BESTON GLOBAL FOOD COMPANY

annual report 2016

CORPORATE DIRECTORY

BESTON GLOBAL FOOD COMPANY LIMITED ACN 603 023 383

Annual Report for the period ended 30 June 2016

INCORPORATION

Incorporated in Australia on 24 November 2014

DIRECTORS

Roger Sexton	Chairman
Stephen Gerlach	Non-Executive Director
Catherine Cooper	Independent Non-Executive Director
Petrina Coventry	Independent Non-Executive Director
Jim Kouts	Independent Non-Executive Director
Ian McPhee	Independent Non-Executive Director

CEO

Sean Ebert

COMPANY SECRETARY

Richard Willson

REGISTERED OFFICE

72 Sturt St Adelaide, South Australia 5000 +61 (0)8 8231 2777

PRINCIPAL PLACE OF BUSINESS

Level 9, 420 King William St, Adelaide, South Australia 5000 +61 (0)8 8470 6500

SHARE REGISTER

Link Market Services
Tower 4, Collins Square, 727 Collins St, Melbourne, Victoria 3008 +61 (0)3 9200 4555

Beston Global Food Company Limited shares are listed on the Australian Stock Exchange (ASX)

LEGAL ADVISORS

Minter Ellison

AUDITORS

Ernst & Young Australia

CONTENTS

FERGUSON AUSTRALIA
Lemon Pressed
EXTRA VIRGIN OLIVE OIL
250mL
Lobster Oil

CHAIRMAN'S STATEMENT

The agri-business sector has been widely recognised as one of the key drivers of the Australian economy in coming decades. Indeed, agri-business is seen as the industry sector amongst all sectors in Australia, which best capitalises on the competitive advantages of the Australian economy as well as producing what the world increasingly wants.

Beston Global Food Company (BFC or Company) has positioned itself as a branded food company which, through its portfolio of investments in the dairy, seafood, meat and health foods industries in Australia can provide high quality, nutritious and safe food and beverage products to consumers across the globe. Overlaying this portfolio is the exclusive "technology eco-system" which we have developed in Beston Technologies to provide consumers with ingredient track-and-trace capabilities on our products and assure them of the authenticity of the products with our anti-counterfeiting technology.

The core operating structure of BFC is based around the three legs of our "closed loop" (vertically integrated) business model, namely:

1. Security of supply (and raw materials) via farm ownership, leased quota and company owned quota.
2. Investment in production facilities and productivity enhancements via increased throughput, capacity utilisation and technology adoption and innovation.
3. Marketing and distribution arrangements in target markets via our own on-the-ground staff, complemented by strategic joint venture arrangements.

Around this structure, we have added selected business assets in four strategic areas:

1. Dairy
2. Seafood
3. Meat
4. Health and Nutrition

and then linked it all together with our internationally patented Beston Technologies capabilities.

Our sales focus is to "capture", in key target markets in Australia and overseas, customers who are looking for safe, reliable, healthy, nutritious food and beverage products.

We are aiming to produce products which span a range of age groups, with taste and flavour variations tailored to the nuances of specific geographic regions, in the hope that once "captured", these customers will stay with our Beston Brands for the whole of their lives.

The strategy is focused on growing our Beston Global Food Company over the long term both organically and through acquisitions, within these four industry segments.

I am pleased to report that BFC has achieved significant progress in implementing this business strategy, during the 2015-16 financial year.

BFC has demonstrated the strength of its closed loop supply model to provide provenance and security of supply to high growth export markets, particularly to China and the ASEAN region.

Our platform for growth has now been established with the various initiatives which we have put in place in relation to raw materials and production and the sales and distribution relationships which have been formed in China, Hong Kong, Thailand, Singapore and other parts of Asia.

BFC will continue to refine its strategies, as we go forward, to build on the opportunities already created for the Company.

RESULTS ACHIEVED

The 2015-16 financial year was our first year as a listed public company on the Australian Securities Exchange, having listed on 28 August 2015. It was also a year of consolidation for the Company as we implemented the business strategy set out in the IPO Prospectus, namely: to build out the dairy division of the Company, build out the seafood division, establish the meat division and further develop the marketing and distribution capabilities of the Company.

The financial results for the year end were a statutory net loss of $1.716 million and an underlying net profit after tax (UNPAT), after adjusting for the costs of the IPO and other non-recurring costs, of $2.449 million. These results were below the management budgets for the period, primarily due to a number of key assumptions on sales (particularly in China) and income not being realised as expected - and as contracted - in the second half:

China Sales

BFC started the year with contracted sales to Dashang Group Co. Limited (a major supermarket chain in China and significant BFC shareholder) of RMB 200 million (approx. AUD 42.0 million). These sales were not confirmed by purchase order by the close of the 2015-16 financial year. Sales from these contracted commitments had been incorporated into the Company's budget earnings and dividend expectations.

Pedra Branca

BFC terminated the lease over the Pedra Branca dairy farm following a default by the lessee and brought the operations of the farm under internal company management. The short-term impact of this decision was a reduction in revenues of approx. $1.6 million in the second half of 2015-16.

Regulatory Constraints

In addition, significant regulatory hurdles were experienced (primarily in China) during the second half of 2015-16 which affected the timing of deliveries and sales recognition in this period.

Management has responded by taking a number of actions to address each of these issues, such as:

- Creating multiple new sales channels to market in China, separate from the arrangements with Dashang Group Co. Limited. A number of new agreements have been entered into by the Company for the supply, marketing and distribution of BFC food and beverage products to supermarkets, gourmet food outlets and food service businesses as well as through associated e-commerce platforms in China and Korea. As at September 2016, the Company now has its own offices and personnel located in four strategic locations in China: Dalian, Beijing, Shanghai and Fuzhou.
- Taking operational control of the Pedra Branca farm and re-building the farm back to "best practice" standards. While the decision to terminate the Pedra Branca lease contributed to a shortfall in revenue in 2015-16, the benefits of bringing Pedra Branca "in house" has been a significant uplift in productivity which is expected to be reflected in the operating results of the farm in 2016-17.
- Addressing each of the regulatory hurdles as they have arisen through proactive decisions using the long-established networks of contacts in the regions in which the Company operated. For example, BFC established a Manufacturing and Distribution Agreement with the Hondo Agricultural Company in China (as announced on 1 April 2016) when the export of allergen free ready-to-eat "Yarra Valley" meals to China was prevented by Chinese import and quarantine regulations.
- Underpinning the earnings of the Beston Pure Foods factories with local Australian supply contracts while continuing to build into higher margin export markets.
- Adjusting the convertible note investments and equity interests with investee companies to align with their underlying earnings.

All of these actions, of course, take time to put in place and time to yield bottom line results. That said, the Board and management of BFC believe that the Company will be better and stronger as a consequence of the decisions taken to deal with the various "head winds" that emerged during the year.

As is well understood by companies that trade with China, doing business in China can often be unpredictable and uncertain. The key to being successful, is to have the right "guanxi" or network of connections and relationships in place to enable alternative actions to be implemented when difficulties arise… and to persevere.

The benefits in persevering and staying the course in China can only be measured in the long term.

China has a growing population of 1.4 billion people which needs to be fed. As the population becomes more affluent, Chinese consumers are acquiring a taste for more varied, more healthy (nutritional) and more value-added foods.

The reduction in tariff over 4 years to 2020 via the Chinese-Australia Free Trade Agreement (ChAFTA) is a transformational dynamic for Australian agri-business - one which BFC has moved quickly to take advantage of - but experience over the past 50 years (since the end of the Cultural Revolution) has shown that doing business in China can be like running a marathon where parties that stay the course and have tenacity, endurance and flexibility are the ones that reap the rewards.

Notwithstanding the long history of many of the Directors in transacting business in China and with other countries in Asia, both the Board and the management team of BFC have increased our knowledge during the year of the markets we have entered with our food and beverage products as well as of the systems and support required to leverage the investments made by the Company to date.

FOOD SAFETY

Food safety is becoming a major issue across the world, and particularly in China where there have been a string of unethical behaviours and counterfeiting of food products and food brands.

Food fraud (including counterfeiting, dilution and the mislabeling of food products) has been estimated to cost up to US$40 billion a year. Beyond the economic cost, food contamination and/or dilution can pose a major health concern such as occurred in 2008 in China when melamine was added to milk and infant formula. (The result, in that case, was the hospitalisation of over 50,000 infants and six deaths).

The reputational impact upon a company of a food security incident can be very severe as was shown recently in the "berry case" in Australia which involved a string of Hepatitis A cases in NSW and Victoria which were traced to contamination in frozen berries imported into Australia.

Straight out counterfeiting of particular high-value food and beverage items is also a growing problem. For example, there exists a thriving "industry" in China counterfeiting Australian wine. Indeed, there are various estimates that suggest that up to 80% of wine sold in China is not as labeled.

For Australian producers of food products this is a very significant issue and risk, since the value (both of their products and of the company itself) is often centred on quality products that are promoted as being "clean and green" (such as honey, for example).

The opacity of the global food chain has created the opportunity for food fraud and food crime and increased the risk of food contamination and related problems (such as the expansion of "superbugs").

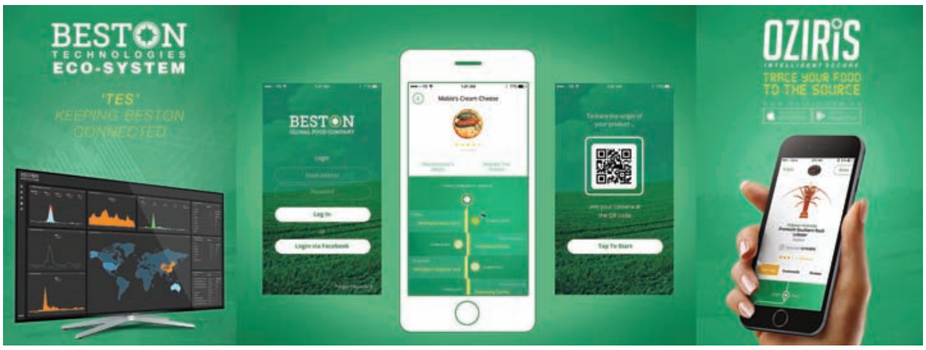
BFC is transforming the business model of food production by building its supply chain around an internet-driven food safety system, known as OZIRIS™ which has been developed exclusively by the Company and now has five international patents pending. The technology combines ingredient identification and traceability capabilities with BRANDLOK authentication capabilities to ensure the safety and quality of the products which BFC supplies.

Data collected at farm level is used to track raw materials as they are transformed at the factory level and then shipped to consumers. We believe that our OZIRIS™ food safety technologies, as they become more widely utilised, will empower consumers who are increasingly wanting to know what is going into their bodies.
Our technologies also provides genuine producers with a means of building trust with consumers.

BFC has made the technology available to other producers in the Australian food industry (or other industries) who are able to access and use the technology by payment of a small royalty on sales.

FOOD INNOVATION

After years of consuming large amounts of salt and fat in the food stuffs manufactured by the big global food companies, consumers across the world are starting to look for products which enable them to "eat better". The food system has made it too



easy to eat poorly, with the results that westernised countries are experiencing an increasing incidence of diseases such as diabetes and obesity.

Indeed, diabetes has become one of the world's most critical unmet prevention and treatment challenges. Notwithstanding the introduction of many new medications, the combined prevalence of impaired glucose intolerance (IGT) and diabetes has surpassed 13% worldwide and continues to grow, according to information compiled by the International Diabetes Foundation. Coupled with these issues has been the increasing use of artificial flavours and colourings, preservatives and antibiotics in food production by the big food companies.

BFC has been leading the way, in a number of respects, in developing food and beverage products which are healthier (with less sugar and salt), yet are still affordable and taste good. Most of this product development has been undertaken in conjunction with our investee company, Neptune Bio-Innovations Pty Ltd (NBI).

In August this year, we announced the formation of a joint venture with Singapore based company MindChamps Holdings Pty Ltd (MindChamps) to provide fresh and nutritious food to all pre-school children who attend the early childcare centres operated by MindChamps in Singapore and Manila.

A "Kids Nutrition" program has been developed by our in-house Dietician and the food technicians at NBI and our other operating businesses to provide healthy and nutritious meals for the more than 2,000 children who attend the MindChamps childcare centres each school day. Since the formation of this joint venture, we have also been working with MindChamps to develop a range of healthy food products specifically for children which will be branded by the joint venture and sold in supermarkets across Asia initially, and over time, in other countries.

This "Kids Nutrition" program is consistent with the long-term focus for BFC to build strategic value into our business by taking a whole-of-life perspective in relation to the healthy eating needs of populations. That is, we aim to design, develop and provide food and beverage products which are healthy and nutritious (i.e. contain "no nasties") and which are able to be consumed right through from the early years of a person's life to the senior years.

To do this, we will continue to create new foods, as well as adapting existing foods, to make them more nutritious and more healthy and kinder on our bodies.

LOOKING BACK…TO LOOK FORWARD

BFC has come a long way since the business was founded in 2012. When the Company listed on 28 August 2015, our market capitalisation at the commencement of our first day of trading was around $130 million. As at 30 June 2016, our market capitalisation was close to $150 million and BFC is now firmly established as one of the leading agri-business companies in Australia.

BFC is a very different company today than it was at the time of our IPO. This is partly as a result of implementing the business strategies detailed in our Prospectus, but is also partly a result of the need to address the changed circumstances in our operating environment, as explained above.

Our vertically integrated supply model (i.e. in-house sourcing, production, distribution and marketing) provides BFC with significant cost advantages over our competitors in each of our product categories, resulting in higher margins. Customers are increasingly recognising the value of the BFC supply model in being able to offer products which are authentic, great tasting and healthy and nutritious with "clean" ingredient labels.

BFC's well-developed brands, extensive product portfolio, leading edge technologies and well invested and resourced product portfolio is a valuable asset that is highly scalable in order to achieve our long-term growth objectives. The Company has ample capital and manufacturing capacity to support its current growth initiatives and is well-positioned to take advantage of opportunities as they arise from the attractive dynamics of the food industry, both in Australia and overseas.

On behalf of the Board, I would like to thank our relatively small, but highly experienced management team and all our dedicated employees for their efforts and achievements during the year. Every one of our management and staff have contributed enormously, with long hours and personal dedication and have demonstrated by their actions that they are focused on maximising the value of the Company's assets.

I would also like to thank our shareholders for your support over the past year, in our first year as a listed company, and look forward to your continuing support as we continue to grow and enhance the value of your Company.

Dr Roger Sexton AM
Chairman

CEO'S COMMENTARY

In our maiden year as a public company, we are pleased to have successfully completed a range of investments across the key assets provided in the IPO Prospectus, having developed and secured a range of strategic sales, manufacturing and distribution partners in our primary growth regions of China, ASEAN and Australia.

In addition to this we launched what we believe are the world's first range of proprietary anti-counterfeit and food traceability technologies that look to solve the growing need to provide consumer confidence and provenance of foods.

It is extremely pleasing to see that in such a short period as a result of the marketing and distribution arrangements put in place over the past year, our objective in taking premium high quality Australian foods into some of the fastest growing economies is now well on track.

KEY HIGHLIGHTS

Key highlights from this financial year include:

- Restarting of the Murray Bridge and Jervois Dairy facilities and achieving silver and gold medals for a range of our cheeses.
- Signing strategic sales partnerships with JM WOWO Limited and Hondo Agricultural in China, Sunwah in Hong Kong and MindChamps Holdings in Singapore.
- Establishment of BFC Sales and Marketing teams in China, Thailand, Vietnam and Australia with solid sales across all product divisions.
- Launch of our integrated technology platform combining B2C e-commerce, consumer traceability, and product anti-counterfeit technology into the Australian marketplace.
- Acquisition of a 51% equity stake in AQUAessence, providing strategic security of supply and a new premium brand to meet the rapidly growing demand for naturally high alkaline water in China and Asia.

These highlights demonstrate the breadth of work undertaken and the key areas where management has focused its efforts to build on the foundations established for the business in order to grow and develop further.

The acquisitions undertaken have all been value accretive for the Company and are enabling each of the operating divisions to achieve the critical mass and operating efficiencies required to compete in global markets.

ESTABLISHING THE GROWTH PLATFORM

Dairy

Following the restart of the acquired UDP facilities in September 2015, we brought back a range of premium cheeses based on previous consumer demand and for which the facility was well recognised.

As part of developing our new brand, we recognised the importance of creating a brand that reflected the long standing heritage of the Murray Bridge region as being a high quality dairy region, so we developed and launched the "Edwards Crossing" brand. This was officially launched into selected retail stores in late May 2016 in South Australia, with the progressive roll out plan into the Eastern States of Australia, followed by Singapore, Thailand, Vietnam and China in progress. Our Edwards Crossing cheese range subsequently received 2 gold and 3 silver medals including the overall title of Champion Cheddar at the recent prestigious Royal Adelaide Show Dairy Awards in August which was a true testament to the experience of our cheese makers in producing such high quality cheeses within less than 12 months of re-opening operations.

Following our focus on being innovative in dairy, our ASEAN marketing team engaged in a range of consumer group studies which resulted in the development and launch of "Kyubu", a range of Japanese branded flavoured cheeses which follows the leading dairy consumer trends in Asia. This range of cheese products meet consumers growing need to increase their consumption of cheese in order to increase their daily calcium intake, while packaged for convenience and suited to Asian flavour profiles. We first launched our "Kyubu" branded range of cheeses into retail stores across Singapore and Thailand in early June 2016, with ongoing rollout plans scheduled for Australia and China later in the second half of the financial year.

