Beston Global Food Company Limited
Appendix 4D
for the half-year ended 31 December 2016

The ASX Appendix 4D of Beston Global Food Company Limited (hereafter referred to as BFC or the Company) and its subsidiaries (collectively referred to as the Group) for the half-year ended 31 December 2016 is filed with the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3. Information presented for the previous corresponding period is for the half-year ended 31 December 2015 (unless otherwise stated) *(Rule 4.2A.3 Item 1).*

The financial results of BFC are presented in Australian dollars (unless otherwise stated) and prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001.* The financial statements also comply with Accounting Standard AASB 134 *Interim Financial Reporting* as issued by the Australian Accounting Standards Board (AASB).

It is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2016 and considered together with any public announcements made by BFC during the half-year ended 31 December 2016.

Results for announcement to the market *(Rule 4.2A.3 Item 2)*

	Increase / (decrease) $'000	% Change		31 December 2016 $'000
Revenue from ordinary activities	2,855	37.5%	to	10,461
Net profit/(loss) from ordinary activities after tax attributable to owners of the Company	(2,583)	(239.2)%	to	(3,663)
Net profit/(loss) for the period attributable to owners of the Company	(2,583)	(239.2)%	to	(3,663)

Refer to the review of operations and activities on page 1 for commentary on BFC's financial results *(Rule 4.2A.2 Item 2.6)*.

Final and interim dividends	Record date for determining entitlement	Paid or payable on	Amount per share	Franked amount per share
Ordinary shares				
2016 Final ordinary dividend	8 September 2016	31 October 2016	0.60¢	0.00¢
2017 Interim ordinary dividend	-	-	-	-

In relation to the above, there is no attributed conduit income *(Rule 4.2A.3 Item 5).*

There was no dividend re-investment plan available to shareholders during the period *(Rule 4.2A.3 Item 6).*

Net tangible assets *(Rule 4.2A.3 Item 3)*

	31 December 2016	31 December 2015
Net tangible asset backing per ordinary share	$0.31	$0.30

Current period calculation based on 443,315,867 issued shares.

Previous period calculation based on 363,241,052 issue shares.

Entities over which control has been gained or lost during the period *(Rule 4.2A.3 Item 4)*

There were no entities over which control has been gained or lost during the period.

Details of associates and joint venture entities *(Rule 4.2A.3 Item 7)*

Refer to note 19 for details on interests in associates and joint ventures.

Other *(Rule 4.2A.3 Item 9)*

The information contained in this Appendix 4D is based on the 31 December 2016 interim financial report of Beston Global Food Company Limited and its subsidiaries, which have been subject to review by our external auditors. The financial statements are not subject to qualification. A copy of the financial statements is attached.

Beston Global Food Company Limited

ABN 28 603 023 383

Interim report
for the half-year ended 31 December 2016

Beston Global Food Company Limited ABN 28 603 023 383
Interim report - 31 December 2016

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Beston Global Food Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Review of operations and activities

Executive Summary

The results presented in this interim financial report reflect the operations of Beston Global Food Company Limited and its subsidiaries for the half-year ended 31 December 2016.

Summary

- FY17 first half results affected by seasonal impacts on milk processing and lower China sales due to a re-positioning of the China business.
- Significant progress made in Australian sales, growth in production capacity and new brands and distribution consistent with our business model and positive for FY17 second half and longer term.
- Improved conditions for milk supply and Australian sales growth give confidence for improved result in six months to June.
- Announced the signing of a significant supply contract with Hondo Food Company for RMB 120m (approx. AUD 22m) which will add to revenues in H2.
- Further purchase orders are expected to be finalised in the next 30 to 45 days with other major distributors and customers in Australia, ASEAN and China.
- Investments made in farms and factories in H1 to increase scale and efficiencies in the business.

Financial Results

- The Group recorded a statutory net profit (NPAT) of -$3.7m for the period to 31 December 2016 and an underlying net profit after tax (UNPAT) for the same period of -$2.4m.
- The result was generated on total revenue and income of $11.2m. The Group recorded an increase in net assets of 19% on its balance sheet from $117m to $140m.
- The Group has $38.2m in cash and cash equivalents and carries no debt.
- The first full six-month report (previous corresponding period was four months from the date of the Company's listing on 28 August 2015 to 31 December 2015).
- Earnings improvement anticipated in the six months to 30 June 2017.

Operations

- **Australian Region:**
    - Sales growth in Australia of 43% driven largely by:
        - Sales increase of 260% for dairy related products in Australia compared to previous corresponding period (excluding toll manufacturing)
        - Launch of Edwards Crossing cheese products into 39 retail stores started in Q1 FY17
        - Contract manufacturing of first two SKU's of Le Rice started in Q1 FY17
        - Contract milk production for Nippy's and Moo started in Q1 FY17
    - Lower milk production due to extended winter period:
        - Milk production from owned farms was 15% lower than budget
        - "Toll manufacture" was 65% lower than budget which also resulted in lower whey powder production

