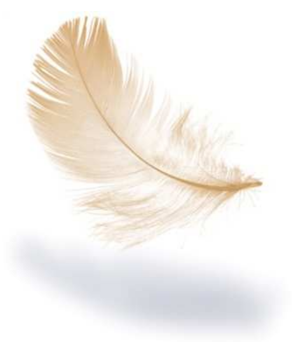
ProTen

ProTen Limited
(and Controlled Entities)

ABN 80 109 715 488

Consolidated Financial Statements

Year ended 30 June 2013



ProTen Limited (and Controlled Entities)

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Year ended 30 June 2013

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ProTen Limited (and Controlled Entities)

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Directors' Report

Year ended 30 June 2013

The directors of ProTen Limited present their report on the consolidated entity (Group), consisting of ProTen Limited and the entities it controlled at and during the year ended on 30 June 2013.

1. General Information

(a) Directors

The following persons were directors of ProTen Limited, (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

(b) Principal activities

The principal activities of the Group during the financial year ended 30 June 2013 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 $1,815,081 have been paid during the year ended on 30 June 2013 and a final dividend of $151,257 was declared on 30 June 2013 by the directors bringing the total dividend for the year to $1,966,338 (2012: $1,815,081)

(b) Operating results

The total comprehensive income of the Group for the year ended 30 June 2013, after providing for income tax, amounted to $4,862,208 (2012: $4,253,290).

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 2013 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

On 28 September 2012, the Board of Directors resolved to approve changing the ProTen Limited bank and debt provider from National Australia Bank (NAB) to Rabobank Australia (Rabobank). The transaction was settled on 9 November 2012. Refer to notes (3) and (14).

During the year investment property increased to $117,739,360 (2012 $89,364,926). Refer to note (10).

There were no other significant changes to the state of affairs of the Group during the year ended 30 June 2013.

(c) Likely developments

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 Group during the financial year are:

	Directors' Meetings		Committee Meetings: Audit Committee		Committee Meetings: Remuneration Committee	
	Number of meetings held	Number attended	Number of meetings held	Number attended	Number of meetings held	Number attended
John Russell Signal (Chairman)	11	10	-	-	2	2
Maxwell Keith Bryant	11	10	-	-	-	-
Geoffrey Keith McWilliam	11	11	2	2	2	2
Peter Colin Roberts	11	10	2	2	-	-

(e) Auditor's independence declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 for the year ended 30 June 2013 is set out on page 6.

(f) Environmental issues

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 "GSS Environmental" (GSSE). Annual Environmental Compliance reports are prepared for Murrami farm by GSSE and submitted to Tamworth District Council and the 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 GSSE 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 and Venison Packers Feilding Limited. These businesses process lamb and venison, ostrich, pelts and hides, and export internationally. John has also been involved in the development of businesses outside the meat processing industry, including industrial property management. John was a Kellogg Scholar, chaired the Venison Industry Technical Committee from 1997 to 2002 and has sat on the Venison Industry Standards Council. John is also a director of several private companies, and a 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 27 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. 27 years Chicken Farming. 15 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 40 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 a non-executive director of Challenger Listed Investments Limited, Lend Lease Real Estate Investments Limited, Lend Lease Asian Retail Investment Fund Limited, and The Gandel Group. 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), Graduate Diploma in Applied Finance and Investment and is a Fellow of the Institute of Chartered Accountants (FCA)
Experience	Peter is currently Chief Financial Officer of the Barrangaroo 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 27 years experience in accounting, tax, finance, and funds management.
Special Responsibilities	Chair of the Audit Committee
Angela Axisa (appointed 9th September 2013 to replace Gael Hargreaves)	Company Secretary
Qualifications	Bachelor of Commerce, Major Accounting, Sub-Major Law (University of Western Sydney)
Experience	Angela has international commercial experience at an executive level in formulating growth strategies and implementing operational change to ensure business efficiency. She held previous roles in Healthcare & Life Sciences, Manufacturing, Construction & Resource Industries. She has 14 years experience in commercial business.
Special Responsibilities	N/A

5. Options

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 2013 and there were no options outstanding at the date of this report.

6. Proceedings on Behalf of Company

No person has applied for leave of Court 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 2013 or since the end of the financial year to any auditor of the Group.