We are pleased that since restarting the Murray Bridge and Jervois facilities, we have established two strong brands, a range of award winning cheeses, and have over 50 SKU's for retail and food service together with a clear growing distribution in our core regions.

Seafood

In seafood, we entered the China market by creating branded premium Australian seafood gift boxes for Chinese New Year. This paved the way for the introduction of some of our most prized Australian seafood such as Southern Rock Lobster, Southern Blue Fin Tuna, Coffin Bay Oysters and a range of other products being introduced direct to Chinese consumers in a new way. The gift box is now an ongoing offering to the Chinese market on certain holidays, and the collection has been included in the Beston Marketplace online store in Australia.

We announced in the 3rd quarter the joint venture with SunWah based in Hong Kong. SunWah are one of the largest and most well established seafood importers in Hong Kong and the implementation and roll out of this Joint Venture forms one of the key distribution platforms in Hong Kong for our seafood direct to hotels, restaurants and retail.

As part of leading the development of Australian seafood, BFC achieved the largest single shipment of Hirashima Kingfish ever made to China, on behalf of Clean Seas Limited.

BFC increased scale of production in Southern Rock Lobster from 128T to 380T, and gained access to Southern Blue Fin Tuna processing through the acquisition of 5 Star Seafoods and Mori Seafood in the 1st quarter of 2015-16. The combined business with Ferguson Australia provides a significantly improved capacity to supply and to capitalise on growing demand for Australian seafood whilst the Chinese-Australia Free Trade Agreement reduce tariffs over the 4 years to 2020.

Meat

Early in the financial year, we identified the growing demand from Chinese and Asian consumers for high quality healthy pre-prepared meals, and in particular meals which contain premium quality Australian sourced beef and lamb. In response, we developed the Yarra Valley range of 'ready-to-eat' meals which were launched in late June 2016 into the Spinneys retail stores in Dubai in the UAE Middle East. In April 2016, we announced our manufacturing partnership with Hondo Agricultural which will enable BFC to be one of the first to introduce Australian ready-to-eat meals using premium quality Australian beef and lamb which is allergen free and also carries the OZIRIS™ anti-counterfeit and product traceability assurance to Chinese customers.

Looking ahead, we will continue to roll out new ready-to-eat meal products with healthier and better nutritional alternatives as part of expanding our position in this growing market segment.

Health

BFC has taken a leadership role in the development of food and beverage products that are healthier, while still providing the same taste and flavour profile people enjoy.

As part of that development, we developed the first 50% reduced sodium salt cheese through combining the innovations of Neptune Bio-Innovations using their LoSal™ reduced Sodium Salt, and the cheese production expertise at the Beston Pure Foods facility.

We saw the opportunity to lead the development of healthy eating and nutrition in children from the ages of 1 to 6 years of age. As a result we announced in August the formation of a joint venture with MindChamps Holdings to provide a range of foods to over 2,000 children that attend the MindChamps child care centres in Singapore. The program has been specifically designed by our in-house Dietician to ensure the optimal nutritional intake is provided to the children and meets both the Singapore and Australian guidelines.

In early October 2015, we identified the growing consumer demand for clean, high quality, naturally sourced water. Following an extensive search, this lead to our acquisition of 51% equity in AQUAessence in May 2016. Following the acquisition, BFC created a new brand which reflected the ancient age of the water being 2,820 years old, and highlights the health benefits of being a naturally high alkaline water high in electrolytes. The product is now being rolled out in stores across China, Singapore, and Australia with plans for countries in Asia scheduled for the second half of the financial year.

CONCLUSION

We have made significant progress during the 2015-16 year in building out of our business across all of the operating divisions. The Company has been positioned to be a long term growth business which builds sustainable value for shareholders while creating whole of life loyalty with customers via authentic, healthy and nutritious food choices with its house of brands.

We will do this by further integrating technology into our whole supply chain; taking a holistic approach to whole-of-life healthy foods across a persons life span; capitalising on synergies between our investee companies; developing strategic alliances with other companies to further enhance our manufacturing and distribution capabilities; investing in manufacturing capability; improving productivity on our farms; and building our own brands.

The actions which we have taken in these areas over the 2015-16 financial year in terms of our existing operations, along with our planned expansion projects in 2016-17, has established a momentum for the underlying organic growth of our business over the next two to three years.

We believe that BFC will provide a rewarding , long term investment for shareholders through the position it is building as a preferred supplier of high quality, safe, clean Australian food into the Asia Pacific region.


beston pure foods
B.-d.Farm Paris Creek biodynamic organic
Edwards Crossing Cheese Company
Kyubu™ キューブ
Australian Provincial Cheese Purveyors of Fine Cheese
Grange Peak
Mable's™ Australian Cheese
beston pure farms

REVIEW OF OPERATIONS

During the financial year ended 30 June 2016 Beston Global Food Company completed a successful IPO raising $100 million, and listed on the Australian Securities Exchange on 28 August 2015.

Following the Company's IPO, BFC has undertaken a number of significant steps towards becoming a premium provider of dairy, seafood, meat and health and nutrition products to both domestic and emerging markets, particularly Asia.

To achieve this objective, BFC has carefully selected a portfolio of food and beverage businesses and assets in Australia and globally, enabling it to be one of the few food companies in the world to have a closed loop supply chain.

BFC provides a wide range of premium, healthy, and functional food & beverage products sourced substantially from its own farms, produced substantially in its own factories, and sold through its own people on the ground in the markets it serves.

In the ten months following the IPO, BFC has completed the acquisition of the following assets:

- Kurleah Dairy Farm
- Pedra Branca Dairy Farm
- United Dairy Power (UDP) assets (now re-branded as Beston Pure Foods)
- Australian Dairy Proteins
- Mori Seafood
- Five Star Seafoods
- Additional Lobster Pot Quotas
- 40% interest in Scorpio Foods Pty Ltd
- 40% interest in Australia Provincial Cheese
- 20% interest in Neptune Bio-Innovations Pty Ltd
- 51% interest in AQUAessence BMTG Pty Ltd

These assets are either held directly by BFC, or by one of the operating companies in which BFC holds an interest.

With the completion of the acquisitions set out above, BFC has been able to move away from commodity style, mass produced products to producing high quality and premium food products allowing it to differentiate itself from most other food providers.

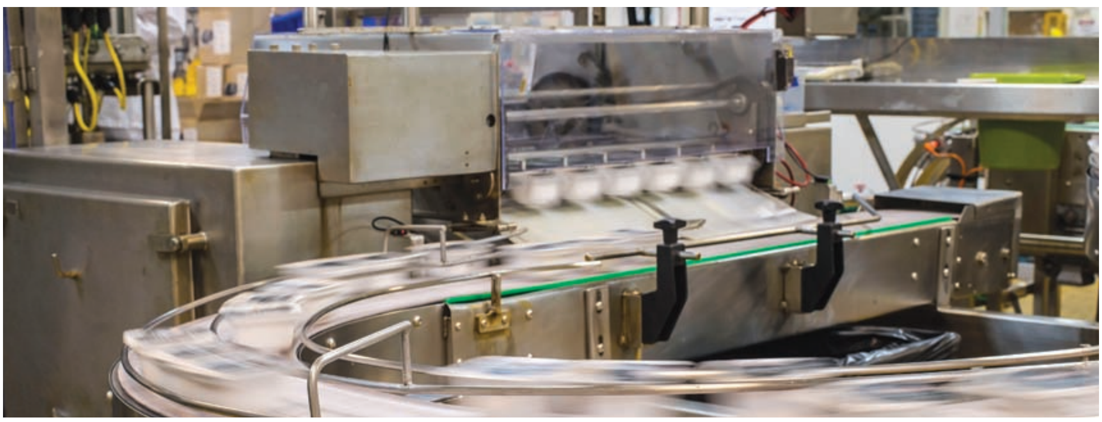
BFC has created a "house of brands" which it will continue to grow through new product development and acquisitions (currently BFC has some 30 brands within its portfolio).

BFC has established sales teams in China, Thailand, Vietnam and Australia, and progressed with the operation and improvement of its dairy farms, and cheese and whey factories at Murray Bridge and Jervois in South Australia.

In addition, BFC has established a number of significant and strategic relationships during the period with large international food Companies who will purchase BFC and third party products through BFC, for distribution through their numerous outlets.

The development of the Company's food traceability and authentication capability has been another focus for the Company during the period with the launch of BFC's OZIRIS™ food traceability system and BRANDLOK authentication technology, ensuring the safety and quality of the food that BFC supplies. Consumers are empowered by having farm-to-fork information on the products they are buying.

OZIRIS™ has in turn been linked to the Beston Marketplace, an e-commerce platform featuring premium food products of both BFC and non-BFC brands. All products sold on the Beston Marketplace are able to be traced and authenticated through OZIRIS™.



Key achievements in the 2016 financial year include:

DAIRY

- Substantial investment to improve plant and infrastructure on farms to enhance productivity
- Increased herd count to 2,675 cows with the aim of achieving an equal ratio of spring and autumn calving to ensure consistent milk production throughout the year
- Processing of 36 million litres of milk
- Production of 3,561 tonnes of cheese
- Production of 1,094 tonnes of whey powder
- Commenced shipment and export of Romano and Pepato cheese to Malta
- Production of the first batch of low sodium 'heart healthy' cheese for health conscious consumers ready for distribution to our Middle East customers.
- Commenced manufacturing of the formerly iconic "Centenary" black waxed vintage Cheddar, and released into retail stores as a 2,500 unit limited edition product.
- Commenced manufacturing of a range of Murray Bridge cheeses (Gouda, Colby, Aussie Jack, Edam)
- China Certification and Accreditation Administration of the People's Republic of China (CNCA) product certification received for BFC dairy products.
- Development and launch of "Kyubu", a Japanese style flavoured cheese snack, in Thailand and Singapore
- Award of $2.5 million Government Regional Development Grant to develop a new 'state of the art cheese' processing facility. The grant will be received and recognised in the 2017 financial year

SEAFOOD

- Joint venture agreement signed with Sunwah to supply seafood products into Hong Kong, Macau and other parts of southern China
- Lobster production increased from 128 tonnes per annum to 380 tonnes per annum
- Processing of Southern Blue Fin Tuna increased from 650 tonnes to 735 tonnes per annum
- The largest ever single shipment of Hiramasa Kingfish into China markets through contract with Clean Seas. BFC entered into an agreement for the distribution of fresh and frozen Kingfish in China incorporating Hong Kong SAR and the Republic of Korea

MEAT

- Increase in meat processing capacity from 2,000 to 2,500 tonnes per annum
- Manufacturing and distribution agreement established with Hondo Agricultural for the manufacturing of Yarra Valley processed meat under license into China
- Launch of the healthy, ready-to-eat meals under the Yarra Valley range of products into Australian and export markets

HEALTH

- Launch of Sweetin™, LoSal™, Condensed Milk Powder and Instant Mayo products into major retail store 'Lulu' in the Middle East
- Launch of Sweetin™ and LoSal™ into 400 retail stores across the Brunei region in June 2016
- Developed new innovative products and put in place distribution arrangements for these and other products for ASEAN markets, including Life X10, a natural health drink derived from grapes and full of powerful health enhancing anti-ageing oxidants.


FERGUSON AUSTRALIA
moriTUNA
MORI SEAFOOD


SCORPIO FOODS
YARRA VALLEY
WHOLESALE
MEATS

DISTRIBUTION

- Entered into a joint venture with the Sunwah Group in Hong Kong for the marketing and distribution of BFC food and beverage products in Hong Kong, Macau, and certain parts of southern China
- Entered into a strategic partnership with JM WOWO Limited, China's leading catering and food service industry B2B e-commerce platform
- Formed a strategic alliance with leading Australian cheese distributor Washed Rind Group (WRG) under which WRG will distribute cheddar and other cheeses currently produced at Beston Pure Foods Factory at Murray Bridge

TECHNOLOGIES

- Launch of OZIRIS™ allowing users to scan and view product information and trace it back to its producers. OZIRIS™ runs in both English and Chinese languages.
- Awarded a Provisional Patent for Food Safety Technologies that embodies the proprietary OZIRIS™ food traceability App and builds on verification and anti-counterfeiting applications developed by DataDot Technology Limited and Brandlok Brand Protection Solutions Pty Ltd.
- Launch of the e-commerce platform Beston Marketplace allowing customers to purchase BFC and third party products for delivery direct to the customer

FINANCIAL REVIEW

The consolidated net loss attributable to owners of the Company, after providing for income tax and research and development tax concessions, is $1.716 million (2015: $1.103 million loss). Due to 2015/16 being the first year of normal operations, comparisons to prior year are largely not meaningful.

The result was based on revenue and other income of $20.568 million primarily from the sale of dairy, seafood, meat, and health products into China and dairy products into the domestic market.

The following table provides a reconciliation between the reported results of the Company and the underlying net profit after tax (UNPAT). This measure is relevant as it reverses the impact of start-up, establishment and non-recurring gains and expenses to enable a better understanding of the Company's operating performance. Details of UNPAT adjustments are provided below.

	30 June 2016 $'000
Profit/(loss) attributable to Owners of the Company	($1,716)
UNPAT adjustments	
- IPO & corporate establishment costs	$3,449
- Sales & distribution establishment costs	$754
- Dairy manufacturing plant start-up costs	$478
- Farms purchase & start-up costs	$1,071
- Abnormal bad debts	$301
- Gain on business acquisitions	($2,018)
- Acquisition transaction costs	$37
- Non-recurring professional fees	$93
UNPAT	**$2,449**

The results for the financial year are a composite of:

- Significant one-off listing costs and expenses in completing a successful IPO;
- Significant costs and expenses associated with establishing China and ASEAN sales and distribution operations;
- Significant costs and expenses in re-starting the former UDP factory at Murray Bridge and the former ADP Lactoferrin plant at Jervois;
- Significant costs and expenses in improving and rebuilding the Kurleah and Pedra Branca dairy farms, including associated transaction costs; and
- Operational revenue and expenditure from the activities of dairy farming, manufacturing of cheese and associated dairy products, and sales and distribution of BFC, investee company, and third party products which have become the core business of the Company.

As a result of the closed loop supply chain, milk revenues from farms have largely been eliminated as intercompany transactions. The ability to supply milk from BFC owned farms to the BFC cheese factory has enabled the Company to partially insulate itself from the current dairy industry crisis, particularly the record low prices being paid for milk by key industry players.

As previously announced, revenues were below expectation with shortfalls primarily due to three factors:

- Termination of the Pedra Branca dairy farm lease following a default by the lessee. This brought the farm under internal management control which has seen a significant uplift in productivity, however this impact won't be seen in the results until the 2016-17 financial year. As a result, the short term negative impact of this decision is a reduction in profitability of the farm of approximately $1.6 million
- The decision not to proceed with the acquisition of the Weneeda Dairy Farm after comprehensive due diligence, resulting in lower than expected milk revenue
- Purchase commitments, signed under company seal by Dashang Limited and included in the Company's internal budget, were not received by the close of the financial year on 30 June 2016. The Company is continuing to engage with Dashang on these outstanding commitments with a view of working with Dashang to become one of the Company's key distribution channels in its supply of food and beverage products to the China market
- The delays in the first half of the year in regaining the export licences for the former UDP factories at Jervois and Murray Bridge, as well as other regulatory hurdles experienced in the second half, negatively affected the timing and ability to deliver food and beverage products during 2015-16

Expenses for the year were $25.108 million largely comprised of cost of goods sold in the ordinary course of business and one off establishment costs. Operating costs include the day to day operation of farms, factories, overseas subsidiaries and local management costs. These were higher than planned largely due to taking on the operation of the Pedra Branca dairy farm from a lease back arrangement and investing into the farm to restore it to a sustainable operating level.

The key assets in the Consolidated Balance Sheet at 30 June 2016 are:

- Property, plant and equipment of $38.267 million. Independent valuations obtained as at 30 June 2016 for these assets exceed the carrying value of the assets in the financial statements;
- Trade and other receivables of $26.610 million. The most significant items comprising this value are trade debtors of $12.299 million reflecting the growth in the Company's sales towards the end of the second half, and convertible notes receivable of $8.584 million;
- Cash and cash equivalents of $19.372 million;
- Investments in associates of $16.935 million. This is comprised of Neptune Bio-Innovations ($11.938 million) and Ferguson Australia Group ($4,997 million);
- Intangible assets of $10.041 million, largely comprised of owned lobster quota ($4.949 million) and water licences ($3.959 million). Independent valuations support or exceed the carrying value of these assets in the financial statements;
- Inventories of $7.965 million, largely due to above budget stocks of cheese as a results of the Company's decision to produce and release "aged" hard cheese products to the market in due course (which can earn significantly higher margins). This was also in part due to the Company making a decision to take in additional milk as part of its Cheese Bank initiative in order to assist the dairy industry in coping with the "milk crisis" which emerged in the second half of the year; and
- Biological assets (livestock) of $4.241 million comprising the dairy herd at the Kurleah and Pedra Branca dairy farms

The key liabilities for the Company are Trade and Other Payables of $8.705 million incurred in the ordinary course of business.

