ProTen Limited

(and Controlled Entities)

ABN 80 109 715 488

Consolidated Financial Statements

Year ended 30 June 2015

ProTen Limited (and Controlled Entities)

ABN 80 109 715 488

Year ended 30 June 2015

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ProTen Limited (and Controlled Entities)

ABN 80 109 715 488

Directors' Report

Year ended 30 June 2015

The directors of ProTen Limited present their report on the consolidated entity (the 'Group'), consisting of ProTen Limited (the 'Company') and the entities it controlled as at and during the year ended 30 June 2015.

1. General Information

(a) Directors

The following persons were directors of the Company, during the whole of the financial year, and up to the date of this report, unless otherwise stated:

Names

John Russell Signal (Chairman)
Maxwell Keith Bryant
Geoffrey Keith McWilliam
Peter Colin Roberts
Andrew Hollis Stevens (appointed 2 March 2015)

(b) Principal activities

The principal activities of the Group during the financial year ended 30 June 2015 were the development and operation of broiler chicken production farms in Australia.

No significant change in the nature of these activities occurred during the current financial year.

2. Business Review

(a) Dividends paid or declared

Dividends paid or declared since the start of the financial year are as follows:

Dividends in the amount of $2,268,847 have been paid during the year ended 30 June 2015 which comprise the final dividend relating to the year ended 30 June 2014 of $151,257 and interim dividends relating to the year ended 30 June 2015 of $2,117,590 representing 3.5 cents per share. The total dividend for the year was $2,117,590 (2014: $1,966,330).

(b) Operating results

The total comprehensive income of the Group for the year ended 30 June 2015, after providing for income tax, amounted to $6,803,511 (2014: $4,289,054).

3. Other Items

(a) Events after reporting date

No matters or circumstances have arisen subsequent to the end of the financial year ended on 30 June 2015 which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

3. Other Items (continued)

(b) Significant changes in state of affairs

During the year investment property increased to $133,908,246 (2014 $129,315,142) representing the continued investment by the Group in broiler farm assets. Refer to note (10).

On 9 June 2015, the company raised additional equity of $24,605,811 (after transaction costs) to fund future expansion. 0.236 warrants were issued for every share subscribed for and can be exercised to acquire ordinary shares at the subscriber's option at a strike price of AU$0.73515.

There were no other significant changes to the state of affairs of the Group during the year ended 30 June 2015.

(c) Likely developments and expected results of operations

Likely developments in the operations of the Group and the 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 Group.

(d) Meetings of directors

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are:

	Directors' Meetings		Committee Meetings			
			Audit Committee		Remuneration Committee	
	Number of meetings held	Number attended	Number of meetings held	Number attended	Number of meetings held	Number attended
John Russell Signal (Chairman)	13	13	-	-	1	1
Maxwell Keith Bryant	13	13	-	-	-	-
Geoffrey Keith McWilliam	13	13	1	1	1	1
Peter Colin Roberts	13	10	1	1	-	-
Andrew Hollis Stevens	6	6	-	-	-	-

(e) Auditor's independence declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 for the year ended 30 June 2015 is set out on page 7.

(f) Environmental regulations

The Group's operations are subject to significant environmental regulation under the laws of the Commonwealth of Australia and the States and Territories of Australia. Details of the Group's operations in relation to environmental regulations are as follows:

- The farm operations in NSW are subject to requirements of the Environmental Protection Licences (EPLs) that are reviewed annually. The farm operations in NSW are up to date on compliance with Environment Protection Authority (EPA) requirements and lodgement of annual compliance returns.
- As part of the Group's internal "Environmental Management Plan" the Group undertakes quarterly environmental inspections of Murrami farm. Inspections are done by an external consultant "SLR Consulting" (SLR). Annual Environmental Compliance reports are prepared for Murrami farm by SLR and submitted to Tamworth District Council and EPA.

3. Other Items (continued)

(f) Environmental issues (continued)

- Henderson farm in WA is also subject to an annual environmental compliance audit which is prepared by SLR and submitted to the Serpentine Jarrahdale Shire Council.
- All of the Group's farms are subject to State odour emission guidelines. The EPA receives sporadic odour complaints despite management best practice. Farm management works with the EPA in addressing any odour complaints and ensuring that complaints remain infrequent.

4. Information on Directors

John Russell Signal	Non-executive Director and Chairman of the Board of Directors
Qualifications	NZ Trade Certificate in Farming, Kellogg Scholar, 1994 Certificate in Company Direction, 2002 (Member of NZ Institute of Directors, NZIOD) Accredited Director in New Zealand, 2010 Admitted as Fellow of the NZ Institute of Directors (NZIOD), 2012
Experience	Agriculture and primary industry. John's career has been as an investor and operator of Agri-business enterprises. He is a director/shareholder in Ovation NZ Limited, Progressive Leathers Ltd, Biophire Ltd, Alpine Deer NZ Ltd and Venison Packers Feilding Limited. These businesses process lamb and venison, ostrich, pelts, hides and pet food and export internationally. John has also been involved in the development of businesses outside the meat processing industry, including industrial property management, farming and the health sector. John is also a chairman of several private companies Pasture Petfoods Ltd, Fielding Healthcare Ltd and Sprout Agribusiness Accelerator and a former trustee of Manfield Community Park.
Special Responsibilities	Chair of the Remuneration Committee
Maxwell Keith Bryant	Executive Director
Qualifications	None
Experience	Max has been involved with the broiler chicken industry for over 29 years and has been the principal behind the establishment of the farms which now comprise ProTen. He has been involved in the establishment of quality systems with Tegel Foods and the utilisation of the latest ventilation systems and building technology. 29 years Chicken Farming. 17 years managing and being a Director of various meat chicken companies.
Special Responsibilities	N/A

