PACIFIC DAIRIES LIMITED

ACN 095 821 971

Appendix 4E

Preliminary Final Report

For the Year Ended 30 June 2017

In Compliance with ASX Listing Rule 4.3A

PACIFIC DAIRIES LIMITED

APPENDIX 4E - PRELIMINARY FINAL REPORT

(ASX Listing rule 4.2A)

Company Name:	Pacific Dairies Limited
ACN:	095 821 971
Reporting Period:	Financial year ended 30 June 2017
Previous Reporting Period:	Financial year ended 30 June 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The results of Pacific Dairies Limited for the year ended 30 June 2017 are as follows:

		% Change	Amount of Change $'000		$'000
Revenue from ordinary activities	Down	50.56%	(2,768)	to	57
(Loss) from continuing operations	Up	38.31%	(261,253)	to	(943,187)
(Loss) from discontinued operations	Down	100%	(868)	to	0.00
(Loss) for period after tax attributable to members	Up	38.31%	(261,253)	to	(943,187)

PACIFIC DAIRIES LIMITED

APPENDIX 4E - PRELIMINARY FINAL REPORT

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(Loss) for period after tax attributable to members	Up	38.31%	(261,253)	to	(943,187)

Brief explanation of figures reported above

The loss for the Company after income tax for the reporting period was ($943,187).
For further details relating to the current period's results, refer to the Review of Operations contained within this document.

Dividends

No dividends have been paid or declared by the Group since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

APPENDIX 4E - PRELIMINARY FINAL REPORT

(ASX Listing rule 4.2A)

	30 June 2017	30 June 2016
Net Tangible Assets		
Net Tangible Assets / (Liabilities)	238,586	116,005
Shares (No)	376,493,755	315,531,854
Net Tangible Assets / (liabilities) – (cents)	0.063 cents	0.037 cents
Loss per Share		
Basic earnings (loss) per ordinary share (cents)	(0.29) cents	(0.45) cents
Diluted Earnings (loss) per ordinary share	(0.29) cents	(0.45) cents

Status of Audit of Accounts

These accounts have been audited.

PACIFIC DAIRIES LIMITED

ACN: 095 821 971

2017

ANNUAL
REPORT

Pacific Dairies Limited
21 Wells Road Mordialloc Victoria 3187 Australia
Phone +613 9580 4328 Fax +613 9580 2294

PACIFIC DAIRIES LTD (ACN: 095 821 971)
Annual Financial Report
For the year ended 30 June 2017

CONTENTS

PACIFIC DAIRIES LTD (ACN: 095 821 971)
Annual Financial Report
For the year ended 30 June 2017

Corporate Directory

Directors

Paul Duckett	Executive Chairman
Ray Taylor	Non-Executive Director
Christopher Egan	Non- Executive Director

Share registry

Board Room Pty Limited
Level 12
225 George Street
Sydney NSW 2000
Investor Enquiries:

Within Australia	1300 737 760
Outside Australia	+61 2 9290 9600

Secretary

Justyn Stedwell

Auditor

Walker Wayland Advantage Audit Partnership
Level 7
114 William Street
Melbourne VIC 3000
Telephone: +61 3 9274 0600

Registered office and principal place of business

21 Wells Road
Mordialloc VIC 3195
Telephone: +61 3 9653 7338
Facsimile: +61 3 9653 9122

Stock exchange listing

Australian Stock Exchange Ltd
(Home Branch- Melbourne)
ASX Code: PDF

Website

Not Applicable

Bankers

Westpac Banking Corporation
203 Boundary Road
Braeside VIC 3195

PACIFIC DAIRIES LTD (ACN: 095 821 971)
Annual Financial Report
For the year ended 30 June 2017

DIRECTORS REPORT

Your directors present their report, together with the financial statements of Pacific Dairies Limited for the year ended 30 June 2017.

DIRECTORS

The directors at any time during or since the financial year are:

Paul Duckett	Executive Chairman
Raymond Taylor	Non-Executive Director
Christopher Egan	Non- Executive Director (appointed 23 October 2017)
Trevor Kelly	Non-Executive Director (resigned 23 October 2017)
Ping Huang	Non-Executive Director (resigned 10 November 2016)

PRINCIPAL ACTIVITIES

Since 2016, the Company has focused on capital and debt funding to acquire a dairy hub of 5 farms in the Murray River region of Northern Victoria and Southern NSW, approved by shareholders in 2016 and on the potential to build a dairy operation in Fiji.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

Financial results for the 2017 year was a loss of $943,187.

Operations

The 2016/17 year was one of transition, the Company changing its name from Australian Natural Proteins Limited to Pacific Dairies Limited, focusing on the Dairy Project in the Riverina and potential Fijian Joint Venture with Asia Pacific logistics Pty Ltd. The prime focus of the company has been to obtain financing for the Australian 5 farm acquisitions approved at our 2016 AGM and limited equity raising to further the understanding of the Fijian opportunity.

Financing has run into several obstacles during this year, due to some of the negative press articles that have been directed at the company, and in addition, the general adverse investor sentiment resulting from the Murray Goulburn debacle and other major manufacturers, significantly dropping the farm gate milk price.

Thankfully the underlying value of our project has held up and we are hopeful to complete the debt funding during the first half of the 2018/2019 year. The recovery of milk prices has renewed market interest in the Dairy Sector. In anticipation of the success in obtaining funding due to significant interest from several parties, we have purchased a number of high index cattle from one of the identified farms, where they have remained on an agistment arrangement until the farm purchase is completed. The Board is appreciative and encouraged by our farmers who have continued their support during the raising of debt funds. The support of major shareholders has also been encouraging during this period. We have also continued to explore the opportunity in Fiji which is of major interest to potential debt funders. The Board have been significantly encouraged by the high levels of Government interest in dairying and scope of the possibilities for the company arising out of the due-diligence process. We are expecting to finalise an investment decision to proceed following finalisation of the funding process.

