

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Financial Statements

For the Year Ended 30 June 2015

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

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For the Year Ended 30 June 2015

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**FREE Eyre Limited & Controlled Entities
ACN 124 308 041**

**Corporate Directory
30 June 2015**

Company Secretary

John Crosby
Level 1, 33 Hutt Street
ADELAIDE SA 5000

Auditors

William Buck (SA)
Level 6, 211 Victoria Square
ADELAIDE SA 5000

Solicitors

Piper Alderman
Level 16, 70 Franklin Street
ADELAIDE SA 5000

Share Register

Company Office
Level 1, 33 Hutt Street
ADELAIDE SA 5000

Bank

Bendigo Bank
18 Railway Terrace
CUMMINS SA 5631

Commonwealth Bank of Australia
36 Liverpool Street
PORT LINCOLN SA 5606

Registered Office

Level 1, 33 Hutt Street
ADELAIDE SA 5000

Website Address

www.free-eyre.com.au

**FREE Eyre Limited & Controlled Entities
ACN 124 308 041**

**Chairman's Report
30 June 2015**

On behalf of the Directors of FREE Eyre, I present our Company's 2014 - 2015 Annual Report to you.

I am able to report that FREE Eyre made a loss of (\$83,325) compared to a profit \$336,239 for the previous financial year. This loss was largely due to lower than expected grain accumulation activities (and thus, rebates) during the season.

The new look Board of Directors has been in place for just over 12 months, and I acknowledge their hard work and positive contributions to steering the company and staff forward. The past twelve months have allowed the Board and management to focus on strengthening a number of existing and new business ventures, whilst also allocating resources to future industry development plans.

I would like to acknowledge the enormous efforts of Ben Ranford, who retired from the Board earlier this year. Ben was a founding Director of FREE Eyre and worked tirelessly to see the company help make a difference to the EP. Could I also acknowledge the significant body of work contributed by our former Company Secretary, Robert Paterson over many years. For important family reasons, Glen Phillips decided to retire from the Board during the year and I thank Glen for his contribution during his time with us.

FREE Eyre Grain

For the majority of the reporting period, FREE Eyre Grain represented and accumulated grain from around South Australia for Plumgrove. This arrangement concluded in early 2015 and we thank the Plumgrove team for their support over the previous two years.

At the conclusion of this arrangement, FREE Eyre spent considerable time reflecting on where the grain marketing 'industry' is, how it is evolving, who the key players are and how our FREE Eyre Grain business can best position itself to add the greatest value to our shareholders and clients.

We believe that grain growers want maximum exposure to domestic and global grain buyers, security of payment and the ability to be price makers rather than just price takers for warehoused and forward grain sales.

Our team formed the view that representing only one or two grain traders was unlikely to meet our shareholders and clients' needs in the future. Thus, in May, we reached agreement with the Clear Grain Exchange and Profarmer Australia to act as agent for them on the Eyre Peninsula and throughout South Australia.

The Clear Grain Exchange is a real time, highly efficient independent exchange allowing buyers and sellers of grain nationally to place firm bids and offers and transact online. It is the only full-service online offering in grains: from bid/offer, to trades and through to full settlement.

Profarmer Australia, a sister company of the Clear Grain Exchange (both owned by the NZX Limited) is widely regarded as a leader in providing independent strategy, analysis and online tools to empower decision making for Australian grain growers.

"FREE Eyre is confident that the Clear Grain Exchange will become an essential method of transacting grain in the Australian market place in the future and we are thrilled to have created this new agreement with this progressive company.

Crop Insurance - Ag Guard and FREE Eyre

The first year of our partnership with leading rural insurance broker Ag Guard, demonstrated the capacity for FREE Eyre's strategic partnerships to have impact in the market place. In excess of 120 Eyre Peninsula farmers took the opportunity to compare the Ag Guard crop insurance offering with their existing service provider. The exercise resulted in significant savings for many farming enterprises and we will continue to work with Ag Guard to strengthen this partnership on behalf of the region.

Chairman's Report

30 June 2015

Water Security and Water Storage Solutions - Maxiplas

Water is undeniably our most valuable natural resource and is vital to our farming community's future. The Eyre Peninsula's demand for water is expected to exceed supply within the next decade. It goes without saying that with the cost of mains water currently at around \$3.50k/l, and rising, it is even more important that we look to ways to store more of the rainfall naturally available to us.

FREE Eyre is pleased to have engaged Maxiplas as our partner in bringing tailor made and cost effective water harvesting solutions to the Eyre Peninsula community. Maxiplas is a diverse tooling, design, project management and plastics manufacturing company.