4. Information on Directors (continued)

Geoffrey Keith McWilliam	Non-executive Director
Qualifications	Bachelor of Engineering (University of NSW)
Experience	Geoffrey has more than 45 years experience in the property industry including 10 years as CEO of the Commonwealth Bank of Australia's Property Investment Division, and 23 years with Lend Lease Corporation. He is Chairman of LaSalle Funds Management Limited and Lend Lease Real Estate Investments Limited and a non executive director of Lend Lease Asian Retail Investment Fund Limited, The Gandel Group and The Dusseldorp Forum. He is a Fellow of the Australian Property Institute.
Special Responsibilities	Member of Remuneration and Audit Committees
Peter Colin Roberts	Non-executive Director
Qualifications	Bachelor of Finance & Administration (University of New England), Fellow of the Institute of Chartered Accountants (FCA), Graduate Diploma in Applied Finance and Investment (Finsia) and a Graduate of the Institute of Company Directors (GAICD).
Experience	Peter is currently Chief Financial and Operating Officer at Barangaroo Delivery Authority. Previously, Peter has held senior executive roles as Chief Financial Officer of Charter Hall Group, Dexus Property Group, Colonial First State Property and Property Fund Manager with Lend Lease Real Estate Investments. He has in excess of 30 years experience in accounting, tax, finance and funds management.
Special Responsibilities	Chair of the Audit Committee
Andrew Hollis Stevens	Non-executive Director
Qualifications	None
Experience	Andrew spent 20 years in senior executive roles at Tegel Foods culminating in becoming CEO in 2007. Andrew was instrumental in the sale of Tegelto private equity ownership on two occasions to maximise value to shareholders. After leaving Tegelin 2013, Andrew has taken up several directorships of private companies.
Special Responsibilities	N/A

4. Information on Directors (continued)

Simon Ward	Company Secretary
Qualifications	Bachelor of Commerce, Major Accounting, (University of Wollongong), Certified Practicing Accountant (CPA).
Experience	Simon has over 20 years commercial and financial management experience. He has held previous roles in Financial Services, Information Technology and Media.
Special Responsibilities	N/A

5. Options, Warrants and Equity entitlements

No options over issued shares or interests in the Company or a controlled entity were granted during or since the end of the financial year ended 30 June 2015 and there were no options outstanding at the date of this report.

On 9 June 2015 as part of the private placement completed, warrants were issued at 0.236 warrants for each new ordinary share subscribed for and can be exercised to acquire an ordinary share at the subscriber's option at a strike price of AU$0.73515.

During the year ProTen Limited issued entitlements over ordinary shares of the company to certain executive directors which remain outstanding at the date of this report as follows:

Grant date	Final vesting date	Exercise price	Number of ordinary shares
19 June 2015	30 June 2016	nil	500,000
1 July 2014	30 June 2019	nil	1,000,000
1 July 2014	30 June 2016	nil	100,000

Further details of the entitlements granted during the year are disclosed in Note 27.

6. Proceedings on Behalf of Company

No person has applied for leave of Court under section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

7. Indemnifying Officers or Auditors

The Company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The contract of insurance prohibits disclosure of the nature of liability and the amount of premium. No indemnity has been given or offered at 30 June 2015 or since the end of the financial year to any auditor of the Group.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) pf the Corporations Act 2001.

On behalf of the directors

Director: ....

Director: ....
Peter Colin Roberts

Dated 21 September 2015

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Australia

DECLARATION OF INDEPENDENCE BY IAN HOOPER TO THE DIRECTORS OF PROTEN LIMITED

As lead auditor of ProTen Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ProTen Limited and the entities it controlled during the period.

Ian Hooper
Partner

BDO East Coast Partnership

Sydney, 21 September 2015

ProTen Limited (and Controlled Entities)

ABN 80 109 715 488

Statement of Profit or Loss and Other Comprehensive Income

Year ended 30 June 2015

		Consolidated	
		2015	**2014**
	Note	**$**	**$**
Revenue	2	29,364,400	27,088,256
Direct costs		(12,078,837)	(11,163,082)
Gross profit		17,285,563	15,925,174
Administrative expenses		(4,877,272)	(4,600,508)
Interest and other finance charges		(5,351,619)	(4,902,002)
Other income/(expenses)		193	(1,992)
Unrealised gain on revaluation of investment property	10	1,860,541	449,667
Profit before income tax	3	8,917,406	6,870,339
Income tax expense	4	(2,113,895)	(2,581,285)
Profit for the year		6,803,511	4,289,054
Other comprehensive income net of tax		-	-
Total comprehensive income for the year		6,803,511	4,289,054

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

ProTen Limited (and Controlled Entities)

ABN 80 109 715 488

Statement of Financial Position

As at 30 June 2015

	Note	Consolidated 2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	5	3,647,333	758,031
Trade and other receivables	6	1,538,807	1,788,186
Inventory	9	263,127	251,380
Other current assets	8	1,198,575	1,528,586
Total current assets		6,647,842	4,326,183
Non-current assets			
Investment property	10	133,908,246	129,315,142
Plant and equipment	11	1,170,401	1,112,438
Deferred tax assets	12(a)	3,633,439	2,806,005
Total non-current assets		138,712,086	133,233,585
TOTAL ASSETS		145,359,928	137,559,768
LIABILITIES			
Current liabilities			
Trade and other payables	13	2,246,500	2,331,868
Financial Liabilities	14	5,442,654	5,119,049
Employee benefits	15	451,648	406,887
Total current liabilities		8,140,802	7,857,804
Non-current liabilities			
Financial Liabilities	14	46,334,278	70,902,717
Deferred tax liabilities	12(b)	20,477,704	18,158,212
Employee benefits	15	10,286	55,909
Total non-current liabilities		66,822,268	89,116,838
TOTAL LIABILITIES		74,963,070	96,974,642
NET ASSETS		70,396,858	40,585,126
EQUITY			
Issued capital	16	51,212,822	26,607,011
Reserves	17	1,361,048	841,048
Retained earnings		17,822,988	13,137,067
TOTAL EQUITY		70,396,858	40,585,126

The above Statement of Financial Position should be read in conjunction with the accompanying notes

ProTen Limited (and Controlled Entities)

ABN 80 109 715 488

Statements of Changes in Equity

Year ended 30 June 2015

2015 Consolidated	**Note**	**Ordinary Shares $**	**Retained Earnings $**	**Foreign Currency Translation Reserve $**	**Share based payment Reserve $**	**Total $**
Balance at 1 July 2014		26,607,011	13,137,067	841,048	-	**40,585,126**
Profit for the year		-	6,803,511	-	-	**6,803,511**
Other comprehensive income for the year		-	-	-	-	**-**
Total comprehensive income		-	6,803,511	-	**-**	**6,803,511**
Transactions with owners, recorded directly in equity						
Contributions of equity, net of transaction costs	16	24,605,811	-	-		**24,605,811**
Dividends paid or provided for	19	-	(2,117,590)	-	-	**(2,117,590)**
Share based payment expense	27	-	-	-	520,000	**520,000**
Balance at 30 June 2015		51,212,822	17,822,988	841,048	520,000	**70,396,858**