Review of operations and activities

- **China Region:**
  - Sales declined in China in large part due to the re-positioning of the China business towards larger distributors and customers in the key growth regions of Beijing and Shanghai. The shift has resulted in:
    - A range of new agreements signed with large private and publicly listed and state owned enterprises
    - Signing of a significant supply contract with Hondo Food Company announced on 28 February 2017 for RMB 120m (approximately AUD 22m) which will add to revenues in the second half
    - Opened offices in key growth locations of Shanghai, Beijing and Fuzhou and deployed resources in Q2 FY17
    - Expanded and resourced Joint Venture office for Sunwah Beston in Hong Kong in Q2 FY17
- **ASEAN Region:**
  - Sales growth in ASEAN region of 100% driven largely by:
    - The launch of Japanese branded “Kyubu” cheese range into retail stores in Singapore and Thailand starting in Q1 FY17
    - Launch of Mable’s Cream Cheese brand into a range of Singapore retail stores started in Q1 FY17
    - Growth in sales of ingredients to key ASEAN customer
- **Beston Technologies:**
  - Development and rollout of the Beston Marketplace e-commerce platform for Australia providing product traceability and authentication capability on all products sold, including products from non-Beston companies
  - Development of the Beston Marketplace e-commerce platform for China
- **Investment in Growth Initiatives:**
  - **Owned Brands:** The development of BFC owned brands (Edwards Crossing and Kyubu cheese brand, and the ei8h+ water brand) as well as food service brands including multi-language marketing collateral and social media platforms for launch into the retail and food service markets in Australia, followed by the China and ASEAN markets
  - **Business Development and Customer Acquisition in China, Australia and ASEAN:** Broaden the customer base and move away from reliance on any one customer resulting in the signing of a series of new agreements
  - **Expansion of the Australian Sales Team:** This included the recruitment of a new National Sales Manager, a National Food Service Manager, and an In-store Merchandiser to support the rollout of our branded product ranges nationally
  - **Geographic Expansion:** The establishment of new sales offices in Beijing, Shanghai, Fuzhou and Vietnam to be closer to our customers, including the start-up of the Joint Venture office in Singapore
  - **Joint Ventures:**
    - Expansion and resourcing of the strategic Joint Venture office of Sunwah Beston in Hong Kong for the sales and marketing of the full range of BFC products
    - Establishment of Beston MindChamps Joint Venture in Singapore and new product development and branding for the supply of the “first 4 kids” nutrition products into 33 MindChamps early learning centres starting in Q4 FY17

Review of operations and activities

Review of Operations and Financial Position

BFC has made significant investment into developing new markets and customers. However, the financial performance of the Group over the period was negatively impacted by two key factors:

1. **Lower milk availability for processing**

The extremely wet winter season in southern parts of Australia reduced the production of milk at our own farms and reduced milk availability across the industry. This resulted in "toll manufacturing" revenues being significantly lower than planned which in turn reduced whey powder production.

The reduction in milk supply in Australia has coincided with a global milk shortage which has seen prices increase for dairy commodities.

2. **Low China Sales**

The Group's China office achieved lower than expected sales revenues for the period. In large part, this was due to the re-positioning of the China business towards larger distributors and customers in the key growth regions of Beijing and Shanghai.

The shift in focus was made in order to ensure we are not reliant on any one customer moving forward and address two issues highlighted in our reports to shareholders in 2015-16, namely:

- The impacts of the Dashang committed sales order of RMB 200m (approximately AUD 42m) which did not eventuate
- The time it takes to introduce new products into the market and receive customs clearances, health and quarantine (CIQ), and product registration in China

The China sales team has worked with a number of large new customers during the half-year including public Companies and State Owned Enterprises to develop marketing and logistics plans, including undertaking the extensive work required to pass their internal product procurement processes. Recent anti-corruption regulations enforced in China has resulted in government state owned enterprises (SOE's) and large private companies being required to follow specific protocols when dealing with foreign companies. The effort involved and the lead time in getting products to market (including via CIQ, health, and product and labelling registration) had a consequential effect on sales for the half-year.

The customers and distributors which have been targeted are based on their capacity and scale to purchase product on a more consistent and predictable basis over the long term.

We remain confident that earnings will flow through from these agreements in the second half of the year as evidenced by the announcement on 28 February 2017 of the signing of a Supply Agreement with the Hondo Food Company and an initial purchase order of RMB 120m (approximately AUD 22m).

We have established a strong platform for growth in the second half which is now underpinned by a range of major distributors and customers in China as well our key customers across ASEAN and Australia. As a result of these initiatives, together with the launching of a range of our Company owned premium brands in these markets, we believe we are in a solid position for improved revenue and earnings growth in the second half of the year.

Financial Performance

As a result, whilst revenue and income is broadly in line with the second half of FY16 ($11.160m v $11.926m), a significant geographic shift has occurred with Australia increasing its share of revenue from 45% in FY16 to 79% for the first half of FY17.

This is due to the Group opening up a significant number of new customers in the national retail sector and in the ingredients and food service markets. The increase in sales to customers in this segment has been a deliberate strategy to underpin the long-term viability of the Group's dairy manufacturing facilities. We expect sales to customers in this segment to continue to increase in future periods.

The sales achieved in Australia in the first half of FY17 were largely to customers not hitherto supplied by the previous owners of these facilities.

Review of operations and activities

Other revenue has reduced from prior period ($0.510m v $1.074m) due to the termination of the lease for Pedra Branca.

