



ABN 27 091 320 464

Appendix 4D

Interim final report

Half year ended 31 March 2012

Revenues from ordinary activities	Down	-59.55%	to	\$ 23,611,542
(Loss) from ordinary activities after tax attributable to members	Down	-46.09%	to	\$ (824,613)
Net (loss) for the period attributable to members	Down	-46.09%	to	\$ (824,613)

No final dividend has been declared for the current period and no dividend was declared or paid for the previous period.

The net tangible asset (NTA) per security as at 31 March 2012 was (\$0.0709) (2011:(\$0.0173)).

The accounts have been reviewed.

DIRECTORS' REPORT

The Directors present their report together with the consolidated interim financial report for the six months ended 31 March 2012 and the review report thereon.

Directors

The Directors of the Company at any time during or since the end of the interim period are:

Name	Period of Directorship
Mr Larry Shutes Chairman	Director since 2005 - appointed Chairman 2010.
Mr Kevin John Dart	Director since 2009.
Mr Mathew Denton	Director since 2010.

Review of Operations

Principal Activities

The principal activities of the Group during this six months related to the supply of high quality crop protection products by Conquest Crop Protection to the FarmWorks retail distribution network and other independent retail outlets nationally, and operations in the FarmWorks retail network of branches and agents.

Operating & Financial Review

The results of the Group showed a consolidated operational net loss attributable to the members of FarmWorks Australia Limited of (\$824,613) (2011:(\$1,529,686)).

The first 6 months of the 2012 year showed a reduction in revenues from \$58.4 million to \$23.6 million which is directly attributed to the divestment of the livestock division in June 2011 and the winding down of the property and financial services divisions last year which is reflected in the corresponding improvement of 46.09% in operational net loss for the half year.

On 29 February 2012 the Group entered into a business sale agreement with FarmWorks Rural Pty Ltd, a 100% owned subsidiary of Ruralco Holdings Limited (RHL), to divest of the Group's Western Australian branch and agency network. As part of the transaction RHL entered into a \$60 million off-take agreement over 4 years (from 1 October 2011) with the Company's 100% wholly-owned subsidiary Conquest Crop Protection Pty Ltd to supply Conquest products to the RHL distribution network.

The transaction was completed on 3 May 2012 and is a significant step in focusing the operations of the Group on its core competencies in the agricultural chemical sector with opportunities to expand through the introduction of new horticultural products as well as acquiring differentiated product and Intellectual Property. The divestment of the retail and agency network removes substantial costs from the operations of the Group and is expected to have a positive impact on the business in the 2012 financial year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' report for the six months ended 31 March 2012.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'L Shutes', with a long horizontal flourish extending to the right.

Larry Shutes
Chairman

31st day of May 2012 at Sydney.



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AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of FarmWorks Australia Limited

In relation to the independent review for the six months ended 31 March 2012 of FarmWorks Australia Limited, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*;
and

(ii) No contraventions of any applicable code of professional conduct.

MARK GODLEWSKI

Partner

Pitcher Partners

Sydney

31 May 2012

FARMWORKS AUSTRALIA LIMITED
31 MARCH 2012 INTERIM FINANCIAL REPORT

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2012

	Consolidated	
	31-Mar-12	31-Mar-11
	\$	\$
Revenues	23,611,542	58,371,361
Expenses from ordinary activities	(23,451,501)	(58,815,827)
Finance costs	(823,098)	(859,095)
Depreciation and amortisation expense	(160,628)	(226,125)
(Loss)/Profit before income tax expense from continuing activities	(823,685)	(1,529,686)
Income tax benefit/(expense)	(928)	-
(Loss)/Profit after income tax expense from continuing operations	(824,613)	(1,529,686)
Loss from discontinued operation, net of income taxes	-	-
(Loss)/Profit attributable to members of Farmworks Australia Limited	(824,613)	(1,529,686)

Earnings per share

Basic earnings/(loss) per share
Diluted earnings/(loss) per share

Continuing operations

Basic earnings/(loss) per share
Diluted earnings/(loss) per share

Cents / Share	
31-Mar-12	31-Mar-11
(1.40)	(2.94)
(1.40)	(2.94)

(1.40)	(2.94)
(1.40)	(2.94)

To be read in conjunction with the accompanying notes to the interim financial statements.