2014 Consolidated	**Note**	**Ordinary Shares $**	**Retained Earnings $**	**Foreign Currency Translation Reserve $**	**Total $**
Balance at 1 July 2013		26,607,011	10,814,343	841,048	**38,262,402**
Profit for the year		-	4,289,054	-	**4,289,054**
Other comprehensive income for the year		-	-	-	**-**
Total comprehensive income for the year		**-**	4,289,054	-	**4,289,054**
Transactions with owners, recorded directly in equity					
Dividends paid or provided for	19	-	(1,966,330)	-	**(1,966,330)**
Balance at 30 June 2014		26,607,011	13,137,067	841,048	**40,585,126**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

ProTen Limited (and Controlled Entities)

ABN 80 109 715 488

Statement of Cash Flows

Year ended 30 June 2015

		Consolidated	
	Note	**2015 $**	**2014 $**
Cash from operating activities:			
Receipts from customers and other income (inclusive of GST)		32,951,519	29,919,412
Payments to suppliers and employees (inclusive of GST)		(18,983,626)	(18,634,194)
Cash generated from operations		13,967,893	11,285,218
Interest paid		(4,038,947)	(3,708,618)
Net cash provided by operating activities	21	9,928,946	7,576,600
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		103,971	-
Acquisition of investment property		(2,732,563)	(11,126,115)
Acquisition of plant and equipment		(568,673)	(414,027)
Net cash used by investing activities		(3,197,265)	(11,540,142)
Cash flows from financing activities:			
Proceeds from issue of shares		17,176,713	-
Proceeds from borrowings		1,942,448	11,209,924
Repayment of borrowings		(18,422,774)	(3,765,000)
Share issue transaction costs		(2,072,939)	-
Finance lease capital repayments		(196,980)	(119,825)
Dividends paid		(2,268,847)	(1,966,330)
Net cash (used by)/ provided by financing activities		(3,842,379)	5,358,769
Net increase in cash held		2,889,302	1,395,227
Cash and cash equivalents at beginning of financial year		758,031	(637,196)
Cash and cash equivalents at end of financial year	5	3,647,333	758,031

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

1 Statement of Significant Accounting Policies

(a) Corporate Information

The financial statements of ProTen Limited for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 18 September 2015 and covers ProTen Limited and the entities it controlled as at and during the year ended 30 June 2015.

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

ProTen Limited is a company limited by shares incorporated and domiciled in Australia. The Company is an unlisted public company.

(b) Basis of Preparation

Reporting basis and conventions

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, (including Australian Accounting Interpretations), of the Australian Accounting Standards Board (as appropriate for for-profit oriented entities) and the *Corporations Act 2001*. Compliance with Australian International Financial Reporting Standards (AIFRS) ensures that the consolidated financial statements and notes comply with International Financial Reporting Standards (IFRS).

The financial statements have been prepared on a historical cost basis, except for investment properties being land and buildings, plant and equipment integral to farming properties which are carried at fair value (refer Note 10). The following significant accounting policies have been adopted in the preparation and presentation of the consolidated financial statements.

(c) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent is included in Note 24.

(d) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

1 Statement of Significant Accounting Policies (continued)

(e) Principles of Consolidation

The consolidated financial statements comprise the financial statements of ProTen Limited and its subsidiaries at 30 June 2015 (the 'Group'). Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

Subsidiaries are accounted for in the parent entity financial statements at cost. A list of subsidiary entities is contained in Note 18 to the financial statements. All subsidiary entities have a 30 June year end. The Group had no investments in associates, joint venture operations or joint venture entities during the current or prior reporting periods.

(f) Going Concern

The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities by the entities in the Group and the realisation of assets and settlement of liabilities in the ordinary course of business.

(g) Foreign Currency Transactions and Balances

(i) Functional and presentation currency

The functional and presentation currency of ProTen Limited and its Australian subsidiaries is the Australian dollar.

(ii) Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the 30 June 2015 year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in profit or loss.

1 Statement of Significant Accounting Policies (continued)

(h) Revenue

Revenue is recognised at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Broiler farms property contractual revenue

Revenue from broiler farm property is recognised on an accruals basis in accordance with the contractual agreements.

Rendering of services

Revenue from the rendering of services such as broiler income and management fees is recognised upon the rendering of the service to the customers in accordance with the agreements.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

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

(i) Borrowing Costs

Borrowing 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 or sale.

All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the year in which they are incurred.

(j) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

1 Statement of Significant Accounting Policies (continued)

(k) Income Tax

The income tax expense for the year is the tax on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction at balance date. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.
Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Tax consolidation

ProTen Limited and its wholly owned Australian subsidiaries have implemented the tax consolidation legislation from 1 April 2008. ProTen Limited is the head entity in the tax consolidated group. The stand alone taxpayer within a group approach has been used to allocate current income tax expense and deferred tax balances to wholly owned subsidiaries that form part of the tax consolidated group. ProTen Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place since 1 April 2008.

The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiaries in order for the head entity to be able to pay tax instalments. These amounts are recognised as current intercompany receivables or payables.

(l) Impairment of Assets

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash generating unit to which the asset belongs.

1 Statement of Significant Accounting Policies (continued)

(m) Cash and Cash Equivalents

Cash and cash equivalents include 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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(n) Trade and Other Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 0 and 60 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment include financial difficulties of the debtor, default payments or debts more than 180 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the directors, sufficient to require the derecognition of the original instrument. The Group considers accounts receivable as at the end of current reporting period to be fully collectible; accordingly, no allowance for doubtful accounts is required.

(o) Financial Instruments

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs, where appropriate. Accounting policies for each category of financial assets and financial liabilities subsequent to initial recognition are set out below.

Trade and other receivables

Trade and other receivables are initially recognised based on transaction amount and subsequently carried at the amortised cost, which approximates fair value due to the short term nature of these receivables.