The Company had no debt as at 30 June 2016.


nbi
redefining health
sweet'n
NATURALLY SWEET
NUTRI
Naturlyte
LoSal50
MOO
LIFE
X10
NEPTRIM
Chef
Maid

SHAREHOLDER RETURNS

The BFC dividend of 0.6 cents per share which the BFC Directors have resolved to pay is calculated to provide investors with a benefit that reflects the underlying performance of the Company having regard to BFC's financial requirements, future profitability and capital outlooks, and other factors that the Board deems relevant.

The Board has previously determined that a payout ratio range of 60% to 85% of UNPAT for the 2015-16 financial year is intended but not mandatory. Thereafter, future dividends will be dependent on the free cash flow of the business.

Total Shareholder Return (TSR) measures the change in share value over a specified period together with the return by way of dividends received. BFC's TSR since its listing on the ASX on 28 August 2015 to 30 June 2016 was 18.9%

	30 June 2016	30 June 2015
Loss attributable to owners of the Company ($'000)	($1,716)	($1,103)
Basic EPS (cents per share)	(0.54)	(5.38)
Diluted EPS (cents per share)	(0.54)	(5.38)
UNPAT ($'000)	$2,449	($1,103)
UNPAT Basic EPS (cents per share)	0.77	(5.38)
Dividends declared ($'000)	$2,179	-
Dividends per share (cents per share)	0.60	-
Opening share price (at listing 28 August 2015)	$0.35	-
Closing share price at 30 June 2016	$0.41	-

BFC has made significant progress during the 2015-16 financial year building out its business across all of BFC's operating divisions. The Company's existing operations and planned expansion projects will have underlying growth in the next 2 to 3 years. This long term growth is expected to be achieved via, inter alia:

- Further integrating technology into our whole supply chain
- Taking a holistic approach to whole-of-life healthy foods across a person's whole life span
- Exploiting synergies between investee companies
- Creating new, value-added products
- Developing strategic alliances with other companies to enhance our manufacturing and distribution capabilities
- Investing in manufacturing capability
- Improving productivity on our farms
- Further building our own brands

POST 2015-16 YEAR END

Since the end of the 2015-16 financial year, the following key achievements have been made;

- BFC topped its class at the South Australian Dairy Industry Awards. All the Beston Pure Foods Edwards Crossing-branded cheeses that were nominated in the prestigious Royal Adelaide Show Dairy Awards won medals in their categories, with BFC landing a total of two Gold and three Silver including the overall title of Champion Cheddar
- Entered into a Joint Venture with the Singapore based MindChamps Holdings Pte Limited to provide fresh and nutritious foods to all pre-school children who attend the 35 early childcare centres operated by MindChamps in Singapore and the Philippines. MindChamps currently supplies some 6000 meals each school day to the children in its childcare centres
- Placement of 64,051,111 shares at $0.45 (5.9% premium to BFC's 5 day VWAP) to Singapore company Kunteng Pte Ltd, a wholly owned subsidiary of the China based private company, Dalian Hairunlai Group

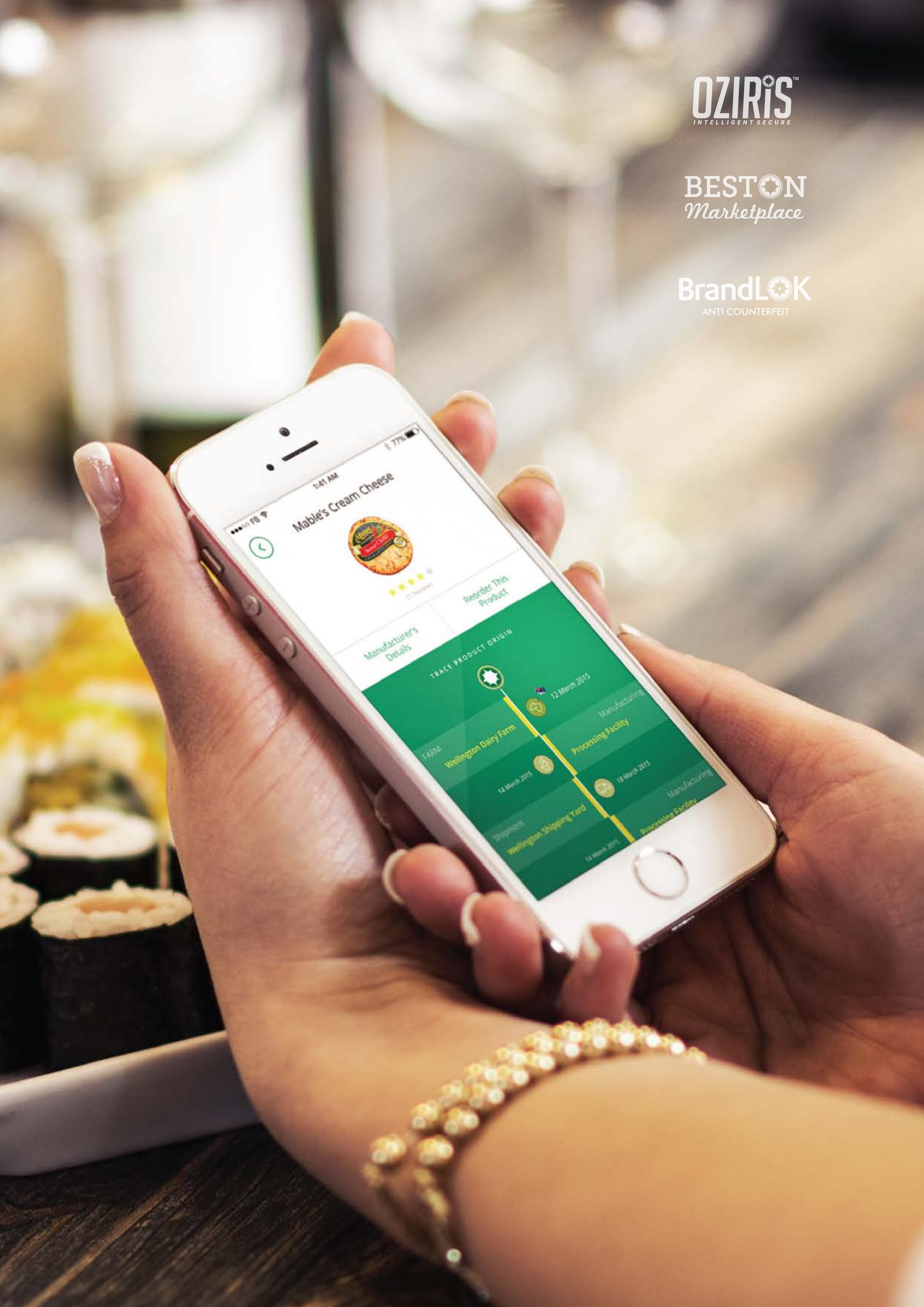
The Company has been positioned to be a long-term growth business which builds sustainable economic value for shareholders while creating whole-of-life loyalty with customers via authentic, healthy, and nutritious food and beverage choices with its house of brands.

CORPORATE GOVERNANCE

Beston Global Food Company Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Beston Global Food Company Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2016 corporate governance statement is dated as at 30 June 2016 and reflects the corporate governance practices in place throughout the 2016 financial year. The 2016 corporate governance statement was approved by the Board on 11 June 2015. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at www.bestonglobalfoods.com.au .


AQUA
essence pH8
PURE AUSTRALIAN SPRING WATER


OZIRIS
INTELLIGENT SECURE
BESTON
Marketplace
BrandLOK
ANTI COUNTERFEIT
Mable's Cream Cheese
Reorder This Product
Manufacturer's Details
TRACE PRODUCT ORIGIN
12 March 2015
Manufacturing
Processing Facility
FARM
Wellington Dairy Farm
Shipment
Wellington Shipping Yard

financial report 2016

BESTON
GLOBAL FOOD COMPANY

FINANCIAL REPORT CONTENTS

REVIEW OF OPERATIONS AND ACTIVITIES

During the financial year ended 30 June 2016, Beston Global Food Company ("BFC" or "the Company") completed a successful IPO raising $100 million, and listed on the Australian Securities Exchange on 28 August 2015. Following the Company's IPO, BFC has undertaken a number of significant steps towards becoming a premium provider of dairy, seafood, meat and health and nutrition products to both domestic and emerging markets, particularly Asia.

To achieve this objective, BFC has carefully selected a portfolio of food and beverage businesses and assets in Australia and globally, enabling it be one of the few food companies in the world to have a closed loop supply chain. BFC provides a wide range of premium, healthy, functional food and beverage products sourced substantially from its own farms, produced substantially in its own factories, and sold through its own people on the ground in the markets it serves.

In the ten months following the IPO, BFC has completed the acquisition of the following assets:

- Kurleah Dairy Farm
- Pedra Branca Dairy Farm
- United Dairy Power (UDP) assets (now re-branded as Beston Pure Foods)
- Australian Dairy Proteins
- Mori Seafood
- Five Star Seafoods
- Additional Lobster Pot Quotas
- 40% interest in Scorpio Foods Pty Ltd
- 40% interest in Australia Provincial Cheese
- 20% interest in Neptune Bio-Innovations Pty Ltd
- 51% interest in AQUAessence BMTG Pty Ltd

These assets are either held directly by BFC, or by one of the operating companies in which BFC holds an interest.

With the completion of the acquisitions set out above, BFC has been able to move away from commodity style, mass produced products to producing high quality and premium food products allowing it to differentiate itself from most other food providers.

BFC has created a "house of brands" which it will continue to grow with new product development and acquisitions (and currently has some 30 brands within its portfolio).

BFC has established sales teams in China and Thailand, and progressed with the operation and improvement of the dairy farms, and cheese and whey factories at Murray Bridge and Jervois in South Australia.

In addition, BFC has established a number of significant and strategic relationships during the period with large international food companies who will purchase BFC and third party products through BFC, for distribution through their various outlets.

The development of the Company's food traceability and authentication capability has been another focus for the Company during the period with the launch of BFC's Oziris food traceability system and BrandLok authentication technology, providing confidence in the safety and quality of the food that BFC supplies. Consumers are empowered by having farm-to-fork information on the products they are buying.

Oziris has in turn been linked to the Beston Marketplace, an e-commerce platform featuring premium food products of both BFC and non-BFC brands. All products sold on the Beston Marketplace are able to be traced and authenticated.

Review of operations and activities

Key achievements in the FY16 financial year include:

Dairy

- Substantial investment to improve plant and infrastructure on farms to enhance productivity
- Increased herd count to 2,675 cows with the aim of achieving an equal ratio of spring and autumn calving to ensure milk production throughout the year
- Processing of 36m litres of milk
- Production of 3,561 tonnes of cheese
- Production of 1,094 tonnes of whey powder
- Commenced shipment and export of Romano and Pepato cheese to Malta
- Production of the first batch of low sodium “heart healthy” cheese for health conscious consumers
- Commenced manufacturing of the former iconic “Centenary” black waxed vintage Cheddar
- Commenced manufacturing of the former range of Murray Bridge cheeses (Gouda, Colby, Aussie Jack, Edam)
- China product certification received for BFC dairy products
- Development and launch of “Kyubu”, a Japanese style cheese snack, in Thailand and Singapore

Seafood

- Joint venture agreement signed with Sunwah to supply seafood products into Hong Kong, Macau and other parts of southern China
- Lobster production increased from 128 tonnes per annum to 380 tonnes per annum
- Processing of Southern Blue Fin Tuna increased from 650 tonnes to 735 tonnes per annum
- Largest ever shipment of Hiramasa Kingfish into China markets through contract with Clean Seas

Meat

- Increase in meat processing capacity from 2,000 to 2,500 tonnes per annum
- Manufacturing and distribution agreement established with Hondo Agricultural for the manufacturing of Yarra Valley processed meat under license into China to commence in October 2016
- Launch of the healthy, ready-to-eat meals under the Yarra Valley range of products into Australian and export markets

Health

- Launch of Sweetin, LoSal, Condensed Milk Powder and Instant Mayo products into major retail store Lulu in Middle East
- Launch of Sweetin and LoSal into 400 retail stores across Brunei region in June 2016
- Developed new innovative products and put in place distribution arrangements for these and other products for ASEAN markets, including Life X10, a natural health drink derived from grapes and full of powerful health enhancing anti-ageing oxidants

Distribution

- Entered into a joint venture with the Sunwah Group in Hong Kong for the marketing and distribution of BFC food and beverage products in Hong Kong, Macau, and certain parts of southern China.
- Entered into a strategic partnership with JM WOWO Limited, China’s leading catering and food service industry B2B e-commerce platform
- Formed a strategic alliance with leading Australian cheese distributor Washed Rind Group (WRG) under which WRG will distribute cheddar and other cheeses currently produced at Beston Pure Foods Factory at Murray Bridge

Review of operations and activities

Financial review

The consolidated statutory net loss attributable to owners of the Company, after providing for income tax and research and development tax concessions, is $1.716 million (2015: $1.103 million loss). The increase in the statutory net loss from the unaudited result included in the Appendix 4E of $1.362 million relates to the Company's share of the de-recognition of revenue for work performed by Neptune Bio-Innovations Pty Ltd (NBI) in Brunei. Whilst this revenue is underpinned by a contractual agreement with the Brunei Government, which has been acknowledged by the Brunei Government as being completed to their satisfaction, as at the date of lodging these accounts payment for the work has not been received by NBI. As such the auditors of Neptune Bio-Innovations Pty Ltd consider the revenue recognition requirements as not yet being met and have de-recognised this revenue for the year ended 30 June 2016. This revenue is expected to be recognised in the following financial year.

The result was based on revenue and other income of $20.568 million primarily from the sale of dairy, seafood, meat, and health products into China and dairy products into the domestic market.

The following table, which has not been audited, provides a reconciliation between the reported results of the Company and the underlying net profit after tax (UNPAT). This measure is relevant as it reverses the impact of start-up, establishment and non-recurring gains and expenses to enable a better understanding of the Company's operating performance. Details of UNPAT adjustments are provided below.

	30 June 2016 $'000
Loss attributable to owners of the Company	**(1,716)**
UNPAT adjustments:	
- IPO and corporate establishment costs	**3,449**
- Sales and distribution establishment costs	**754**
- Dairy manufacturing plant start-up costs	**478**
- Farms purchase and start-up costs	**1,071**
- Abnormal bad debts	**301**
- Gain on business acquisitions	**(2,018)**
- Acquisition transaction costs	**37**
- Non-recurring professional fees	**93**
UNPAT	**2,449**

The results for the financial year are a composite of:

- Significant one-off listing costs and expenses in completing a successful IPO;
- Significant costs and expenses associated with establishing China and ASEAN sales and distribution operations;
- Significant costs and expenses in re-starting the former UDP factory at Murray Bridge and the former ADP Lactoferrin plant at Jervois;
- Significant costs and expenses in improving and rebuilding the Kurleah and Pedra Branca dairy farms, including associated transaction costs; and
- Operational revenue and expenditure from the activities of dairy farming, manufacturing of cheese and associated dairy products, and sales and distribution of BFC, investee company, and third party products which have become the core business of the Company.

As a result of the closed loop supply chain, milk revenues from farms have largely been eliminated as intercompany transactions. The ability to supply milk from owned farms has enabled the Company to partially insulate itself from the current dairy industry crisis, particularly the record low prices being paid for milk by key industry players.

Review of operations and activities

As previously announced, revenues were below expectation with shortfalls primarily due to three factors:

- Termination of the Pedra Branca Dairy Farm lease following a default by the lessee. This brought the farm under internal management control which as result has seen a significant uplift in productivity, however these results won't be seen until the FY17 financial year. As a result, the short term negative impact of this decision is a reduction in profitability of approximately $1.6m.
- Purchase commitments, signed under company seal by Dashang Limited and included in the Company's internal budget, were not received by the close of the financial year on 30 June 2016. The Company is continuing to engage with Dashang on these outstanding commitments with a view of working with Dashang to become one of the Company's key distribution channels in its supply of food and beverage products to the China market.
- The delays in the first half of the year in regaining the export licences for the former UDP factories at Jervois and Murray Bridge, as well as other regulatory hurdles experienced in the second half, negatively affected the timing and ability to deliver food and beverage products during FY16.

Expenses for the year were $25.108 million largely comprised of cost of goods sold in the ordinary course of business and one-off establishment costs. Operating costs include the day to day operation of farms, factories, overseas subsidiaries and local management costs. These were higher than planned largely due to taking back the operation of the Pedra Branca Dairy Farm from a lease back arrangement and investing into the farm to restore it to a sustainable operating level.

The key assets in the consolidated balance sheet as at 30 June 2016 are:

- Property, plant and equipment of $38.267 million. Independent valuations obtained as at 30 June 2016 for these assets exceed the carrying value of the assets in the financial statements;
- Trade and other receivables of $26.610 million. The most significant items comprising this value are trade debtors of $12.299 million reflecting the growth in the Company's sales towards the end of the second half, and convertible notes receivable of $8.584 million;
- Cash and cash equivalents of $19.372 million;
- Investments in associates of $16.935 million. This is comprised of Neptune Bio-Innovations ($11.938 million) and Ferguson Australia Group ($4.997 million);
- Intangible assets of $10.041 million, largely comprised of owned lobster quota ($4.949 million) and water licences ($3.959 million). Independent valuations support or exceed the carrying value of these assets in the financial statements;
- Inventories of $7.965 million, largely due to above budget stocks of cheese as a results of the Company's decision to produce and release "aged" hard cheese products to the market in due course (which can earn significantly higher margins). This was also in part due to the Company making a decision to take in additional milk as part of its Cheese Bank initiative in order to assist the dairy industry in coping with the "milk crisis" which emerged in the second half of the year; and
- Biological assets (livestock) of $4.241 million comprising the dairy herd at the Kurleah and Pedra Branca dairy farms.

