

BESTON GLOBAL FOOD COMPANY LIMITED

APPENDIX 4E PRELIMINARY FINAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Provided to the ASX under listing rule 4.3A

ABN: 28 603 023 383

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APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

The ASX Appendix 4E of Beston Global Food Company Limited and its subsidiaries (**BFC**) for the financial year ended 30 June 2016 is filed with the Australian Securities Exchange (**ASX**) under ASX Listing Rule 4.3A. Information presented for the previous corresponding period is for the financial year ended 30 June 2015 (unless otherwise stated) (*Rule 4.3A 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 International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

This report is based on financial accounts which are in the process of being audited (*Rule 4.3A Item 15*).

RESULTS FOR ANNOUNCEMENT TO THE MARKET (*Rule 4.3A Items 2*).

Comparison to previous corresponding	Increase / Decrease	%		\$'000
Revenue from ordinary activities	Increase	526.7	to	18,962
Net profit/(loss) from ordinary activities after tax attributable to owners of the Company	Increase	23.5	to	(1,362)
Net profit/(loss) for the period attributable to owners of the Company	Increase	23.5	to	(1,362)

The financial year ended 30 June 2016 was one of significant acquisition and investment activity, as detailed below in the commentary on results for the period. As a result of this activity, as well as one-off listing costs and developing and establishing sales operations and channels to market, significant expense was incurred, leading to the net loss recorded for the year.

Final and interim dividends per security	Record date for determining entitlement	Paid or payable on	Amount per share	Franked amount per share
Ordinary Shares				
2016 Interim ordinary dividend - paid	-	-	-	-
2016 Final ordinary dividend - payable	8 September 2016	31 October 2016	\$0.60	\$0.00

In relation to the above, there is no attributed conduit income (*Rule 4.3A Item 7*). There was no dividend re-investment plan available to shareholders during the period (*Rule 4.3A Item 8*). Refer to further commentary regarding shareholder returns on page 5 of this Appendix.

NET TANGIBLE ASSETS PER SECURITY (Rule 4.3A Item 9).

	Current period	Previous period
Net tangible asset backing per ordinary share	\$0.30	\$0.26

Current period calculation based on 363,241,052 issued shares.

Previous period calculation based in 77,526,766 issued shares

ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD (Rule 4.3A Item 10).

Refer to Note 10, below, for details of entities over which control has been gained during the period.

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

DETAILS OF ASSOCIATES AND JOINT VENTURES (Rule 4.3A Item 11)

Refer to Note 11, below, for details of associates and joint ventures.

COMMENTARY ON RESULTS FOR THE PERIOD (Rule 4.3A Item 14)

Operating review

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

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

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

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

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

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

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

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

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

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

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

Key achievements in the FY16 financial year include:

Dairy

- Substantial investment to improve plant and infrastructure on farms to enhance productivity
- Increased herd count to over 2,300 cows with the aim of achieving an equal ratio of spring and autumn calving to ensure milk production throughout the year
- Processing of 36m litres of milk
- Production of 3,561 tonnes of cheese
- Production of 1,094 tonnes of whey powder
- Commenced shipment and export of Romano and Pepato cheese to Malta
- Production of the first batch of low sodium 'heart healthy' cheese for health conscious consumers
- Commenced manufacturing of the former iconic "Centenary" black waxed vintage Cheddar
- Commenced manufacturing of the former range of Murray Bridge cheeses (Gouda, Colby, Aussie Jack, Edam)
- China product certification received for BFC dairy products
- Development and launch of "Kyubu", a Japanese style cheese snack, in Thailand and Singapore

Seafood

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

Meat

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

Health

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

Distribution

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

Financial Review

The consolidated net loss attributable to owners of the Company, after providing for income tax and research and development tax concessions, is \$1,360,293 (2015: \$1,103,800 loss). Due to FY16 being the first year of normal operations, comparisons to prior year are largely not meaningful.

The result was comprised of revenue and other income of \$21,984,275 primarily from the sale of dairy, seafood, meat, and health products into China and dairy products into the domestic market.