Signed in accordance with a resolution of the Board of Directors:

Director: ....
John Russell Signal

Director: ....
Peter Colin Roberts

Dated 3 October 2013

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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 2013, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- 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, 3 October 2013

ProTen Limited (and Controlled Entities)

ABN 80 109 715 488

Statement of Profit or Loss and Other Comprehensive Income

Year ended 30 June 2013

		Consolidated	
		2013	**2012**
	Note	**$**	**$**
Revenue	2	21,044,805	17,672,314
Direct costs		(8,450,682)	(7,569,871)
Gross profit		12,594,123	10,102,443
Administrative expenses		(3,482,460)	(2,686,003)
Finance costs			
Interest and other finance charges	3	(3,275,766)	(3,051,773)
Refinancing break cost	3	(1,545,842)	-
Other income/(expenses)		46,534	(16,035)
Unrealised revaluation gain on revaluing investment property	10	3,167,055	1,750,503
Profit before income tax		7,503,644	6,099,135
Income tax expense	4	(2,641,436)	(1,845,845)
Profit for the year		4,862,208	4,253,290
Other comprehensive income net of tax		-	-
Total comprehensive income for the year		4,862,208	4,253,290

The accompanying notes form part of the financial statements

ProTen Limited (and Controlled Entities)

ABN 80 109 715 488

Statement of Financial Position

As at 30 June 2013

	Note	Consolidated 2013 $	2012 $
ASSETS			
Current assets			
Cash and cash equivalents	5	40,722	52,737
Trade and other receivables	6	1,508,379	1,544,194
Term deposits longer than 90 days	9	-	8,500,000
Inventory	8(a)	275,072	317,707
Other current assets	8	2,384,847	1,506,439
Total current assets		4,209,020	11,921,077
Non-current assets			
Investment property	10	117,739,360	89,364,926
Plant and equipment	11	1,066,584	720,689
Deferred tax assets	12(a)	3,301,863	3,149,574
Total non-current assets		122,107,807	93,235,189
TOTAL ASSETS		126,316,827	105,156,266
LIABILITIES			
Current liabilities			
Trade and other payables	13	3,232,852	2,869,454
Financial Liabilities	14	4,562,743	4,718,203
Employee benefits	15	406,997	175,091
Total current liabilities		8,202,592	7,762,748
Non-current liabilities			
Financial Liabilities	14	63,618,458	48,574,489
Deferred tax liabilities	12(b)	16,072,785	13,279,060
Employee benefits	15	160,590	173,437
Total non-current liabilities		79,851,833	62,026,986
TOTAL LIABILITIES		88,054,425	69,789,734
NET ASSETS		38,262,402	35,366,532
EQUITY			
Issued capital	16	26,607,011	26,607,011
Reserves	17	841,048	5,774,567
Retained earnings		10,814,343	2,984,954
TOTAL EQUITY		38,262,402	35,366,532

The accompanying notes form part of the financial statements

ProTen Limited (and Controlled Entities)

ABN 80 109 715 488

Statements of Changes in Equity

Year ended 30 June 2013

2013 Consolidated	**Note**	**Ordinary Shares $**	**Retained Earnings $**	**Asset Revaluation Reserve $**	**Foreign Currency Translation Reserve $**	**Total $**
Balance at 1 July 2012		26,607,011	2,984,954	4,933,519	841,048	**35,366,532**
Profit for the year		-	4,862,208	-	-	**4,862,208**
Other comprehensive income for the year		-	-	-	-	**-**
Total comprehensive income		-	4,862,208	-	-	**4,862,208**
Transactions with owners, recorded directly in equity						
Dividends paid or provided for	19	-	(1,966,338)	-	-	**(1,966,338)**
Transfer to retained earnings	**17**	**-**	4,933,519	(4,933,519)	**-**	**-**
Balance at 30 June 2013		26,607,011	10,814,343	-	841,048	**38,262,402**

2012 Consolidated	**Note**	**Ordinary Shares $**	**Retained Earnings $**	**Asset Revaluation Reserve $**	**Foreign Currency Translation Reserve $**	**Total $**
Balance at 1 July 2011		26,607,011	546,745	4,933,519	841,048	**32,928,323**
Profit for the year		-	4,253,290	-	-	**4,253,290**
Other comprehensive income for the year		-	-	-	-	**-**
Total comprehensive income for the year		**-**	4,253,290	-	-	**4,253,290**
Transactions with owners, recorded directly in equity						
Dividends paid or provided for	19		(1,815,081)	-	-	**(1,815,081)**
Balance at 30 June 2012		26,607,011	2,984,954	4,933,519	841,048	**35,366,532**

The accompanying notes form part of the financial statements

ProTen Limited (and Controlled Entities)