Other income has reduced from prior period ($0.577m v $3.150m) due to the prior period including a gain on bargain purchase for Pedra Branca of $2.983m. This was partially offset by a positive herd revaluation as the price for cows has increased during the period.

The Group also received $0.365m as the first milestone payment of the $2.500m Regional Development Grant. Government grants relating to costs are deferred and recognised as income in the period necessary to match them to the expense they are intended to compensate. As a result, only $0.024m of the $0.365m received in cash was recognised as grant income in the first half of FY17.

Cost of goods sold has increased as a percentage of sales, largely due to the shift away from the higher margin products in China to the higher volume but lower margin dairy products in Australia, particularly during the brand establishment phase.

Selling and distribution and administration costs have increased compared to prior year largely due to increased freight on domestic sales, brand establishment costs, travel costs associated with identifying and engaging with major distributors and customers in China, attendance at key international trade shows, the expansion of offices in China to Shanghai, Beijing, and Fuzhou as well as Hong Kong, Vietnam and Singapore, and miscellaneous costs associated with the share placement.

Finance income has reduced due to the conversion of Ferguson Australia from convertible note to an equity investment, and the acquisition of the assets of Australian Provincial Cheese and subsequent repayment of the convertible note from Australian Provincial Cheese.

Share of profit/(loss) from associates:

- Ferguson: The business experienced a delay in the start of the season in the Northern Zone due to regulatory requirements resulting in a small first half loss however the anticipated lobster catch over the full financial year is expected to increase to the maximum quota of 600T combined across the Ferguson Australia Group. In addition, the production, brand development and launch of the first range of Ferguson Australia branded retail products into the Australian market was undertaken in the first half-year and will deliver future benefits.
- Neptune Bio-Innovations (NBI): The business completed an extensive product development and distributor listing of a range of NBI own branded pharmacy retail products targeted specifically at people with hypertension, diabetes and requiring rapid recovery from dehydration. The release of the full range of NBI products is anticipated for release nationally into retail pharmacies across Australia.

The following table, which has not been audited, provides a reconciliation between the reported results of the Group 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 Group's operating performance. Details of UNPAT adjustments are provided below.

	31 December 2016 $'000
Net loss after tax attributable to owners of the Company	**(3,663)**
UNPAT adjustments:	
- Sales and distribution establishment costs	**495**
- Dairy manufacturing plant expansion start-up costs	**215**
- Restructuring and staff related costs	**65**
- Provision for abnormal bad debts	**111**
- Costs relating to capital raising	**66**
- Stock write-offs due to power outage	**15**
- Non-recurring professional fees	**325**
UNPAT attributable to owners of the Company	**(2,371)**

Review of operations and activities

The UNPAT results for the half-year are a composite of:

- Significant costs and expenses associated with expanding the China and ASEAN sales and distribution operations
- Significant costs and expenses in the integration of the cream cheese assets at Murray Bridge and the former ADP Lactoferrin plant at Jervois
- Ongoing costs and expenses in improving and rebuilding the Kurleah and Pedra Branca dairy farms
- Operational revenue and expenditure from the activities of dairy farming, manufacturing of cheese and associated dairy products, as well as sales and distribution of BFC, investee company and third party products which have become the core business of the Group

The majority of the UNPAT adjustments relate to investments in the earnings of the Group, both in the short-term and the longer term.

Financial Position

The key assets in the consolidated balance sheet as at 31 December 2016 are:

- Cash and cash equivalents of $38.159m
- Trade and other receivables of $20.526m. The most significant items comprising this value are trade debtors of $9.736m reflecting the Group's improved cash collections, and convertible notes receivable of $7.784m
- Inventories of $12.089m, largely due to increased stock on hand in China and Thailand to allow for immediate sales, as well as domestic cheese inventories where it is important to keep a range of cheeses of various ages
- Investments in associates of $16.784m. This is comprised of Neptune Bio Innovations ($11.869m) and Ferguson Australia Group ($4.915m)
- Property, plant and equipment of $40.978m. Independent valuations for these assets exceed the carrying value of the assets in the financial statements
- Biological assets (livestock) of $4.812m comprising the dairy herd at the Kurleah and Pedra Branca dairy farms. Intangible assets of $12.239m, largely comprised of owned lobster quota ($4.949m) and water licences ($3.961m). Independent valuations support or exceed the carrying value of these assets in the financial statements

The key liabilities for the Group are trade and other payables of $9.930m incurred in the ordinary course of business.

The Group had $38.159m in cash and cash equivalents and no debt as at 31 December 2016.

Business Strategies and Prospects for Future Financial Years

As explained in our 2016 Annual Report, BFC is a company in growth mode. The Company has been positioned to be a long-term growth business which builds sustainable economic value for shareholders.

BFC has come a long way since listing on the ASX on 28 August 2015, in building out its business across all of the operating divisions and in establishing a platform for the underlying growth in earnings.

In our 2016 Annual Report, we have outlined eight key objectives that underpinned our business strategy in 2016

1. Integrating technology into the whole of our supply chain
2. A holistic approach to whole-of-life healthy foods
3. Exploiting synergies between investee companies
4. Creating new value-added products
5. Developing strategic alliances with other companies to enhance our manufacturing and distribution capabilities

Review of operations and activities

6. Investing in manufacturing capability
7. Improving productivity on our farms
8. Building our own brands

All of these objectives were achieved within the 2015-16 financial year and have established a momentum on which the Company is moving forward.