Capital Raising

Due to the need to progress work on the Fiji Project and maintain the commitment of the Australian farms to our acquisition plans, a limited Convertible Loan raising was undertaken mid-2017/2018.

Going concern

The financial information has been prepared on the "going concern" basis, which assumes the continuation of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The continuance of business activities is dependent on successful debt and equity raising ahead of farm acquisitions.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Since the end of the 2015 financial year the Company has focused on a significant reform program to restructure the company and put together a portfolio of agricultural assets and business opportunities for acquisition.

EVENTS SUBSEQUENT TO REPORTING DATE

In December 2017 due to significant interest from several potential debt funders in the Company's plans for Fiji and Australia, the company began the process of placing a debt security with overseas wholesale investors. With Pramana Capital as Primary Guarantor, the process has continued, and it is expected to complete funding and list the Securities on the International Exchange by the end of the first half of 2018/2019.

In addition to the earlier mentioned cattle purchases, the Company has also assisted with growing maize on the targeted Australian farms to ensure quality feed stocks post planned acquisition, which is intended in the first half of 2018/2019.

The due diligence on the Fiji Dairy Project has also continued during this period and is nearing completion.

The Company has also begun steps to complete the ASX's requirements under Chapter's 1 and 2, due to the major change in scope and activity approved by shareholders and suspension of trading by the ASX, until completion of the relisting requirements. The Company's intention is to complete this activity in the first half of 2018/2019.

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

DIVIDENDS

No dividends were paid during the year and the directors do not recommend the payment of a dividend.

INFORMATION ON DIRECTORS

Paul Duckett	**Executive Chairman**
Qualifications	Mr Duckett holds a BE
Interests in Shares and Options	Mr Duckett has a relevant interest in 39,362,908 ordinary shares in Pacific Dairies Ltd
Directorships held	Mr Duckett is currently Chairman of Soil Management Services Limited and Meridian Fertilisers Pty Ltd
Raymond Taylor	**Non- Executive Director**
Qualifications	Mr Taylor holds a BComm, MBA, FCPA.
Interests in Shares and Options	Mr Taylor has a relevant interest in 11,735,529 ordinary shares in Pacific Dairies Ltd
Directorships held	Nil

INFORMATION ON DIRECTORS (cont'd)

Christopher Egan	**Non- Executive Director**
Interests in Shares and Options	Mr Egan has a relevant interest in 1,676,667 ordinary shares in Pacific Dairies Ltd.
Directorships held	Managing Director Cooee Foods Pty Ltd

Given the current size and complexity of the Company, the Board of Directors currently assumes the responsibilities normally delegated to the audit, risk, remuneration and nomination Committees.

COMPANY SECRETARY

Mr Justyn Stedwell holds the position of company secretary.

Mr Stedwell is a professional Company Secretary over 11 years' experience acting as a Company Secretary of ASX listed companies. He has completed a Bachelor of Business and Commerce at Monash University, a Graduate Diploma of Accounting at Deakin University and a Graduate Diploma in Applied Corporate Governance with the Governance Institute of Australia. He is currently the Company Secretary of several ASX listed companies.

MEETINGS OF DIRECTORS

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2017, including the number of meetings attended by each director were:

Directors	**Directors Meetings**	
	Number held while a director	**Number Attended**
Paul Duckett	11	11
Raymond Taylor	11	11
Trevor Kelly	11	11
Ping Huang	6	4

SHARES UNDER OPTION

The following Options were on issue at 1 July 2016

Number of Options	Exercise Price	Expiry Date
10,000,000	$0.045	30 June 2017
5,833,333	$0.007	30 June 2017

The following Options were issued during the year

Date of Issue	Number of Options	Exercise Price	Expiry Date	Details
1/08/2016	9,757,143	$0.045	30/06/2017	Issued on conversion of Convertible Loans
1/08/2016	6,171,428	$0.045	30/06/2017	Issued as consideration for director's fees payable.

The following Options lapsed during the year

Number of Options	Exercise Price	Expiry Date
25,928,571	$0.045	30/06/2017

The following Options were exercised during the year

Number of Options	Exercise Price	Expiry Date
5,833,333	$0.007	30/06/2017

There were no Options remaining on issue at the end of the 2017 financial year.

SHARES ON ISSUE AND SHARE ISSUES

Date	Details	Number of Shares Issued	Issue Price	Shares on issue
1/07/2016	Shares on issue at 1 July 2016			315,531,855
1/08/2016	Issued on conversion of Convertible Loans	9,757,143	$0.035	325,288,998
1/08/2016	Issued as consideration for director's fees payable.	6,171,428	$0.035	331,460,426
30/06/2017	Shares on issue at 30 June 2017			331,460,426
06/07/2017	Issued upon exercise of Options	5,833,333	$0.007	337,293,759
07/02/2018	Issued on conversion of loans to shares	39,200,000	$0.01	376,493,759
21/06/2018	Issued on conversion of loans to shares	1,000,000	$0.01	377,493,759

INDEMNIFYING OFFICERS

During the financial year, the company paid an insurance premium in respect of an insurance policy insuring the directors, the company secretary and all executive officers of the Company against a liability incurred as a consequence of holding that office in the company to the extent permitted by the Corporations Act 2001. The total amount of premium was $24,216 for all directors and officers for the 2017 year.

PROCEEDINGS ON BEHALF OF COMPANY

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 273 of the Corporations Act 2001.