The key liabilities for the Company are Trade and Other Payables of $8.705 million incurred in the ordinary course of business.

The Company had no debt as at 30 June 2016.

Review of operations and activities

Shareholder returns

The BFC dividend of 0.60 cents per share which the BFC directors have resolved to pay is calculated to provide investors with a benefit that reflects the underlying performance of the Company having regard to BFC's financial requirements, future profitability and capital outlooks, and other factors that the Board deems relevant.

The Board has previously determined that a payout ratio range of 60% to 85% of UNPAT for the 2015-16 financial year is intended but not mandatory. Thereafter, future dividends will be dependent on the free cash flow of the business.

Total Shareholder Return (TSR) measures the change in share value over a specified period together with the return by way of dividends received. BFC's TSR since its listing on the ASX on 28 August 2015 to 30 June 2016 was 18.9%.

	30 June 2016	30 June 2015
Loss attributable to owners of the Company ('000)	($1,716)	($1,103)
Basic EPS (cents per share)	(0.54)	(5.38)
Diluted EPS (cents per share)	(0.54)	(5.38)
UNPAT ('000)	$2,449	($1,103)
UNPAT basic EPS (cents per share)	0.77	(5.38)
Dividends declared ('000)	$2,179	-
Dividends per share (cents per share)	0.60	-
Opening share price (at listing 28 August 2015)	$0.35	-
Closing share price at 30 June 2016	$0.41	-

Strategy

BFC has made significant progress during the 2015-16 financial year building out its business across all of BFC's operating divisions. The Company's existing operations and planned expansion projects will have underlying growth in the next 2 to 3 years. This long term growth is expected to be achieved via, inter alia:

- Further integrating technology into our whole supply chain
- Taking a holistic approach to whole-of-life healthy foods across a person's whole life span
- Exploiting synergies between investee companies
- Creating new, value-added products
- Developing strategic alliances with other companies to enhance our manufacturing and distribution capabilities
- Investing in manufacturing capability
- Improving productivity on our farms
- Further building our own brands

The Company has been positioned to be a long-term growth business which builds sustainable economic value for shareholders while creating whole-of-life loyalty with customers via authentic, healthy, and nutritious food and beverage choices with its house of brands.

DIRECTORS' REPORT

The directors present their report on the consolidated entity consisting of Beston Global Food Company Limited and the entities it controlled at the end of, or during, the year ended 30 June 2016. Throughout the report, the consolidated entity is referred to as the Group.

Directors

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

R Sexton

S Gerlach

P Coventry

J Kouts

D Taylor (resigned on 7 April 2016)

I McPhee (appointed on 7 April 2016)

C Cooper (appointed on 7 September 2016)

Principal activities

During the year the principal continuing activities of the Group consisted of:

(a) Marketing and distribution of dairy, seafood, meat, wine, water, health and nutrition products into local and international markets.
(b) Production of milk, cheese and other dairy related products.
(c) Production and processing of meat products.
(d) Development and production of health and well-being focused food, beverage and pharmaceutical products.
(e) Processing of high pH natural spring water.
(f) Development and commercialisation of end-to-end food traceability and anti-counterfeit technology.
(g) Development and commercialisation of a premium food e-commerce platform.

Dividends - Beston Global Food Company Limited

Since the end of the financial year the directors have recommended the payment of a final ordinary dividend of $2,179,446 (0.60 cents per fully paid share) to be paid on 31 October 2016 out of retained earnings at 30 June 2016.

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations and activities on pages 23 to 27.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the year, not otherwise disclosed in this annual report.

Events since the end of the financial year

On 11 August 2016, the Group entered into a convertible note with Scorpio Foods Pty Ltd for an amount of $300,000. This note was issued at a 9.5% interest rate and converts to that number of ordinary shares which equate to 5% of the investee. The Group may convert the note at its discretion.

On 18 August 2016, the Group entered into a contract to purchase the “Westdama” dairy farm at Glencoe, approximately 30 kilometres north-west of Mount Gambier, for $2,600,000 subject to due diligence and the satisfaction of certain undertakings and conditions. The property has 80 hectares of irrigated pasture and currently supports approximately 400 cows. The Group intends to commence the process of conversion of Westdama to an organic dairy farm once the transaction is finalised.

On 31 August 2016, Beston Global Food Company Limited announced the placement of 64,051,111 shares to a Singapore company, Kunteng Pte Ltd, which is a wholly owned subsidiary of the China based private company, Dalian Hairunlai Group.

Directors' report

Events since the end of the financial year (continued)

The placement has been made at a price of 45 cents per share and will provide net proceeds to Beston Global Food Company Limited of $28,289,775. The funds will be used to further the Group's dairy, health, and seafood businesses.

On 31 August 2016, the directors resolved to pay a final dividend of 0.60 cents per fully paid ordinary share (2015 - nil). This is to be paid on 31 October 2016.

On 15 September 2016, Beston Pure Dairies Pty Ltd acquired the assets of Australian Provincial Cheese Pty Ltd ("APC") for an amount of $2,200,000. The acquired assets include plant and equipment, trademarks and intellectual property. BFC previously held a convertible note issued by APC in the amount of $1,100,000, which has been repaid as part of this transaction.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

Refer to the operating and financial review on pages 23 to 27 for information on likely developments and future prospects of the Group.

Environmental regulation

Beston Pure Dairies Pty Ltd ("BPD") and Beston Farms Pty Ltd ("Beston Farms") operate under separate SA EPA Environmental licences. These licences impose conditions to regulate activities that have the potential to harm the environment.

BPD and Beston Farms operate their wastewater discharge to the local sewer system under Trade Waste licences regulated by SA Water pursuant to section 56 of the *Water Industry Act 2012* and Section 28(3) of the EPA's *Code of Practice for Milking Shed Effluent 2003*.

The Trade Waste licence authorises them to discharge trade waste into SA Water's sewer system in accordance with the specific terms and conditions set out in the licences.

BPD is also a mandatory reporter under the National Pollutant Inventory legislation, which requires it to measure and report specific emission to ensure that the community has access to information about the emission and transfer of toxic substances which may affect them locally.

BPD has appointed a Quality and Environment Manager responsible for the development and implementation of strategies to meet all of the conditions of the licences. The Work Health & Safety Coordinator and Maintenance Manager assist in ensuring compliance activities are completed and maintained.

Group compliance activities include:

- Environmental management and emergency response planning
- Stormwater retention and release to aquifer procedures at Murray Bridge
- Weekly reporting of Murray Bridge trade waste discharge data to SA Water
- Periodic sampling and independent testing of trade wastewater discharges from Murray Bridge
- Periodic testing of river, bore and wastewater at the Jervois site
- Periodic soil testing of the treated wastewater discharge sites around Jervois

Beston Farms, with expanding herds, has initiated a significant capital upgrade program to ensure current back-up systems (which are compliant) are replaced by upgraded permanent operational requirements, particularly as it applies to the handling of the volume of waste water generated from the milking shed and associated yards at all times of the year.

There have been no significant known breaches of the Group's licence conditions or any environmental regulations to which it is subject.

Directors' report

Information on directors

Roger Sexton, AM B.Ec. (Hons), M.Ec., PhD (Econ), FAICD, FAIM, S.F.Fin, C.Univ. *Chair - non-executive*		
Experience and expertise	Dr Roger Sexton is an investment banker and a company director. He has extensive experience in the agricultural sector, having worked for the Bureau of Agricultural Economics. Roger also has had extensive experience overseas and particularly in China and the Asia Pacific, as a result of leading trade and investment missions to the region for more than 30 years and from working on investment banking transactions in the region. Roger is actively engaged in a number of community organisations, including as Chairman and Principal Patron of the Freemasons Foundation Men's Health Centre at the University of Adelaide.	
Other current directorships	• Chairman of the Investment Manager, Beston Pacific Asset Management Pty Ltd • Chairman, IOOF Holdings Limited • Chairman, KeyInvest Limited • Director, IBISWorld Pty Ltd	
Former directorships in last 3 years	Roger has served on the Australian Accounting Standards Board and was an Executive Director of the Industries Assistance Commission, specialising in rural industries.	
Special responsibilities	• Founder of Beston Global Food Company Limited • Chair of the Board • Member of audit and risk committee	
Interests in shares and options	Ordinary shares	4,648,274
	Founders' Rights options	12,404,931

Stephen Gerlach, AM LL.B, FAICD *Non-executive director*		
Experience and expertise	Stephen Gerlach is a corporate adviser and company director. He was formerly a Partner and the Managing Partner of Finlaysons Lawyers for 23 years. Stephen is also the Chancellor of Flinders University of South Australia.	
Other current directorships	• Director of the Investment Manager, Beston Pacific Asset Management Pty Ltd • Chairman, Ebony Energy Limited • Chairman, Adelaide Capital Partners Pty Ltd • Chairman, S Gerlach Pty Ltd • Director, Gerlach Asset Development Pty Ltd	
Former directorships in last 3 years	-	
Special responsibilities	• Member of remuneration and nomination committee	
Interests in shares and options	Ordinary shares	660,060
	Founders' Rights options	2,816,385

Directors' report

Information on directors (continued)

Petrina Coventry, B.Ed., M. Phil. (Ethics), MBA, EMBA, FAHRI *Non-executive director*		
Experience and expertise	Petrina has spent over twenty years working in Asia, the United States and Europe in global leadership and director roles with The General Electric Company, The Coca Cola Company and Procter and Gamble. Her experience covers multiple industries including energy, technology, education, fast moving consumer goods and financial services. Her work in organisational transformation, company performance and governance has led to increased involvement with governments, industry associations and consulting groups across the Asian region. Petrina is an ethicist by background and is completing her PHD with Melbourne University.	
Other current directorships	• Director, Australian Human Resources Institute • Director, Australasian Association of Philosophy	
Former directorships in last 3 years	-	
Special responsibilities	• Chair of remuneration and nomination committee	
Interests in shares	Ordinary shares	57,142

Jim Kouts, BA (Journalism), FAICD *Non-executive director*		
Experience and expertise	Jim has served as a senior executive and director in major companies in the energy, financial service and business tourism industries and has also held various senior positions in the public sector. Through his various roles, Jim has gained strong commercial and contract negotiation skills and has a sound grasp of governance, strategy and strategy implementation. These skills, together with his extensive insight of air freight logistics into Asia, will be valuable on the Board.	
Other current directorships	• Chairman, HomeStart Finance • Director, Adelaide Venue Management Board • Director, Adelaide Convention Bureau • Strategic Advisor, Adelaide Airport Limited	
Former directorships in last 3 years	-	
Special responsibilities	• Member of audit and risk committee • Member of remuneration and nomination committee	
Interests in shares	Ordinary shares	142,857

Directors' report

Information on directors (continued)

Ian McPhee, AO PSM, B.Bus., B.A, FCPA, FCA, GAICD *Non-executive director*		
Experience and expertise	Ian served as the Auditor General of Australia until June 2015. He holds a Bachelor of Business (Accountancy) degree and a Bachelor of Arts (Computing Studies) degree. Ian is a Fellow of CPA Australia and a Fellow of Chartered Accountants Australia and New Zealand. He is currently a Member of the International Ethics Standards Board for Accountants and an Adjunct Professor at the College of Business and Economics, Australian National University. He is the former Deputy Chair of the Australian Accounting Standards Board.	
Other current directorships	-	
Former directorships in last 3 years	-	
Special responsibilities	• Chair of the audit and risk committee	
Interests in shares	Ordinary shares	Nil

Catherine Cooper, LL.B, GDLP, FAICD *Non-executive director*		
Experience and expertise	Catherine has a legal and business background with significant expertise in areas such as strategic planning, leadership, innovation and effective governance across a broad industry base including agribusiness, food security, finance and audit, banking and insurance, energy, health and education, and research and development. She has previously chaired the SA Fisheries Council, the SA Dairy Regulator, and held directorships at SA Water, National Agrifoods Skills Council and the National Quarantine Export Advisory Council. She is a Commissioner of the Australian Fisheries Management Authority. Catherine currently chairs the Fleurieu Regional Waste Management Authority and is a director of the Australian Egg Corporation Limited. She has previously held management positions at Fosters Brewing Group, Elders Limited, and Futuris Corporation. Catherine was a finalist in both the 1997 and 1998 Telstra Business Women's Awards.	
Other current directorships	-	
Former directorships in last 3 years	-	
Special responsibilities	-	
Interests in shares	Ordinary shares	Nil

Information on directors (continued)

Don Taylor, CA, GradCertRuralSc, FAICD *Non-executive director*		
Experience and expertise	Don is a Chartered Accountant and gained a broad knowledge of industry having worked with Arthur Andersen & Co in their Sydney, Brisbane and Singapore offices in both the assurance and tax practices. He has experience in capital raisings, takeovers and major business reorganisations and business integrations. In 2014, Don served as the Executive Chairman and interim CEO of GrainCorp until the appointment of a new CEO. Some of Don's previous roles have included Chairman of Carrington Cotton Limited. In addition, he has served on a number of government industry enquiries and consultative committees. He has also presented at a number of forums including the international Grains Council in London. His executive experiences with the grains industry covers logistics, processing, marketing and distribution both in Australia and internationally with a particular focus in Southeast Asia, Middle East and Northern Africa.	
Other current directorships	• Chairman, GrainCorp Limited	
Former directorships in last 3 years	-	
Special responsibilities	• Chair of audit and risk committee (up to date of resignation on 7 April 2016)	
Interests in shares	Ordinary shares	Nil

Company secretary

Richard Willson, B.Acc, FCPA, FAICD

Richard is an accountant with more than 20 years' experience in public practice and in various senior financial management, company secretarial and non-executive director roles, predominantly within the resources and agricultural sectors for both publicly listed and private companies.

In addition to his role as company secretary of Beston Global Food Company Limited, Richard is company secretary of ASX Listed Aurelia Metals Limited, non-executive director of ASX listed company Aus Tin Mining Limited, non-executive director and company secretary of Wilgena Resources Limited, and a non-executive director and company secretary of the not-for-profit Unity Housing Company.

Meetings of directors

The numbers of meetings of the Company's Board of directors and of each Board committee held during the year ended 30 June 2016, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees			
			Audit		Remuneration and nomination*	
	A	B	A	B	A	B
R Sexton	13	13	3	3	-	-
S Gerlach	8	13	**	**	-	-
P Coventry	11	13	**	**	-	-
J Kouts	12	13	3	3	-	-
D Taylor	8	10	2	2	-	-
I McPhee	3	3	1	1	-	-
C Cooper	-	-	-	-	-	-

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year
* = As this was the first year as a listed company, the directors resolved that it was more appropriate that remuneration and nomination committee related matters be considered at full meetings of directors.
** = Not a member of the relevant committee

Directors' report

Remuneration report

The directors present the Beston Global Food Company Limited 2016 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year. The remuneration report has been audited.

The report is structured as follows:

(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Executive contracts
(d) Remuneration expenses for non-executive KMP
(e) Directors arrangements
(f) Additional statutory information

(a) Key management personnel covered in this report

R Sexton	Non-executive Chairman
S Gerlach	Non-executive Director
P Coventry	Independent Non-executive Director
J Kouts	Independent Non-executive Director
D Taylor (resigned on 7 April 2016)	Independent Non-executive Director
I McPhee (appointed on 7 April 2016)	Independent Non-executive Director

Other key management personnel

Name	Position
S Ebert	Chief Executive Officer
S Hartwig	Chief Financial Officer
R Willson	Chief Financial Officer (until 15 April 2016)

(b) Remuneration policy and link to performance

The Group outsources all of its investment management, valuation, accounting and other administrative functions to Beston Pacific Asset Management Pty Ltd ("BPAM" or "the Investment Manager"). As such, the Group does not remunerate any key management personnel employees directly.

The remuneration and nomination committee comprises three non-executive directors. The committee recommends the director nominees for each annual general meeting and ensures that the audit, compensation and nominating and corporate governance committees of the Board have the benefit of qualified and experienced independent directors. The committee makes recommendations to the Board on remuneration packages and policies applicable to directors and the management team. As this was the first year as a listed company, the directors resolved that it was more appropriate that remuneration and nomination related matters be considered at full meetings of directors.

(c) Executive contracts

(i) Management fee

The Group has a formal Investment Management Agreement with BPAM as the Investment Manager to outsource key management activities for a fee of 1.20% (exclusive of GST) per annum of the Group's portfolio value. This fee is calculated half yearly and paid monthly with an initial term of 5 years. During the year ended 30 June 2016, BPAM was paid $1,595,980 under this arrangement (2015: $76,428).