ABN 80 109 715 488

Statement of Cash Flows

Year ended 30 June 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Cash from operating activities:			
Receipts from customers and other income (inclusive of GST)		22,743,606	17,369,760
Payments to suppliers and employees (inclusive of GST)		(13,655,655)	(9,232,977)
Cash generated from operations		9,087,951	8,136,783
Interest received		-	11,452
Interest paid		(4,821,608)	(3,046,987)
Net cash provided by operating activities	21	4,266,343	5,101,248
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		21,000	18,400
Acquisition of investment property		(24,776,512)	(8,810,711)
Acquisition of plant and equipment		(483,535)	(194,041)
Term deposit investment		8,500,000	(8,500,000)
Development costs paid		-	(173,652)
Net cash used by investing activities		(16,739,047)	(17,660,004)
Cash flows from financing activities:			
Proceeds from borrowings		59,730,210	7,675,659
Repayment of borrowings		(44,757,079)	(2,400,000)
Capital raising costs		-	(512,948)
Proceeds from capital raising – CPS funds		-	9,000,000
Repayment of finance lease		(105,410)	162,147
Dividends paid		(1,815,081)	(1,815,081)
Net cash provided by financing activities		13,052,640	12,109,777
Net increase/(decrease) in cash held		579,936	(448,979)
Cash and cash equivalents at beginning of financial year		(1,217,132)	(768,153)
Cash and cash equivalents at end of financial year	5	(637,196)	(1,217,132)

The accompanying notes form part of the financial statements

1 Statement of Significant Accounting Policies

(a) Corporate Information

The financial statements of ProTen Limited for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors on 3 October 2013 and covers ProTen Limited and the entities it controlled at and during the year ended 30 June 2013 as required by the *Corporations Act 2001*.

The financial statements are presented in Australian dollars.

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 and the *Corporations Act 2001,* as appropriate for for-profit oriented entities. 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 also been prepared on a historical cost basis, except for investment properties being land and buildings, plant and equipment integral to farming properties which are stated at directors' valuations (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.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. 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)

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

(i) AASB 2010-8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets

The consolidated entity has applied AASB 2010-8 amendments from 1 July 2012. These amendments offer a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life.

(ii) AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income

The consolidated entity has applied AASB 2011-9 amendments from 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The amendments also introduced the term 'Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income section.

(e) Principles of Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of ProTen Limited and its subsidiaries at 30 June 2013 ("the Group"). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Potential voting rights that are currently exercisable or convertible are considered when assessing control. Consolidated financial statements include all subsidiaries from the date that control commences until 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.

1 Statement of Significant Accounting Policies (continued)

(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 2013 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.

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.

(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).

1 Statement of Significant Accounting Policies (continued)

(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 lease 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.

(k) Income Tax

The income tax expense for the year is the tax on the current period's taxable income based on the notional income tax rate for each jurisdiction 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.

1 Statement of Significant Accounting Policies (continued)

(k) Income Tax (continued)

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.

(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.

1 Statement of Significant Accounting Policies (continued)

(n) Trade and Other Receivables (continued)

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.

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets and financial liabilities subsequent to initial recognition are set out below.

Trade and other receivables

Trade and other receivables are carried at the principal amount, which approximates fair value due to the short term nature of these receivables.

Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and secured redeemable convertible preference shares. Borrowings and trade and other payables are recorded at fair value on initial recognition and measured subsequently at amortised cost.

Secured redeemable convertible preference shares (CPS) are initially recorded at fair value determined by independent valuation as adopted by the directors at the issuance date. The debt component of the CPS is measured subsequently at amortised cost using the effective interest rate method. The option component included in the CPS are accounted for at fair value through profit or loss.

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.

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.

1 Statement of Significant Accounting Policies (continued)

(p) Investment Property

Investment properties principally comprise of 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. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on date of change of use.

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.

(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 2013.

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.

(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 - 12 years
Computer Equipment	3 - 5 years
Office Furniture and Equipment	5 - 10 years
Other Equipment	5 - 15 years

1 Statement of Significant Accounting Policies (continued)

(q) Property, Plant and Equipment (continued)

(iii) Depreciation rates (continued)

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 derecognised.

The cost of fixed assets 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.

(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 are carried at the principal amount, which approximates fair value due to the short term nature of these liabilities.

(s) Interest-bearing Borrowings

Interest-bearing borrowings are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost.

(t) 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.

(u) 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.

1 Statement of Significant Accounting Policies (continued)

(v) Comparatives

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

(w) 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.

(x) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

(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 based on individual farm property long term contracts typically on 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) Capitalised borrowing expenditure

For assets being constructed the Group has continued to capitalise borrowing expenditure, incurred on loan advances obtained to finance the construction on the new broiler farm properties. The borrowing expenditure capitalised is on the basis that the Group assessed that the balances capitalised will be recoverable through property utilisation for broiler production purposes upon successful completion of a development and future value of the farm.

iii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1 Statement of Significant Accounting Policies (continued)

(z) New standards issued but not effective

Management have reviewed all issued but not effective accounting standards and note only those relevant.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 ‘Income Taxes’; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is expected to reduce the reported annual leave liability of the consolidated entity.