NON-AUDIT SERVICES

The company may decide to employ the auditor on assignments additional to statutory audit duties where the auditor's expertise and experience with the Company are important.

During the year, no amount has been paid to the auditors for any non-audit services.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required under section 307C of the Corporations Act set out in page 9.

REMUNERATION REPORT (audited)

This report is intended to detail the nature and amount of remuneration for each director of Pacific Dairies Limited and for any executive occupying a key management personnel role.

The following 2016 Directors Fees were converted to shares during the year ended 30 June 2017. At the General Meeting of the Company on 13 July 2016, Shareholders approved the fees and that in lieu of payment the Directors receive shares (at a deemed issue price of $0.035 per share) with options as per the table below:

		Value of remuneration	Shares in lieu	Options in lieu
Paul Duckett	Executive Chairman	$150,000	4,285,714	4,285,714
Ray Taylor	Non-Executive Director	$ 33,000	942,847	942,857
Trevor Kelly	Non-Executive Director	$ 33,000	942,857	942,857

The remuneration policy has been designed to align director and executive objectives with shareholder and business objectives providing a fixed remuneration component and, should it be appropriate, specific long-term incentives based on key performance areas affecting the group's financial results. The board of Pacific Dairies Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration.
B. Details of remuneration
C. Service agreements
D. Share- based compensation
E. Key management personnel equity and converting loan note holdings

The information provided includes remuneration disclosures that are required by Section 300A (1) of the Corporations Act 2001.

A Principles used to determine the nature and amount of remuneration

The board assesses the appropriateness of the nature and amount of remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team. In accordance with the best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct. For the year ended 30 June 2017 the Company did not engage remuneration consultants.

Non- Executive Directors

The board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the board.

The constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The maximum currently stands at $200,000 per annum.

There is no direct link between remuneration paid to any non-executive directors and corporate performance. There are no termination or retirement benefits for non-executive directors other than statutory superannuation.

Short- term incentives

No bonus payments were made for the year ended 30 June 2017.

Long- term incentives

Long term incentives are designed to reward executive directors, officers and senior management for their role in achieving corporate objectives. These incentives are provided as options issued under the terms and conditions determined at the time of issue by the board.
No such incentives are currently payable.

Other remuneration

There is no other performance- linked remuneration.

B Details of remuneration

Directors

The following persons were directors of Pacific Dairies Limited (and were the only key management personnel) during the financial year.

- Paul Duckett (Executive Chairman)
- Raymond Taylor (Non-Executive Director)
- Trevor Kelly (Non-Executive Director) Resigned 23rd October 2017
- Ping Huang (Non-Executive Director) Resigned 10th November 2016
- Christopher Egan (Non-Executive Director) Appointed 23rd October 2017

2017	Short- term benefits			Post-employment	Share- based payment	Total
	Directors' fees	Salary and wages	Consultancy fee	Super contributions	Shares	
	$	$	$	$	$	$
Non- Executive Directors						
Paul Duckett	156,000					156,000
Raymond Taylor	36,000					36,000
Trevor Kelly	36,000					36,000
Ping Huang	*45,000					45,000
Total	**273,000**	-	-	-	-	**273,000**

2016	Short- term benefits			Post-employment	Share- based payment	Total
	Directors' fees	Salary and wages	Consultancy fee	Super contributions	Shares	
	$	$	$	$	$	$
Non- Executive Directors						
Paul Duckett					150,000	150,000
Raymond Taylor					33,000	33,000
Trevor Kelly					33,000	33,000
Ping Huang					-	-
Total	-	-	-	-	216,000	216,000

The remuneration of the directors is fixed. There is not a component linked to performance.

*The remuneration of Ping Huang has been brought to account and includes accruals for the year ended 30th June 2016 and 2017 to his date of resignation.

C Service Agreements

A service agreement exists for Mr Paul Duckett comprising a minimum of three days per week payable at $120,000 per annum.

Currently there is no service agreement with any of the non-executive Directors.

Company Secretarial work is currently performed on a month by month basis with no formal agreement in place. It is expected a formal agreement will be signed on completion of any proposed capital raising. There are no other service contracts in place at the date of this report.

PACIFIC DAIRIES LTD (ACN: 095 821 971)
Annual Financial Report
For the year ended 30 June 2017

D Share- based compensation

Shares

Other than as noted in Section B above there was no Share-based compensation paid during the financial year.

Options

With the approval of Shareholders at the General Meeting of the Company on 13 July 2016, there were an equal number of options and shares issued to each of the recipient directors, in lieu of the payment of directors' fees. Accordingly, the following options, having an exercise price of $0.035 per option and an expiry date of 30 June 2017, were issued on 1 August 2016:

2017 (number of options)	Balance 30 June 2017
Paul Duckett	4,285,714
Raymond Taylor	942,857
Trevor Kelly	942,857

E Key management personnel equity and converting loan note holdings

2017 (number of shares)	Balance 1 July 2016	Balance 30 June 2017
Paul Duckett	34,591,480	39,362,908
Raymond Taylor	10,792,672	15,000,000
Trevor Kelly	10,205,387	11,148,244

2017 (number of converting loan notes)	Balance 1 July 2016	Balance 30 June 2017
Paul Duckett	17,000	150,000 (1)
Raymond Taylor		15,000 (1)
Trevor Kelly	-	-

(1) At 30 June 2017, the converting loan notes have the following characteristics:
Subject to Board and Shareholder Approval, for each $1 Note the Company will issue 100 fully paid ordinary shares (equivalent to an issue price of $0.01 per share).

This Directors Report, incorporating the remuneration report is signed in accordance with a resolution of the directors.