(ii) Performance fee

Under the terms of the Investment Management Agreement, BPAM is also entitled to a performance fee based upon the market capitalisation of BFC and the performance of the BFC’s share price relative to the ASX All Ordinaries Accumulation Index. In February 2016, the directors and BPAM agreed that the commencement date of the performance period would begin from 1 January 2016, with an initial net asset value of $0.3468 per share. In accordance with this agreement and the performance of BFC, the Investment Manager would have been entitled to receive a performance fee of $4,351,016 for the year ended 30 June 2016.

Directors' report

Remuneration report (continued)

(c) Executive contracts (continued)

(ii) Performance fee (continued)

The key metrics of the fee are summarised below:

Key metrics	1 January 2016	30 June 2016	Performance
Beston Global Food Company Limited	$0.3468	$0.4100	TSR 18.22%
ASX All Ordinaries Accumulation Index	47,788.21	48,530.36	1.53%

The performance fee is calculated as follows:

A. Market capitalisation	$148,928,831
B. Outperformance factor (BFC TSR% - ASX:XAOAI TSR%)	16.69%
C. Agreed performance fee %	17.50%
Total performance fee for the 6 months to 30 June 2016: A x B x C	$4,351,016

The directors, in agreement with BPAM, have agreed to waive the performance fee for the period to 30 June 2016 and as a result, no expense has been recognised for the year ended 30 June 2016.

(d) Remuneration expenses for non-executive directors

The following table shows details of the remuneration expense recognised for the Group's non-executive directors for the current and previous financial year measured in accordance with the requirements of the accounting standards.

		Short-term benefits			Post-employment		Long-term benefits	Share-based payments		
Name	**Year**	**Cash salary***	**Cash bonus***	**Non-monetary benefits***	**Super-annuation benefits****	**Other post employ-ment benefits****	**Annual and long service leave*****	**Shares**	**Share options**	**Total**
		$	$	$	$	$	$	$	$	$
R Sexton	**2016**	60,000	-	-	5,700	-	-	-	4,341,726	4,407,426
	2015	-	-	-	-	-	-	-	-	-
S Gerlach	**2016**	40,000	-	-	3,800	-	-	-	985,735	1,029,535
	2015	-	-	-	-	-	-	-	-	-
P Coventry	**2016**	39,999	-	-	3,800	-	-	-	-	43,799
	2015	10,000	-	-	925	-	-	-	-	10,925
J Kouts	**2016**	40,000	-	-	3,800	-	-	-	-	43,800
	2015	10,000	-	-	925	-	-	-	-	10,925
D Taylor	**2016**	30,778	-	-	2,924	-	-	-	-	33,702
	2015	10,000	-	-	925	-	-	-	-	10,925
I McPhee	**2016**	9,333	-	-	743	-	-	-	-	10,076
	2015	-	-	-	-	-	-	-	-	-
Total NED	**2016**	**220,110**	**-**	**-**	**20,767**	**-**	**-**	**-**	**5,327,461**	**5,568,338**
remuneration	2015	30,000	-	-	2,775	-	-	-	-	32,775

** Short-term benefits as per Corporations Regulation 2M.3.03(1) Item 6*
*** Post-employment benefits as per Corporations Regulation 2M.3.03(1) Item 7*
**** Other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 8*

During the year, S Ebert received a share-based payment in the form of Founders' Rights options totalling $140,418 (2015 - nil) from Beston Global Food Company Limited. Refer to part (f)(i) of this remuneration report for further details.

Directors' report

Remuneration report (continued)

(e) Director arrangements

The Board has resolved to provide for non-executive director's fees (per annum) of up to a maximum of $350,000 in total with effect from Listing.

In addition to earning a director's fee, a director may also be paid fees or other amounts as the directors determine if a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any other special duties.

	Annual maximum fee
Dr Roger Sexton AM	$60,000
Mr Stephen Gerlach AM	$40,000
Ms Petrina Coventry	$40,000
Mr Jim Kouts	$40,000
Mr Don Taylor	$40,000
Mr Ian McPhee AO PSM	$40,000

In addition, directors will be entitled to statutory superannuation.

Dr Sexton and Mr Gerlach did not receive a directors fee from Beston Global Food Company Limited in 2014-15.

Thereafter, Dr Sexton and Mr Gerlach received Board fees on the same basis as has been independently determined appropriate for a listed company of the size of the Group, initially, $40,000 to each non-executive director and $60,000 to the Chairman.

Dr Sexton and Mr Gerlach are shareholders and directors of the Investment Manager and as such, may receive remuneration from the Investment Manager for services provided to the Investment Manager. As directors, shareholders and employees of the Investment Manager, in their respective capacities, they may benefit from the entry by the Investment Manager into the Management Agreement with the Company, through the payment of fees under the Management Agreement.

The Company believes that the Management Agreement has been entered into on arm's length terms and that the remuneration payable to the Investment Manager is reasonable.

(f) Additional statutory information

(i) Reconciliation of options, deferred shares and ordinary shares held by KMP

Share holdings

2016

Name	**Balance at the start of the year**	**Acquired during the year**	**Disposed during the year**	**Balance at the end of the year**
Ordinary shares				
R Sexton	4,207,074	441,200	-	4,648,274
S Gerlach	1,320,120	-	(660,060)	660,060
P Coventry	-	57,142	-	57,142
J Kouts	-	142,857	-	142,857
D Taylor	-	285,715	(285,715)	-
Total	**5,527,194**	**926,914**	**(945,775)**	**5,508,333**

Founders' Rights

The Founders' Rights options scheme incentivises specific directors to maintain ongoing involvement with the Group. These Founders' Rights are convertible into shares 15 months after being granted at zero cost to the recipients. The scheme allocates 5% of the share capital to the participants. The fair value of the rights granted during the year ended 30 June 2016 was estimated on the date the rights were issued, being the value of the shares at the time of the IPO, $0.35.

Directors' report

Remuneration report (continued)

(f) Additional statutory information (continued)

(i) Reconciliation of options, deferred shares and ordinary shares held by KMP (continued)

2016 Name	Balance at start of the year	Granted as compensation	Balance at end of the year	Fair value at grant date $
Founders' Rights				
R Sexton	-	12,404,931	12,404,931	4,341,726
S Gerlach	-	2,816,385	2,816,385	985,735
P Coventry	-	-	-	-
J Kouts	-	-	-	-
D Taylor	-	-	-	-
I McPhee	-	-	-	-
S Ebert	-	401,194	401,194	140,418
Total	**-**	**15,622,510**	**15,622,510**	**5,467,879**

(ii) Loans to key management personnel

No loans were made to KMP or their related parties during the year.

(iii) Other transactions with key management personnel

Grape Ensembles Co Pty Ltd is beneficially controlled by Dr Sexton. Grape Ensembles Co Pty Ltd holds an 80% interest in a company that owns the BRANDLOK intellectual property associated with brand protection seals which has been developed as an anti-counterfeiting device. The Company has an option to purchase Grape Ensembles Co Pty Ltd's 80% shareholding in Brandlock Protection Solutions Pty Ltd ("BBPS"). The purchase price for BBPS has been agreed at the greater of 10 times the net profit after tax of BBPS; the then market value of the 80% holding of BBPS; and $2,000,000. These rights are exercisable by the independent directors of Beston Global Food Company Limited and include tag along and drag along rights to enable the Company to acquire 100% of BBPS.

Main & Cherry is controlled by a family member of Dr Sexton who has no pecuniary interest in Main & Cherry. During the year, the Group purchased wine stock from Main & Cherry for export into Asia. The purchases were made based on normal commercial terms and conditions.

Aggregate amounts for the above transactions with KMP of Beston Global Food Company Limited:

	30 June 2016 $	30 June 2015 $
Amounts recognised as expense		
Cost of goods sold	**1,533,329**	-
Amounts recognised as assets		
Inventory	**16,435**	-
Amounts recognised as liabilities		
Trade payables to Main & Cherry	**586,131**	-

There were no other transactions with KMP or their related parties during the year.

This is the end of the audited remuneration report.

Directors' report

Shares under option

(a) Unissued ordinary shares

As at the date of this report, there were 16,047,776 unissued ordinary shares under option. Refer to the Founders' Rights in part (f)(i) of the remuneration report for more detail on the scheme.

No options were granted to the directors or any of the key management personnel of the Company since the end of the financial year.

(b) Shares issued on the exercise of options

During the financial year, no options have been exercised.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, Beston Global Food Company Limited paid a premium of $12,330 to insure the directors and secretaries of the Company and its Australian-based controlled entities, and the general managers of each of the divisions of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(b) Indemnity of auditors

Beston Global Food Company Limited has agreed to indemnify their auditors, Ernst & Young Australia, to the extent permitted by law, against any claim by a third party arising from Beston Global Food Company Limited's breach of their agreement. The indemnity stipulates that Beston Global Food Company Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 40.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directors' report

This report is made in accordance with a resolution of directors.

R Sexton
Chairman

Adelaide
30 September 2016

Ernst & Young
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Adelaide SA 5000 Australia
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Auditor's Independence Declaration to the Directors of Beston Global Food Company Limited

As lead auditor for the audit of Beston Global Food Company for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Beston Global Food Company Limited and the entities it controlled during the financial year.

Ernst & Young

Mark Phelps
Partner
Adelaide
30 September 2016

FINANCIAL STATEMENTS

Contents

These financial statements are the consolidated financial statements of the consolidated entity consisting of Beston Global Food Company Limited and its subsidiaries. A list of subsidiaries is included in note 12. The financial statements are presented in the Australian currency.

Beston Global Food Company Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:
Beston Global Food Company Limited
72 Sturt Street
Adelaide South Australia 5000

Its principal place of business is:
Beston Global Food Company Limited
Level 9, 420 King William Street
Adelaide South Australia 5000

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on page 23 and in the directors' report on page 28, both of which are not part of these financial statements.

The financial statements were authorised for issue by the directors on 30 September 2016. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Investors' Centre on our website: www.bestonglobalfoods.com.au

Consolidated statement of comprehensive income
For the year ended 30 June 2016

	Notes	**30 June 2016 $'000**	30 June 2015 $'000
Revenue from continuing operations			
Sale of goods	2	**15,999**	-
Other revenue from ordinary activities	2	**2,963**	36
		18,962	36
Other income	3(a)	**3,022**	-
Expenses			
Cost of sales of goods		**(8,538)**	-
Other expenses from ordinary activities			
Selling and distribution		**(677)**	(162)
Administration		**(8,945)**	(862)
Other		**(794)**	(806)
Establishment costs		**(6,154)**	-
Loss from operations		**(3,124)**	(1,794)
Finance income	3(b)	**1,465**	232
Finance expenses	3(b)	**(114)**	-
Net finance income		**1,351**	232
Share of profit/(loss) from associates		**(156)**	-
Loss before income tax		**(1,929)**	(1,562)
Income tax benefit	4	**209**	458
Loss for the year from continuing operations		**(1,720)**	(1,104)
Other comprehensive income			
Exchange differences on translation of foreign operations	7(b)	**(48)**	-
Other comprehensive loss for the year, net of tax		**(48)**	-
Total comprehensive loss for the year from continuing operations		**(1,768)**	(1,104)
Loss is attributable to:			
Owners of Beston Global Food Company Limited		**(1,716)**	(1,103)
Non-controlling interests		**(4)**	(1)
		(1,720)	(1,104)
Total comprehensive loss for the year is attributable to:			
Owners of Beston Global Food Company Limited		**(1,764)**	(1,103)
Non-controlling interests		**(4)**	(1)
		(1,768)	(1,104)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income
For the year ended 30 June 2016

		Cents	Cents
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	19	**(0.54)**	(5.38)
Diluted earnings per share	19	**(0.54)**	(5.38)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share	19	**(0.54)**	(5.38)
Diluted earnings per share	19	**(0.54)**	(5.38)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet
As at 30 June 2016

	Notes	**30 June 2016 $'000**	30 June 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5(a)	**19,372**	7,547
Trade and other receivables	5(b)	**26,610**	5,333
Inventories	6(a)	**7,965**	-
Other current assets	6(b)	**-**	1,132
Total current assets		**53,947**	14,012
Non-current assets			
Receivables	5(b)	**-**	5,054
Investments accounted for using the equity method	12(c)	**16,935**	-
Property, plant and equipment	6(c)	**38,267**	2,152
Biological assets	6(d)	**4,241**	-
Deferred tax assets	6(e)	**4,096**	871
Intangible assets	6(f)	**10,041**	25
Total non-current assets		**73,580**	8,102
Total assets		**127,527**	22,114
LIABILITIES			
Current liabilities			
Trade and other payables	5(c)	**8,705**	1,747
Current tax liabilities	4(a)	**875**	-
Employee benefit obligations	6(g)	**50**	-
Total current liabilities		**9,630**	1,747
Non-current liabilities			
Deferred tax liabilities	6(e)	**725**	-
Employee benefit obligations	6(g)	**7**	-
Total non-current liabilities		**732**	-
Total liabilities		**10,362**	1,747
Net assets		**117,165**	20,367
EQUITY			
Contributed equity	7(a)	**113,472**	21,471
Other reserves	7(b)	**5,569**	-
Accumulated losses	7(c)	**(2,819)**	(1,103)
Capital and reserves attributable to owners of Beston Global Food Company Limited		**116,222**	20,368
Non-controlling interests	12(b)	**943**	(1)
Total equity		**117,165**	20,367

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
For the year ended 30 June 2016

		Attributable to owners of Beston Global Food Company Limited					
	Notes	Contributed equity $'000	Other reserves $'000	Accum-ulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2014		-	-	-	-	-	-
Loss for the year		-	-	(1,103)	(1,103)	(1)	(1,104)
Total comprehensive income for the year		**-**	**-**	**(1,103)**	**(1,103)**	**(1)**	**(1,104)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	7(a)	21,471	-	-	21,471	-	21,471
Balance at 30 June 2015		**21,471**	**-**	**(1,103)**	**20,368**	**(1)**	**20,367**
Balance at 1 July 2015		21,471	-	(1,103)	20,368	(1)	20,367
Loss for the year		-	-	(1,716)	(1,716)	(4)	(1,720)
Other comprehensive loss		-	(48)	-	(48)	-	(48)
Total comprehensive income for the year		**-**	**(48)**	**(1,716)**	**(1,764)**	**(4)**	**(1,768)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	7(a)	92,001	-	-	92,001	-	92,001
Non-controlling interests on acquisition of subsidiary	11	-	-	-	-	948	948
Founders' Rights share reserve	7(b)	-	5,617	-	5,617	-	5,617
		92,001	5,617	-	97,618	948	98,566
Balance at 30 June 2016		**113,472**	**5,569**	**(2,819)**	**116,222**	**943**	**117,165**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
For the year ended 30 June 2016

	Notes	**30 June 2016 $'000**	30 June 2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**6,478**	-
Payments to suppliers and employees (inclusive of goods and services tax)		**(23,427)**	(662)
Interest received		**1,233**	40
Deposits to secure export shipments		**(990)**	-
Net cash (outflow) from operating activities	8(a)	**(16,706)**	(622)
Cash flows from investing activities			
Payments for acquisition of businesses, net of cash acquired	11	**(27,098)**	-
Payments for property, plant and equipment	6(c)	**(14,314)**	(2,102)
Payments for intangible assets	6(f)	**(5,314)**	(25)
Advances of convertible notes		**(3,400)**	(10,100)
Purchase of livestock	6(d)	**(2,028)**	-
Purchase of equity investments		**(12,000)**	-
Refund of deposits		**180**	-
Payment of deposits		**-**	(930)
Net cash (outflow) from investing activities		**(63,974)**	(13,157)
Cash flows from financing activities			
Proceeds from issues of shares	7(a)	**100,000**	22,627
Transaction costs on issue of shares	7(a)	**(7,499)**	(1,301)
Net cash inflow from financing activities		**92,501**	21,326
Net increase in cash and cash equivalents		**11,821**	7,547
Cash and cash equivalents at the beginning of the financial year		**7,547**	-
Effects of exchange rate changes on cash and cash equivalents		**4**	-
Cash and cash equivalents at end of year	5(a)	**19,372**	7,547

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Segment information

(a) Description of segments

The Group's executive management committee, consisting of the Chief Executive Officer and the Chief Financial Officer, examines the Group's performance both from a product and geographic perspective and has identified five reportable segments of its business:

- The Dairy section which owns farms and production plants and uses milk to produce cheese and other dairy products.
- The Seafood division is focused on sourcing and supplying high quality seafood to the markets.
- The Health division targets innovative products for health conscious markets.
- The Meat division brings high quality and innovative meat products to expanding markets.
- The Distribution division creates relationships and digital platforms with both local and offshore parties to distribute products.

No operating segments have been aggregated to form the above reportable operating segments.

