

**BARKWORTH OLIVE GROVES LIMITED**  
**A.B.N. 17 076 441 551**  
**INTERIM FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**BARKWORTH OLIVE GROVES LIMITED  
INTERIM FINANCIAL REPORT  
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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 half year year ended 31 December 2008.

**1. THE 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. OPERATING RESULTS**

The operations of the company for the half year have been satisfactory given that harvest proceeds will be recognised in the second half of the financial year and that the olive trees owned by the Company are yet to achieve maximum production. The net loss after income tax for the half year ended 31 December 2008 was \$1,849,193 (31 December 2007: net loss of \$2,149,724).

**3. REVIEW OF OPERATIONS**

A review of the operations of the company for the period and the results of those operations is as follows:

Sale of Water Entitlements	
209 megalitres of High Security water at \$3,400/MI	\$710,600
2,171 megalitres of General Security water outside Wah Wah at \$1,050/MI	\$2,279,550
Sale of Water Allocations	\$134,550

As at 31 December 2008 the finance facility with Stacks Management Investments Limited was reduced by \$2,705,000 to \$2,295,000.

**4. EVENTS SUBSEQUENT TO BALANCE DATE**

There were no significant changes in the state of affairs of the company after the end of the period except

- for the proceeds in respect of the sale of the Bassano Grove for \$725,000 being received on 15 January 2009. In addition to the sale of the land, proceeds from the sale of plant and equipment of \$235,000 were also received. Due to the delay in the settlement of one month, funds by way of a temporary non-interest bearing loan of \$350,000 was obtained from Barkworth Financing Pty Ltd.
- contracts for water rights in respect of 1,000 megalitres and 844 megalitres of General Security Water have been negotiated for \$750,000 and \$633,000 respectively. Settlement is expected by end of April 2009. A further \$200,000 partial repayment of finance facility with Stacks Management Investments Limited will be made upon settlement.
- the income tax return for financial year ended 30 June 2008 was lodged and a taxation refund of \$362,427 in respect of a Research and Development claim was received on 26 March 2009 and is reflected in the financial report for the half year ended 31 December 2008.

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

**5. AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the half year ended 31 December 2008 forms part of the Directors' Report and can be found on page 3.

This report is made in accordance with a Resolution of the Directors.

Signed at Brisbane, this 15th day of April 2009.

A handwritten signature in black ink, appearing to read 'L. Pellard', written over a horizontal line.

DIRECTOR

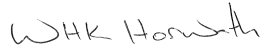
**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF BARKWORTH OLIVE GROVES LIMITED  
A.B.N. 17 076 441 551**

**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 review of Barkworth Olive Groves Limited for the period ended 31 December 2008 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 fifteenth day of April 2009.



**WHK HORWATH**



**B P WORRALL  
PRINCIPAL**

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WHK Pty Ltd ABN 84 006 466 351  
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](mailto:info.bri@whkhorwath.com.au) [www.whkhorwath.com.au](http://www.whkhorwath.com.au)  
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**BARKWORTH OLIVE GROVES LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

	<b>31-Dec-08</b>	<b>30-Jun-08</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>		
Cash & Cash Equivalents	291,432	1,070,334
Trade & Other Receivables	389,570	769,251
Inventory	51,505	51,502
Other current assets	406,776	315,553
Assets held for sale	2,343,000	5,190,000
	<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	<b>3,482,283</b>	<b>7,396,640</b>
	<hr/>	<hr/>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6,092,323	6,571,319
Biological assets	23,800	23,800
	<hr/>	<hr/>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,116,123</b>	<b>6,595,119</b>
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>9,598,406</b>	<b>13,991,759</b>
	<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>		
Trade & Other Payables	225,149	299,893
Financial liabilities	2,743,181	2,826,557
Current tax liabilities	15,483	16,679
Other current liabilities	10,756	6,706
Provisions	92,808	97,725
Liabilities relating to assets held for sale	260,000	2,500,000
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,347,377</b>	<b>5,747,560</b>
	<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>		
Financial liabilities	205,136	349,113
	<hr/>	<hr/>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>205,136</b>	<b>349,113</b>
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>3,552,513</b>	<b>6,096,673</b>
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>6,045,893</b>	<b>7,895,086</b>
	<hr/>	<hr/>
<b>EQUITY</b>		
Issued Capital	16,027,477	16,027,477
Retained Profits	(19,856,487)	(18,007,294)
Employee Options Reserve	80,000	80,000
Asset Revaluation Reserve	9,794,903	9,794,903
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>6,045,893</b>	<b>7,895,086</b>
	<hr/>	<hr/>