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

	Full Year to 30 June 2016
Profit/(loss) attributable to Owners of the Company	(\$1,360,293)
Underlying net profit after tax (UNPAT) adjustments	
- IPO & Corporate Establishment Costs	\$3,448,429
- Sales & Distribution Establishment Costs	\$754,156
- Dairy Manufacturing Plant Start-up Costs	\$478,336
- Farms Purchase & Start-up Costs	\$1,071,168
- Abnormal bad debts	\$301,082
- Gain on business acquisitions	(\$2,018,205)
- Acquisition transaction costs	\$37,328
- Non-recurring professional fees	\$92,584
UNPAT	\$2,804,585

The results for the financial year are a composite of:

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

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

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

- Termination of the Pedra Branca dairy farm lease following a default by the lessee. This brought the farm under internal management control which as result has seen a significant uplift in productivity, however these results won't be seen until the FY17 financial year. As a result, the short term negative impact of this decision is a reduction in profitability of approximately \$1.6m.
- Purchase commitments, signed under company seal by Dashang Limited and included in the Company's internal budget, were not received by the close of the financial year on 30 June 2016. The Company is continuing to engage with Dashang on these outstanding commitments with a view of working with

Dashang to become one of the Company's key distribution channels in its supply of food and beverage products to the China market.

- The delays in the first half of the year in regaining the export licences for the former UDP factories at Jervois and Murray Bridge, as well as other regulatory hurdles experienced in the second half, negatively affected the timing and ability to deliver food and beverage products during FY16.

Expenses for the year were \$25,263,427 largely comprised of cost of goods sold in the ordinary course of business and one off establishment costs. Operating costs include the day to day operation of farms, factories, overseas subsidiaries and local management costs. These were higher than planned largely due to taking back the operation of the Pedra Branca dairy farm from a lease back arrangement and investing into the farm to restore it to a sustainable operating level.

The key assets in the statement of financial position at 30 June 2016 are:

- Property, plant and equipment of \$38,267,338. Independent valuations obtained as at 30 June 2016 for these assets exceed the carrying value of the assets in the financial statements;
- Trade and other receivables of \$26,608,430. The most significant items comprising this value are trade debtors of \$12,296,953 reflecting the growth in the Company's sales towards the end of the second half, and convertible notes receivable of \$8,584,286;
- Cash and cash equivalents of \$19,372,378;
- Investments in associates of \$17,508,499. This is comprised of Neptune Bio Innovations (\$12,511,619) and Ferguson Australia Group (\$4,996,880);
- Intangible assets of \$10,042,304, largely comprised of owned lobster quota (\$4,949,384) and water licences (\$3,959,348). Independent valuations support or exceed the carrying value of these assets in the financial statements;
- Inventories of \$7,808,509, largely due to above budget stocks of cheese as a results of the Company's decision to produce and release "aged" hard cheese products to the market in due course (which can earn significantly higher margins). This was also in part due to the Company making a decision to take in additional milk as part of its Cheese Bank initiative in order to assist the dairy industry in coping with the "milk crisis" which emerged in the second half of the year; and
- Biological assets (livestock) of \$4,241,021 comprising the dairy herd at the Kurleah and Pedra Branca dairy farms.

The key liabilities for the Company are Trade and Other Payables of \$8,705,620 incurred in the ordinary course of business.

The Company had no debt as at 30 June 2016.

Shareholder returns

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

The Board has previously determined that a payout ratio range of 60% to 85% of UNPAT for the 2016-16 financial year is intended but not mandatory. Thereafter, future dividends will be dependent on the free cash flow of the business.

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

	2016	2015
Profit attributable to Owners of the Company	-\$1,360,293	-\$1,103,087
Basic EPS (cents per share)	-0.43	-5.40
Diluted EPS (cents per share)	-0.43	-5.40
UNPAT	\$2,804,585	-\$1,103,087
UNPAT Basic EPS (cents per share)	0.88	-5.40
Dividends Declared	\$2,179,446	-
Dividends per Share (cents per share)	0.60	-
Opening Share Price (at listing 28 August 2015)	\$0.35	-
Closing Share Price at 30 June 2016	\$0.41	-

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

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

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

OTHER SIGNIFICANT INFORMATION *(Rule 4.3A Item 12)*

All significant information has been included within this Appendix or announcements made available on the ASX, which should be read in conjunction with this document.

