	-	-
	<u>104,414</u>	<u>57,420</u>	<u>290,371</u>	<u>-</u>

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 statement of financial position 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 Rate		Floating Interest Rate		Fixed Interest Rate Maturing						Non Interest Bearing		Total	
			2011	2010	Within 1 year		1 to 5 Years		Over 5 Years		2011	2010	2011	2010
					2011	2010	2011	2010	2011	2010				
Financial Assets	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash	4.75%	3%	1,964,444	362,342	-	-	-	-	-	-	-	-	1,964,444	362,342
Trade & Other Receivables	0%	0%	-	-	-	-	-	-	-	-	104,414	295,171	104,414	295,171
GST Receivables	0%	0%	-	-	-	-	-	-	-	-	-	6,538	-	6,538
Short Term Deposits	0%	0%	-	-	-	-	-	-	-	-	-	-	-	-
Loans to Related Companies	0%	0%	-	-	-	-	-	-	-	-	-	-	-	-
Promissory Notes	0%	0%	-	-	-	-	-	-	-	-	-	-	-	-
Total Financial Assets			1,964,444	362,342	-	-	-	-	-	-	104,414	301,709	2,068,858	664,051
Financial Liabilities														
Trade & Other Payables	0%	0%	-	-	-	-	-	-	-	-	23,118	181,776	23,118	181,776
GST Payables	0%	0%	-	-	-	-	-	-	-	-	12,879	-	12,879	-
Loan from Related Company	6%	6%	-	-	-	350,000	-	-	-	-	-	-	-	350,000
Redeemable Preference	0%	0%	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000
Share Liability			-	-	-	-	-	-	-	-	-	-	-	-
Finance/Chattel Mortgages	4%	4%	-	-	-	21,908	-	-	-	-	-	-	-	21,908
Lease & Hire Purchase Liabilities	7%	7%	-	-	-	238,085	-	-	-	-	-	-	-	238,085
Loan	10.5%	10.5%	-	-	-	2,095,000	-	-	-	-	-	-	-	2,095,000
Total Financial Liabilities			-	-	-	2,704,993	-	-	-	-	40,997	186,776	40,997	2,891,769

**BARKWORTH OLIVE GROVES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 22 - RESERVES

	2011	2010
Asset revaluation reserve		
Opening balance	6,316,179	6,316,179
Transfer to retained earnings on disposal of Keetah Grove and Kingsford Grove	<u>(6,316,179)</u>	<u>-</u>
	<u>-</u>	<u>6,316,179</u>

The asset revaluation reserve records revaluations of non-current assets. The reserve was realised as the profit/loss on the sale of assets relating to Keetah Grove and Kingsford Grove has been brought to account.

NOTE 23 - SIGNIFICANT CHANGES IN OPERATIONS

There were no significant changes in operations during the year apart from those detailed in Note 9(c) Discontinued Operations.

NOTE 24 - CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The entity had no contingent liabilities or contingent assets at 30 June 2011.

NOTE 25 - SUBSEQUENT EVENTS

As at the date of this financial report:

(i) 531 of the 603 Redeemable Preference Shareholders have taken up the offer of the Loan Pending Redemption totalling \$1,439,382.

NOTE 26 - GOING CONCERN

The company made a loss for the year ended 30 June 2011 of \$645,743 (2010: loss of \$2,313,190). Further, the company has continued to have substantial negative cash flows from operations. It is the intention of the directors to proceed to an orderly windup once all assets have been disposed. Given the specialised nature of the two harvesters and given that the next olive season does not start until April 2012, it may be more than a year before assets have been disposed.

As detailed in Note 9(c) Discontinued Operations, at the date of this report, the company has disposed of all trading operations except for two harvesters and one Sunrunner boat which are classified as available for sale assets. In view of this, the company's ability to generate future cash flows is limited.

The above matters create a material uncertainty that may cause significant doubt as to the ability of the company to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

At the date of this report, the company has approximately \$418,862 in cash reserves to settle the following outstanding estimated liabilities at the date of this report:

- (a) trade and other payables \$1,827
- (b) Redeemable Preference Shareholders \$77,140.

After allowing for the extinguishment of the above liabilities, it is estimated the company will have residual cash reserves of \$339,895 which directors consider to be sufficient funds to cover ongoing monthly operating expenses comprising head office expenses (such as rent, directors fees, wages and other administrative costs) for at least twelve months from the issue of this report.

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 27 - AUDITORS REMUNERATION

	2011	2010
	\$	\$
Amounts received or due and receivable by auditors for:		
- An audit or review of the financial report of the entity	61,649	29,150
- Other services in relation to the entity	<u>-</u>	<u>9,450</u>
	<u>61,649</u>	<u>38,600</u>

NOTE 28 - 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
11 Aldergrove Street
Chapel Hill
Queensland, Australia

The financial report was authorised for issue by the Board of Directors on 30th day of September 2011.

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

The directors declare that:

- (a) the financial statements and notes, as set out on pages 6 to 21 are in accordance with the *Corporations Act 2001* and:
 - (i) comply with Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2011 and its performance 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.



G A McCLYMONT
DIRECTOR

Signed at Brisbane, this 30th day of September 2011.

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, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

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

Opinion

In our opinion:

- a. the financial report of Barkworth Olive Groves Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 26 in the financial report, which indicates that the company incurred a net loss of \$645,743 (2010: \$2,313,190) for the year ended 30 June 2011 and has continued to have substantial negative cash flows from operations. It is the intention of the directors to proceed to an orderly windup once all assets have been disposed. Given the specialised nature of the two harvesters and given that the next olive season does not start until April 2012, it may be more than a year before assets have been disposed.

As detailed in Note 9(c) in the financial report, at the date of this report, the company has disposed of all trading operations except for two harvesters and one Sunrunner boat which are classified as available for sale assets. In view of this, the company's ability to generate future cash flows is limited.

The above matters create a material uncertainty that may cause significant doubt as to the ability of the company to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 3 to 4 of the directors' report for the year ended 30 June 2011. 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.

Opinion

In our opinion, the Remuneration Report of Barkworth Olive Groves Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.



Crowe Horwath Brisbane



Brendan Worrall
Partner

Signed at Brisbane, 30 September 2011