Paul Duckett
Chair of Directors

Dated: 28th June 2018

walker wayland Advantage

Chartered Accountants & Advisors

Walker Wayland Advantage Audit Partnership

Audit & Assurance Services

Level 7, 114 William Street
Melbourne VIC 3000
Australia

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T +61 3 9274 0600

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wwadvantage.com.au

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PACIFIC DAIRIES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

a) no contraventions of the auditor independence requirements as set out in 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.

Walker Wayland Advantage

WALKER WAYLAND ADVANTAGE AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS

BEN BESTER
PARTNER

Dated in Melbourne on this 28 day of June 2018

Statement of Profit or Loss and Other Comprehensive Income for Year Ended 30 June 2017

	Note	2017 $	2016 $
OPERATIONS			
Revenue	3(a)	**57**	**2,825**
Financing expenses		(5,113)	(17,433)
Employee benefits expense		(80,274)	(20,883)
Consultant & contractor expenses		(349,108)	(312,448)
Depreciation of plant & equipment		(3,773)	(14,920)
Directors' fees	3(b)	(273,000)	(216,000)
Other expenses	3(b)	(186,786)	(103,075)
Profit (Loss) on disposal of assets		(45,190)	
Total expenses		**(943,244)**	**(684,759)**
Loss from operating activities before income tax		**(943,187)**	**(681,934)**
Income tax expense	4	-	
Loss for the year		**(943,187)**	**(681,934)**
Other comprehensive income		-	
Total comprehensive income (loss) for the year		**(943,187)**	**(681,934)**
Earnings per share			
Basic earnings per share (cents)	15	**(0.29)**	**(0.45)**
Diluted earnings per share (cents)	15	**(0.29)**	**(0.45)**

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

Statement of Financial Position
As at 30 June 2017

	Note	2017 $	2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	279,828	535,916
Biological assets	2(h)	286,000	
Total Current Assets		**565,828**	**535,916**
Non-current Assets			
Property, plant and equipment	6	465	29,756
Property acquisition costs in advance	2(q)	-	69,672
Total Non-current Assets		**465**	**99,428**
TOTAL ASSETS		**566,293**	**635,344**
LIABILITIES			
Current Liabilities			
Trade and other payables		327,707	255,547
Borrowings	2(g), 7	-	263,792
Total Current Liabilities		**327,707**	**519,339**
TOTAL LIABILITIES		**327,707**	**519,339**
NET ASSETS		**238,586**	**116,005**
EQUITY			
Contributed equity	2(g), 8	**20,362,562**	**19,296,794**
Accumulated losses	8	**(20,123,976)**	**(19,180,789)**
TOTAL EQUITY		**238,586**	**116,005**

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

PACIFIC DAIRIES LTD (ACN: 095 821 971)

Statement of Changes in Equity
for the Year Ended 30 June 2017

		Issued Capital	*Accumulated losses*	*Convertible Note Reserve*	*Total*
		$	$	$	$
At 30 June 2015		17,901,261	(18,498,855)		(597,594)
Shares issued during the period		1,395,533	-		1,395,533
Net loss for period		-	(681,934)		(681,934)
At 30 June 2016		**19,296,794**	**(19,180,789)**	-	**116,005**
At 1 July 2016		19,296,794	(19,180,789)		116,005
Shares issued during the period		341,501	-		341,501
Convertible note reserve as at 30/06/17	2(g), 8			508,267	508,267
Shares issued in lieu of Directors Fees (2016)		216,000	-		216,000
Net loss for period		-	(943,187)		(943,187)
At 30 June 2017		**19,854,295**	**(20,123,976)**	**508,267**	**238,586**

Statement of Cash Flows
for the Year Ended 30 June 2017

		2017	2016
		$	$
Cash flows from operating activities			
Receipts from customers and others		-	2,500
Payments to suppliers, employees and others		(306,541)	(488,002)
Interest received		57	325
Interest paid		(5,113)	(17,433)
Net cash flows from operating activities	5	**(311,597)**	**(502,610)**
Cash flows from investing activities			
Property acquisition costs advanced		-	(69,672)
Proceeds from sale of property, plant and equipment		50,000	-
Purchase of Diary Cows		(286,000)	-
Net cash flows used in investing activities		**(236,000)**	**(69,672)**
Cash flows from financing activities			
Net proceeds of converting note loans and share issues		341,501	945,134
Payment of hire purchase obligations		(49,992)	(12,277)
Net cash flows from financing activities		**291,509**	**932,857**
Net increase in cash and cash equivalents		(256,088)	360,575
Cash at beginning of financial period		535,916	175,341
Cash and cash equivalents at end of period	5	**279,828**	**535,916**

The Statements of Changes in Equity and Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
for Year Ended 30 June 2017

1 CORPORATE INFORMATION

The financial report includes the financial statements and notes of Pacific Dairies Limited. The financial report was authorised for issue in accordance with a resolution of the directors on 28th June 2018.

Pacific Dairies Limited (the Company) is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Stock Exchange. As at the date of this report the Company is suspended from Trading.

The nature of the operations and principal activities of the Group are described in the directors' report.

The registered office of Pacific Dairies Limited is located at 21 Wells Road, Mordialloc, Victoria 3185

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and on the basis of historical cost. All amounts are presented in Australian dollars.

(b) Going Concern

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company reported an operating loss of ($943,187), with revenue of $57 and expenses on operations of ($943,244) (including Directors Fees of $273,000) for the year ended 30 June 2017, and as at that date had net current assets of $238,121 and net equity of $238,586.