Financial liabilities

The Group's financial liabilities include borrowings and trade and other payables. Borrowings and trade and other payables are recorded at fair value on initial recognition and measured subsequently at amortised cost. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

Fair values

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

1 Statement of Significant Accounting Policies (continued)

(o) Financial Instruments (continued)

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 profit or loss.

(p) Investment Property

Investment properties principally comprise freehold land and buildings held for long-term rental and capital appreciation that are not deemed to be occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value, based on similar assets, location and market conditions. Movements in fair value are recognised directly in profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment is used as deemed cost for subsequent accounting.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

The cost of investment property constructed within the Group 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 Group and the cost of the item can be measured reliably.

(q) Property, Plant and Equipment

(i) General information

Non-fixed plant and equipment remain under *AASB 116 Property, Plant and Equipment* and are stated at depreciated historical cost, which comprises original cost and any accumulated depreciation to 30 June 2015.

New assets under construction are recorded in property, plant and equipment at cost including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less, where applicable, any accumulated depreciation and impairment losses. Land (excluding leasehold land) is not depreciated.

1 Statement of Significant Accounting Policies (continued)

(q) Property, Plant and Equipment (continued)

(ii) Depreciation

The depreciable amount of fixed assets including capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

(iii) Depreciation rates

Class of fixed asset	Estimated Useful life
Motor Vehicles	3 - 5 years
Computer Equipment and Software	3 - 5 years
Office Furniture and Equipment	5 - 10 years
Other Equipment	5 - 15 years

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is disposed of.

(r) Trade Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. Payables to related parties in the books of the parent entity are carried at the principal amount, which approximates fair value due to the short term nature of these liabilities.

(s) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(t) 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 Taxation 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 cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(u) Comparatives

Where required by accounting standards or other requirements, comparative figures have been adjusted to conform to changes in the current year.

(v) Inventory

Raw materials relating to in progress broiler chicken growing batches are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials, energy costs and other direct costs apportioned in relation to the batch completion dates. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

(w) Dividends

Dividends are recognised when declared during the financial year.

(x) Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options and other entitlements over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(y) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the group.

i) Fair value of Investment property

Investment property comprises land, buildings, plant and equipment fixed to the individual farm property asset and is carried at fair value determined annually by independent valuation as adopted by the directors at reporting date. It is held to generate income from chicken integrators on long term typically 15 year operating contract terms. In arriving at the valuation, the independant valuer will consider at least three valuation methods, their own knowledge and valuation expertise and externally verifiable data.

ii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and carry forward losses only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Included in carry forward losses is an amount of pre tax consolidation losses, the use of which is dependant on an available fraction. The available fraction can reduce in circumstances such as a capital injection and this results in an extension to the period of which the asset is expected to be utilised.

1 Statement of Significant Accounting Policies (continued)

(z) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

1 Statement of Significant Accounting Policies (continued)

(z) New Accounting Standards and Interpretations not yet mandatory or early adopted

AASB 15 Revenue from Contracts with Customers (continued)

Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

2 Revenue

	Consolidated	
	2015	**2014**
	$	**$**
Revenue from grower contracts	29,315,785	26,824,039
Interest received	2,586	204
Other income		
Sundry income	46,029	264,013
Total revenue and other income	29,364,400	27,088,256

3 Profit Before Income Tax

The following significant expense items are relevant to explaining the financial performance:

	Consolidated	
	2015	**2014**
	$	**$**
Depreciation of fixed assets	398,436	388,970
Employee benefits expense	5,910,647	5,460,283
Share based payments expense	520,000	-
Superannuation	417,782	355,292
Finance costs		
Interest charges	5,351,619	4,902,002
Loss on disposal of fixed assets	-	1,992
Operating lease expense	20,434	20,434

4 Income Tax Expense

(a) The components of tax expense comprise:

	Consolidated	
	2015 **$**	**2014** **$**
Current tax (benefit)/expense	-	-
Deferred tax expense	2,945,180	2,404,695
Under/ (over) provision in prior years	(831,285)	176,590
Total	2,113,895	2,581,285

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	Consolidated	
	2015 **$**	**2014** **$**
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2014: 30%)		
Profit before tax	8,917,406	6,870,339
Tax at the statutory rate of 30%	2,675,222	2,061,102
Add tax effect of:		
- other (allowable)/ non-allowable items	269,958	13,706
- Net CPS Interest	(729,922)	395,699
- under/ (over) provision in prior years	(146,748)	110,778
- deferred tax balances previously unrecognised	45,385	-
Income tax	2,113,895	2,581,285
Deferred tax included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets -note 12(a)	(205,598)	495,858
Increase in deferred tax liabilities -note 12 (b)	2,319,493	2,085,427
Deferred tax - origination and reversal of temporary differences	2,113,895	2,581,285

Amounts charged to equity during the year in relation to deferred tax amounted to $621,836 relating to deferred tax assets.

5 Cash and Cash Equivalents

	Consolidated	
	2015	2014
	$	$
Cash at bank	3,646,933	757,631
Cash on hand	400	400
	3,647,333	758,031

Reconciliation of cash and cash equivalents

	Consolidated	
	2015	2014
	$	$
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	3,647,333	758,031
	3,647,333	758,031

6 Trade and Other Receivables

	Consolidated	
	2015	2014
	$	$
CURRENT		
Trade receivables	1,538,807	1,788,186
	1,538,807	1,788,186

7 Age Analysis of Trade Receivables

Age analysis of trade receivables that are neither past due nor impaired at reporting date

Consolidated

	2015 $	2014 $
Current		
0-30 days	1,538,807	1,788,186
31-60 days	-	-
61+ days	-	-
Total	1,538,807	1,788,186

Analysis of allowance account

There is no allowance for doubtful receivables carried in the financial statements at 30 June 2015 or 30 June 2014. The directors believe this is justified based on the below considerations.

The Group trades with two major customers being Bartter Enterprises Pty Ltd (Bartter) and Baiada Poultry Pty Ltd (Baiada) to which it contracts for the growing of broiler chickens.

The gross revenue from each customer, as a percentage of the total group revenue was:

	2015	2014
Bartter Enterprises Pty Ltd	75%	74%
Baiada Poultry Pty Ltd	25%	26%

In July 2009, Baiada acquired 100% of Bartter. Prior to July 2009, Baiada and Bartter were independent operators. Subsequent to July 2009, Baiada and Bartter became a single integrator of the Group.