The executive management committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

(b) Segment results

The segment information provided to the executive management committee for the reportable segments for the year ended 30 June 2016 is as follows:

2016	**Dairy** $'000	**Seafood** $'000	**Health** $'000	**Meat** $'000	**Distribution** $'000	**Total segments $'000**	**Adjustments and eliminations** $'000	**Total $'000**
Revenue								
External customers	11,869	4,664	4,968	391	1,197	**23,089**	(5,267)	**17,822**
Other revenue	620	44	25	240	-	**929**	677	**1,606**
Share of loss from associates	-	(52)	(104)	-	-	**(156)**	-	**(156)**
Total revenue	**12,489**	**4,656**	**4,889**	**631**	**1,197**	**23,862**	**(4,590)**	**19,272**
Expenses								
Cost of sales	(7,338)	(3,163)	(1,875)	(293)	(1,173)	**(13,842)**	5,304	**(8,538)**
Selling and distribution	(435)	(24)	(29)	(2)	(10)	**(500)**	(177)	**(677)**
Administration	(8,046)	(339)	(408)	(31)	(56)	**(8,880)**	(65)	**(8,945)**
Other expenses	(618)	(6)	(2)	(1)	(29)	**(656)**	(138)	**(794)**
Establishment costs	-	-	-	-	-	**-**	(6,154)	**(6,154)**
Finance costs	(19)	-	-	-	-	**(19)**	(95)	**(114)**
Total expenses	**(16,456)**	**(3,532)**	**(2,314)**	**(327)**	**(1,268)**	**(23,897)**	**(1,325)**	**(25,222)**
Operating profit/(loss)	**(3,967)**	**1,124**	**2,575**	**304**	**(71)**	**(35)**	**(5,915)**	**(5,950)**
Gain on bargain purchase	2,876	-	5	-	-	**2,881**	-	**2,881**
Management fee from associate	-	-	1,140	-	-	**1,140**	-	**1,140**
Segment profit/(loss)	**(1,091)**	**1,124**	**3,720**	**304**	**(71)**	**3,986**	**(5,915)**	**(1,929)**
Total segment assets	124,225	18,595	21,291	3,585	9,526	177,222	(49,695)	127,527
Total segment liabilities	(60,228)	(10,667)	(2,549)	(1,063)	(1,767)	(76,274)	65,912	(10,362)

Segment information

(b) Segment results

The segment information provided to the executive management committee for the reportable segments for the year ended 30 June 2015 is as follows:

2015	Dairy $'000	Seafood $'000	Health $'000	Meat $'000	Distribution $'000	Total segments $'000	Adjustments and eliminations $'000	Total $'000
Revenue								
Other revenue	36	-	-	-	-	**36**	-	**36**
Interest revenue	19	144	-	1	-	**164**	68	**232**
Total revenue	**55**	**144**	**-**	**1**	**-**	**200**	**68**	**268**
Expenses								
Selling and distribution	-	-	-	-	-	**-**	(162)	**(162)**
Administration	-	-	-	-	-	**-**	(862)	**(862)**
Other expenses	(125)	-	-	-	-	**(125)**	(681)	**(806)**
Total expenses	**(125)**	**-**	**-**	**-**	**-**	**(125)**	**(1,705)**	**(1,830)**
Segment profit/(loss)	**(70)**	**144**	**-**	**1**	**-**	**75**	**(1,637)**	**(1,562)**
Total segment assets	8,233	5,122	38	128	-	13,521	8,593	22,114
Total segment liabilities	(3,268)	-	-	-	-	(3,268)	1,521	(1,747)

There was no impairment charge or other significant non-cash item recognised in 2015.

2 Revenue

The Group derives the following types of revenue:

	30 June 2016 $'000	30 June 2015 $'000
Sales revenue	**15,999**	-
Other revenue		
Leasing income	**1,823**	36
Management fees	**1,140**	-
	2,963	36
Total revenue	**18,962**	36

(a) Recognising revenue from major business activities

Revenue is recognised for the major business activities using the methods outlined below.

(i) Sale of goods

Revenue from the sale of goods in the course of the ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue for sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, there is no continuing involvement with goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Transfer of risks and rewards varies depending on the individual terms of the contract of sale. For exports of finished goods these criteria are met at the time the product is shipped and delivered to the customer and title and risk have passed to the customer (depending on the delivery conditions) and acceptance of the product has been obtained. Examples of delivery conditions are ‘Free on Board point of delivery’, ‘Costs and Freight point of delivery’, ‘Costs, Freight and Insurance point of delivery’, where the point of delivery may be the shipping warehouse or any other point as agreed in the contract with the customer and where title and risk for the goods pass to the customer.

For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns and internal quality reviews. Return policies are typically based on customary return arrangements in local markets.

In case of loss under a sales agreement, the loss is recognised immediately.

(ii) Revenue from services

Revenue from services is recognised when the Group can reliably measure the amount of revenue and the associated cost related to the stage of completion of a contract or transaction, and the recovery of the consideration is considered probable.

(iii) Other revenue

See note 21(e) for the recognition and measurement of other revenue.

3 Other income and expense items

(a) Other income

	Notes	**30 June 2016 $'000**	30 June 2015 $'000
Other items		**141**	-
Gain on bargain purchase	11	**2,881**	-
		3,022	-

(b) Breakdown of expenses by nature

	Notes	**30 June 2016 $'000**	30 June 2015 $'000
Changes in inventories of finished goods and work in progress		**98**	-
Raw materials and consumables used		**6,119**	-
Employee benefits expenses		**3,829**	42
Depreciation	6(c)	**830**	-
Management fees		**1,596**	76
Loss on disposal of fixed assets		**5**	-
Fair value loss on revaluation of livestock	6(d)	**3**	-

	30 June 2016 $'000	30 June 2015 $'000
Finance income		
Interest income	**1,465**	232
Finance costs		
Finance charges paid for financial liabilities	**(19)**	-
Exchange losses on foreign currency borrowings	**(95)**	-
	(114)	-
Net finance income	**1,351**	232

4 Income tax benefit

(a) Income tax benefit

	30 June 2016 $'000	30 June 2015 $'000
Current tax		
Current tax	**875**	-
Total current tax expense	**875**	-
Deferred income tax		
(Increase) decrease in deferred tax assets (note 6(e))	**(1,804)**	(458)
Increase (decrease) in deferred tax liabilities (note 6(e))	**720**	-
Total deferred tax expense/(benefit)	**(1,084)**	(458)
Income tax benefit	**(209)**	(458)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	30 June 2016 $'000	30 June 2015 $'000
Loss from continuing operations before income tax	**(1,929)**	(1,562)
Tax at the Australian tax rate of 30.0% (2015 - 30.0%)	**(579)**	(469)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Capital raising costs	**360**	-
Research and development adjustments (net)	**(153)**	-
Share of profit/loss from associates	**47**	-
Tax rate differentials	**(186)**	-
Non-recognition of DTA on foreign revenue losses	**281**	-
Other non-deductible items	**21**	11
Income tax benefit	**(209)**	(458)

(c) Amounts recognised directly in equity

	Notes	30 June 2016 $'000	30 June 2015 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:			
Deferred tax: share issue costs	7(a)(ii)	**(1,421)**	(413)

Income tax benefit

(d) Tax losses

	30 June 2016 $'000	30 June 2015 $'000
Unused tax losses for which no deferred tax asset has been recognised	**935**	-
Potential tax benefit @ 30.0%	**281**	-

The unused tax losses were incurred by a foreign subsidiary that is not part of the Australian tax consolidated group. The directors have conservatively agreed not to recognise a deferred tax asset in relation to the tax losses on the basis that the entity is still in its establishment phase. See note 6(e) for information about recognised tax losses and significant judgements made in relation to them.

5 Financial assets and financial liabilities

(a) Cash and cash equivalents

	30 June 2016 $'000	30 June 2015 $'000
Cash at bank and in hand	**19,372**	7,547

(i) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 21(k) for the Group's other accounting policies on cash and cash equivalents.

(b) Trade and other receivables

	30 June 2016			30 June 2015		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Trade receivables	**12,299**	**-**	**12,299**	40	-	40
Receivables from related parties	**1,282**	**-**	**1,282**	-	-	-
Other receivables	**1,696**	**-**	**1,696**	14	-	14
Prepayments	**111**	**-**	**111**	9	-	9
Goods and services tax (GST) receivable	**2,638**	**-**	**2,638**	94	-	94
Convertible notes receivable (ii)	**8,584**	**-**	**8,584**	5,176	5,054	10,230
	26,610	**-**	**26,610**	5,333	5,054	10,387

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 90 days and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in notes 9(b) and 21(l) respectively.

(ii) Convertible notes receivable

During the prior year, the Group entered into a convertible note agreement with the potential to acquire between 32% and 36% interest in Ferguson Australia Group for an amount of $5,000,000 subject to the satisfaction of certain financing conditions. This note was issued on 10 March 2015 at a 9.5% interest rate, and on 10 March 2016 the note was converted into 4,706 ordinary shares resulting in an ownership of 32% of the investee.

Financial assets and financial liabilities

(b) Trade and other receivables

During the prior year, the Group entered into a convertible note with potential to acquire a 26.5% interest in B.-d. Farm Paris Creek Pty Ltd for an amount of $5,000,000. This note was issued at a 9.5% interest rate on 10 March 2015 and converts to that number of ordinary shares which equate to 26.5% of the investee. The Group may convert the note at the discretion of the Group, after satisfaction of certain objectives and financing conditions.

During the year ended 30 June 2016, the Group entered into a convertible note with potential to acquire a 40% interest in Scorpio Foods Pty Ltd and Australian Provincial Cheese Pty Ltd for an amount of $3,500,000. This note was issued at a 9.5% interest rate on 25 August 2015 and converts to that number of ordinary shares which equate to 40% of the investee company entities. On 20 June 2016, the convertible note term was extended for a period of 12 months or until the investee companies meet their forecasts. The Group may convert the note at the discretion of the Group, after satisfaction of certain objectives and financing conditions.

The directors consider the embedded derivative component of the convertible notes are not material and has not been separately brought to account on inception. At balance date, the directors also consider the movement in the fair value of the embedded derivative not to be material.

(iii) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(iv) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 9(a).

(c) Trade and other payables

	30 June 2016 $'000	30 June 2015 $'000
Current liabilities		
Trade payables	**7,343**	808
Amounts due to associates	**147**	-
Goods and services tax (GST) payable	**22**	-
Accrued expenses	**770**	939
Payroll liabilities	**369**	-
Other payables	**54**	-
	8,705	1,747

Trade payables are unsecured and are usually paid within 30 days of recognition.

(i) Fair value of trade and other payables

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

6 Non-financial assets and liabilities

(a) Inventories

	30 June 2016 $'000	30 June 2015 $'000
Current assets		
Raw materials and stores	**445**	-
Finished goods	**7,520**	-
	7,965	-

(i) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs. See note 21(m) for the Group's other accounting policies for inventories.

(ii) Amounts recognised in profit or loss

Inventories recognised as expense during the year ended 30 June 2016 amounted to $8,538,344 (2015 - nil).

There were no write-downs of inventories during the year (2015 - nil).

(b) Other current assets

	30 June 2016 $'000	30 June 2015 $'000
Deposits paid for acquisitions	**-**	1,058
Capitalised acquisition costs	**-**	74
	-	1,132

Non-financial assets and liabilities

(c) Property, plant and equipment

	Land $'000	Buildings $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
At 1 July 2014						
Net book amount	-	-	-	-	-	-
Year ended 30 June 2015						
Additions	1,824	264	64	-	-	2,152
Closing net book amount	1,824	264	64	-	-	2,152
At 30 June 2015						
Cost	1,824	264	64	-	-	2,152
Accumulated depreciation	-	-	-	-	-	-
Net book amount	1,824	264	64	-	-	2,152
Year ended 30 June 2016						
Opening net book amount	1,824	264	64	-	-	2,152
Acquisitions of businesses	17,959	2,902	1,778	-	-	22,639
Additions	3,753	225	10,051	150	135	14,314
Disposals	-	-	-	-	(8)	(8)
Depreciation charge	-	(83)	(733)	(7)	(7)	(830)
Closing net book amount	23,536	3,308	11,160	143	120	38,267
At 30 June 2016						
Cost	23,536	3,391	11,893	150	127	39,097
Accumulated depreciation	-	(83)	(733)	(7)	(7)	(830)
Net book amount	23,536	3,308	11,160	143	120	38,267

(i) Depreciation methods and useful lives

Property, plant and equipment is stated at historical cost less depreciation. Land is carried at cost.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives:

- Buildings — 20 - 50 years
- Plant and equipment — 5 - 40 years
- Furniture, fittings and equipment — 3 - 10 years
- Motor vehicles — 7 - 15 years

See note 21(o) for the other accounting policies relevant to property, plant and equipment.

Non-financial assets and liabilities

(d) Biological assets

	30 June 2016 $'000	30 June 2015 $'000
Livestock	**4,241**	-

Livestock relates to cattle herds at the Pedra Branca and Kurleah dairy farms. Cattle are held primarily for dairy farming purposes.

As at 30 June 2016, the Group held a total of 2,675 cattle (2015 - nil).

	30 June 2016 $'000	30 June 2015 $'000
Movements:		
Opening balance	**-**	**-**
Increases due to purchases	**2,028**	**-**
Increases due to acquisitions of businesses	**2,349**	**-**
Decreases due to livestock sold	**(133)**	**-**
Change in fair value	**(3)**	**-**
Balance 30 June 2016	**4,241**	**-**

(i) Accounting for biological assets

Biological assets are measured at fair value less cost to sell. Costs to sell include the incremental selling costs, including auctioneers' fees, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

Livestock are classified as current assets if they are to be sold within one year.

(ii) Measuring biological assets at fair value

The fair value of cattle is based on the market price of livestock of a similar age, weight, breed and genetic make-up. As these prices are observable, they are deemed to be Level 2 in the fair value hierarchy.

The value of these cattle, comprising principally females and breeding bulls, is determined by independent valuation with reference to prices received from representative sales of breeding cattle similar to the Group's herd. Prices for these cattle are reflective of current market conditions.

Independent valuations were undertaken by Elders Limited. In performing the valuation, consideration is given to the breed, class, age, quality and location of the herd. Direct comparisons are made to recent sales evidence in relevant cattle markets.

(e) Deferred tax balances

(i) Deferred tax assets

	30 June 2016 $'000	30 June 2015 $'000
The balance comprises temporary differences attributable to:		
Tax losses and offsets	**2,031**	309
Employee benefits	**17**	-
Accruals	**21**	36
Tax only assets	**2,027**	526
Total deferred tax assets	**4,096**	871

Non-financial assets and liabilities

(e) Deferred tax balances

Significant estimates

The deferred tax assets include an amount of $1,419,779 which relates to carried forward tax losses of the Australian tax consolidated group. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The losses can be carried forward indefinitely and have no expiry date.

(ii) Deferred tax liabilities

	30 June 2016 $'000	30 June 2015 $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**720**	-
Intangible assets	**5**	-
	725	-

(iii) Tax consolidation

Members of the tax consolidated group and tax sharing agreement

Beston Global Food Company Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 11 February 2015. Beston Global Food Company Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting
The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the stand-alone taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. These tax amounts are measured as if each entity in the tax consolidated group continues to be a separate taxable entity in its own right. The nature of the tax funding agreement is discussed further below.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Nature of the tax funding agreement
Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement, the wholly-owned entities fully compensate Beston Global Food Company Limited for any current tax payable assumed and are compensated for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits transferred to Beston Global Food Company Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount charged under the tax funding agreement and the allocation under AASB Interpretation 1052, the head entity accounts for these as equity transactions with the subsidiaries.

The amount receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligation to pay tax instalments.

Non-financial assets and liabilities

(f) Intangible assets

	Goodwill $'000	Software $'000	Customer contracts $'000	Lobster quotas $'000	Water licences $'000	Total $'000
At 1 July 2014						
Net book amount	-	-	-	-	-	-
Year ended 30 June 2015						
Additions - acquisition	-	-	-	-	25	25
Closing net book amount	-	-	-	-	25	25
At 30 June 2015						
Cost	-	-	-	-	25	25
Accumulation amortisation	-	-	-	-	-	-
Net book amount	-	-	-	-	25	25
Year ended 30 June 2016						
Opening net book amount	-	-	-	-	25	25
Additions - acquisition	-	210	-	4,949	2	5,161
Additions - internal development	-	153	-	-	-	153
Acquisitions of businesses	227	-	543	-	3,932	4,702
Closing net book amount	227	363	543	4,949	3,959	10,041
At 30 June 2016						
Cost	227	363	543	4,949	3,959	10,041
Accumulated amortisation	-	-	-	-	-	-
Net book amount	227	363	543	4,949	3,959	10,041

* Software includes capitalised development costs being an internally generated intangible asset.

(i) Amortisation methods and useful lives

For the year ended 30 June 2016, there was no amortisation expensed in relation to software as it was not in use by the Group. Lobster quotas and water licences have an indefinite useful life and are not amortised:

- Lobster quotas: The Group has the right to the annual lobster quotas over an indefinite period and therefore the lobster quotas have an indefinite useful life.
- Water licences: The Group has the right to use water over an indefinite period and therefore the water licences are considered to have an indefinite useful life.

The Group amortises IT development and software from the date of first use using the straight-line method over 3 - 5 years.

Customer contracts were acquired as part of the AQUAessence BMTG Pty Ltd business combination. They are recognised at their fair value at the date of acquisition and are amortised on a straight-line based on the timing of the projected cash flows of the contracts over their estimated useful lives.

(ii) Impairment tests for goodwill

Goodwill has been tested for impairment. Based on valuations undertaken of the Beston Farm Pty Ltd's assets to which the goodwill relates, goodwill is not impaired.

(iii) Assessment of recoverable amount of water licences - fair value less cost to sell

Water licences were acquired within the past 12 months with fair value assessed at the date of acquisition. Accordingly, the carrying value of water licences approximates fair value at 30 June 2016.