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

**BARKWORTH OLIVE GROVES LIMITED**  
**INCOME STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<b>31-Dec-08</b>	<b>31-Dec-07</b>
	<b>\$</b>	<b>\$</b>
Revenue	197,315	57,805
Depreciation and amortisation expense	(212,660)	(251,500)
Finance costs	(310,694)	(678,083)
Grove Expenses	(875,467)	(793,363)
Impairment of assets held for sale	(193,032)	-
Employee Benefits (Grove and Non-Grove)	(550,785)	(524,340)
Other expenses	<u>(266,297)</u>	<u>(240,801)</u>
Profit before income tax expense	(2,211,620)	(2,430,280)
Income tax expense (R&D Tax Offset)	<u>362,427</u>	<u>280,556</u>
Profit (Loss) for the period	<u>(1,849,193)</u>	<u>(2,149,724)</u>

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

**BARKWORTH OLIVE GROVES LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Share Capital \$	Retained Profits \$	Asset Revaluation Reserve \$	Employee Options Reserves	Total \$
<b>Balance at 1 July 2007</b>	12,305,852	(9,673,214)	9,794,903	80,000	12,507,541
Profit attributable to members of the company		(2,149,724)			(2,149,724)
2007 Rights Issue Shares issued during the half year period	1,038,609				1,038,609
2007 Redeemable Preference Shares Issued during the half year period	2,242,348				2,242,348
Rights issue expenses	(25,060)				(25,060)
<b>Balance as at 31 December 2007</b>	<u>15,561,749</u>	<u>(11,822,938)</u>	<u>9,794,903</u>	<u>80,000</u>	<u>13,613,714</u>
<b>Balance at 1 July 2008</b>	16,027,477	(18,007,294)	9,794,903	80,000	7,895,086
Profit attributable to members of the company		(1,849,193)			(1,849,193)
<b>Balance as at 31 December 2008</b>	<u>16,027,477</u>	<u>(19,856,487)</u>	<u>9,794,903</u>	<u>80,000</u>	<u>6,045,893</u>

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

**BARKWORTH OLIVE GROVES LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	<b>6 months to 31-Dec-2008 \$</b>	<b>6 months to 31-Dec-2007 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	552,860	456,402
Payments to employees and suppliers	(1,492,102)	(1,682,585)
Interest received	25,451	22,323
GST Recovered/(Paid)	(19,279)	-
Borrowing costs	(310,694)	(678,083)
	<u>(1,243,764)</u>	<u>(1,881,943)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Payments)/proceeds from term deposits	-	-
Proceeds on sale of property, plant & equipment	3,006,858	7,000
Payment for purchase of property, plant & equipment	(74,643)	(82,439)
	<u>2,932,215</u>	<u>(75,439)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds of share issues	-	3,280,957
Rights Issue Expense	-	(25,060)
Proceeds from borrowings	350,000	-
Repayments of borrowings	(2,817,353)	(86,057)
	<u>(2,467,353)</u>	<u>3,169,840</u>
Net cash provided by (used in) operating activities	<u>(1,243,764)</u>	<u>(1,881,943)</u>
Net cash provided by (used in) investing activities	<u>2,932,215</u>	<u>(75,439)</u>
Net cash provided by (used in) financing activities	<u>(2,467,353)</u>	<u>3,169,840</u>
Net increase in cash held	(778,902)	1,212,458
Cash at the beginning of the financial year.	1,070,334	1,093,314
	<u>291,432</u>	<u>2,305,772</u>
Cash at the end of the period	<u>291,432</u>	<u>2,305,772</u>

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

**BARKWORTH OLIVE GROVES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

It is recommended that this financial report be read in conjunction with the Financial Statements for the year ended 30 June 2008. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2008 Financial Statements.