Beston Global Food Company Limited
Preliminary consolidated statement of comprehensive income
For the year ended 30 June 2016
(Rule 4.3A Item 3)

	Notes	30 June 2016 \$'000	30 June 2015 \$'000
Revenue from continuing operations			
Sale of goods	4	15,999	-
Other revenue from ordinary activities	4	2,963	36
		18,962	36
Other income	5(a)	3,022	-
Expenses			
Cost of sales of goods		(6,570)	-
Other expenses from ordinary activities			
Selling and distribution		(677)	(162)
Administration		(11,070)	(862)
Other		(794)	(806)
Establishment costs		(6,154)	-
Finance income	5(b)	1,465	232
Finance expenses	5(b)	(114)	-
Net finance income		1,351	232
Share of profit/(loss) from associates		417	-
Loss before income tax		(1,513)	(1,562)
Income tax benefit/(expense)	6	117	458
Loss for the year from continuing operations		(1,396)	(1,104)
Other comprehensive income			
Exchange differences on translation of foreign operations		(48)	-
Other comprehensive loss for the year, net of tax		(48)	-
Total comprehensive loss for the year from continuing operations		(1,444)	(1,104)
Loss is attributable to:			
Owners of Beston Global Food Company Limited		(1,362)	(1,103)
Non-controlling interests		(34)	(1)
		(1,396)	(1,104)
Total comprehensive income/(loss) for the year is attributable to:			
Owners of Beston Global Food Company Limited		(1,410)	(1,103)
Non-controlling interests		(34)	(1)
		(1,444)	(1,104)
		Cents	Cents
Loss per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	2	(0.43)	(5.40)
Diluted earnings per share	2	(0.43)	(5.40)
Loss per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	2	(0.43)	(5.40)
Diluted earnings per share	2	(0.43)	(5.40)

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

Beston Global Food Company Limited
Preliminary consolidated balance sheet
As at 30 June 2016
(Rule 4.3A Item 4)

	Notes	30 June 2016 \$'000	30 June 2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7(a)	19,372	7,547
Trade and other receivables	7(b)	26,610	5,333
Inventories		7,809	-
Other current assets		-	1,132
Total current assets		53,791	14,012
Non-current assets			
Receivables		-	5,054
Investments accounted for using the equity method	11(c)	17,508	-
Property, plant and equipment		38,267	2,152
Biological assets		4,241	-
Deferred tax assets		4,004	871
Intangible assets		10,041	25
Total non-current assets		74,061	8,102
Total assets		127,852	22,114
LIABILITIES			
Current liabilities			
Trade and other payables		8,705	1,747
Current tax liabilities		875	-
Employee benefit obligations		50	-
Total current liabilities		9,630	1,747
Non-current liabilities			
Deferred tax liabilities		725	-
Employee benefit obligations		7	-
Total non-current liabilities		732	-
Total liabilities		10,362	1,747
Net assets		117,490	20,367
EQUITY			
Contributed equity		113,472	21,471
Other reserves		5,569	-
Accumulated losses		(2,465)	(1,103)
Capital and reserves attributable to owners of Beston Global Food Company Limited		116,576	20,368
Non-controlling interests		914	(1)
Total equity		117,490	20,367

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

Beston Global Food Company Limited
Preliminary consolidated statement of changes in equity
For the year ended 30 June 2016
(Rule 4.3A Item 6)

	Attributable to owners of Beston Global Food Company Limited					
	Contributed equity \$'000	Other reserves \$'000	Accum- ulated losses \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 1 July 2014	-	-	-	-	-	-
Loss for the year	-	-	(1,103)	(1,103)	(1)	(1,104)
Total comprehensive income for the year	-	-	(1,103)	(1,103)	(1)	(1,104)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	21,471	-	-	21,471	-	21,471
Balance at 30 June 2015	21,471	-	(1,103)	20,368	(1)	20,367
Balance at 1 July 2015	21,471	-	(1,103)	20,368	(1)	20,367
Loss for the year	-	-	(1,362)	(1,362)	(34)	(1,396)
Other comprehensive income	-	(48)	-	(48)	-	(48)
Total comprehensive income for the year	-	(48)	(1,362)	(1,410)	(34)	(1,444)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	92,001	-	-	92,001	-	92,001
Non-controlling interests on acquisition of subsidiary	-	-	-	-	949	949
Founders rights share reserve	-	5,617	-	5,617	-	5,617
	92,001	5,617	-	97,618	949	98,567
Balance at 30 June 2016	113,472	5,569	(2,465)	116,576	914	117,490

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

Beston Global Food Company Limited
Preliminary consolidated statement of cash flows
For the year ended 30 June 2016
(Rule 4.3A Item 5)

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

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

Beston Global Food Company Limited
Supplementary Appendix 4E Information

1. Statement of significant accounting policies

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report is to be read in conjunction with any public announcements made by Beston Global Food Company Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Securities Exchange Listing Rules.