2 Revenue

	Consolidated	
	2013 $	2012 $
Revenue from grower contracts	20,963,985	17,672,314
Interest received	1,406	-
Other		
Sundry income	79,414	-
Total Revenue	21,044,805	17,672,314

3 Profit Before Income Tax

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

	Consolidated	
	2013 $	2012 $
Depreciation of fixed assets	225,821	89,239
Employee benefits expense	4,290,841	4,167,920
Superannuation	328,093	284,230
Finance costs		
Interest charges	3,275,766	3,051,773
Refinancing break cost	1,545,842	-
Loss on disposal of fixed assets	31,265	16,035
Operating lease expense	95,104	83,116

Refinancing Break Cost

On 28 September 2012, the Board of Directors resolved to approve changing the ProTen Limited bank and debt provider from National Australia Bank (NAB) to Rabobank Australia (Rabobank). As a result of refinancing the existing debt facilities, the Company incurred Refinancing Break Costs of $1,545,842 which were funded by an additional debt facility with Rabobank.

The Board of Directors are satisfied that, despite these refinancing costs, the change of bank will impact positively on the Group's gearing and cash position with the Rabobank offer superior to the previous NAB facility terms in respect of pricing, financial covenants and the future debt requirements of ProTen.

4 Income Tax Expense

(a) The components of tax expense comprise:

	Consolidated 2013 $	Consolidated 2012 $
Current tax (benefit)/expense	-	197,833
Deferred tax expense	2,544,662	1,603,758
Under provision in prior years	96,774	44,254
Total	2,641,436	1,845,845

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

	Consolidated 2013 $	Consolidated 2012 $
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2012: 30%)		
Profit before tax	7,503,644	6,099,135
- economic entity	2,251,093	1,829,741
Add tax effect of:		
- other non-allowable items	3,812	4,234
- Net non deductible CPS Interest	297,000	-
- under provision in prior years	96,774	44,254
- deferred tax balances not previously recognised	(7,243)	29,822
Less tax effect of: section 40-880 expense	-	(62,206)
Income tax	2,641,436	1,845,845

	2013 $	2012 $
Deferred tax included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets -note 12(a)	(152,289)	130,719
Increase in deferred tax liabilities -note 12 (b)	2,793,725	1,715,126
Deferred tax - origination and reversal of temporary differences	2,641,436	1,845,845

5 Cash and Cash Equivalents

	Consolidated	
	2013	**2012**
	$	**$**
Cash at bank	40,322	52,337
Cash on hand	400	400
	40,722	52,737

Reconciliation of cash and cash equivalents

	Consolidated	
	2013	**2012**
	$	**$**
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	40,722	52,737
Bank overdraft (note 14)	(677,918)	(1,269,869)
	(637,196)	(1,217,132)

6 Trade and Other Receivables

	Consolidated	
	2013	**2012**
	$	**$**
CURRENT		
Trade receivables	1,493,688	1,302,777
Other receivables	14,691	241,417
	1,508,379	1,544,194

7 Age Analysis of Trade Receivables

Age analysis of trade receivables that are past due but not impaired at the reporting date

Consolidated

	2013 $	2012 $
Current		
0-30 days	1,493,688	1,302,777
31-60 days	-	-
61+ days	-	-
Total	1,493,688	1,302,777

Analysis of allowance account

There is no allowance for doubtful receivables carried in the financial statements at 30 June 2013 or 30 June 2012. 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:

	2013	2012
Bartter Enterprises Pty Ltd	70%	64%
Baiada Poultry Pty Ltd	30%	36%

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 term with 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 5 and 11 years. The trade receivables with these major customers have never been past due or impaired.

Current net trade receivables that are neither past due or impaired

Current net trade receivables that are neither past due or not impaired amount to $1,493,688 based on 30 day term (2012: $1,302,777) relate to long standing customers.

8 Other Assets

	Consolidated	
CURRENT	2013 $	2012 $
Accrued income	2,137,833	1,256,454
Other	247,014	249,985
	2,384,847	1,506,439

8 (a) Inventory

	Consolidated	
	2013 $	2012 $
Inventory	275,072	317,707

Inventory consists of prepaid direct costs of batches in progress at 30 June 2013.

9 Term Deposits Longer than 90 Days

	Consolidated	
	2013 $	2012 $
Term deposits longer than 90 days	-	8,500,000

There are no term deposits longer than 90 days as of 30 June 2013.