Since its appointment in February 2015, the Board has focused on a significant reform program to restructure the Company. The Directors' emphasis has been to raise sufficient converting loan notes to satisfy short term liquidity requirements, and to explore avenues to acquire a portfolio of agricultural business opportunities. The Company raised $341,501 from the proceeds of converting note loans and share issues during the year ended 30 June 2017.

The continuance of business activities will be dependent on further successful fund raising and bond or debt funding.

The Directors have prepared a cash flow forecast for the year subsequent to the date of approval of this financial report, and based on current cash resources together with the anticipated cash flows over that period, the Group will have sufficient cash resources to continue to pay its debts as and when they fall due.

In consideration of the above matters, the Directors have determined that it is reasonably foreseeable that the Group and the Company will continue as a going concern and that it is appropriate that the going concern method of accounting be adopted in the preparation of the financial statements. In the event that the Group and the Company are unable to continue as going concerns (due to an inability to raise future funding requirements), they may be required to realise their assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

The financial statements do not include adjustments relating to the recoverability and classification of asset amounts or to the amounts and classification of liabilities that might be necessary if the Group and the Company were not to continue as going concerns.

(c) New/Amended Accounting Standards and Interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year other than as noted below.

(ii) New accounting standards for application in future periods

The following Standards and Interpretations issued or amended are applicable to the Company but are not yet effective and have not been adopted in preparation of the financial statements at the reporting date. The Company's assessment of the impact of these new standards and interpretations is set out below.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 11 Construction Contracts, AASB 18 Revenue and related Interpretations.

Notes to the Financial Statements (continued)
for Year Ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. This and related standards apply to the Group from 1 January 2018. The Company will apply the standard from 1 January 2018. There is no material impact on the Company in applying this standard.

AASB 9 Financial Instruments

AASB 9 is the final version of a new principal standard that consolidates requirements for the classification and measurement of financial assets and liabilities, hedge accounting and impairment of financial assets. AASB 9 replaces AASB 139 and supersedes all previously issued and amended versions of AASB 9 and applies to the Company from 1 January 2018. The company will apply the standard from the year commencing 1 January 2018. There is no material impact on the Company in applying this standard.

AASB 16 Leases

AASB 16 replaces the current guidance in AASB 117 Leases, and will apply to theCompany from 1 January 2019. Earlier adoption is permitted, but that cannot be prior to the adoption of AASB 15. The impact of the standard will be determined in advance of the year ending 30 June 2019.

The new standard significantly changes accounting for lessees requiring recognition of all leases, subject to certain exemptions, on the balance sheet, including those currently accounted for as operating leases. A lessee will recognise liabilities reflecting future lease payments and 'right-of-use assets', initially measured at the present value of unavoidable lease payments. Depreciation of leased assets and interest on lease liabilities will be recognised over the lease term.

(d) Principles of consolidation

Consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

As at the reporting date the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Group during the year, their respective operating results have been included (excluded) from the date control was obtained (ceased).

(e) Operating segments

The company currently operates in one business segment one geographical segment namely dairy farming.

(f) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position and for the purpose of the statement of cash flows comprise cash at bank and in hand and short-term deposits with an original maturity of two months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as definded above.

(g) Financial instruments

Recognition

Financial instruments, incorporating financial assets and financial liabilities, are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Receivables are recognised and carried at original invoice amount less provision for any uncollectible debts. An estimate for impaired receivables is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

Financial liabilities and equity instruments

Trade and other payables represent liabilities for goods and services received prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Liabilities for trade and other creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not invoiced.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. The Convertible Notes Reserve represents the equity component (conversion rights) of the convertible notes unconverted at year end.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Unless otherwise disclosed in the notes to the financial statements, the carrying amount of the Company's financial instruments approximates their fair values.

Impairment

At each reporting date the Company assesses whether there is objective evidence that any financial asset is impaired. A deemed impairment arises if objective evidence exists of one or more events occurring since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Default Rate

The default rate on convertible notes is 0%

(h) Biological Assets

Livestock are measured at their fair value less costs to sell. The fair value of livestock is based on current market values for the livestock.

(i) Property,plant and equipment

Basis of measurement of carrying amount

Freehold pastoral property and attached water rights is measured at fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction) as determined by a Directors' valuation based on periodic but at least triennial appraisals by independent valuers, less any impairment losses recognised after the date of the revaluation.

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

Asset carrying amounts are reviewed annually by the directors to ensure they are not in excess of the recoverable amount from these assets.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Depreciation

Items of plant and equipment are depreciated on a straight-line basis using rates reflecting the useful life of the asset to the company, commencing from the time the asset is held ready for use.

The estimated useful life of assets in the plant and equipment class of depreciable asset is: 3 - 7 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the greater of fair value less costs to sell and value in use.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

Derecognition

An asset is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss in the period the asset is derecognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(k) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) 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 deduction, net of tax from the proceeds.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(n) Income tax

Income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable tax rate, adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are attributable to the temporary differences between the carrying amount of an asset or liability in the financial statements, and its tax base. Temporary differences are either assessable or deductible differences, which respectively increase or decrease income tax payable in the future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses at the tax rates expected to apply when the assets are recovered or liabilities settled, and only if it is probable that future taxable income will be available to utilise those temporary differences and losses.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(o) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) *Earnings per share*

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders 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 period, adjusted for bonus elements in ordinary shares issued during the period.

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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the Financial Statements (continued)
for Year Ended 30 June 2017

(q) *Significant accounting judgements, estimates and assumptions*

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas that involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in notes of the particular accounts separately.

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. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that may a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the judgements applied are as follows.