The growing contract for each of the customers above is continuous and subject to annual fee renewals linked to operating costs and the CPI. The growing contracts are for a period of 15 years from date of commencement and are renewable, subject to renegotiation, at the end of the term. At reporting date the periods to renewal date varied between 4 and 15 years. The trade receivables with these major customers have never been past due or impaired.

8 Other Assets

	Consolidated	
CURRENT	2015 $	2014 $
Accrued income	1,198,475	1,524,118
Other	-	4,468
	1,198,575	1,528,586

9 Inventory

	Consolidated	
	2015	**2014**
	$	**$**
Inventory	263,127	251,380

Inventory consists of prepaid direct costs of batches in progress at 30 June 2015.

10 Investment Property

	Consolidated	
	2015	**2014**
	$	**$**
INVESTMENT PROPERTY		
Balance at beginning of year	129,315,142	117,739,360
Development costs – completed assets	715,963	10,885,973
Net fair value adjustments	1,860,541	449,667
Additions to assets in the course of construction	2,016,600	240,142
Balance at end of year	133,908,246	129,315,142

Property values are directors' valuations based on independent valuation assessments provided by Egan National Valuers and 3M Property Strategists (2014: Egan National Valuers and 3M Property Strategists) who are specialist Poultry Farm and Agribusiness Valuers. Further information on the basis of valuation is included in Note 22(q).

A caveat outlining a 'first-right-of-refusal' is recorded for the various Tamworth properties in favour of Rostry Pty Ltd (Baiada) which expires no earlier than 2019. At reporting date, these investment properties were valued at $29,300,000 (2014: $30,250,000).

	2015	**2014**
	$	**$**
Land and Buildings at Independent Valuation	131,725,000	129,075,000
Land and Buildings in the course of construction - at cost	2,183,246	240,142
	133,908,246	129,315,142

Assests in the course of construction relates to costs incurred in relation to the Narrandera development in NSW.

11 Plant and Equipment

	Consolidated	
	2015	**2014**
	$	**$**
Motor vehicles		
At cost	1,338,167	1,330,629
Less accumulated depreciation	(942,830)	(804,113)
Total motor vehicles	395,337	526,516
Computer equipment and software		
At cost	321,195	180,254
Less accumulated depreciation	(169,871)	117,187
Total computer equipment and software	151,324	63,067
Office furniture and equipment		
At cost	70,660	62,197
Less accumulated depreciation	(52,081)	(40,499)
Total office furniture and equipment	18,579	21,698
Other equipment		
At cost	831,315	614,626
Less accumulated depreciation	(226,154)	(113,469)
Total other equipment	605,161	501,157
Total plant and equipment	1,170,401	1,112,438

The net book value of assets held under finance lease was $311,439 (2014: 248,000)

11 Plant and Equipment (continued)

Movements in carrying amounts of plant and equipment

Consolidated

	Motor Vehicles	Computer Equipment and Software	Office Furniture and Equipment	Other Equipment	Total
	$	$	$	$	$
Year ended on 30 June 2015					
Balance at beginning of year	526,516	63,067	21,698	501,157	1,112,438
Additions	177,632	141,183	8,462	241,396	568,673
Disposals	(88,825)	(242)	0	(23,207)	(112,274)
Depreciation expense	(219,986)	(52,684)	(11,581)	(114,185)	(398,436)
Carrying amount at end of year	395,337	151,324	18,579	605,161	1,170,401
Year ended on 30 June 2014					
Balance at beginning of year	712,389	88,108	28,867	237,220	1,066,584
Additions	78,985	13,814	6,693	337,324	436,816
Disposals	(9,495)	-	-	-	(9,495)
Depreciation expense	(255,363)	(38,855)	(13,862)	(80,890)	(388,970)
Property investment expense	-	-	-	7,503	7,503
Carrying amount at end of year	526,516	63,067	21,698	501,157	1,112,438

12 Tax

(a) Assets

	Consolidated	
	2015	**2014**
	$	**$**
NON-CURRENT		
Deferred tax assets comprise:		
Accruals	155,814	95,031
Employee benefits	138,580	138,839
s 40-880 deduction	647,181	224,264
s 25-25 deduction	38,182	53,469
Tax losses	2,653,682	2,294,402
	3,633,439	2,806,005

Included in the deferred tax asset relating to s40-880 deductions is an amount of $621,836 relating to amounts recongised in equity.

(b) Liabilities

	Consolidated	
	2015	**2014**
	$	**$**
NON-CURRENT		
Deferred tax liability comprises:		
Investment property, plant and equipment	20,477,704	18,158,212
	20,477,704	18,158,212

The deferred tax liability amounting to $20.5m reflects the tax effected difference between the carrying value of investment properties ($133.9) for financial reporting purposes and the carrying value for tax purposes ($65.6).

13 Trade and Other Payables

	Consolidated	
	2015	**2014**
	$	**$**
CURRENT		
Unsecured liabilities		
Trade creditors	1,215,293	1,130,002
Other creditors and accruals	1,031,207	1,201,866
	2,246,500	2,331,868

14 Financial Liabilities

		Consolidated	
		2015	2014
		$	$
CURRENT			
Secured liabilities:			
Bank overdraft	(a)	-	-
Finance lease liabilities	(b)	116,404	154,049
Bank loans	(d)	5,326,250	3,975,000
Convertible Preference Shares	(c)	-	990,000
Total current financial liabilities		5,442,654	5,119,049

		Consolidated	
		2015	2014
		$	$
NON-CURRENT			
Secured liabilities:			
Finance lease liabilities	(b)	160,528	88,180
Bank loans	(d)	46,173,750	62,079,219
Convertible Preference Shares	(c)	-	8,735,318
Total non-current financial liabilities		46,334,278	70,902,717

Asset pledged as security

The bank loans and overdraft are secured by first ranking mortgages over all land owned by ProTen Limited and the Group together with a floating charge over all assets of ProTen Limited and the Group. These are also interlocking guarantees between each company within the Group. It is expected that all bank loans will be renegotiated for further periods when the current terms expire.