At our Annual General Meeting on 27 November 2016, we explained that our business strategy for the 2016-17 financial year was principally focussed around two key objectives:

1. Growing sales revenues
2. Optimising the returns on assets employed in the business

Sales revenue growth is being achieved by a shift in emphasis towards more domestic Australian customers (and greater domestic sales volumes) coupled with the re-positioning of the business so that it is less dependent on smaller distribution channels in China.

As highlighted above, while the sales team have been able to implement our re-positioning strategy in China, the time and effort involved came at an unanticipated “cost” i.e., a shortfall in China sales revenues against budget. The BFC China sales team believes that the business has put the foundations in place to improve earnings in the second half.

Specific initiatives which have been put in place to drive earnings growth in Q3 and Q4 include:

- Expansion of Australian national sales coverage through the appointment of a new Australian Sales Manager and expansion into national IGA and selected retail and food service accounts
- China sales teams focused on the development of long term sales strategies in conjunction with major distributors and customers and deployed into locations where key customers are based
- Expansion of ASEAN sales revenues through driving existing products into more stores across Thailand and Singapore and the appointment of additional Singapore, Vietnam and Malaysian distributors and resources to build sales revenues
- Rollout of the Beston Marketplace e-commerce platform across Australia and into China
- Further penetration of the BFC owned retail brands for Edwards Crossing and Kyubu cheese and the ei8h+ water brand including via multi-language marketing collateral, social media platforms and regional promotional campaigns
- Consolidation of the Beston MindChamps Joint Venture in Singapore and new product development and branding for the supply of the “first 4 kids” nutrition products into 33 MindChamps early learning centres starting in Q4 FY17
- The development of BFC owned range of food service products for release in the second half into the Australian and ASEAN markets
- The contract manufacture of Le Rice for Lion for national distribution to Australian retailers.

Specific initiatives which have been put in place to drive the optimisation of returns on assets in Q3 and Q4 include:

- Building on the current farms asset base to ensure efficient operating practices are in place to drive the financial performance of the farms, and that a portfolio approach to capital expenditure is deployed
- Implementing a number of production optimisation initiatives, such as accelerating the construction of the Mozzarella Plant, Hard Cheese, Cream Cheese and Water Plant expansion capital projects
- Driving the performance of the investee companies by ensuring their underlying business continues to deliver on their pre-investment financial performance, and BFC to drive their export sales results through our established channels

Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Beston Global Food Company Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

Directors

The following persons held office as Directors of Beston Global Food Company Limited during the financial period:

R Sexton (Chairman)
G Gerlach
P Coventry
J Kouts
I McPhee
C Cooper (appointed 7 September 2016)

Principal activities

During the period 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 natural spring water.
(f) Development and commercialisation of end-to-end food traceability and anti-counterfeit technology.
(g) Development and commercialisation of a premium e-commerce platform.

Dividends

During the half-year ended 31 December 2016, an unfranked dividend was paid to ordinary shareholders of $2,179,446 (0.60 cents per fully paid share) (31 December 2015: nil).

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 page 1.

Significant changes in the state of affairs

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

Events since the end of the financial period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

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 9.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/91, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument.

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

R Sexton
Chairman

Adelaide
28 February 2017

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Auditor's Independence Declaration to the Directors of Beston Global Food Company Limited

As lead auditor for the review of Beston Global Food Company for the half-year ended 31 December 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 review; and

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

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

Ernst & Young

Mark Phelps
Partner
Adelaide
28 February 2017

Beston Global Food Company Limited
Consolidated statement of comprehensive income
For the half-year 31 December 2016

	Notes	**31 December 2016 $'000**	31 December 2015 $'000
Revenue from continuing operations			
Sale of goods		**9,951**	6,532
Other revenue		**510**	1,074
	4	**10,461**	7,606
Other income	5	**577**	3,150
Expenses			
Cost of sales of goods		**(8,646)**	(3,302)
Other expenses from ordinary activities			
Selling and distribution		**(1,606)**	(77)
Administration		**(6,026)**	(3,367)
Other		**(550)**	(129)
Establishment costs		**-**	(6,154)
Profit/(loss) from operations		**(5,790)**	(2,273)
Finance income		**639**	974
Finance expenses		**(147)**	(12)
Net finance income	6	**492**	962
Share of profit/(loss) from associates		**(151)**	192
Profit/(loss) before income tax		**(5,449)**	(1,119)
Income tax benefit	7	**1,728**	39
Profit/(loss) for the period		**(3,721)**	(1,080)
Item that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**112**	(43)
Other comprehensive income/(loss) for the period, net of tax		**112**	(43)
Total comprehensive income/(loss) for the period		**(3,609)**	(1,123)
Profit/(loss) is attributable to:			
Owners of Beston Global Food Company Limited		**(3,663)**	(1,075)
Non-controlling interests		**(58)**	(5)
		(3,721)	(1,080)
Total comprehensive income/(loss) for the period is attributable to:			
Owners of Beston Global Food Company Limited		**(3,552)**	(1,118)
Non-controlling interests		**(57)**	(5)
		(3,609)	(1,123)