In the prior year, term deposits longer than 90 days represented a term deposit in NAB which bore a fixed interest rate of 5.8%. The term deposit matured on 9 November 2012.

10 Investment Property

	Consolidated	
	2013	**2012**
	$	**$**
INVESTMENT PROPERTY		
Balance at beginning of year	89,364,926	78,200,000
Development costs – completed assets	11,988,483	8,843,959
Net fair value adjustments	3,167,055	1,750,503
Additions to assets in the course of construction	13,218,896	570,464
Balance at end of year	117,739,360	89,364,926

Property values are directors' valuations based on independent valuation assessments provided by Egan National Valuers and 3M (2012: Egan National Valuers and 3M) who are specialist Poultry Farm and Agribusiness Valuers.

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 $30,250,000 (2012: $30,250,000).

Total development costs at balance date for assets in the course of construction amounted to $13,789,360 (2013: $13,218,896 and 2012: $570,464) and has been capitalised in respect of the new construction development "Jeanella" in Griffith, NSW. At balance date, there were six sheds commissioned and placed with birds with the remaining eighteen sheds, expected to be completed by the end of second quarter in the 2014 financial year.

Development costs on completed property construction for the "Rothdene" property development in Griffith, NSW amounted to $20,832,443 (2013: $11,988,484 and 2012 $8,843,959).

Development costs for completed assets for the Rothdene development includes capitalised interest totalling $718,223 (2013: $474,458 and 2012 $243,765). Assets in the course of construction for the Jeanella development include capitalised interest costs of $1,409,267 (2013: $1,225,825 and 2012 $183,442) Interest capitalisation commenced when the development application is approved for the construction of the asset and then ceases proportionally as the sheds become operational and produce broiler growing income.

	2013	**2012**
	$	**$**
Land and Buildings at Independent Valuation	103,950,000	79,950,503
Land and Buildings in the course of construction - at cost	13,789,360	9,414,423
	117,739,360	89,364,926

11 Plant and Equipment

	Consolidated 2013 $	Consolidated 2012 $
Motor vehicles		
At cost	1,287,099	1,050,211
Less accumulated depreciation	(574,710)	(468,502)
Total motor vehicles	712,389	581,709
Computer equipment and software		
At cost	166,441	118,768
Less accumulated depreciation	(78,333)	(52,853)
Total computer equipment and software	88,108	65,915
Office furniture and equipment		
At cost	55,504	44,837
Less accumulated depreciation	(26,637)	(17,068)
Total office furniture and equipment	28,867	27,769
Other equipment		
At cost	312,531	54,440
Less accumulated depreciation	(75,311)	(9,144)
Total other equipment	237,220	45,296
Total plant and equipment	1,066,584	720,689

The net book value of assets held under finance lease was $315,200 (2012: 215,962)

11 Plant and Equipment (continued)

(a) 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 2013					
Balance at beginning of year	581,709	65,915	27,769	45,296	720,689
Additions	346,817	48,899	11,600	258,091	665,407
Disposals	(56,704)	-	(61)	-	(56,765)
Depreciation expense	(159,433)	(26,706)	(10,441)	(29,241)	(225,821)
Property investment expense	-	-	-	(36,926)	(36,926)
Carrying amount at end of year	712,389	88,108	28,867	237,220	1,066,584
Year ended on 30 June 2012					
Balance at beginning of year	337,165	19,989	16,788	44,817	418,759
Additions	346,756	57,514	14,921	6,414	425,605
Disposals	(34,436)	-	-	-	(34,436)
Depreciation expense	(67,776)	(11,588)	(3,940)	(5,935)	(89,239)
Carrying amount at end of year	581,709	65,915	27,769	45,296	720,689

12 Tax

(a) Assets

	Consolidated	
	2013	**2012**
	$	**$**
NON-CURRENT		
Deferred tax assets comprise:		
Accruals	112,387	30,610
Employee benefits	79,371	179,559
Capitalised Interest received	135,693	-
s 40-880 deduction	125,442	-
s 25-25 deduction	28,711	-
Tax losses	2,820,259	2,939,405
	3,301,863	3,149,574

(b) Liabilities

	Consolidated	
	2013	**2012**
	$	**$**
NON-CURRENT		
Deferred tax liability comprises:		
Investment property, plant and Equipment	16,071,230	13,228,440
Other	1,555	50,620
	16,072,785	13,279,060

13 Trade and Other Payables

	Consolidated 2013 $	Consolidated 2012 $
CURRENT		
Unsecured liabilities		
Trade creditors	2,118,990	1,961,200
Other creditors and accruals	1,113,862	908,254
	3,232,852	2,869,454