(a) Bank overdrafts

Bank overdrafts are repayable on demand and currently bear interest at a floating rate of 4.69% (2014: 5.60%). The bank overdraft facility is $1,214,218, of which $0 was utilised as at 30 June 2015 (2014: $0)

(b) Finance Lease liabilities

The finance lease obligations are secured by the assets being financed. The average interest rate is 5.68% (2014: 6.83%)

14 Financial Liabilities (continued)

(c) Convertible Preference Shares

In January 2012 the Company issued 18 million secured redeemable convertible preference shares (CPS) at an issue price of $0.50 per share. The proceeds on issue of the CPS was $9,000,000.

The issuance of the CPS was determined to be a debt instrument for financial reporting purposes. Interest of 11% per annum is paid quarterly in arrears for a term of 5 years or up until the CPS are redeemed or converted.

The effective interest rate of the liability on initial recognition was 13.78% per annum.

The CPS were redeemed on 9 June 2015 for $10,312,491 representing a 15% guaranteed annual return (inclusive of the 11% quarterly interest payments).

(d) Bank loans maturity

There are bank loans currently outstanding with the following maturities:

Remaining contractual maturities

The following table details the consolidated entity's remaining contractual maturity for its loan commitments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

Consolidated - 2015	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	$'000	$'000	$'000	$'000	$'000
Loan 1, repayable 30 June 2016	4,000,000	-	-	-	4,000,000
Loan 2, repayable 30 June 2020	1,326,250	8,364,100	7,809,650	-	17,500,000
Loan 3, repayable 30 June 2030	-	-	-	30,000,000	30,000,000
	5,326,250	8,364,100	7,809,650	30,000,000	51,500,000

On 2 June 2015 the company refinanced its loans with Rabobank.

Loan 2 was to refinance Rabobank Loans with Commonwealth Bank of Australia.

Additional funding of $60,170,000 has also been secured with Rabobank ($30.17m) and Commonwealth Bank ($30m) which will be used for the construction of the property development at Narrandera. These facilities are undrawn at 30 June 2015.

Bank loans 1 and 2 are repayable in equal monthly instalments until the maturity date with final instalment due on the maturity date. Loan 3 is repayable on maturity.

Bank loans bear interest at an average rate of 5.2% (2014: 5.98%) which is subject to review in three years. The interest rate is approximately 58% (2014: 45%) fixed and approximately 42% (2014: 55%) floating at reporting date.

15 Employee Benefits

	Consolidated	
	2015	**2014**
	$	**$**
CURRENT		
Employee entitlements	451,648	406,887
	451,648	406,887
NON-CURRENT		
Employee entitlements	10,286	55,909
	10,286	55,909

Employee entitlement provisions relate to future obligations to pay annual leave and long service leave. All current employee entitlements are expected to be settled within the next 12 months.

16 Issued Capital

	Consolidated	
	2015	**2014**
	$	**$**
Ordinary shares 2015:100,590,257 (2014: 60,502,698) fully paid	51,212,822	26,607,011
	51,212,822	26,607,011

Details	**Date**	**No of shares**	**Issue price**	**$**
Balance	1 July 2014	60,502,698		26,607,011
Issue of shares	9 June 2015	40,087,559	$0.65	26,056,913
Share issue transaction costs, net of tax				(1,451,102)
Balance	30 June 2015	100,590,257		51,212,822

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

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Warrants have been issued at 0.236 warrants for every new share subscribed for and can be exercised to acquire ordinary shares at the subscriber's option at a strike price of AU$0.73515. The total number of unexercised warrants at balance date amounts to 9,308,006.

At balance date, $8.0m was held on escrow pending certain conditions precedent being met. This relates to 12,307,692 shares and 2,904,615 warrants yet to be issued.

16 Issued Capital (continued)

Capital risk management

The Group considers its capital to comprise its ordinary share capital and retained earnings. The Group must comply with financial loan covenants, imposed by the financial institutions providing loans. The capital risk management policy of the Group is regularly monitored and all financial covenants are reviewed to ensure continuous covenant compliance.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and dividends.

The Group's debt to assets ratio at reporting date is shown below.

Debt to Assets ratios	**2015**	**2014**
	$	**$**
Total Debt (incl CPS)	51,776,932	76,021,766
Total Equity	70,396,858	40,585,126
Total Assets	145,359,928	137,559,768
Share Capital	51,212,822	26,607,011
Debt / Total Assets ratio	**35.62%**	**55.26%**

17 Reserves

	Consolidated	
	2015	**2014**
	$	**$**
Foreign currency translation reserve	841,048	841,048
Share-based payment reserve	520,000	-
	1,361,048	841,048

The foreign currency translation reserve records exchange differences. The foreign currency reserve of $841,048 is a historical balance that arose as the entity migrated from New Zealand to Australia in 2008.

The share based payment reserve relates to entitlements issued to certain executives during the year. Further details are provided in Note 27.

18 Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1.

	Country of Incorporation	Percentage Owned 2015	Percentage Owned 2014
Parent entity:			
ProTen Limited	Australia		
Subsidiaries of parent entity:			
ProTen Tamworth Pty Ltd	Australia	100%	100%
ProTen Holdings Pty Ltd	Australia	100%	100%
ProTen Investment Management Pty Ltd (trustee for ProTen Investment Trust)	Australia	100%	100%

(a) Equity

The proportion of ownership interest is equal to the proportion of voting power held.

(b) Acquisitions and disposals of controlled entities

There have been no disposals or acquisitions of controlled entities during the year or the comparative year.

19 Dividends

	Consolidated 2015 $	Consolidated 2014 $
Interim dividends declared and paid during the year	2,117,590	1,815,073
Final dividend declared during the year	-	151,257
Total	2,117,590	1,966,330

In the current year, dividends were declared and paid each month from 1 July 2014 to 31 December 2014 at the rate of 3.00 cents per share per annum and from 1 January 2015 to 30 June 2015 at the rate of 4.00 cents per share per annum, bringing the total dividend for the year to 3.50 cents per share per annum. (2014: at the rate of 3.25 cents per share per annum).

Dividend franking account

The balance of the dividend franking account at 30 June 2015 was nil (2014: nil).

20 Related Party Transactions

(a) Identification of related parties

The related parties for the Group are identified as Directors and Director related entities. All controlled entities (as set out in Note 18) are also considered to be related parties of the Parent entity.

The Parent entity's loans and receivables due from related parties are disclosed in Note 24. There are no other related parties balances outstanding at 30 June 2015 or 30 June 2014.