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

		Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	21	**(0.90)**	(0.40)
Diluted earnings per share	21	**(0.90)**	(0.40)
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic earnings per share	21	**(0.90)**	(0.40)
Diluted earnings per share	21	**(0.90)**	(0.40)

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

	Notes	**31 December 2016 $'000**	30 June 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**38,159**	19,372
Trade and other receivables	8	**20,526**	26,610
Inventories		**12,089**	7,965
Total current assets		**70,774**	53,947
Non-current assets			
Investments accounted for using the equity method	19	**16,784**	16,935
Property, plant and equipment	9	**40,978**	38,267
Biological assets		**4,812**	4,241
Deferred tax assets		**5,763**	4,096
Intangible assets	10	**12,239**	10,041
Total non-current assets		**80,576**	73,580
Total assets		**151,350**	127,527
LIABILITIES			
Current liabilities			
Trade and other payables	11	**9,930**	8,705
Deferred income		**34**	-
Current tax liabilities		**416**	875
Employee benefit obligations		**79**	50
Total current liabilities		**10,459**	9,630
Non-current liabilities			
Deferred income		**103**	-
Deferred tax liabilities		**1,179**	725
Employee benefit obligations		**15**	7
Total non-current liabilities		**1,297**	732
Total liabilities		**11,756**	10,362
Net assets		**139,594**	117,165
EQUITY			
Contributed equity	12	**147,297**	113,472
Other reserves	13	**72**	5,569
Retained earnings		**(8,661)**	(2,819)
Capital and reserves attributable to owners of the Company		**138,708**	116,222
Non-controlling interests		**886**	943
Total equity		**139,594**	117,165

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

		Attributable to owners of Beston Global Food Company Limited					
	Notes	**Share capital $'000**	**Other reserves $'000**	**Accum-ulated losses $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance at 1 July 2015		21,471	-	(1,103)	20,368	(1)	20,367
Profit/(loss) for the half-year		-	-	(1,075)	(1,075)	(5)	(1,080)
Other comprehensive income/(loss)		-	(43)	-	(43)	-	(43)
Total comprehensive income for the period		**-**	**(43)**	**(1,075)**	**(1,118)**	**(5)**	**(1,123)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax		92,018	-	-	92,018	-	92,018
Founders' Rights share reserve	13	-	5,617	-	5,617	-	5,617
		92,018	5,617	-	97,635	-	97,635
Balance at 31 December 2015		**113,489**	**5,574**	**(2,178)**	**116,885**	**(6)**	**116,879**
Balance at 1 July 2016		113,472	5,569	(2,819)	116,222	943	117,165
Profit/(loss) for the half-year		-	-	(3,663)	(3,663)	(58)	(3,721)
Other comprehensive income/(loss)		-	111	-	111	1	112
Total comprehensive income for the period		**-**	**111**	**(3,663)**	**(3,552)**	**(57)**	**(3,609)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax		28,217	-	-	28,217	-	28,217
Exercise of Founders' Rights		5,608	(5,608)	-	-	-	-
Dividends paid	14	-	-	(2,179)	(2,179)	-	(2,179)
		33,825	(5,608)	(2,179)	26,038	-	26,038
Balance at 31 December 2016		**147,297**	**72**	**(8,661)**	**138,708**	**886**	**139,594**

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

	Notes	**31 December 2016 $'000**	31 December 2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**17,823**	3,138
Payments to suppliers and employees (inclusive of goods and services tax)		**(21,464)**	(8,790)
Interest received		**345**	489
Interest paid		**(22)**	-
Net cash (outflow) from operating activities		**(3,318)**	(5,163)
Cash flows from investing activities			
Payments for acquisition of businesses, net of cash acquired	18	**(764)**	(26,084)
Payments for equity investments		**-**	(12,000)
Payments for property, plant and equipment		**(2,515)**	(13,167)
Payments for intangible assets		**(505)**	(5,476)
Payments for livestock		**(348)**	(486)
Proceeds from sale of livestock		**219**	-
Advances of convertible notes		**(300)**	(3,400)
Loans to related parties		**(250)**	-
Refund of deposits		**-**	180
Net cash (outflow) from investing activities		**(4,463)**	(60,433)
Cash flows from financing activities			
Proceeds from issue of shares	12	**28,823**	100,000
Transaction costs on issue of shares		**(545)**	(7,499)
Dividends paid to Company's shareholders		**(2,179)**	-
Proceeds from government grants		**365**	-
Loans from related parties		**8**	-
Net cash inflow from financing activities		**26,472**	92,501
Net increase in cash and cash equivalents		**18,691**	26,905
Cash and cash equivalents at the beginning of the financial year		**19,372**	7,547
Effects of exchange rate changes on cash and cash equivalents		**96**	-
Cash and cash equivalents at end of period		**38,159**	34,452

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

1 Basis of preparation of half-year report

This interim report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Beston Global Food Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) New and amended standards adopted by the Group

None of the amendments that are effective for the first time for the reporting period commencing 1 July 2016 have a material impact on these interim financial statements of the Group.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(i) Estimated impairment of goodwill

The Group tests for impairment annually as part of their cash generating units and when circumstances indicate the carrying value may be impaired. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions to each cash-generating unit.