Property acquisition costs in advance

Further to gaining shareholders' approval at a meeting on 13 July 2016, the directors are proceeding with plans to acquire five dairy farms in the areas of Cobram in Victoria and Finley in NSW. In respect of one of those properties certain transaction related stamp duty has been settled by the Company, consequent to the obligation arising upon execution of the contract of sale in accordance with the jurisdiction's regulations. On the assumption that the restructuring events will result in acquisition of the property, the costs paid in advance are regarded as being of future economic benefit, having the potential to contribute, indirectly, to the flow of cash to the Company.

Going concern

The judgement and related assumptions of higher current significance relate to the preparation of the financial report on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of the Group's liabilities in the ordinary course of business. In forming the view that the financial report be prepared on a going concern basis the directors have considered all matters noted in paragraph (b) of this summary of significant accounting policies.

	2017 $	2016 $
3 REVENUES AND EXPENSES		
3 (a) Revenue from operating activities		
Fees for advisory services		2,500
Interest income	57	325
	57	2,825
3 (b) Expenses on continuing operations includes:		
Directors' fees by way of share based payments approved at the general meeting of 13 July 2016	273,000	216,000
Remuneration of the auditor of the Company for auditing or reviewing the financial report (no other services were provided by the auditor)	32,500	30,555

4 INCOME TAX

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the year is as follows:

	2017 $	2016 $
Accounting (loss) before tax from continuing operations	(943,187)	(681,934)
Accounting (loss) before tax from discontinued operations	-	-
	(943,187)	(681,934)
At the statutory income tax rate of 30%	(282,956)	(204,580)
Non-deductible capital losses	-	-
Effect of non-recognition of losses incurred	282,956	204,580
Income tax expense reported in statement of profit or loss	-	-

The total value of tax losses unrecognised at 30 June 2017 is estimated to be $838,000.

Notes to the Financial Statements (continued)
for Year Ended 30 June 2017

5 CASH AND CASH EQUIVALENTS

Cash at banks (i)	279,828	535,916

(i) Cash earns interest at floating rates based on daily bank deposit rates.

Reconciliation of net loss after tax to net cash flows from operations

Net loss	(943,187)	(681,934)
Adjustments for:		
Gain on sale of motor vehicle	(24,482)	-
Write off property acquisition costs in advance	69,672	
Depreciation and amortisation	3,773	14,920
Non Cash Share Based Payments(Directors Fees Conversion)	216,000	
(Increase)/decrease in trade and other receivables	-	2,166
(Decrease)/increase in trade and other payables	365,193	162,238
(Decrease)/increase in employee entitlement provisions	1,434	-
Net cash from operating activities	(311,597)	(502,610)

6 PROPERTY, PLANT AND EQUIPMENT

Plant and equipment		
Cost	1,186	84,147
Accumulated depreciation and impairment	(721)	(54,391)
	465	29,756

Movement in carrying amounts of plant and equipment between the beginning and the end of the financial year:		
Balance at 1 July	29,756	44,676
Disposals & writedowns	(25,518)	-
Depreciation expense	(3,773)	(14,920)
Balance at 30 June	465	29,756

7 LOANS AND BORROWINGS

Interest bearing obligations under hire purchase contracts (i)	-	49,992
Share subscription loan (iii) (v)	508,267	213,800
Converting loan notes reclassified as equity at 30 June 2017	(508,267)	-
	-	263,792

Terms and conditions:

(i) Assets financed under hire purchase contracts are the security thereon. Hire purchase obligations have a remaining contracted term of approximately 2 years, though the total liability has been classified as current. Interest is charged at a weighted average effective rate of approximately 8%.	-	49,992

(ii) Converting Loan Note Agreements provide the lenders of funds to the Company the following:

Tranche 1 Loan Notes

Subject to Shareholder Approval (if applicable) by the Approval Date being no more than 1 year, for each $1 Note the Company will issue 166.7 fully paid ordinary shares (equivalent to an issue price of $0.006 per share) together with 166.7 options. Such options, at the discretion of the holder, are to be converted to fully paid shares at $0.007 per option. These options expire on 30 June 2017.

Tranche 2 Loan Notes

Subject to Shareholder Approval (if applicable) by the Approval Date being no more than 1 year, for each $1 Note the Company will issue 166.7 fully paid ordinary shares (equivalent to an issue price of $0.006 per share). No free options are attached.

Notes to the Financial Statements (continued)
for Year Ended 30 June 2017

	2017 $	2016 $
7 LOANS AND BORROWINGS (continued)		
(iii) Share subscription loan		
Subscription received for shares to be issued at $0.01 per share	-	213,800
(iv) Other loans	-	-
(v) For further information on director-related loans refer to Note 13.		
8 CONTRIBUTED EQUITY AND RESERVES		
Ordinary shares		
Fully paid ordinary shares carry one vote per share and carry the right	20,362,562	19,296,794
Accumulated losses		
Balance at the beginning of the financial year	(19,180,789)	(18,498,855)
Net loss after income tax for the financial year	(943,187)	(681,934)
Balance at the end of the financial year	(20,123,976)	(19,180,789)

Capital Management

Under current circumstances, when managing capital, the Directors' objective is to ensure the entity continues as a going concern. The current circumstances regarding going concern are described in Note 2(b).

Movement in Share Capital

			No. of shares	$
As at:	1-Jul-16	*Opening balance*	315,531,855	19,296,794
	1-Aug-16	*Shares issued in lieu of Directors Fees @ $0.035*	6,171,429	216,000
	1-Aug-16	*Issue of Shares upon conversion of Convertible Notes*	9,757,143	341,500
	30-Jun-17	*Closing Balance*	331,460,427	19,854,294
As at:	30-Jun-17	*Value of convertible notes remaining unconverted*		508,267
Total Contributed Equity				20,362,561

9 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

During the reporting period the Company's principal financial instruments comprised cash and equivalents, hire purchase finance contracts, and borrowings. The main purpose of these financial instruments was to provide finance for the Company's curtailed operations. The Company has various other financial assets and liabilities such as sundry receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period, the Company's policy that no trading in financial instruments shall be undertaken. The overall risk management program focused on minimising potential adverse effects on the financial performance of the Company. Current circumstances regarding going concern are described in Note 2(b).