(a) **Going Concern**

The Financial Statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the ordinary course of business. Refer also to Note 4 below.

(b) **Comparative Figures**

Where required by Australian Accounting Standard AASB 134: Interim Financial Reporting, comparative figures have been adjusted to conform to changes in presentation for the current period.

**NOTE 2 - 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 three major properties:

- The Keetah property in New South Wales adjacent to the Queensland border comprised of 7 titles totalling 1,366 hectares;
- The Bassano/Kingston Park property comprised of 6 titles totalling 1,359.4 hectares located in the Murrumbidgee Irrigation Area near Griffith, New South Wales (refer to Note 3 in relation to settlement for the sale of land, plant and equipment and water rights); and
- 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 headworks including dams, bores, pumping stations and underground water mains.

**NOTE 3 - SUBSEQUENT EVENTS**

There were no significant changes in the state of affairs of the company after the end of the period except for:

- progress receipts for the sale of the Bassano Grove for \$725,000 being received on 15 January 2009. In addition to the sale of the land, proceeds from the sale of plant and equipment of \$235,000 were also received. Due to the delay in the settlement of one month, funds by way of a temporary non-interest bearing loan of \$350,000 was obtained from Barkworth Financing Pty Ltd.
- contracts for water rights in respect of 1,000 megalitres and 844 megalitres of General Security Water have been negotiated for \$750,000 and \$633,000 respectively. Settlement is expected by end of April 2009. A further \$200,000 partial repayment of financial facility with Stacks Management Investments Limited will be made upon settlement.
- the income tax return for financial year ended 30 June 2008 was lodged and a taxation refund of \$362,427 in respect of a Research and Development claim was received on 26 March 2009 and is reflected in the half year ended 31 December 2008 accounts..

**BARKWORTH OLIVE GROVES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**NOTE 4 - GOING CONCERN**

The company made a loss for the half-year ended 31 December 2008 of \$1,849,193 (2007 loss \$2,149,724) and after excluding Assets Held for Sale, current liabilities exceeded current assets by \$2,208,094 (30 June 2008 \$3,540,920).

The Directors have prepared a detailed 12-month Cash Flow Forecast to 30 April 2009 which shows positive net cash on hand throughout this period with a projected closing cash balance of \$280,783 on 30 April 2010. The key assumptions made by Director's in preparing the Cash Flow Forecast were:

1. The Company's loan facility with Stacks Management Investments Limited is due to expire on 1 September 2009. The original loan facility was for \$5,000,000 and at the request of Stacks Management Investments Limited to reduce the facility by \$2,500,000, the Company repaid \$2,705,000 to reduce the facility to \$2,205,000 by 31 December 2008. The remaining loan is expected to be \$2,005,000 at the expiry date of 1 September 2009 with a further principal repayment of \$200,000 scheduled upon settlement of the sale of contracted water (see below). The Directors remain confident that the expected remaining facility of \$2,005,000 will be successfully rolled-over for a further 12 months from 1 September 2009;

2. Proceeds from the sale of contracted water rights in respect of 1,000 megalitres and the sale of 844 megalitres of General Security Water of \$750,000 and \$633,000 is expected to be received in April 2009. A 10% deposit of \$138,300 was received in March 2009;

3. Revenues of \$1,269,000 are expected to be collected in September 2009 being:

a. Kingsford Grove harvest of 1,200,000 kilograms equating to 192 tonnes (yield of 16%) of oil at \$4.50 per kilogram or \$864,000;

b. Keetah harvest of 500,000 kilograms equating to 90 tonnes of oil (yield of 18%) at \$4.50 per kilogram or \$405,000. At the date of this financial report, approximately 300,000 kilograms had already been harvested at Keetah;

c. The Directors have indicated that the above projected harvests and yields for both Kingsford Grove and Keetah are conservative based on the current condition of the trees and fruit at the date of this financial report;

d. The Directors have indicated that the expected price of \$4.50 per kilogram of oil is realistic based on a commodity price of \$US3.05975 per kilogram at 31 March 2009 (source: <http://indexmundi.com/commodities/?commodity=olive-oil>). At a 31 March 2009 exchange rate of \$US0.6873 this equates to \$4.45 per kilogram.