14 Financial Liabilities

		Consolidated 2013 $	Consolidated 2012 $
CURRENT			
Secured liabilities			
Bank overdraft	(a)	677,918	1,269,869
Finance lease liabilities	(b)	119,825	58,334
Bank loans	(d)	2,775,000	2,400,000
Convertible Preference Shares	(c)	990,000	990,000
Total current financial Liabilities		4,562,743	4,718,203

		Consolidated 2013 $	Consolidated 2012 $
NON-CURRENT			
Secured liabilities			
Finance lease liabilities	(b)	210,850	195,879
Bank loans	(d)	55,105,210	40,507,079
Convertible Preference Shares	(c)	8,302,398	7,871,531
Total non-current financial Liabilities		63,618,458	48,574,489

14 Financial Liabilities (continued)

The bank loans and overdraft are secured by first ranking mortgages over all land owned by ProTen Limited and the ProTen Group together with a floating charge over all assets of ProTen Limited and the ProTen 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 5.85% (2012: 8.73%). The bank overdraft facility is $1,214,218, of which $677,918 was utilised as at 30 June 2013 (2012: $1,269,869)

(b) Finance Lease liabilities

The finance lease obligations are secured by the assets being financed. The average interest rate is 6.96% (2012: 6.91%)

(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 has been determined to be a debt instrument for financial reporting purposes. Interest of 11% per annum will be paid quarterly in arrears for term of 5 years or up until the CPS are redeemed or converted. On redemption of the secured redeemable preference shares there is a 15% guaranteed annual return, payable upon redemption (inclusive of the 11% quarterly interest payments).

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

	2013 $	2012 $
Proceeds of issue	9,000,000	9,000,000
Carrying value of amortised transaction costs	(368,421)	(472,341)
Cumulative interest charged calculated at an effective interest rate of 13.78%	1,856,394	580,231
Cumulative interest paid	(1,195,575)	(246,359)
Liability component at end of year	**9,292,398**	**8,861,531**
Current	990,000	990,000
Non-Current	8,302,398	7,871,531
Liability component at end of year	**9,292,398**	**8,861,531**

14 Financial Liabilities (continued)

(d) Bank loans maturity

There are six (6) 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 - 2013	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 31 December 2016	2,400,000	4,800,000	230,000	-	7,430,000
Loan 2, repayable 30 May 2025	-	-	6,970,000	4,656,905	11,626,905
Loan 3, repayable 30 April 2021	-	-	-	13,710,000	13,710,000
Loan 4, repayable 30 September 2027	-	-	-	21,463,313	21,463,313
Loan 5, repayable 31 May 2025	-	-	-	2,399,992	2,399,992
Loan 6, repayable 31 May 2026	375,000	375,000	500,000	-	1,250,000
	2,775,000	5,175,000	7,700,000	42,230,210	57,880,210

Loans were held with the National Australia Bank until 9 November 2013 and thereafter the loans were refinanced with Rabobank

14 Financial Liabilities (continued)

(d) Bank loans maturity (continued)

On November 9th 2012 the company refinanced its loans with Rabobank (loans were previously held with National Australia Bank). Loan 6 was an additional loan for $1,500,000 extended to repay the refinance cost. This loan will be repaid over four years.

Loans 1, 2 and 3 were to refinance NAB Loans during the year those loans were reduced through monthly repayments amounting to a total of $2,400,000 in the financial year to 30 June 2013.

Loan 4 is a $22,500,000 facility that is in the final stages of draw down for the construction of the property development at Rothdene.

Loan 5 is a $15,000,000 facility which is currently being drawn down for the construction of the property development at Jeanella

Bank loans are repayable in equal monthly instalments until the maturity date with final instalment due on the maturity date.

Bank loans bear interest at an average rate of 6.23% (2012: 7.41%) which is subject to review in the current financial year. The interest rate is approximately 52% (2012: 62%) fixed and approximately 48% (2012: 38%) floating at reporting date.

15 Employee Benefits

	Consolidated	
	2013	**2012**
	$	**$**
CURRENT		
Employee entitlements	406,997	175,091
	406,997	175,091
NON-CURRENT		
Employee entitlements	160,590	173,437
	160,590	173,437

Employee entitlement provisions relate to future obligations to pay annual leave, long service leave and employee bonuses

16 Issued Capital

	Consolidated	
	2013	**2012**
	$	**$**
Ordinary shares 60,502,698 (2012: 60,502,698) fully paid	26,607,011	26,607,011
	26,607,011	26,607,011

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.

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 institution 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 gearing ratio at reporting date is shown below.