The Company's most significant financial risk exposure is liquidity risk which has been monitored through the development of cash flow forecasts.

The Directors will perform financial risk management under policies approved by them, against the objective of supporting the delivery of the Company's financial targets whilst protecting future financial security.

10 COMMITMENTS AND CONTINGENCIES

Obligations due under hire purchase contracts

The Company's hire purchase obligations are detailed in Note 7.

Contractual commitments

As disclosed in Note 14, Events after the Reporting Date, the Company has identified and is planning to initially acquire two dairy farms, and possibly an additional three farms subsequently. The acquisitions are subject to the Company successfully raising debt and/or equity finance.

The initial two acquisitions have an aggregate consideration totalling $13,550,000, and should the Company be successful in raising all necessary funding to acquire the portfolio of five farms, the aggregate consideration payable to the five vendors will be $33,300,000.

The Company is being advised in respect of the acquisitions and sourcing of funding by separately engaged independent parties. The level of fees payable will vary, depending on the success of the fund raising.

Contingent liabilities

As at the reporting date there are no contingent liabilities to be reported.

Notes to the Financial Statements (continued)
for Year Ended 30 June 2017

11 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel (KMP)

KMP comprise only the directors as at the reporting date:

Paul Duckett

Ray Taylor

Trevor Kelly

During the previous year, KMP included the above-referred directors, and the following directors who held office for part of the year, up to their resignation on 10 November 2016

Ping Huang

(b) Compensation of KMP

	$	$
The aggregate compensation made to KMP of the company is set out below:		
Short-term employment benefits *	273,000	216,000
Post-employment benefit	-	-
Other long-term benefits	-	-
Termination benefits	-	-
	273,000	216,000

* The 2016 benefits were settled subsequent to the 2017 year-end by way of share based payments approved at the general meeting on 13 July 2016

13 RELATED PARTY DISCLOSURE

(a) Related entities within the Group

The financial statements include the financial statements of Pacific Dairies Limited only.

(b) Transactions with directors and director related entities

As of the reporting date, the following loans were made or remained in place, between the Company and directors or director related entities: The loans pertain to business segments unrelated to its dairy operations and ceased before the current reporting period.

Related party	*Description*	*Amount receivable from* $	*Amount receivable from* $
Directors:			
Mr Paul Duckett	*Converting Loan Notes - Tranche 1*	-	(30,000)
	Converting Loan Notes - Tranche 2	-	(12,000)
	Converting Loan Notes	(17,000)	-
Mr Raymond Taylor	*Converting Loan Notes - Tranche 1*	-	(12,672)
	Converting Loan Notes - Tranche 2	-	(53,277)
Mr Trevor Kelly	*Converting Loan Notes - Tranche 1*	-	(37,500)
	Converting Loan Notes - Tranche 2	-	(9,800)
Mr Ping Huang	*Converting Loan Notes - Tranche 1*	-	(25,000)
	Converting Loan Notes - Tranche 2	-	(25,000)
Director-related entities:			
Mercer Capital Pty Ltd	*Controlled by former Director Ms Emily D'Cruz*	-	(137,200)
		(17,000)	(342,449)

(c) Terms and conditions of transactions with related parties

Apart from the loan by Mercer Capital Pty Ltd, in respect of which the Company paid $12,800 in interest during the 2016 financial year in full and final recognition of its obligations, neither converting loan notes or other loans from related parties attract interest.

14 EVENTS AFTER THE REPORTING DATE

At a General Meeting of shareholders on 13 July 2016, the Company gained approval for the acquisition of two dairy farms located at 137 and 154 Hendersons Road Strathmerton, Victoria, and 89 Logie Brae Road Finley, New South Wales, for aggregate consideration totalling $13,550,000. The intended acquisition of those farms constitutes a significant change in the nature and scale of the Company's activities and, coupled with the related proposed capital raising (by way of issue of up to 600,000,000 shares at an issue price not less than $0.025 per share, also approved at the meeting) the Company has been required to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules, to be satisfied by the issue of a prospectus. Until the prospectus is complete and the Listing Rules are satisfied, trading in the Company's securities will remain suspended.

The acquisitions of the two 'Initial Dairy Farms' are intended to be funded by a mix of debt and equity finance. Subject to the successful raising of those funds and intended farm acquistions, the Company will then finalise its decision whether to proceed with the acquisition of three additional properties already identified.

Should the Company be successful in raising the funding to finance the planned acquisitions, and proceed to acquire the portfolio of five farms, the aggregate consideration payable to the five vendors will be $33,300,000.

Since July 2016, the Company together with Asia Pacific Logistics Pty Limited has been investigating the establishment of a fresh milk production and distribution venture in Fiji. Considerable information has been collected to date and a full feasibility study will be concluded on confirmation of funding.