4. A Research and Development refund of \$350,000 from the Australian Taxation Office is expected to be received in March 2010 in relation to the 2008-09 financial year. This is consistent with the actual Research and Development refunds received of \$362,427 and \$280,557 in relation to the respective 2007-08 and 2006-07 financial years;

5. Expenditure levels for the Company are expected to remain consistent with those for the half-year ended 31 December 2008 with no large or unusual expenditure items expected, including capital expenditure.

It is on this basis that the Directors have prepared the financial report on a going concern basis.

**NOTE 5 - CARRYING AMOUNT OF LAND AND BUILDINGS AT KEETAH AND KINGSFORD PROPERTIES**

The company last obtained an independent valuation on its Keetah and Kingsford properties in 2006 as detailed in the financial report for the year ended 30 June 2008. 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. More recently the general economic outlook in Australia has deteriorated in line with poor global economic conditions. 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 and/or if the economic conditions continue to deteriorate. Conversely, if the drought conditions break and/or the economic conditions improve then this may have a positive impact on the fair value of both properties.

**NOTE 6 - COMPANY DETAILS**

Legal form:

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

The registered office of the company is:

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

**NOTE 7 - ISSUED CAPITAL**

	<b>31-Dec-08</b>	<b>30-Jun-08</b>
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 (30 June 2008: 27,004,560), and 10,832,302 Redeemable Preference shares (30 June 2008: 10,832,302)

	<b>31-Dec-08</b>	<b>31-Dec-08</b>	<b>30-Jun-08</b>	<b>30-Jun-08</b>
	<b>Number of</b>	<b>Number of</b>	<b>Number of</b>	<b>Number of</b>
	<b>Ordinary</b>	<b>Preference</b>	<b>Ordinary</b>	<b>Preference</b>
	<b>shares</b>	<b>shares</b>	<b>shares</b>	<b>shares</b>
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>

**NOTE 8 - SEASONAL OPERATIONS**

The operations of the company are seasonal in that harvest proceeds are recognised in the second half of the financial year.

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

The directors declare that:

- (a) the financial statements, comprising the Income Statement Balance Sheet, Statement of Changes to Equity, Cash Flow Statement and notes, are in accordance with the Corporations Act 2001 and:
  - (i) comply with Accounting Accounting Standards, AASB 134 Interim Financing Reporting and the Corporations Regulations 2001; and
  - (ii) give a true and fair view of the company's financial position as at 31 December 2008 and its performance, as represented by the results of its operations and its cash flows, for the half 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.

Signed in accordance with a resolution of the directors at Brisbane, 15th day of April 2009.



D POLLARD

## INDEPENDENT AUDITOR'S REVIEW REPORT

### To the Members of Barkworth Olive Groves Limited

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Barkworth Olive Groves Limited that comprises the balance sheet as at 31 December 2008 and the income statement, statement of changes in equity, and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of Barkworth Olive Groves Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of Barkworth Olive Groves Limited's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Barkworth Olive Groves Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

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

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WHK Pty Ltd ABN 84 006 466 351  
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](mailto:info.bri@whkhorwath.com.au) [www.whkhorwath.com.au](http://www.whkhorwath.com.au)  
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## INDEPENDENT AUDITOR'S REVIEW REPORT Continued

### Conclusion

Based on our review, that is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Barkworth Olive Groves Limited is not in accordance with the Corporations Act 2001 including:

- (a) Giving a true and fair view of the Barkworth Olive Groves Limited's financial position as at 31 December 2008, and
- (b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

### Significant Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 4 to the financial statements which indicates the company made a loss for the half-year ended 31 December 2008 of \$1,849,193 (2007 loss \$2,149,724) and after excluding Assets Held for Sale, its current liabilities exceeded current assets by \$2,208,094 (30 June 2008 \$3,540,920).