(b) Interest on loans

There were no loans advanced to or received from any Directors or Director related entities during the year (2014: nil).

The parent entity, ProTen Limited has provided interest bearing loans to its controlled entities, as disclosed in Note 24. The loans interest rate is based on the Group's fixed rate and is unsecured. Non-current receivables do not have any fixed maturity terms negotiated on them.

(c) Beneficial holdings

Directors, director related entities & key management personnel holdings in the ordinary shares of ProTen Limited are as follows:

	2015 Number of shares	2014 Number of shares
John Russell Signal		
Red Tin Trust	6,501,584	3,688,122
Michelle Signal	225,000	225,000
	6,726,584	3,913,122
Maxwell Keith Bryant		
Maxwell K Bryant	1,450,837	929,323
Patricia A Bryant	979,092	970,092
Bryant Investment Trust	560,000	560,000
	2,989,929	2,459,415
Daniel Bryant		
D.K Bryant Family Trust	912,154	283,951
ERIENZ	27,000	45,000
MDM Bryant Investment Trust	75,154	-
	1,014,308	328,951
Geoffrey Keith McWilliam		
Sleb Investments Pty Ltd Superannuation Fund	1,591,770	411,000
Barbara McWilliam	400,000	400,000
	1,991,770	811,000
Total	12,722,591	7,512,488

20 Related Party Transactions (Continued)

(d) Remuneration of directors, director-related entities and key management personnel

The following payments made to Directors and key management personnel during the financial year are made on an arm's length basis.

	2015 $	2014 $
Short term benefits	893,053	1,266,440
Post employment benefits	57,460	52,443
Other long term benefits	61,152	4,198
Share-based payments	520,000	-
Total	1,531,665	1,323,081

21 Cash Flow Information

Reconciliation of cash flow from operations with net profit after tax

	Consolidated	
	2015 $	2014 $
Profit after tax	6,803,511	4,289,054
Adjustments for:		
Depreciation	398,436	388,970
Non cash interest	1,312,672	1,193,384
(Gain)/loss on disposal of plant and equipment	8,303	(20,797)
Share-based payments	520,000	-
Unrealised gain on revaluation of investment property	(1,860,541)	(449,667)
Decrease/(increase) in assets:		
Trade and other receivables	249,379	(279,808)
Other current assets	330,011	856,261
Inventory	(11,747)	23,692
Deferred tax assets	(205,598)	495,858
Increase/(decrease) in liabilities:		
Trade and other payables	65,890	(900,983)
Provisions and other liabilities	(862)	(104,791)
Deferred tax liabilities	2,319,492	2,085,427
Net cash provided by operating activities	9,928,946	7,576,600

Non cash financing and investing activities includes $8,880,200 relating to the redemption of Convertible Redeemable Preference Shares during the year which was not cash paid as the amount was instead used to subscribe for 13,661,846 ordinary shares as part of the private placement completed on 9 June 2015. See Note 16 for more details.

22 Financial Risk Management

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's management function. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Group has significant experience in its principal markets which provides the directors with assurance as to the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to contracts fail to settle their obligations owing to the Group.

The Group's trade receivables balances are with one customer (Baiada and Bartter). In July 2009, Baiada acquired 100% of Bartter and became a single integrator of the Group. There is no history of the bad debts from either of these customers.

The Group's policy is that sales are only made to customers that are contractually bound. Baiada and Bartter are well established national businesses and have been in operation for over 60 years. From July 2009, both customers were owned by the one party, Baiada. The maximum exposure to credit risk at reporting date is the carrying amount of the receivables net of any provision (refer Note 7). In respect of the parent entity, credit risk also incorporates the potential exposure of the parent to amounts owing to it by its subsidiaries. Credit risk is managed on a group basis and reviewed regularly by management and members of the Audit Committee.

(c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained. Detailed information in relation to maturity of Financial liabilities (including bank loans) is presented in Note 14. The maturity of Trade and other payables is within 60 days.

(d) Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2015 approximately 58% of Group's debt is fixed for a period of three years at a rate of 6.5%. For further details on interest rate sensitivities refer Note 22(e) and 22(f) below.

22 Financial Risk Management (continued)

(e) Interest rate sensitivities

The Groups' exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate by maturity periods, is set out in the table below:

Consolidated	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Maturing 1 to 5 Years		Maturing Over 5 Years		Non-interest Bearing		Total	
	2015 %	2014 %	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Financial Assets														
Cash at bank and on hand	4.7	5.6	3,647,333	758,031	-	-	-	-	-	-	-	-	3,647,333	758,031
Trade and other Receivables	-	-	-	-	-	-	-	-	-	-	1,538,807	1,788,186	1,538,807	1,788,186
Total Financial Assets			**3,647,333**	**757,631**	**-**	**-**	**-**	**-**	**-**	**-**	**1,538,807**	**1,788,186**	**5,186,140**	**2,546,217**
Financial Liabilities														
Bank loans	5.2	6.0	-	-	5,326,250	3,975,000	16,173,750	19,210,000	30,000,000	42,869,219	-	-	51,500,000	66,054,219
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-	-	-
CPS funds	-	13.8	-	-	-	990,000	-	8,735,318	-	-	-	-	-	9,725,318
Trade and other payables	-	-	,	-		-		-	,	-	1,215,293	1,130,002	1,215,293	1,130,002
Finance lease liabilities	5.7	7.0	,	-	116,404	154,049	160,528	88,180	-	-	-	-	276,932	242,229
Total Financial Liabilities			**-**	**-**	**5,442,654**	**5,119,049**	**16,334,278**	**28,033,498**	**30,000,000**	**42,869,219**	**1,215,293**	**1,130,002**	**52,992,225**	**77,151,768**

All financial liabilities attract a floating interest rate except for $30m loan which matures after a period of 5 years.