The financial report, comprises the financial information of Beston Global Food Company Limited and its controlled entities. Where necessary, comparative figures have been adjusted to comply with the changes in presentation in the current period. The principal accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial year.

2. Earnings per share (Appendix 4E item 14.1)

(a) Basic earnings per share

	30 June 2016 Cents	30 June 2015 Cents
From continuing operations attributable to the ordinary equity holders of the company	(0.43)	(5.4)
From discontinued operation	-	-
Total basic earnings per share attributable to the ordinary equity holders of the company	(0.43)	(5.4)

(b) Diluted earnings per share

	30 June 2016 Cents	30 June 2015 Cents
From continuing operations attributable to the ordinary equity holders of the company	(0.43)	(5.4)
From discontinued operation	-	-
Total diluted earnings per share attributable to the ordinary equity holders of the company	(0.43)	(5.4)

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

	30 June 2016 \$'000	30 June 2015 \$'000
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
From continuing operations	(1,362)	(1,103)
From discontinued operation	-	-
	(1,362)	(1,103)
<i>Diluted earnings per share</i>		
Profit from continuing operations attributable to the ordinary equity holders of the company		
Used in calculating basic earnings per share	(1,362)	(1,103)
Add: interest savings on convertible notes	-	-
Used in calculating diluted earnings per share	(1,362)	(1,103)

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

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

3. Segment information (Appendix 4E item 14.4)

(a) Description of segments

The group's executive management committee, consisting of the chief executive officer and the chief financial officer, examines the group's performance both from a product and geographic perspective and has identified five reportable segments of its business:

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

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

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

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

(b) Segment results

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

2016	Dairy \$'000	Seafood \$'000	Health \$'000	Meat \$'000	Distribution \$'000	Total segments \$'000	Adjustments and eliminations \$'000	Total \$'000
Revenue								
External customers	11,869	4,664	6,058	391	1,197	24,179	(5,217)	18,962
Other revenue	559	14	5	215	1	794	812	1,606
Share of profit from associates and joint ventures	-	(51)	468	-	-	417	-	417
Total revenue	12,428	4,627	6,531	606	1,198	25,390	(4,405)	20,985
Income/(expenses)								
Cost of sales	(5,466)	(3,265)	(1,746)	(321)	(1,171)	(11,969)	5,399	(6,570)
Selling and distribution expenses	(435)	(33)	(26)	(3)	-	(497)	(180)	(677)
Administration expenses	(9,913)	(351)	(411)	(32)	(43)	(10,750)	(320)	(11,070)
Other expenses	(618)	(31)	(2)	(4)	-	(655)	(139)	(794)
Establishment costs	-	-	-	-	-	-	(6,154)	(6,154)
Finance costs	(19)	-	-	-	-	(19)	(95)	(114)
	(16,451)	(3,680)	(2,185)	(360)	(1,214)	(23,890)	(1,489)	(25,379)
Segment operating profit/(loss)	(4,023)	947	4,346	246	(16)	1,500	(5,894)	(4,394)
Gain on bargain purchase	2,876	-	5	-	-	2,881	-	2,881
Segment profit/(loss)	(1,147)	947	4,351	246	(16)	4,381	(5,894)	(1,513)

Segment information (cont'd)

(b) Segment results (continued)

2016	Dairy \$'000	Seafood \$'000	Health \$'000	Meat \$'000	Distribution \$'000	Total segments \$'000	Adjustments and eliminations \$'000	Total \$'000
Total segment assets	66,161	15,543	19,277	3,417	3,073	107,471	20,381	127,852
Total segment liabilities	(65,600)	(3,872)	(1,618)	(792)	(1,918)	(73,800)	63,438	(10,362)

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

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

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

4. Revenue

The group derives the following types of revenue:

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

5. Other income and expense items

(a) Other income

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

(b) Breakdown of expenses by nature

	30 June 2016 \$'000	30 June 2015 \$'000
Changes in inventories of finished goods and work in progress	98	-
Raw materials and consumable used	6,119	-
Employee benefits expenses	3,829	42
Depreciation	830	-
Management fees	2,236	76
Loss on disposal of fixed assets	5	-
Fair value loss on revaluation of livestock	3	-
	30 June 2016 \$'000	30 June 2015 \$'000
<i>Finance income</i>		
Interest income	1,465	232
<i>Finance costs</i>		
Finance charges paid for financial liabilities	(19)	-
Exchange losses on foreign currency borrowings	(95)	-
	(114)	-
Net finance income	1,351	232

6. Income tax expense

(a) Income tax expense

	30 June 2016 \$'000	30 June 2015 \$'000
<i>Current tax</i>		
Current tax	875	-
Total current tax expense	875	-
<i>Deferred income tax</i>		
Decrease (increase) in deferred tax assets (note)	(1,712)	(458)
(Decrease) increase in deferred tax liabilities (note)	720	-
Total deferred tax expense/(benefit)	(992)	(458)
Income tax expense	(117)	(458)

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

	30 June 2016 \$'000	30 June 2015 \$'000
Profit from continuing operations before income tax expense	(1,513)	(1,562)
Tax at the Australian tax rate of 30.0% (2015 - 30.0%)	(454)	(469)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Research and development adjustments (net)	(153)	-
Capital raising costs	360	-
Share of profit/loss from associates	(125)	-
Tax rate differentials	(175)	-
Non-recognition of DTA on foreign revenue losses	281	-
Other non-deductible items	149	11
Income tax expense	(117)	(458)

(c) Amounts recognised directly in equity

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

(d) Tax losses

The group has tax losses which arose in Australia of \$6,494,908 (2015 - \$759,130) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

(e) Deferred tax balances

Total deferred tax assets	4,004	871
Total deferred tax liabilities	(725)	-
Net deferred tax assets	3,279	871

7. Financial assets and financial liabilities

(a) Cash and cash equivalents

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

(b) Trade and other receivables

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

(c) Trade and other payables

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

7. Equity

(a) Contributed equity

(i) Share capital

	30 June 2016 Shares	30 June 2015 Shares	30 June 2016 \$'000	30 June 2015 \$'000
Ordinary shares - fully paid	363,241,052	77,526,766	113,489	21,471

(ii) Movements in ordinary share capital

	Number of shares	\$'000
Opening balance 1 July 2014	-	-
Establishment	100	-
Issuance of founders shares - 6 - 9 February 2015	2,916,666	29
Share issue via placement - 23 February 2015	55,000,000	16,500
Share issue via placement - 29 June 2015	19,610,000	5,883
	77,526,766	22,412
Less: Equity raising costs (net of deferred tax)	-	(941)
Balance 30 June 2015	77,526,766	21,471
Share issue via Initial Public Offering - 28 August 2015	285,714,286	100,000
	363,241,052	121,471
Less: Equity raising costs (net of deferred tax)	-	(7,999)
Balance 30 June 2016	363,241,052	113,472

Equity (cont'd)

(iii) Ordinary shares

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

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

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

(b) Other reserves

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

	30 June 2016 \$'000	30 June 2015 \$'000
Share-based payments	5,617	-
Foreign currency translation	(48)	-
	<u>5,569</u>	<u>-</u>

	30 June 2016 \$'000	30 June 2015 \$'000
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Movements:

Share-based payments

Opening balance	-	-
Issue of shares held by entity to employees	5,617	-
Balance 30 June	<u>5,617</u>	<u>-</u>

Foreign currency translation

Opening balance	-	-
Currency translation differences arising during the year	(48)	-
Balance 30 June	<u>(48)</u>	<u>-</u>

(i) Nature and purpose of other reserves

Share-based payments

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

Foreign currency translation

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

(c) Accumulated losses

Movements in accumulated losses were as follows:

	30 June 2016 \$'000	30 June 2015 \$'000
Opening balance	(1,103)	-
Net loss for the period attributable to equity holders of the parent	(1,362)	(1,103)
Balance 30 June	<u>(2,465)</u>	<u>(1,103)</u>