FARMWORKS AUSTRALIA LIMITED
31 MARCH 2012 INTERIM FINANCIAL REPORT

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	Consolidated	
	As at	As at
	31-Mar-12	30-Sep-11
	\$	\$
Current assets		
Cash and cash equivalents	826,632	1,814,979
Trade and other receivables	12,359,292	8,454,175
Inventories	19,938,373	9,284,882
Other current assets	173,892	428,527
Assets classified as held for sale	-	248,456
Total current assets	33,298,189	20,231,019
Non-current assets		
Security deposits	60,500	60,500
Investments	3,602	3,602
Property, plant and equipment	884,830	1,096,793
Intangible assets	4,895,207	4,895,207
Deferred tax assets	2,096,314	2,096,314
Other non-current assets	-	23,450
Total non-current assets	7,940,453	8,175,866
Total assets	41,238,642	28,406,885
Current liabilities		
Trade and other payables	26,580,534	15,330,993
Provisions	269,665	352,272
Borrowings	13,363,084	10,492,915
Lease liabilities	208,380	370,976
Deferred cash consideration	-	104,254
Total current liabilities	40,421,663	26,651,410
Non-current liabilities		
Trade and other payables	-	64,282
Lease liabilities	111,742	133,959
Provisions	83,000	174,284
Total non-current liabilities	194,742	372,525
Total liabilities	40,616,405	27,023,935
Net assets	622,237	1,382,950
Equity		
Issued capital	6,509,381	65,585,192
Reserves	294,816	306,071
Accumulated losses	(6,181,960)	(64,508,313)
Total equity	622,237	1,382,950

To be read in conjunction with the accompanying notes to the interim financial statements.

FARMWORKS AUSTRALIA LIMITED
31 MARCH 2012 INTERIM FINANCIAL REPORT

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 MARCH 2012

	Consolidated				
	Issued capital	Foreign currency reserve	Options reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance 1 October 2010	64,677,567	(28,782)	479,657	(60,475,599)	4,652,843
Options lapse transferred to equity	56,800	-	(56,800)	-	-
Private placement	762,821	-	-	-	762,821
Foreign currency translation	-	-	-	-	-
Share-based payments	-	-	-	-	-
Net (income)/expenses recognised directly in equity	-	-	-	-	-
Loss after income tax benefit	-	-	-	(1,529,686)	(1,529,686)
Total recognised income/(expense) for the period	-	-	-	(1,529,686)	(1,529,686)
Balance 31 March 2011	65,497,188	(28,782)	422,857	(62,005,285)	3,885,978

	Consolidated				
	Issued capital	Foreign currency reserve	Options reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance 1 October 2011	65,585,192	(28,782)	334,853	(64,508,313)	1,382,950
Options lapse transferred to equity	11,255	-	(11,255)	-	-
Private placement	-	-	-	-	-
Foreign currency translation	-	-	-	-	-
Share-based payments	63,900	-	-	-	63,900
Shareholder approved reduction	(59,150,966)	-	-	59,150,966	-
Net (income)/expenses recognised directly in equity	-	-	-	-	-
Loss after income tax benefit	-	-	-	(824,613)	(824,613)
Total recognised income/(expense) for the year	-	-	-	(824,613)	(824,613)
Balance 31 March 2012	6,509,381	(28,782)	323,598	(6,181,960)	622,237

To be read in conjunction with the accompanying notes to the interim financial statements.

FARMWORKS AUSTRALIA LIMITED
31 MARCH 2012 INTERIM FINANCIAL REPORT

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 MARCH 2012

	Consolidated	
	31-Mar-12	31-Mar-11
	\$	\$
Cash flows from operating activities		
Receipts from customers	21,304,860	65,811,401
Payment to suppliers and employees	(24,473,514)	(68,007,318)
	(3,168,654)	(2,195,917)
Interest received	74,981	16,919
Finance costs paid	(508,131)	(859,095)
Income tax refund received	-	649
Income taxes paid	(928)	-
Proceeds from disposal of financial assets	-	-
Net cash inflow/(outflow) from operating activities	(3,602,732)	(3,037,444)
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,601)	(25,641)
Proceeds from sale of property, plant and equipment	42,350	191,624
Payment of security deposits	(24,564)	-
Proceeds from the sale of investments	-	-
Payments associated with the sale of investments	(104,254)	-
Loans repaid by third parties	-	-
Refund of security deposits	150,840	-
Net cash inflow from investing activities	57,771	165,983
Cash flows from financing activities		
Proceeds from/(repayments of) borrowings	2,741,427	5,400,597
Proceeds from/(repayments of) lease liabilities	(184,813)	(133,677)
Proceeds from issue of shares	-	762,821
Net cash inflow/(outflow) from financing activities	2,556,614	6,029,741
Net (outflow)/increase in cash and cash equivalents	(988,347)	3,158,280
Cash and cash equivalents at the beginning of the financial year	1,814,979	762,438
Cash and cash equivalents at the end of the financial period	826,632	3,920,718

To be read in conjunction with the accompanying notes to the interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1: Reporting Entity

FarmWorks Australia Limited (the "Company") is a Company domiciled in Australia. The consolidated interim financial report of the Company, as at and for the six months ended 31 March 2012, comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 30 September 2011 is available upon request from the Company's registered office at Level 18, 50 Cavill Avenue, Surfers Paradise Qld 4217 or at www.fwaus.com.au.