Non-financial assets and liabilities

(f) Intangible assets

(iv) Assessment of recoverable amount of lobster quotas - fair value less cost to sell

The fair value of the lobster quotas was determined using a market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location and condition of the lobster quota. The fair value of the lobster quotas was derived using an external valuation from an established broker. As these prices are observable, they are deemed to be Level 2 in the fair value hierarchy.

Key assumptions were that the quotas were unencumbered and licence terms and conditions were being complied with. The approach in determining fair value was to use data from recent completed sales, current licences and quota available for sale or lease, recent market demand, and historical industry data.

There were no changes to the valuation technique given this is the first valuation since acquisition earlier in the year.

(g) Employee benefit obligations

	30 June 2016			30 June 2015		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Leave obligations (i)	**50**	**7**	**57**	-	-	-

(i) Leave obligations

The leave obligations cover the Group's liability for long service leave and annual leave.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of $49,604 (2015 - nil) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	30 June 2016 $'000	30 June 2015 $'000
Current leave obligations expected to be settled after 12 months	**15**	-

7 Equity

(a) Contributed equity

(i) Share capital

	30 June 2016 Shares	30 June 2015 Shares	**30 June 2016 $'000**	30 June 2015 $'000
Ordinary shares - fully paid	**363,241,052**	77,526,766	**113,472**	21,471

(ii) Movements in ordinary share capital

	Number of shares	**$'000**
Opening balance 1 July 2014	-	-
Establishment	100	-
Issuance of founders shares - 6 - 9 February 2015	2,916,666	29
Share issue via placement - 23 February 2015	55,000,000	16,500
Share issue via placement - 29 June 2015	19,610,000	5,883
	77,526,766	22,412
Less: Equity raising costs	-	(1,354)
Deferred tax credit recognised directly in equity	-	413
Balance 30 June 2015	**77,526,766**	**21,471**
Share issue via Initial Public Offering - 28 August 2015	285,714,286	100,000
	363,241,052	121,471
Less: Equity raising costs	-	(9,420)
Deferred tax credit recognised directly in equity	-	1,421
Balance 30 June 2016	**363,241,052**	**113,472**

(iii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Equity

(b) Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	30 June 2016 $'000	30 June 2015 $'000
Share-based payments	**5,617**	-
Foreign currency translation	**(48)**	-
	5,569	-

	30 June 2016 $'000	30 June 2015 $'000
Movements:		
Share-based payments		
Opening balance	**-**	-
Issue of shares held by entity to employees	**5,617**	-
Balance 30 June	**5,617**	-
Foreign currency translation		
Opening balance	**-**	-
Currency translation differences arising during the year	**(48)**	-
Balance 30 June	**(48)**	-

(i) Nature and purpose of other reserves

Share-based payments

The share-based payments reserve is used to recognise Founders' Rights issued to non-executive directors. This represents the fair value at grant date.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 21(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(c) Accumulated losses

Movements in accumulated losses were as follows:

	30 June 2016 $'000	30 June 2015 $'000
Opening balance	**(1,103)**	-
Net loss for the period attributable to equity holders of the parent	**(1,716)**	(1,103)
Balance 30 June	**(2,819)**	(1,103)

8 Cash flow information

(a) Reconciliation of loss after income tax to net cash outflow from operating activities

	30 June 2016 $'000	30 June 2015 $'000
Loss for the year	**(1,720)**	(1,104)
Depreciation and amortisation	**830**	-
Bad debts written off	**430**	-
Non-cash employee benefits expense - share-based payments	**1,199**	-
Transaction costs expensed on issue of shares	**1,356**	-
Net loss on disposal of fixed assets	**5**	-
Fair value adjustment to biological assets	**3**	-
Interest income	**1,465**	-
Interest expense	**(19)**	-
Foreign exchange loss	**(95)**	-
Share of loss from associates	**156**	-
Gain on bargain purchase	**(2,881)**	-
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	**(16,366)**	(447)
(Increase) in inventories	**(7,577)**	-
(Increase) in deferred tax assets	**(1,804)**	(871)
Increase in trade and other payables	**6,660**	1,800
Increase in provision for income taxes payable	**875**	-
Increase in deferred tax liabilities	**720**	-
Increase in other provisions	**57**	-
Net cash inflow (outflow) from operating activities	**(16,706)**	(622)

9 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context. Senior management oversees the management of these risks. The Board of directors reviews and agrees policies for managing each of these risks.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign exchange risk by hedging transactions that are expected to occur within the next 12 months, mainly focused on forecasted sales and purchases.

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	30 June 2016 USD $'000	**THB $'000**
Trade receivables	**-**	**987**
Trade payables	**(1,647)**	**(28)**

There was no material foreign currency risk exposure as at 30 June 2015.

Financial risk management

(a) Market risk

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign exchange related amounts were recognised in profit or loss:

	30 June 2016 $'000	30 June 2015 $'000
Amounts recognised in profit or loss		
Net foreign exchange gain/(loss) included in other income/other expenses	**(95)**	-
Total net foreign exchange gains/(losses) recognised in profit before income tax for the period	**(95)**	-

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates is summarised below. Given the foreign currency balances included in the consolidated balance sheet at balance date, if the Australian dollar at that date strengthened by 10% with all other variables held constant, then the impact on post tax profit/(loss) arising on the balance sheet exposure would be as follows:

	Impact on post-tax profit	
Index	**2016 $'000**	2015 $'000
THB/AUD exchange rate - increase 10%	**(99)**	-
THB/AUD exchange rate - decrease 10%	**81**	-
USD/AUD exchange rate - increase 10%	**183**	-
USD/AUD exchange rate - decrease 10%	**(150)**	-

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash at bank held at variable rates.

	30 June 2016 $'000	30 June 2015 $'000
Cash and cash equivalents	**19,372**	7,547

Sensitivity

The following sensitivity analysis is based on the interest rate risk exposures in existence at balance date. At 30 June 2016, if interest rates had moved as illustrated in the table below, with all other variables held constant, post-tax profit would have been impacted as follows:

	Impact on post-tax profit	
	2016 $'000	2015 $'000
Interest rates - increase by 100 basis points	**193**	75
Interest rates - decrease by 100 basis points	**(193)**	(75)

(iii) Price risk

Exposure

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of milk and manufacture of cheddar and other cheese products, in addition to seafood and therefore require a continuous supply of milk and seafood. The Group manages commodity risk by where possible entering into longer term relationships with key suppliers that create more certainty around key commodity prices.

Financial risk management

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets (refer note 5(b)). None of these assets are impaired.

(i) Risk management

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Management have regular reporting and assessment of key customers credit risk in order to manage this.

(ii) Impaired trade receivables

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor; and
- probability that the debtor will enter bankruptcy or financial reorganisation.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses. See note 14 for information about how impairment losses are calculated.

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	30 June 2016 $'000	30 June 2015 $'000
At 1 July	**-**	-
Provision for impairment recognised during the year	**430**	-
Receivables written off during the year as uncollectible	**(430)**	-
At 30 June	**-**	-

(iii) Past due but not impaired

As at 30 June 2016, trade receivables of $1,228,643 (2015 - nil) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

	30 June 2016 $'000	30 June 2015 $'000
Up to 3 months	**574**	-
3 to 6 months	**192**	-
6 to 9 months	**463**	-
	1,229	-

Financial risk management

(c) Liquidity risk

The Group monitors its risk to a shortage of funds using a liquidity planning tool. The Group's objective is to maintain a sufficient cash surplus in order to pay its debts as and when they fall due.

All financial liabilities of the Group are non-derivatives and have contractual maturities of up to 6 months.

10 Capital management

(a) Risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.

In order to maintain the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

(b) Dividends

(i) Ordinary shares

There were no dividends paid or provided for during the year ended 30 June 2016.

(ii) Dividends not recognised at the end of the reporting period

Since year end, the directors have recommended the payment of a final dividend of 0.60 cents per fully paid ordinary share (2015 - nil).

11 Business combination

(a) Summary of acquisition

On 3 September 2015, the Company acquired the Kurleah Dairy Farm ("Kurleah") business. The acquisition has been accounted for using the acquisition method. The financial statements include the results for Kurleah for the year from acquisition date.

Kurleah was established in 1966 and is a 314 hectare dairy farm. It is located at Allendale, 30 kilometres from Mt Gambier in the South East of South Australia. It has carried 700 cows year round with replacements and is located in a reliable high rainfall area. The property has 184 hectares of irrigated pasture (using 3 centre pivots) and carries 2.3 cows per usable hectare.

Details of the purchase consideration, the nets assets acquired and goodwill are as follows:

	$'000
Purchase consideration:	
Cash paid	6,952

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Livestock	706
Property	3,269
Plant and equipment	1,726
Intangibles: water licences	1,024
Net identifiable assets acquired	6,725
Add: Goodwill	227
Net assets acquired	6,952

The goodwill is attributable to the expected synergies and other benefits from combining the assets of Kurleah with those of the Group. It will not be deductible for tax purposes.

(i) Revenue and profit contribution

As the Kurleah business is integrated within the Beston Farms business unit, it is impractical to segregate and isolate the revenue and profit impact on the consolidated statement of comprehensive income for the year and the period from the date of acquisition.

(ii) Acquisition-related costs

Acquisition-related costs of $380,509 are included in administration expenses in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

Business combination

(b) Summary of acquisition

On 3 September 2015, the Company acquired the Pedra Branca Dairy Farm ("Pedra Branca") business. The acquisition has been accounted for using the acquisition method. The financial statements include the results for Pedra Branca for the year from acquisition date.

Pedra Branca is an established 1299 hectare dairy farm located approximately 20 kilometres south west of Mount Gambier, in the south east of South Australia. It is the consolidation of three dairy farms which were operated separately in the past. As an integrated property it currently carries approximately 1,200 dairy cows year round with herd replacements, but has previously carried approximately 2,300 - 2,400 cows and 1,835 as recently as 2012. In a very reliable 750mm pa rainfall area, production is supported by 542 hectares of irrigation.

Details of the purchase consideration, the nets assets acquired and the gain on bargain purchase are as follows:

	$'000
Purchase consideration	
Cash paid	**17,810**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Livestock	**1,643**
Property	**15,920**
Plant and equipment	**530**
Intangibles: water licences	**2,700**
GST payable	**(107)**
Net identifiable assets acquired	**20,686**
Less: Gain on business acquisition	**(2,876)**
Net assets acquired	**17,810**

(i) Revenue and profit contribution

As the Pedra Branca business is integrated within the Beston Farms business unit, it is impractical to segregate and isolate revenue and profit from the impact of the Pedra Branca business on the consolidated statement of comprehensive income for the year and the period from the date of acquisition.

(ii) Acquisition-related costs

Acquisition-related costs of $940,407 are included in administration expenses in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

Business combination

(c) Summary of acquisition

On 10 June 2016, the Group acquired a 51% controlling interest in AQUAessence BMTG Pty Ltd ("AQUAessence"). The acquisition has been accounted for using the acquisition method. The financial statements include the results for AQUAessence for the year from acquisition date.

AQUAessence is a producer of premium quality bottled water and has been supplying the domestic Australian market since 1998. It is natural spring water that has been naturally filtered for thousands of years through the limestone caves that connect the pristine underground aquifer systems surrounding the Blue Lake in Mount Gambier with access to an abundance of water resources.

Details of the purchase consideration, the nets assets acquired and the gain on bargain purchase are as follows:

	$'000
Purchase consideration:	
Cash paid	981

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Trade receivables	72
Inventories	388
Property	574
Plant and equipment	608
Intangible asset: water licences	205
Intangible asset: customer contracts	543
Trade payables	(151)
Related party payables	(300)
Deferred tax liability	(5)
Net identifiable assets acquired	1,934
Less: Non-controlling interests	(948)
Less: Gain on bargain purchase	(5)
Net assets acquired	981

(i) Accounting policy choice for non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in AQUAessence, the Group elected to recognise the non-controlling interests in at its proportionate share of the acquired net identifiable assets. See note 21(i) for the Group's accounting policies for business combinations.

(ii) Revenue and profit contribution

The acquired business contributed revenues of $11,115 and net loss of $19,742 to the Group for the period from 10 June 2016 to 30 June 2016.

(iii) Acquisition-related costs

Acquisition-related costs of $49,069 are included in administration expenses in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

12 Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2016 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation and operation	Ownership interest held by the Group		Ownership interest held by NCI		Principal activities
		2016 %	2015 %	**2016 %**	2015 %	
Beston Farms Pty Ltd	Australia	**100.0**	100.0	**-**	-	Dairy farming
Beston Dairies Pty Ltd	Australia	**100.0**	100.0	**-**	-	Dairy production
Beston Pure Foods (Australia) Pty Ltd	Australia	**100.0**	100.0	**-**	-	Sales and distribution
Beston Global Food (Thailand) Company Limited	Thailand	**98.0**	98.0	**2.0**	2.0	Sales and distribution
Beston Global Food Company (Hong Kong) Limited	Hong Kong	**100.0**	-	**-**	-	Sales and distribution
Beston Global Food Company (Dalian) Limited	China	**100.0**	-	**-**	-	Sales and distribution
Beston Technologies Pty Ltd	Australia	**100.0**	-	**-**	-	Technology developer
AQUAessence BMTG Pty Ltd	Australia	**51.0**	-	**49.0**	-	Water products

Interests in other entities

(b) Non-controlling interests (NCI)

	30 June 2016 $'000	30 June 2015 $'000
Interest in:		
Share capital	**948**	-
Retained earnings	**(5)**	(1)
	943	(1)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	AQUAessence BMTG Pty Ltd	
Summarised balance sheet	30 June 2016 $'000	30 June 2015 $'000
Current assets	**491**	-
Current liabilities	**483**	-
Current net assets	**8**	-
Non-current assets	**1,961**	-
Non-current liabilities	**5**	-
Non-current net assets	**1,956**	-
Net assets	**1,964**	-
Accumulated NCI	**963**	-

	AQUAessence BMTG Pty Ltd	
Summarised statement of comprehensive income	30 June 2016 $'000	30 June 2015 $'000
Revenue	**61**	-
Profit for the period	**30**	-
Total comprehensive income	**30**	-
Profit/(loss) allocated to NCI	**15**	-

	AQUAessence BMTG Pty Ltd	
Summarised cash flows	30 June 2016 $'000	30 June 2015 $'000
Cash flows from operating activities	**49**	-
Cash flows from investing activities	**(2,256)**	-
Cash flows from financing activities	**2,224**	-
Net increases/(decrease) in cash and cash equivalents	**17**	-

Interests in other entities

(c) Interests in associates

Name of entity	Country of incorporation and operation	% of ownership interest 2016 %	2015 %	Nature of relationship	Measurement method	Carrying amount 2016 $'000	2015 $'000
Ferguson Australia Pty Ltd	Australia	**32**	-	Associate	Equity method	**4,997**	-
Neptune Bio-Innovations Pty Ltd	Australia	**20**	-	Associate	Equity method	**11,938**	-
Total equity accounted investments						**16,935**	-

(1) Ferguson Australia Pty Ltd is a processor and exporter of premium seafood products. It is a strategic investment for the Group to complement its distribution of seafood products into Asia. The Group holds additional lobster quotas to increase the supply of Ferguson Australia Pty Ltd's core product, the Southern Rock Lobster.

(2) Neptune Bio-Innovations Pty Ltd is an industry recognised and accredited Research & Development food contract manufacturer, operating in the Food & Beverage, Nutritional, Personal Care and Nutraceutical product industries. It is a strategic investment for the Group offering a range of health and well-being enhancing functional foods, either used as stand-alone products or in conjunction with the Dairy, Meat and Health divisions.

The above entities are private companies with no quoted price available.

(i) Summarised financial information for associates

	Ferguson Australia Pty Ltd	**Neptune Bio-Innovations Pty Ltd**
Summarised balance sheet	**30 June 2016 $'000**	**30 June 2016 $'000**
Current assets		
Cash and other cash equivalents	**2**	**5,938**
Other current assets	**3,426**	**891**
Total current assets	**3,428**	**6,829**
Non-current assets	**6,427**	**4,137**
Current liabilities		
Financial liabilities (excluding trade payables)	**2,784**	**441**
Other current liabilities	**2,148**	**1,676**
Total current liabilities	**4,932**	**2,117**
Non-current liabilities		
Financial liabilities (excluding trade payables)	**1,388**	**79**
Other non-current liabilities	**-**	**185**
Total non-current liabilities	**1,388**	**264**
Net assets	**3,535**	**8,585**

Interests in other entities

(c) Interests in associates

Summarised statement of comprehensive income	Ferguson Australia Pty Ltd 30 June 2016 $'000	Neptune Bio-Innovations Pty Ltd 30 June 2016 $'000
Revenue	54,288	4,434
Interest income	5	160
Depreciation and amortisation	(331)	(418)
Interest expense	(329)	(66)
Income tax expense	(58)	-
(Loss)/profit for the period from continuing operations	(764)	(523)
Other comprehensive income	-	-
Total comprehensive income	(764)	(523)

Reconciliation to carrying amounts	Ferguson Australia Pty Ltd 30 June 2016 $'000	Neptune Bio-Innovations Pty Ltd 30 June 2016 $'000
Opening net assets	4,974	9,108
(Loss)/profit for the period	(764)	(523)
Distributions	(675)	-
Closing net assets	3,535	8,585
Group share in %	32.0%	20.0%
Group's share in $	1,131	1,717
Goodwill	3,866	10,221
Carrying amount	4,997	11,938

13 Contingent liabilities and contingent assets

The Group had no contingent assets or liabilities at 30 June 2016 (2015 - nil).