Debt to Assets ratios	**2013**	**2012**
	$	**$**
Total Debt (incl CPS)	68,181,201	53,292,692
Total Equity	38,262,402	35,366,532
Total Assets	126,316,827	105,156,266
Share Capital	26,607,011	26,607,011
Total Debt / Total Assets	**53.97%**	**50.67%**

17 Reserves

(a) Asset revaluation reserve

On adoption of IFRS in 2005, the carrying value of investment property carried at fair value was treated as deemed cost on adoption of Australian Accounting Standards in accordance with AASB101. The revaluation reserve of $4,933,519 as of the date of adoption has been reclassified to retained earnings in the current year.

(b) Foreign currency translation reserve

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 2005.

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(c).

	Country of Incorporation	Percentage Owned 2013	Percentage Owned 2012
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	
	2013	2012
	$	$
Interim Dividends paid for the year	1,815,081	1,815,081
Final Dividend	151,257	-
Total	1,966,338	1,815,081

In the current year, dividends were paid each month at the rate of 3.00 cents per share per annum and a final dividend of 0.025 cents per share was declared, bringing the total dividend for the year to 3.025 cents per share per annum. (2012: at the rate of 3.00 cents per share per annum).

Dividend franking account

The balance of the dividend franking account at 30 June 2013 was nil (2012: 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 2013 or 30 June 2012.

(b) Interest on loans

There were no loans advanced to or received from any Directors or Director related entities during the year (2012: nil).

The parent entity, ProTen Limited has provided interest 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.

20 Related Party Transactions (Continued)

(c) Beneficial holdings

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

	2013 Number of shares	2012 Number of shares
John Russell Signal		
Red Tin Trust	3,317,622	3,317,622
Michelle Signal	225,000	125,000
	3,542,622	3,442,622
Maxwell Keith Bryant		
Maxwell K Bryant	929,323	889,323
Patricia A Bryant	960,092	945,092
Bryant Investment Trust	560,000	560,000
	2,449,415	2,394,415
Daniel Bryant		
D.K Bryant Family Trust	283,951	132,000
ERIENZ	45,000	-
	328,951	132,000
Geoffrey Keith McWilliam		
Sleb Investments Pty Ltd Superannuation Fund	411,000	411,000
Barbara McWilliam	300,000	100,000
	711,000	511,000
Total	7,031,988	6,480,037

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.

	2013 $	2012 $
Short Term Benefits	1,234,803	878,166
Post Employment Benefits	108,978	80,092
Other Long Term Benefits	31,372	6,809
Total	1,375,153	965,067

21 Cash Flow Information

(a) Reconciliation of cash flow from operations with net profit after tax

	Consolidated	
	2013 $	2012 $
Profit after tax	4,862,208	4,253,290
Adjustments for:		
Depreciation	225,821	89,239
Loss on disposal of plant and equipment	31,265	16,035
Unrealised gain on revaluation of investment property	(3,167,055)	(1,750,503)
Decrease/(increase) in assets:		
Trade and other receivables	41,358	(101,508)
Other current assets	(883,951)	67,943
Inventory	42,635	317,707
Deferred tax assets	(152,289)	130,718
Increase/(decrease) in liabilities:		
Trade and other payables	253,567	187,222
Provisions and other liabilities	219,059	175,979
Deferred tax liabilities	2,793,725	1,715,126
Net cash provided by operating activities	4,266,343	5,101,248

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 primarily with major customers (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 doubtful collectability of the receivables 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 2013 approximately 52% of Group's debt is fixed for a period of five years at a rate of 6.6%. 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	
	2013 %	2012 %	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
Financial Assets														
Cash at bank and on hand	5.9	8.7	40,322	52,737	-	-	-	-	-	-	-	-	40,322	52,737
Cash on term deposit	-	5.8	-	-	-	8,500,000	-	-	-	-	-	-	-	8,500,000
Trade and other Receivables	-	-	-	-	-	-	-	-	-	-	1,508,379	1,544,194	1,508,379	1,544,194
Total Financial Assets			**40,322**	**52,737**	**-**	**8,500,000**	**-**	**-**	**-**	**-**	**1,508,379**	**1,544,194**	**1,548,701**	**10,096,931**
Financial Liabilities														
Bank loans	6.3	6.6	-	-	2,775,000	2,400,000	12,875,000	17,275,659	42,230,210	23,231,420	-	-	57,880,210	42,907,079
Bank overdraft	5.9	8.7	-	-	677,918	1,269,869	-	-	-	-	-	-	677,918	1,269,869
CPS funds	13.8	14.5	-	-	990,000	990,000	8,302,398	7,871,531	-	-	-	-	9,292,398	8,861,531
Trade and other payables	-	-	-	-	-	-	-	-	-	-	2,118,990	1,961,200	2,118,990	1,961,200
Provisions	-	-	-	-	-	-	-	-	-	-	567,587	348,528	567,587	348,528
Finance lease liabilities	7.0	6.9	-	-	119,825	58,334	210,850	195,879	-	-	-	-	330,675	254,213
Total Financial Liabilities			**-**	**-**	**4,562,743**	**4,718,203**	**21,388,248**	**25,343,069**	**42,230,210**	**23,231,420**	**2,686,577**	**2,309,728**	**70,867,778**	**55,602,420**

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 credit risk.