Note 2: Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 September 2011.

This consolidated interim financial report was approved by the Board of Directors on 31 May 2012.

Note 3: Significant Accounting Policies

The accounting policies applied by the Group in the consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 September 2011.

Note 4: Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 September 2011.

Note 5: Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 September 2011.

Note 6: Segment Information

The consolidated entity predominately operated in one business segment being the agricultural sector within Australia.

Note 7. Events Occurring after Balance Date

On 28 February 2012 the Company announced that it had entered into an asset sale agreement with Ruralco Holdings Limited (RHL) for the sale of FWA's branch and agency network business in Western Australia for approximately \$5 million (subject to adjustment following a stock take of the inventory of the business). As part of the sale RHL has agreed to enter into an off take agreement with FWA, subject to normal commercial terms and conditions, pursuant to which FWA's wholly owned subsidiary Conquest Crop Protection Pty Ltd will supply to RHL products to the value of \$60 million over a four year period. This transaction has been finalised on 3 May 2012.

A dispute with an outstanding creditor was settled on 19 April 2012 which resulted in a \$525,000 gain to the Group during the current reporting period.

Other than the deal above no other matter or circumstance has arisen since 30 September 2011 that has significantly affected, or may significantly affect the consolidated entity's operations in future financial years, the results of those operations in future financial years, or the consolidated entity's state of affairs in future financial years.

FARMWORKS AUSTRALIA LIMITED
31 MARCH 2012 INTERIM FINANCIAL REPORT

NOTES TO THE APPENDIX 4D (CONTINUED)
HALF YEAR ENDED 31 MARCH 2012

Note 8. Going Concern and Solvency

The Directors have prepared this report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. This is not withstanding that the consolidated entity incurred losses for the six months of \$824,613 (30 September 2011:(\$4,032,714)) and that at 31 March 2012, current liabilities exceed current assets by \$7,123,474.

The Board have prepared cash flow forecasts that allow for the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Board acknowledges that these cash flows are dependent on one or more of the following:

- The Directors being able to arrange alternative sources of finance as required either from the current shareholders, new shareholders through a placement of shares or debt financing through convertible notes, banks or other financiers.
- The Groups lenders and certain creditors not withdrawing their financial support, by demanding payment of liabilities presently due to them.
- The Directors being able to increase the consolidated entity's revenue, based on current business plans.
- The Directors being able to reduce the consolidated entity's cost base to minimise net cash outflow.

If the cash flow forecasts are not achieved and alternative sources of finances are not obtained, then in the opinion of the Directors, uncertainty exists as to whether the consolidated entity will be able to continue as a going concern. Moreover, uncertainty exists as to whether it will be able to pay its debts as and when they become due and payable.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts that differ from those stated in the report. This report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amount and classification of liabilities that may be necessary should the consolidated entity be unable to continue as a going concern or pay its debts as and when they become due.

Note 9: Share Issuances

Movements in ordinary share capital

Opening balance 1 October 2011
Options lapsed transferred to equity
Issue of shares
Shareholder approved reduction
Balance at 31 March 2012

No. of Shares	\$
58,482,991	65,585,192
-	11,255
1,775,000	63,900
-	(59,150,966)
60,257,991	6,509,381

Note 10: Seasonality of Operations

The Group provides a range of agricultural products and services to the Australian agricultural sector. Due to the seasonal nature of these products, higher revenues and operating profits are usually expected in the second half of the year rather than the first six months.

FARMWORKS AUSTRALIA LIMITED
31 MARCH 2012 INTERIM FINANCIAL REPORT

DIRECTORS' DECLARATION

In the opinion of the Directors of FarmWorks Australia Limited ("the Company"):

1. the financial statements and notes set out on pages 5 to 10, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 March 2012 and of its performance for the six months period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; 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.

Signed in accordance with a resolution of the Directors:



Larry Shutes
Chairman

Dated at Sydney this 31st day of May 2012.



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FARMWORKS AUSTRALIA LIMITED

We have reviewed the accompanying financial report of FarmWorks Australia Limited and controlled entities (the consolidated entity), which comprises the consolidated interim statement of financial position as at 31 March 2012, and the consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidation interim statement of cash flows for the half-year ended on that date, together with a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the FarmWorks Australia Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 March 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of FarmWorks Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2012 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, we draw attention to Note 8 to the financial statements which state that the consolidated entity incurred a net loss of \$824,613 for the six months ended 31 March 2012 and, as of that date the consolidated entity's current liabilities exceeded its current assets by \$7,123,473. These conditions, along with other matters as set forth in Note 8, indicate the existence of a material uncertainty about the consolidated entity's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report and pay its debts as and when they become due and payable.

PITCHER PARTNERS
Sydney

MARK A GODLEWSKI
Partner

31 May 2012