	2017 $	2016 $
15 EARNINGS PER SHARE		
	cents	cents
Basic earnings per share	(0.29)	(0.45)
Diluted earnings per share	(0.29)	(0.45)
Loss attributable to ordinary equity holders of the company used in calculating	(943,187)	(681,934)
Weighted average number of shares used as the denominator	#	#
Weighted average number of shares used as the denominator in calculating basic	330,133,046	151,654,899
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of ordinary shares	330,133,046	151,654,899

16 PARENT ENTITY DETAILS

Summarised presentation of the financial statements of the parent entity, Pacific Dairies Limited:

(a) Summarised statement of financial position	2017	2016
Assets	$	$
Current assets	565,828	535,916
Non-current assets	465	99,428
Total assets	566,293	635,344
Liabilities		
Current liabilities	327,707	519,339
Net assets	238,586	116,005
Equity		
Share capital	20,362,562	19,296,794
Retained earnings	(20,123,976)	(19,180,789)
Total equity	238,586	116,005
(b) Summarised statement of comprehensive income		
Loss for the year	(943,187)	(681,934)
Total comprehensive income for the year	(943,187)	(681,934)

DIRECTORS DECLARATION

As at 30th June 2017

In the opinion of the directors:

1. The financial statements and notes of the company and the additional disclosures included in the Directors' Report designated as audited are in accordance with the Corporations Act 2001, including:

    a. Giving a true and fair view of the consolidated Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

    b. Complying with the Corporations Regulations 2001 and Australian Accounting Standards, which, as stated in accounting policy Note 2(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

2. 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 has been made after receiving the declaration required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial period ended 30 June 2017.

This declaration is made in accordance with a resolution of the board of directors and signed in Melbourne 28th June 2018.

Paul Duckett
Chairman

Dated: 28th June 2018

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PACIFIC DAIRIES LIMITED

Opinion

We have audited the accompanying financial report of Pacific Dairies Limited which comprises the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of the Company is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year then ended; and

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.
We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

Without qualifying our opinion, we draw attention to Note 2 (b) in the financial report. The matters set forth in Note 2 (b) indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the report.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PACIFIC DAIRIES LIMITED (Continued)

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Share Subscription Loans

Why significant	How adressed
The Company's share subscription loans are considered to be a key component of the Company's operation and was classified as equity. We do not consider the loans to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However due to their materiality in the context of the financial statement as a whole , they are considered to be the area which had the greatest effect on our overall strategy and allocation of resources in planning and completing our audit	Our procedures in auditing the loans included but were not limited to : • Assess the processes and controls in place to record the loans and movement in balances during the year; and • Agreeing the amount of the subscription loans and the terms and conditions to supporting agreements. • We assessed the adequacy of the disclosures in note 7 and 8 to the financial statements

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

waylandAdvantage

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PACIFIC DAIRIES LIMITED (Continued)

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PACIFIC DAIRIES LIMITED (Continued)

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 8 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Pacific Dairies Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PACIFIC DAIRIES LIMITED (Continued)

Responsibilities

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.

Walker Wayland Advantage

WALKER WAYLAND ADVANTAGE AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS

BEN BESTER
PARTNER

Dated in Melbourne on this 28 day of June 2018

ADDITIONAL INFORMATION

The following information was extracted from the Pacific Dairies Limited register of shareholders on 31 May 2018.

20 Top Shareholders	Shares	%
MR PAUL FREDERICK DUCKETT & MRS DIANE ELIZABETH DUCKETT <DUCKETT SUPER FUND A/C>	20,564,890	5.462%
MERIDIAN FERTILISERS PTY LTD	18,798,018	4.993%
MRS TONI SANDRA TAYLOR	14,917,057	3.962%
H HARVEST COMPANY PTY LTD <H HARVEST FAMILY A/C>	14,780,000	3.926%
CITICORP NOMINEES PTY LIMITED	11,146,179	2.961%
MR TREVOR JOHN KELLY & MRS JUDITH MARGARET KELLY <T&J KELLY SUPER FUND A/C>	10,195,387	2.708%
MR MUSTAFA HASAN & MR MEHMET TAVSANCIOGLU	10,000,000	2.656%
MR MUSTAFA HASAN	9,309,000	2.473%
SOIL MANAGEMENT SYSTEMS PTY LTD	8,810,178	2.340%
ORICAN PTY LTD	8,333,334	2.213%
MR ALI OZDEMIR	7,920,512	2.104%
MR DIMITRIOS PODARIDIS	7,772,380	2.064%
SUSAN PARKER	6,717,255	1.784%
WILLIAM JOHN TIMSBURY CLARKE	6,000,000	1.594%
RAYMOND TAYLOR <TAYLOR SUPER FUND A/C>	5,862,292	1.557%
MR NECMI UYSAL	5,084,467	1.350%
DR JOAO MANUEL CAMACHO	5,000,000	1.328%
EMS NOMINEES PTY LTD <D & S UNIT A/C>	5,000,000	1.328%
FORBES ST MEDICAL INVESTMENTS PTY LTD <FORBES ST MEDICAL INVEST A/C>	5,000,000	1.328%
MR HARVEY PARKER	4,869,693	1.293%
	186,080,642	49.425%
Total of Securities	**376,493,755**	

Distribution of Shareholdings
Security Classes
Fully Paid Ordinary Shares

Holdings Ranges	Holders	Total Units	%
1-1,000	326	113,280	0.030
1,001-5,000	158	417,499	0.111
5,001-10,000	209	1,960,635	0.521
10,001-100,000	351	15,677,088	4.164
100,001-9,999,999,999	239	358,325,253	95.174
Totals	**1,283**	**376,493,755**	**100.000**

Marketable Parcels
At 31 May 2018, using the last traded share price of $0.029 per share, there were 769 holdings, which were of less than a marketable parcel ($500)

Voting Rights
Each shareholder is entitled to receive notice of and attend and vote at general meetings of the company. At a general meeting, every shareholder present in person or by proxy, representative or attorney will have one vote on a show of hands and on a poll, one vote for each share held.