Interest Rate Sensitivity Analysis:

At 30 June 2013 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	
	2013	2012
	$	$
Changes in Profit		
Increase in interest rate by 1%	(183,839)	(251,149)
Decrease in interest rate by 1%	183,839	251,149
Changes in Equity		
Increase in interest rate by 1%	(183,839)	251,149
Decrease in interest rate by 1%	183,839	(251,149)

23 Auditors' Remuneration

	Consolidated	
	2013	2012
	$	$
Remuneration of the auditor for:		
Grant Thornton Audit Pty Limited		
Auditing or reviewing the financial report	-	56,000
BDO East Coast partnership		
Auditing or reviewing the financial report	55,000	-
Tax services	24,382	46,035
Total	79,382	102,035

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.

		Parent	
		2013	**2012**
	Note	**$**	**$**
Current assets		7,207,209	8,821,709
Non-current assets		30,347,590	21,429,976
Total assets		37,554,799	30,251,685
Current liabilities		1,553,515	1,742,743
Non-current liabilities		8,491,816	8,157,490
Total liabilities		10,045,331	9,900,233
Net assets		27,509,468	20,351,452
Issued capital	16	26,607,011	26,607,011
Reserves		841,048	841,048
Retained earnings /(deficit)		61,409	(7,096,607)
Total equity		27,509,468	20,351,452
Profit for the year		9,124,354	520,246
Total comprehensive income for the year		9,124,354	520,246

Guarantees in relation to subsidiaries

ProTen Limited has guaranteed the advances made to subsidiaries under bank loans, overdrafts and other term liabilities bank overdrafts as detailed at Note 25.

Contingent liabilities

ProTen Limited has contingent liabilities as detailed in Note 25.

Loan to subsidiaries

ProTen Limited has provided interest bearing loans to its subsidiaries. Loans and receivables to subsidiaries were $33,628,390 for the year ended 30 June 2013 (2012:$18,006,981)

25 Contingent Liabilities

Liability as a guarantor

The Group has a contingent liability, as a guarantor for an amount of $68,181,201 (2012: $53,592,692) in respect of the advances made under bank loans, overdrafts and other term liabilities. All subsidiary trading is on 30 day market terms and unsecured. The total guarantee is split as follows:

	2013 $	2012 $
Bank overdrafts	677,918	1,269,869
Bank loans	57,880,210	42,907,079
CPS funds	9,292,398	8,861,531
Other term liabilities	330,675	254,213
Total	68,181,201	53,292,692

Other bank guarantees

The Group also has provided the following bank guarantees in addition to the above:

	2013 $	2012 $
ProTen Limited – Office Lease	14,218	14,218
ProTen Tamworth Pty Ltd – Tamworth Regional Council	20,000	20,000
Total	34,218	34,218

26 Commitments

Capital Commitments

The company is committed to complete the property development at Jeanella, which at June 30 2013, was estimated to cost $10,947,000 to complete

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:	2013 $	2012 $
Within one year	68,315	67,776
One to five years	112,971	128,304
Total commitment	181,286	196,080

26 Commitments (continued)

Financial Commitments

Finance lease commitments includes contracted amounts for various motor vehicles and farm equipment with a written down value of $315,200 (2012: $251,962) secured under finance leases expiring within one to five years. Under the terms of the leases, the consolidated entity has the option to acquire the leased assets for predetermined residual values on the expiry of the leases includes contracted amounts for motor and farm vehicles

Lease commitments - Finance

Committed at the reporting date and recognised as liabilities, payable:	2013 $	2012 $
Within one year	119,825	58,334
One to five years	210,850	195,879
Total commitment	330,675	254,213

27 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)

ProTen Limited (and Controlled Entities)

ABN 80 109 715 488

Directors' Declaration

The directors' of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 44, are in accordance with the *Corporations Act 2001* and:

   (a) Comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Company and the Consolidated Entity; and

   (c) The Company 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 Company will be able to pay its debts as and when they become due and payable.

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

Director: ....
John Russell Signal

Director: ....
Peter Colin Roberts

Dated 3 October 2013

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Australia

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 2013, 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 2013 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, 3 October 2013