14 Commitments

(a) Non-cancellable operating leases - Group as lessor

The Group has entered into operating leases on its dairy farming property portfolio consisting of certain farms (including plant and equipment, land and cattle herds), lobster quotas and dairy processing plant and equipment. These leases have initial terms of between 1 and 15 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	30 June 2016 $'000	30 June 2015 $'000
Within one year	**418**	190
Later than one year but not later than five years	**760**	736
Later than five years	**1,678**	874
	2,856	1,800

(b) Non-cancellable operating leases - Group as lessee

The Group leases its offices under non-cancellable operating leases expiring within 3 years. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	30 June 2016 $'000	30 June 2015 $'000
Within one year	**79**	-
Later than one year but not later than five years	**51**	-
	130	-

15 Events occurring after the reporting period

On 11 August 2016, the Group entered into a convertible note with Scorpio Foods Pty Ltd for an amount of $300,000. This note was issued at a 9.5% interest rate and converts to that number of ordinary shares which equate to 5% of the investee. The Group may convert the note at its discretion.

On 18 August 2016, the Group entered into a contract to purchase the “Westdama” dairy farm at Glencoe, approximately 30 kilometres north-west of Mount Gambier, for $2,600,000 subject to due diligence and the satisfaction of certain undertakings and conditions. The property has 80 hectares of irrigated pasture and currently supports approximately 400 cows. The Group intends to commence the process of conversion of Westdama to an organic dairy farm once the transaction is finalised.

On 31 August 2016, Beston Global Food Company Limited announced the placement of 64,051,111 shares to a Singapore company, Kunteng Pte Ltd, which is a wholly owned subsidiary of the China based private company, Dalian Hairunlai Group.

The placement has been made at a price of 45 cents per share and will provide net proceeds to Beston Global Food Company Limited of $28,289,775. The funds will be used to further the Group's dairy, health, and seafood businesses.

On 31 August 2016, the directors resolved to pay a final dividend of 0.60 cents per fully paid ordinary share (2015 - nil). This is to be paid on 31 October 2016.

On 15 September 2016, Beston Pure Dairies Pty Ltd acquired the assets of Australian Provincial Cheese Pty Ltd ("APC") for an amount of $2,200,000. The acquired assets include plant and equipment, trademarks and intellectual property. BFC previously held a convertible note issued by APC in the amount of $1,100,000, which has been repaid as part of this transaction.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

16 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 12(a).

(b) Key management personnel compensation

	30 June 2016 $	30 June 2015 $
Short-term employee benefits	**220,110**	30,000
Post-employment benefits	**20,767**	2,775
Long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**5,467,879**	-
	5,708,756	32,775

Detailed remuneration disclosures are provided in the remuneration report on pages 34 to 37.

Related party transactions

(c) Transactions with other related parties

The following transactions occurred with related parties:

	30 June 2016 $	30 June 2015 $
Sales of goods and services		
Management fees from investee companies	**1,140,000**	-
Remuneration received for directors services	**136,562**	-
Interest income from investee companies	**778,662**	-
Purchases of goods and services		
Purchases of various good and services from related parties	**(4,260,089)**	-
Management fees to the Investment Manager	**(1,595,980)**	(265,628)
Reimbursement of costs associated with business formation (ex GST)	**(640,000)**	-

(i) Transactions with other related parties

The Group entered into the following transactions with related parties:

- Provision of management services to Neptune Bio-Innovations Pty Ltd to assist in commercialisation processes
- Provision of additional directors services to all associates and investee entities
- Provision of funding via convertible notes and charging of interest on balances owing to all associates
- Purchases of products from associates and investee entities for export and on-sale to third parties
- Purchases of products from associates and investees entities for sale via the Beston Marketplace e-commerce platform
- Procurement of management services from the Investment Manager
- Payment to BPAM for costs incurred pre-IPO in forming the Group

(d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	30 June 2016 $	30 June 2015 $
Outstanding balances receivable/(payable)		
Current receivables	**1,705,312**	-
Current payables	**(1,054,389)**	-

(e) Loans to/from related parties

	30 June 2016 $	30 June 2015 $
Loans to other related parties		
Beginning of the year	**18,003**	-
Loans received	**-**	18,003
Loans advanced	**14,500**	-
End of year	**32,503**	18,003

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

Related party transactions

(f) Terms and conditions

(i) Transactions with the Investment Manager

The Company outsources various investment management and administrative functions to an Investment Manager, including key management personnel services. Dr Sexton controls and Mr Gerlach is a director of the Investment Manager, Beston Pacific Asset Management Pty Ltd ("BPAM"). The Investment Manager receives a fee for its management of the Group. This fee is equal to 1.20% per annum (exclusive of GST) of the gross portfolio value of the assets of the Group.

The Investment Manager will also be entitled to receive a performance fee for outperformance by BFC. Outperformance is calculated as the total shareholder return against a benchmark index, namely the ASX All Ordinaries Accumulation Index. As agreed between BFC and BPAM, the commencement date of the performance period was amended to 1 January 2016, with an initial net asset value agreed between the parties of $0.3468 per share.

The key metrics of the fee are summarised below:

Key metrics	1 January 2016	30 June 2016	Performance
Beston Global Food Company Limited	$0.3468	$0.4100	TSR 18.22%
ASX All Ordinaries Accumulation Index	47,788.21	48,530.36	1.53%

The performance fee is calculated as follows:

A. Market capitalisation	$148,928,831
B. Outperformance factor (BFC TSR% - ASX:XAOAI TSR%)	16.69%
C. Agreed performance fee %	17.50%
Total performance fee for the 6 months to 30 June 2016: A x B x C	$4,351,016

The directors, in agreement with BPAM, have agreed to waive the performance fee for the period to 30 June 2016 and as a result, no expense has been recognised for the year ended 30 June 2016.

(ii) Transactions with other related parties

Grape Ensembles Co Pty Ltd is beneficially controlled by Dr Sexton. Grape Ensembles Co Pty Ltd holds an 80% interest in a company that owns the BRANDLOK intellectual property associated with brand protection seals which has been developed as an anti-counterfeiting device. The Company has an option to purchase Grape Ensembles Co Pty Ltd's 80% shareholding in Brandlock Protection Solutions Pty Ltd ("BBPS"). The purchase price for BBPS has been agreed at the greater of 10 times the net profit after tax of BBPS; the then market value of the 80% holding of BBPS; and $2,000,000. These rights are exercisable by the independent directors of Beston Global Food Company Limited and include tag along and drag along rights to enable the Company to acquire 100% of BBPS.

Main & Cherry is controlled by a family member of Dr Sexton, who has no pecuniary interest in Main & Cherry. During the year, the Group purchased wine stock from Main & Cherry for export into Asia. The purchases were made based on normal commercial terms and conditions.

Sales of goods to other associates and related parties during the year were based on the price lists in force and terms that would be available to third parties. Purchases of goods from associates and other related parties during the year were also based on the price lists in force and terms that would be available to third parties.

All amounts owing to and from associates and related parties are settled on normal commercial terms and time frames. No interest was charged on balances owing to or from associates and related parties.

Management fees from investee companies are invoiced at appropriate milestones as agreed with them beforehand, and on normal commercial terms.

Remuneration received for directors services is charged every six months in arrears.

Interest income from investee companies is invoiced monthly in arrears, in line with their respective convertible note agreements.

No guarantees were provided for any related parties.

17 Share-based payments

(a) Employee Option Plan

In July 2015, 16,047,776 Founders' Rights were granted to senior executives under a Founders' Performance Rights Plan. The Plan gives founders the right to acquire the number of shares necessary for their overall shareholding to equate to 5% of the total shares on issue post IPO. The fair value of the rights granted during the year ended 30 June 2016 was estimated on the date the rights were issued being the value of shares at the time of the IPO, $0.35.

For the year ended 30 June 2016, the Group has recognised a share-based payment reserve of $5,616,721 in relation to the rights. The share-based payments expense in the consolidated statement of comprehensive income is $1,198,780 representing the portion of the share-based payment that relates to the pre IPO shares on issue. The remaining share-based payment has been recognised in contributed equity as an equity raising cost.

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	30 June 2016 $'000	30 June 2015 $'000
Founders' Rights	**1,199**	-

18 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the entity and its related practices:

Ernst & Young Australia

	2016 $	2015 $
Audit and other assurance services		
Audit and review of financial statements	**94,738**	40,000
Taxation services		
Tax compliance services	**65,896**	50,000
Other services		
ASX IPO support	**-**	353,000
Total remuneration of Ernst & Young Australia	**160,634**	443,000

19 Earnings per share

(a) Basic earnings per share

	30 June 2016 Cents	30 June 2015 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**(0.54)**	(5.38)
From discontinued operations	**-**	-
Total basic earnings per share attributable to the ordinary equity holders of the Company	**(0.54)**	(5.38)

(b) Diluted earnings per share

	30 June 2016 Cents	30 June 2015 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**(0.54)**	(5.38)
From discontinued operations	**-**	-
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**(0.54)**	(5.38)

The Founders' Rights per note 17(a) have not been included in the diluted earnings per share calculation as they are anti-dilutive for the period presented. The shares issued outlined in note 15 have not been included in the earnings per share calculation as they were issued post balance date.

(c) Reconciliation of earnings used in calculating earnings per share

	30 June 2016 $'000	30 June 2015 $'000
Basic earnings per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	**(1,716)**	(1,103)
From discontinued operations	**-**	-
	(1,716)	(1,103)
Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company		
Used in calculating basic earnings per share	**(1,716)**	(1,103)
Used in calculating diluted earnings per share	**(1,716)**	(1,103)

(d) Weighted average number of shares used as the denominator

	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**317,839,878**	20,503,220

20 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	30 June 2016 $'000	30 June 2015 $'000
ASSETS		
Current assets	**29,745**	16,635
Non-current assets	**88,337**	5,598
Total assets	**118,082**	22,233
LIABILITIES		
Current liabilities	**2,380**	1,758
Non-current liabilities	**1**	-
Total liabilities	**2,381**	1,758
Net assets	**115,701**	20,475
EQUITY		
Issued capital	**113,472**	21,471
Reserves		
Share-based payments	**5,617**	-
Accumulated losses	**(3,388)**	(996)
Total equity	**115,701**	20,475
Profit or loss for the year	**(2,392)**	(996)
Total comprehensive income	**(2,392)**	(996)

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015.

21 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Beston Global Food Company Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Beston Global Food Company Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Beston Global Food Company Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost basis.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2015:

- Amendments made to Australian Accounting Standards - *Conceptual Framework, Materiality* and *Financial Instruments*
- Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 *Materiality*

There has been no material impact to the Group's results or disclosures as a result of these new standards.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group’s assessment of the impact of these new standards and interpretations is set out below.

Summary of significant accounting policies

(a) Basis of preparation

Title of standard	**Nature of change**	**Impact**	**Mandatory application date/ Date of adoption by Group**
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	While the Group has yet to undertake a detailed assessment of the impact of AASB 9, the Group does not expect there to be a material impact for the Group's financial assets and liabilities. • Classification and measurement of the Group's financial assets and liabilities is expected to remain the same under the new standard. • At present there are no hedge relationships in place. • The new impairment model is an expected credit loss model which may result in the earlier recognition of credit losses.	Must be applied for financial years commencing on or after 1 January 2018. Expected date of adoption by the Group: 1 July 2018.
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.	At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.
AASB 16 Leases	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has operating lease commitments of $130,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

Summary of significant accounting policies

(a) Basis of preparation

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(e) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Beston Global Food Company Limited ("Company" or "parent entity") as at 30 June 2016 and the results of all subsidiaries for the year then ended. Beston Global Food Company Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 21(i)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see below (iii)), after initially being recognised at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 21(j).

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Beston Global Food Company Limited has appointed an executive management committee which assesses the financial performance and position of the Group, and makes strategic decisions. The executive management committee, which has been identified as being the chief operating decision maker, consists of the Chief Executive Officer and the Chief Financial Officer.

Summary of significant accounting policies

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Beston Global Food Company Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each consolidated income statement and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The specific accounting policies for the Group’s main types of revenue are explained in note 2. Revenue for interest income is recognised on the following basis:

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Summary of significant accounting policies

(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liabilities in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Beston Global Food Company Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Summary of significant accounting policies

(h) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 14). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated balance sheet based on their nature.

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Summary of significant accounting policies

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 5(b) for further information about the Group's accounting for trade receivables and note 9(b) for a description of the Group's impairment policies.

(m) Inventories

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables and receivables in the balance sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Summary of significant accounting policies

(n) Investments and other financial assets

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

(ii) Reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iv) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for ‘financial assets at fair value through profit or loss’ - in profit or loss within other income or other expenses
- for available for sale financial assets that are monetary securities denominated in a foreign currency - translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available for sale - in other comprehensive income.

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in profit or loss as part of revenue from continuing operations when the Group’s right to receive payments is established

Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses). Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of revenue from continuing operations.

Summary of significant accounting policies

(n) Investments and other financial assets

(v) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in note 9(b).

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(o) Property, plant and equipment

The Group's accounting policy for land and buildings is explained in note 6(c). All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in note 6(c).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 21(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Summary of significant accounting policies

(p) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 21(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 1).

(ii) Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Software (e-commerce platform and other applications)

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(iv) Amortisation methods and periods

Refer to note 6(f) for details about amortisation methods and periods used by the Group for intangible assets.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(r) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Summary of significant accounting policies

(r) Employee benefits

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Employees and directors of the Group may receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of comprehensive income expense or credit for a period represents the movement in cumulative expense recognised as at the beginning of the period and is recognised in employee benefits expense. No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had that terms not been modified, if the original terms of the award are not met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(s) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Summary of significant accounting policies

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(w) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(x) Parent entity financial information

The financial information for the parent entity, Beston Global Food Company Limited, disclosed in note 20 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Beston Global Food Company Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) Tax consolidation legislation

Beston Global Food Company Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

Refer to note 5(e)(iii) for further details.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 41 to 91 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 21(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Investment Manager, Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.

R Sexton
Director
Adelaide
30 September 2016

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Independent auditor's report to the members of Beston Global Food Company Limited

Report on the financial report

We have audited the accompanying financial report of Beston Global Food Company Limited, which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 21, 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 judgment, 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 controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.

Building a better working world

Opinion

In our opinion:

a. the financial report of Beston Global Food Company 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 2016 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 21.

Report on the remuneration report

We have audited the Remuneration Report included in pages 34 to 37 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Beston Global Food Company for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Mark Phelps
Partner
Adelaide
30 September 2016

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 14 September 2016.

A. Ordinary share capital

427,292,163 fully paid ordinary shares are held by 5,341 individual shareholders.

All issued ordinary shares carry one vote per share.

There are no restricted securities or securities subject to voluntary escrow.

There are no current on-market buy-backs.

B. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Investors	Shares	Percentage of issued shares
1 - 1000	155	58,828	.01%
1,001 - 5,000	1,237	3,908,161	.92%
5,001 - 10,000	1,141	9,524,373	2.23%
10,001 - 100,000	2,568	86,183,321	20.17%
100,001 and over	240	327,617,480	76.67%
	5,341	427,292,163	100.00%

The number of shareholders holding less than a marketable parcel of 1,250 shares ($0.400) is 233 and they hold 147,563 shares.

C. Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
Name	Number held	Percentage of issued shares
Australia Aulong Auniu Wang Food Holdings Pty Ltd	66,894,345	15.66%
Kunteng Pte Ltd	64,051,111	14.99%
I.G. Investment Management Ltd	46,749,513	10.94%
Allianz SE	21,955,164	5.14%
	199,650,133	46.73%

ASX additional information

D. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number held	Percentage
Kunteng Pte Ltd	64,051,111	14.99%
Australia Aulong Auniu Wang Food Holdings Pty Ltd	54,449,834	12.74%
BNP Paribas Noms Pty Ltd	36,839,158	8.62%
National Nominees Limited	35,184,199	8.23%
HSBC Custody Nominees (Australia) Limited	31,023,707	7.26%
National Nominees Limited	14,147,807	3.31%
First Boom Investments Limited	11,428,572	2.67%
First Boom Investments Limited	8,333,334	1.95%
BNP Paribas Noms Pty Ltd	6,561,740	1.54%
Blue Ridge Holdings Pty Ltd	4,206,974	.98%
Citicorp Nominees Pty Limited	3,481,462	.81%
J P Morgan Nominees Australia Limited	2,959,569	.69%
Hishenk Pty Ltd	2,200,000	.51%
Mr Hui Song	1,181,194	.28%
Pershing Australia Nominees Pty Ltd	1,080,400	.25%
HWR Nominees Pty Ltd	1,000,000	.23%
Mr Ian Gregory Griffiths & Mrs Susan Jane Griffiths	838,430	.20%
Aboriginal Contracting WA Pty Ltd	754,914	.18%
Beacon Light (SA) Pty Ltd	714,286	.17%
Marich Nominees Pty Ltd	704,000	.16%

E. Business objectives and use of cash

Beston Global Food Company Limited has used cash and cash equivalents held at the timing of listing in a way consistent with its stated business objectives.


BESTON
GLOBAL FOOD COMPANY