22 Financial Risk Management (continued)

(f) Sensitivity analysis

Interest rate risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest Rate Sensitivity Analysis:

At 30 June 2015 the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	Consolidated	
	2015	2014
	$	$
Changes in Profit		
Increase in interest rate by 1%	(215,000)	(360,442)
Decrease in interest rate by 1%	215,000	360,442
Changes in Equity		
Increase in interest rate by 1%	(215,000)	(360,442)
Decrease in interest rate by 1%	215,000	360,442

22 Financial Risk Management (continued)

(g) Fair value of financial instruments

Fair value hierarchy

The group's accounting policy for non-financial investment property assets requires the measurement of fair value. When using fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the group categorises, for disclosure purposes, the valuation techniques as follows:

- Level 1 – quoted prices in active markets for identical assets/liabilities that the group can assess at the measurement value;
- Level 2 – inputs other than quoted prices included within level 1 that are observable, either directly or indirectly;
- Level 3 – inputs that are not based on observable market data (unobservable inputs)

The following tables detail the group's assets and liabilities, measured or disclosed at fair value

Level 3

	2015 $	2014 $
Assets		
Investment properties	131,725,000	129,075,000
Total assets	131,725,000	129,075,000

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables, which are carried at amortised costs are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within level 3

Investment properties have been valued using a capitalisation of earnings approach which considers the actual income and expense relevant to each existing property and capitalisation rates derived from similar assets, locations and market conditions. This valuation technique has not changed during the year.

22 Financial Risk Management (continued)

(g) Fair value of financial instruments

Level 3 assets
Movements in level 3 assets during the current and previous financial year are set out below:

Consolidated	Investment properties $
Balance at 1 July 2013	103,950,000
Gains recognised in profit or loss	449,667
Additions	24,675,333
Balance at 30 June 2014	129,075,000
Gains/(losses) recognised in profit or loss	1,860,541
Additions	789,459
Balance at 30 June 2015	131,725,000

The level 3 assets unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Sensitivity
Investment properties	EBITDA	1% change would increase/decrease fair value by $1,317,000
	Capitalisation rates	1% change would increase/decrease fair value by $1,330,000

23 Auditors' Remuneration

	Consolidated	
	2015	**2014**
	$	**$**
Remuneration of the auditor for:		
BDO East Coast Partnership		
Auditing the financial report	64,000	62,500
Tax services	7,400	40,500
Total	71,400	103,000

24 Parent Entity Information

The following information relates to the parent entity, ProTen Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

	Note	Parent 2015 $	Parent 2014 $
Current assets		49,384	8,865,106
Non-current assets		109,879,023	30,131,698
Total assets		109,928,407	38,996,804
Current liabilities		6,235,312	1,652,125
Non-current liabilities		46,665,528	8,850,285
Total liabilities		52,900,840	10,502,410
Net assets		57,027,567	28,494,394
Issued capital	16	51,212,822	26,607,011
Reserves		1,361,048	841,048
Retained earnings		4,453,697	1,046,335
Total equity		57,027,567	28,494,394
Profit for the year		5,524,952	2,951,256
Total comprehensive income for the year		5,524,952	2,951,256

Contingent liabilities

ProTen Limited has no contingent liabilities as at 30 June 2015.

Loan to subsidiaries

ProTen Limited has provided interest bearing loans to its subsidiaries. Loans and receivables to subsidiaries were $105,568,983 for the year ended 30 June 2015 (2014: $35,596,765)

25 Contingent Liabilities

Other bank guarantees

The Group has provided the following bank guarantees:

	2015 $	2014 $
ProTen Limited – Office Lease	14,218	14,218
Total	14,218	14,218

26 Commitments

Capital Commitments

There are currently no capital commitments as at 30 June 2015.

Operating Commitments

Operating lease commitments includes contracted amounts for office rental and equipment.

Lease commitments - operating

Committed at the reporting date but not recognised as liabilities, payable:	2015 $	2014 $
Within one year	38,940	68,315
One to five years	8,326	44,656
Total commitment	47,266	112,971

27 Share Based Payments

On 1 July 2014 and 19 June 2015, the company granted entitlements over ordinary shares ('performance rights') to certain key management personnel. On successful satisfaction of the performance conditions set by the Remuneration Committee, the company will issue ordinary shares to the selected key management personnel at no cost to the individual.

The entitlements granted during the year comprise three tranches as set out below:

Tranche	Grant date	Vesting date	Balance at the start of the year	Entitlements Granted	Exercised	Balance at the end of the year
One	19/06/2015	19/06/2015	-	500,000	-	500,000
Two	01/07/2014	30/06/2019	-	1,000,000	-	1,000,000
Three	01/07/2014	30/06/2016	-	100,000	-	100,000
			-	1,600,000	-	1,600,000

27 Share Based Payments (continued)

Tranche one entitlements have vested unconditionally during the year and will be issued on the date that the key management personnel ceases to be employed by the Group which is expected to be 30 June 2016.

Tranche two entitlements are linked to the long term improvement in net profit after tax ('NPAT') performance of the group up to and including the financial results for the year ending 30 June 2019. If the NPAT target set out in the group business plan is achieved, this will result in 1,000,000 shares being issued to the individual. If NPAT performance is less than expected but above a benchmark rate the ordinary shares granted will reduce to an amount between 250,000 and 1,000,000. If NPAT performance is below the benchmark rate, no ordinary shares will be issued to the key management personnel.

Tranche three entitlements are linked to time based retention.

For the key performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Fair value at grant date
19/06/2015	30/06/2016	$0.65
01/07/2014	30/06/2019	$0.65
01/07/2014	30/06/2016	$0.65

28 Company Details

(a) Registered office

The registered office of the company is:
ProTen Limited (and Controlled Entities)
Suite 203, 66 Berry Street
North Sydney NSW 2060
Australia

(b) Principal places of business

The locations of the principal places of business are:
Griffith, NSW (Farm 60, Farm 61, Rothdene and Jeanella)
Tamworth, NSW (Bective Farm, Gidley Farm and Murrami Farm)
Serpentine, WA (Henderson Farm)

The directors' of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 44, are in accordance with the *Corporations Act 2001* and:

   (a) Comply with Australian Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements;

   (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Consolidated Entity; and

   (c) The consolidated entity has included in note 1(b) to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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

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

Director: ....
John Russell Signal

Director: ....
Peter Colin Roberts

Dated 21 September 2015

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INDEPENDENT AUDITOR'S REPORT

To the members of ProTen Limited

Report on the Financial Report

We have audited the accompanying financial report of ProTen Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other 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 of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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

Opinion

In our opinion:

(a) the financial report of ProTen Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 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.

BDO East Coast Partnership

BDO

Ian Hooper
Partner

Sydney, 21 September 2015