(ii) Estimated impairment of investments accounted for using the equity method

The Group tests equity accounted investments for impairment on a half-yearly basis and when circumstances indicate the carrying value may be impaired. The recoverable amounts of equity accounted investments have been determined based on value-in-use calculations. These calculations require the use of assumptions.

(iii) Recoverability of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable the future taxable profit will be available to utilise those temporary differences. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits.

3 Segment information

(a) Description of segments

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

- The Dairy division 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 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 reports

The segment information provided to the Executive Management Committee for the reportable segments for the half-year ended 31 December 2016 is as follows:

Half-year ended 31 December 2016	**Dairy**	**Seafood**	**Health**	**Meat**	**Distribution**	**Total segments**	**Adjustments and eliminations**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
External customers	12,192	252	306	542	169	13,461	(3,510)	9,951
Other revenue	307	203	-	-	-	510	-	510
Other income	532	15	15	15	-	577	-	577
Finance income	268	-	-	136	-	404	235	639
Share of profit/(loss) from associates	-	(82)	(69)	-	-	(151)	-	(151)
Total revenue	**13,299**	**388**	**252**	**693**	**169**	**14,801**	**(3,275)**	**11,526**
Expenses								
Cost of sales	(10,116)	(226)	(92)	(576)	(170)	(11,180)	2,534	(8,646)
Selling and distribution	(537)	(72)	(169)	(138)	(170)	(1,086)	(520)	(1,606)
Administration	(3,770)	(219)	(274)	(389)	(256)	(4,908)	(1,118)	(6,026)
Other expenses	(196)	(29)	(14)	(60)	(4)	(303)	(247)	(550)
Finance costs	(69)	(56)	-	-	-	(125)	(22)	(147)
Total expenses	**(14,688)**	**(602)**	**(549)**	**(1,163)**	**(600)**	**(17,602)**	**627**	**(16,975)**
Segment profit/(loss)	**(1,389)**	**(214)**	**(297)**	**(470)**	**(431)**	**(2,801)**	**(2,648)**	**(5,449)**

3 Segment information (continued)

(b) Segment reports (continued)

The segment information provided to the Executive Management Committee for the reportable segments for the half-year ended 31 December 2015 is as follows:

Half-year ended 31 December 2015	**Dairy**	**Seafood**	**Health**	**Meat**	**Distribution**	**Total segments**	**Adjustments and eliminations**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
External customers	5,009	831	1,101	-	-	6,941	(409)	6,532
Other revenue	942	132	-	-	-	1,074	-	1,074
Other income	131	15	11	10	-	167	-	167
Finance income	270	238	-	92	-	600	374	974
Share of profit/(loss) from associates	-	-	192	-	-	192	-	192
Total revenue	**6,352**	**1,216**	**1,304**	**102**	**-**	**8,974**	**(35)**	**8,939**
Expenses								
Cost of sales	(2,481)	(529)	(701)	-	-	(3,711)	409	(3,302)
Selling and distribution	(7)	(12)	(16)	-	(1)	(36)	(41)	(77)
Administration	(4,048)	-	-	-	(586)	(4,634)	1,267	(3,367)
Other expenses	(320)	-	-	-	-	(320)	191	(129)
Establishment costs	-	-	-	-	-	-	(6,154)	(6,154)
Finance costs	(10)	-	-	-	(2)	(12)	-	(12)
Total expenses	**(6,866)**	**(541)**	**(717)**	**-**	**(589)**	**(8,713)**	**(4,328)**	**(13,041)**
Operating profit/(loss)	**(514)**	**675**	**587**	**102**	**(589)**	**261**	**(4,363)**	**(4,102)**
Gain on bargain purchase	2,983	-	-	-	-	2,983	-	2,983
Segment profit/(loss)	**2,469**	**675**	**587**	**102**	**(589)**	**3,244**	**(4,363)**	**(1,119)**

The information on segment assets and liabilities provided to the Executive Management Committee for the reportable segments as at 31 December 2016 and 30 June 2016 is as follows:

	Dairy	**Seafood**	**Health**	**Meat**	**Distribution**	**Total segments**	**Adjustments and eliminations**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2016								
Total segment assets	140,131	16,225	18,669	7,099	7,535	189,659	(38,309)	151,350
Total segment liabilities	(69,088)	(10,114)	(4,117)	(2,351)	(5,316)	(90,986)	79,230	(11,756)
Total segment net assets	**71,043**	**6,111**	**14,552**	**4,748**	**2,219**	**98,673**	**40,921**	**139,594**
As at 30 June 2016								
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)
Total segment net assets	**63,997**	**7,928**	**18,742**	**2,522**	**7,759**	**100,948**	**16,217**	**117,165**

4 Revenue

	31 December 2016 $'000	31 December 2015 $'000
Sales revenue	**9,951**	6,532
Other revenue		
Leasing income	**510**	1,074
	510	1,074
Total revenue	**10,461**	7,606

5 Other income

	31 December 2016 $'000	31 December 2015 $'000
Fair value adjustment to biological assets	**503**	105
Government grants	**14**	-
Gain on bargain purchase	**-**	2,983
Other items	**60**	62
	577	3,150

(a) Government grants

During the half-year ended 31 December 2016, the Group received the first milestone payment of $365,000 as part of its $2,500,000 Regional Development Grant, which was awarded to the Group for development of its cheese manufacturing facilities at Murray Bridge.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income in the period necessary to match them with the expenses they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are recognised as deferred income and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

The Regional Development Grant comprises elements of both costs, and property, plant and equipment, and has been apportioned accordingly with $14k credited to other income and $10k offset against depreciation. As such, future milestone payments associated with this grant will also be treated in a consistent manner.