9 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	30 June 2016 \$'000	30 June 2015 \$'000
Loss for the year	(1,396)	(1,104)
Depreciation and amortisation	830	-
Bad debts written off	430	-
Non-cash employee benefits expense - share-based payments	2,555	-
Interest income	1,233	-
Fair value adjustment to biological assets	3	-
Share of profits of associates	(426)	-
Gain on bargain purchase	(2,881)	-
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(17,741)	(447)
(Increase) in inventories	(7,686)	-
(Increase) in deferred tax assets	(2,239)	(871)
Increase in trade and other payables	9,623	1,800
Increase in provision for income taxes payable	932	-
Increase in other provisions	57	-
Net cash inflow (outflow) from operating activities	(16,706)	(622)

10. Business combinations

(a) Summary of acquisition - 'Kurleah' dairy farm

On 3 September 2015, the company acquired the 'Kurleah' dairy farm business. The acquisition has been accounted for using the acquisition method. The financial statements include the results for 'Kurleah' for the year from acquisition date.

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

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

	\$'000
Purchase consideration:	
Cash paid	6,952

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

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

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

Business combinations (cont'd)

(i) Revenue and profit contribution

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

(ii) Acquisition-related costs

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

(b) Summary of acquisition - 'Pedra Branca' dairy farm

On 3 September 2015, the company acquired the 'Pedra Branca' dairy farm business. The acquisition has been accounted for using the acquisition method. The financial statements include the results for 'Pedra Branca' for the year from acquisition date.

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

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

	\$'000
Purchase consideration	
Cash paid	17,810

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

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

(i) Revenue and profit contribution

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

(ii) Acquisition-related costs

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

Business combinations (cont'd)

(c) Summary of acquisition - AQUAEssence BMTG Pty Ltd

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

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

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

\$'000

Purchase consideration:

Cash paid	981
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The assets and liabilities recognised as a result of the acquisition are as follows:

Fair value

\$'000

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

(i) Accounting policy choice for non-controlling interests

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

(ii) Revenue and profit contribution

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

11. Interests in other entities

(a) Material subsidiaries

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

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal activities
		2016 %	2015 %	2016 %	2015 %	
Beston Farms Pty Ltd	Australia	100.0	100.0	-	-	Investment -company
Beston Dairies Pty Ltd	Australia	100.0	100.0	-	-	Dairy -production
Beston Pure Foods (Australia) Pty Ltd	Australia	100.0	100.0	-	-	Sales and -distribution
Beston Global Food (Thailand) Company Limited	Thailand	98.0	98.0	2.0	2.0	Sales and distribution
Beston Global Food Company (Hong Kong) Limited	China	100.0	-	-	-	Sales and -distribution
Beston Global Food Company (Dalian) Limited	China	100.0	-	-	-	Sales and -distribution
Beston Technologies Pty Ltd	Australia	100.0	-	-	-	Technology -developer
AQUAessence BMTG Pty Ltd	Australia	51.0	-	49.0	-	-Water products

(b) Interests in associates

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		2016 %	2015 %			2016 \$'000	2015 \$'000
Ferguson Australia Pty Ltd	Australia	32	-	Associate	Equity method	4,997	-
Neptune Bio-Innovations Pty Ltd	Australia	20	-	Associate	Equity method	12,512	-
Total equity accounted investments						17,509	-

- (1) Ferguson Australia Pty Ltd is a processor and exporter of premium seafood products. It is a strategic investment for the group to compliment its distribution of seafood products into Asia. The group holds additional lobster quotas to increase the supply of Ferguson Australia Pty Ltd's core product, the Southern Rock Lobster.
- (2) Neptune Bio-Innovations Pty Ltd is an industry recognised and accredited Research & Development food contract manufacturer, operating in the Food & Beverage, Nutritional, Personal Care and Nutraceutical product industries. It is a strategic investment for the group offering a range of health and well-being enhancing functional foods, either used as stand-alone products or in conjunction with the Dairy, Meat and Health divisions.

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

Interests in other entities (cont'd)

12. Contingent assets and contingent liabilities

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

13. Events occurring after the reporting period

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

Since year end, the directors have resolved to pay a final dividend of 0.60 cents per fully paid ordinary shares (2015 - \$nil). This is to be paid on 31 October 2016.