The Directors have prepared a detailed 12-month Cash Flow Forecast to 30 April 2009 which shows positive net cash on hand throughout this period with a projected closing cash balance of \$280,783 on 30 April 2010. The key assumptions made by Director's in preparing the Cash Flow Forecast were:

1. The Company's loan facility with Stacks Management Investments Limited is due to expire on 1 September 2009. The original loan facility was for \$5,000,000 and at the request of Stacks Management Investments Limited to reduce the facility by \$2,500,000, the Company repaid \$2,705,000 to reduce the facility to \$2,205,000 by 31 December 2008. The remaining loan is expected to be \$2,005,000 at the expiry date of 1 September 2009 with a further principal repayment of \$200,000 scheduled upon settlement of the sale of contracted water (see below). The Directors remain confident that the expected remaining facility of \$2,005,000 will be successfully rolled-over for a further 12 months from 1 September 2009;

2. Proceeds from the sale of contracted water rights in respect of 1,000 megalitres and the sale of 844 megalitres of General Security Water of \$750,000 and \$633,000 is expected to be received in April 2009. A 10% deposit of \$138,300 was received in March 2009;

3. Revenues of \$1,269,000 are expected to be collected in September 2009 being:

a. Kingsford Grove harvest of 1,200,000 kilograms equating to 192 tonnes (yield of 16%) of oil at \$4.50 per kilogram or \$864,000;

b. Keetah harvest of 500,000 kilograms equating to 90 tonnes of oil (yield of 18%) at \$4.50 per kilogram or \$405,000. At the date of this financial report, approximately 300,000 kilograms had already been harvested at Keetah;

c. The Directors have indicated that the above projected harvests and yields for both Kingsford Grove and Keetah are conservative based on the current condition of the trees and fruit at the date of this financial report;

d. The Directors have indicated that the expected price of \$4.50 per kilogram of oil is realistic based on a commodity price of \$US3.05975 per kilogram at 31 March 2009 (source: <http://indexmundi.com/commodities/?commodity=olive-oil>). At a 31 March 2009 exchange rate of \$US0.6873 this equates to \$4.45 per kilogram.

4. A Research and Development refund of \$350,000 from the Australian Taxation Office is expected to be received in March 2010 in relation to the 2008-09 financial year. This is consistent with the actual Research and Development refunds received of \$362,427 and \$280,557 in relation to the respective 2007-08 and 2006-07 financial years;

5. Expenditure levels for the Company are expected to remain consistent with those for the half-year ended 31 December 2008 with no large or unusual expenditure items expected, including capital expenditure.

It is on this basis that the Directors have prepared the financial report on a going concern basis.

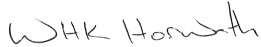
These conditions which are set forth in Note 4 are dependent upon future events and therefore constitute a significant uncertainty over the company's ability to continue as a going concern.

**Significant Uncertainty Regarding the Carrying Amount of Land and Buildings for the Keetah and Kingsford Properties**

The company last obtained an independent valuation on its Keetah and Kingsford properties in 2006 as detailed in the financial report for the year ended 30 June 2008. 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. More recently the general economic outlook in Australia has deteriorated in line with poor global economic conditions. 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 and/or if the economic conditions continue to deteriorate. Conversely, if the drought conditions break and/or the economic conditions improve then this may have a positive impact on the fair value of both properties.

These conditions as set forth in Note 5 are dependent upon future events and therefore constitute a significant uncertainty about the future carrying amount of land and buildings for the Keetah and Kingsford properties.

Signed at Brisbane, 15th April 2009



**WHK HORWARTH**



**BRENDAN WORRALL  
PRINCIPAL**

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