6 Net finance income

	31 December 2016 $'000	31 December 2015 $'000
Finance income		
Interest income	**639**	974
Finance costs		
Finance charges paid for financial liabilities	**(22)**	(10)
Net exchange losses on foreign currency borrowings	**(125)**	(2)
	(147)	(12)
Net finance income	**492**	962

7 Income tax

(a) Income tax

	31 December 2016 $'000	31 December 2015 $'000
Current tax	**(459)**	-
Deferred tax	**(1,269)**	(39)
Income tax benefit	**(1,728)**	(39)

(b) Tax losses

	31 December 2016 $'000	31 December 2015 $'000
Unused tax losses for which no deferred tax asset has been recognised	**1,417**	356
Potential tax benefit @ 30.0%	**425**	107

8 Trade and other receivables

	31 December 2016 $'000	30 June 2016 $'000
Current assets		
Trade receivables	**9,736**	12,299
Receivables from related parties	**-**	1,282
Convertible notes receivable	**7,784**	8,584
Other receivables	**771**	1,696
Prepayments	**415**	111
Goods and services tax (GST) receivable	**1,820**	2,638
	20,526	26,610

(a) Convertible notes receivable

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

On 25 August 2015, the Group entered into convertible notes with potential to acquire a 40% interest in both Scorpio Foods Pty Ltd and Australian Provincial Cheese Pty Ltd for an amount of $2,400,000 and $1,100,000 respectively. The notes were issued at a 9.5% interest rate and, at the discretion of the Group, may be converted to that number of ordinary shares which equate to 40% of the investees. On 20 June 2016, the convertible notes terms were extended for a period of 12 months or until the investee companies meet their forecasts.

On 15 September 2016, the Group acquired the assets of Australian Provincial Cheese Pty Ltd and was repaid the convertible note as part of the transaction. The convertible note with Scorpio Foods Pty Ltd was unaffected by this transaction.

On 11 August 2016, the Group entered into an additional convertible note with Scorpio Foods Pty Ltd for an amount of $300,000. The 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.

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.

(b) 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.

9 Property, plant and equipment

Acquisitions and disposals

During the half-year ended 31 December 2016, the Group acquired assets with a cost of $2.515m (half-year ended 31 December 2015: $13.166m), excluding property, plant and equipment acquired through a business combination (see note 18).

10 Intangible assets

(a) Acquisitions and disposals

During the half-year ended 31 December 2016, the Group acquired assets with a cost of $0.505m (half-year ended 31 December 2015: $5.063m), excluding intangible assets acquired through a business combination (see note 18).

(b) Impairment tests for goodwill and indefinite life intangibles

Goodwill and indefinite life intangibles are tested for impairment annually as part of their cash generating units and when circumstances indicate their carrying value may be impaired. At 31 December 2016, there have been no indicators of impairment present.

11 Trade and other payables

	31 December 2016 $'000	30 June 2016 $'000
Current liabilities		
Trade payables	**7,092**	7,343
Amounts due to associates	**155**	147
Goods and services tax (GST) payable	**67**	22
Accrued expenses	**966**	770
Payroll liabilities	**533**	369
Other payables	**1,117**	54
	9,930	8,705

12 Contributed equity

(a) Share capital

	31 December 2016 Shares	30 June 2016 Shares	31 December 2016 $'000	30 June 2016 $'000
Ordinary shares - fully paid	**443,315,867**	363,241,052	**147,358**	113,472

(b) Movements in ordinary share capital

Date	Details	Number of shares	$'000
01/07/2015	Opening balance	77,526,766	21,471
28/08/2015	Share issue via Initial Public Offering	285,714,286	100,000
		363,241,052	121,471
	Less: Transaction costs arising on share issue	-	(9,420)
	Deferred tax recognised directly in equity	-	1,421
30/06/2016	Closing balance	363,241,052	113,472
01/07/2016	Opening balance	363,241,052	113,472
31/08/2016	Share issue via placement	64,051,111	28,823
06/12/2016	Exercise of Founders' Rights	16,023,704	5,608
		443,315,867	147,903
	Less: Transaction costs arising on share issue	-	(545)
	Deferred tax recognised directly in equity	-	(60)
31/12/2016	Closing balance	443,315,867	147,297

13 Other reserves

	31 December 2016 $'000	30 June 2016 $'000
Share-based payments	**8**	5,617
Foreign currency translation	**64**	(48)
	72	5,569

14 Dividends

Ordinary shares

During the half-year ended 31 December 2016, an unfranked dividend was paid to ordinary shareholders of $2,179,446 (0.60 cents per fully paid share) (31 December 2015: nil).

15 Contingencies

The Group had no contingent assets or liabilities at 31 December 2016 (2015: nil).

16 Commitments

(a) Lease commitments: Group as lessor

Non-cancellable operating leases

The Group has entered into operating leases on its dairy farming property portfolio consistent 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 31 December 2016 are as follows:

	31 December 2016 $'000	30 June 2016 $'000
Within one year	**430**	418
Later than one year but not later than five years	**853**	760
Later than five years	**629**	1,678
	1,912	2,856

(b) Lease commitments: Group as lessee

Non-cancellable operating leases

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:

	31 December 2016 $'000	30 June 2016 $'000
Within one year	**281**	79
Later than one year but not later than five years	**6**	51
	287	130

17 Related party transactions

(a) Key management personnel

On 6 December 2016, senior executives exercised their Founders' Rights under the Founders' Rights Performance Rights Plan. The exercise of Founders' Rights resulted in the issue of 16,023,704 ordinary shares for nil consideration. The Group previously recognised a share-based payment reserve of $5,616,721 during the year ended 30 June 2016 when they were granted. An amount of $5,608,296 was transferred to contributed equity as a result of exercise.

(b) Transactions with related parties

	31 December 2016 $	31 December 2015 $
Sales of goods and services		
Sales of goods to investee entities	**133,468**	-
Remuneration received for directors services	**60,000**	61,562
Interest income from investee entities	**389,718**	599,203
Leasing income from investee entities	**202,945**	-
Purchases of goods and services		
Purchases of various goods and services from related parties	**(1,814,855)**	(1,154,751)
Management fees to the Investment Manager	**(1,161,426)**	(1,189,846)
Reimbursement to Investment Manager for capital raising costs	**(545,344)**	-
Reimbursement of costs associated with business formation	**-**	(640,000)

(c) Receivables/(payables) with related parties

	31 December 2016 $	30 June 2016 $
Outstanding balances arising from sales and purchases of goods and services		
Current receivables	**1,032,472**	1,705,312
Current payables	**(272,552)**	(1,054,389)
Loans receivable from related parties		
Beginning of the year	**32,503**	18,003
Loans advanced	**250,000**	14,500
Loans converted to sales proceeds	**(250,000)**	-
End of period	**32,503**	32,503

(d) Terms and conditions

For details on the terms and conditions on transactions with the Investment Manager and other related parties, refer to the 30 June 2016 Annual Report.

For the half-year ended 31 December 2016, the Investment Manager was not entitled to receive a performance fee in respect of the Company's out-performance of the benchmark index.

18 Business combination

Summary of acquisition

On 15 September 2016, the Group acquired the manufacturing assets of Australian Provincial Cheese Pty Ltd ('APC') necessary to continue operation of its business, namely production of the Grange Peak and Mable's cream cheese products. The acquisition has been accounted for using the acquisition method. The financial statements include the results of the acquisition from the acquisition date.

The award-winning Grange Peak and Mable's products are distributed in both Australian and overseas markets. The Group will continue the production and distribution of these products through integration of APC's manufacturing assets with Beston Pure Dairies Pty Ltd's Murray Bridge factory.

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

	$'000
Purchase consideration:	
Cash paid	**764**
Settlement of debtors	**86**
Settlement of loan	**250**
Settlement of convertible note	**1,100**
Total purchase consideration	**2,200**

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

	Fair value $'000
Plant and equipment	**374**
Intangible asset: customer contracts	**734**
Net identifiable assets acquired	**1,108**
Add: Goodwill acquired	**1,092**
Net assets acquired	**2,200**

(i) Revenue and profit contribution

The acquired business contributed revenues of $501,498 and a net loss of $337,904 to the Group for the period from 15 September 2016 to 31 December 2016. The loss is partially due to one-off setup and integration costs, as well as inefficiencies in the manufacturing line. It is anticipated that these will be rectified in the second half of the financial year.

It is impracticable to include what the revenue and profit of the Group would have been for the half-year if the acquisition had occurred at the beginning of the period since APC had to stall operations prior to the acquisition and the information is not readily available.

(ii) Acquisition-related costs

Acquisition-related costs of $30,929 are included in other expenses in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

19 Interests in associates

Name of entity	Country of incorporation and operation	Ownership interest		Measurement method	Carrying value	
		December 2016 %	June 2016 %		**December 2016 $'000**	June 2016 $'000
Ferguson Australia Pty Ltd	Australia	**32**	32	Equity method	**4,915**	4,997
Neptune Bio-Innovations Pty Ltd	Australia	**20**	20	Equity method	**11,869**	11,938
Total equity accounted investments					**16,784**	16,935

20 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

21 Earnings per share

(a) Basic earnings per share

	31 December 2016 Cents	31 December 2015 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**(0.90)**	(0.40)
Total basic earnings per share attributable to the ordinary equity holders of the Company	**(0.90)**	(0.40)

(b) Diluted earnings per share

	31 December 2016 Cents	31 December 2015 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**(0.90)**	(0.40)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**(0.90)**	(0.40)

(c) Weighted average number of shares used as denominator

	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**408,130,823**	272,043,847

In the Directors' opinion:

(a) the interim financial statements and notes set out on pages 10 to 26 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, 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 31 December 2016 and of its performance for the half-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.

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

R Sexton
Chairman

Adelaide
28 February 2017

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To the members of Beston Global Food Company Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Beston Global Food Company Limited, which comprises the balance sheet as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Beston Global Food Company Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Beston Global Food Company Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Mark Phelps

Mark Phelps
Partner
Adelaide
28 February 2017