Maxiplas is a proud South Australian family owned business who has become a proven market leader in the provision of quality products across a broad range of industries; in particular, it's water tank sector and the ability to provide cost effective water solutions to a range of stakeholders, large or small.

FE Fibre & Michell

We continue to work with iconic South Australian wool processor and trader, Michell to bring cost effective wool broking and private buying opportunities to our wool growing shareholders and clients. The teams are also developing a number of supply chain projects that will link wool growers with end consumers and we look forward to launching these initiatives in the year ahead.

FREE Eyre continues to discuss new value adding and competition-building ideas with a number of companies interested in partnering with our company and the shareholders it represents.

Eyre Peninsula Grain Grower's Infrastructure Development Fund

During January this year, we initiated the EP Grain Grower Survey to gauge the appetite for EP grain growers to create a grower owned cooperative that would, via a levy, build an Infrastructure Fund to investigate and ultimately invest in grower owned grain handling, export and value adding infrastructure on the EP.

There is no doubt that the release of the findings of FREE Eyre's survey created significant discussion and this engagement in the topic by grain growers, grain buyers, representative bodies and government is exactly what is needed.

Approximately 400 EP farming family's responded to the survey with an overwhelming majority agreeing with the proposition to create and invest (via a levy) this growerowned vehicle. FREE Eyre's findings and recommendations were presented to the South Australian Agriculture Minister in June and numerous public forums were also held to receive feedback and ideas from EP grain growers to refine and enhance the proposal.

It is incredibly important to note that even those 'against' the findings and recommendations made by FREE Eyre, agree that we must collectively "do something" to maintain and improve the competitiveness of Eyre Peninsula grain farming families in the future. We are almost entirely reliant on export grain markets and currently have no effective stake or influence in critical supply chain infrastructure that ensures the safe and competitive pathway for our grain.

At the time of writing, we continue to seek feedback and ideas on the proposal to establish this visionary Fund and firmly believe that something productive will yield from this work by FREE Eyre. I would like to acknowledge our Streaky Bay Director, Trevor Gilmore's commitment to this survey process. Trevor personally called several hundred EP farmers to seek their feedback.

Chairman's Report

30 June 2015

As always, our company is only as strong and successful as those who contribute to it – be that our loyal staff and hard working Directors or our shareholders who are encouraged to provide constructive feedback and ideas on areas that we should be exploring.

I would like to take this opportunity to thank our shareholders, clients, staff and Directors, past and present, for their ongoing support and commitment over the reporting period.

A handwritten signature in black ink, appearing to read 'Thomas Ray Wardle', with a large, sweeping flourish extending to the right.

Thomas Ray Wardle
Chairman

Dated this 28th day of August 2015

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Report

30 June 2015

The directors present their report, together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2015.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Thomas Ray Wardle

Qualifications

Special responsibilities

Other current directorships

Chair of the Board, Director of FREE Eyre Ltd

Certificate in Real Estate Sales

Member, A&RC

Combined Independent Agents Pty Ltd

David John Giddings

Qualifications

Experience

Special responsibilities

Director of FREE Eyre Ltd

Bachelor in Applied Science (Agriculture), Strategic Planning by Principle Focus, Farm Training by TAFE

Past Chair and Committee member of Lower Eyre Agricultural Association LEADA

FREE Eyre Grain Management Committee

Trevor Ray Gilmore

Director of FREE Eyre Ltd, Director of FREE Eyre Grain Pty Ltd, Director of EP Storage

Anthony George Hull

Qualifications

Experience

Director of FREE Eyre Ltd

Public Practising Accountant (IPA), registered Tax Agent RG146 (Derivatives), Chartered Tax Advisor

Member of Agribusiness Association of Australia

Glen Warren Phillips

Director of FREE Eyre Ltd (resigned 19 June 2015)

Julian Matthew Speed

Qualifications

Special responsibilities

Director of FREE Eyre Ltd

B.App.Sc (Ag.), MBA, MAICD

FREE Eyre Grain Management Committee

Benjamin John Ranford

Qualifications

Experience

Director of FREE Eyre Ltd (resigned 20 February 2015)

BAppSc (Agric)

Member of Eyre Peninsula Agricultural Research Foundation

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of the Group during the financial year were to continue to introduce competition and to restore economic balance and long term viability to farming communities in the Eyre Peninsula.

No significant change in the nature of these activities occurred during the year.

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Directors' Report

30 June 2015

Benefits as a result of contracts

No director of the Group has since the end of the financial period received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts) by reason of a contract entered into by the Group with:

- A director; or
- A firm of which a director is a member; or
- An entity in which a director has a substantial financial interest.

Operating results

The consolidated loss of the Group amounted to \$ (83,325) (2014: \$336,239 consolidated profit).

Dividends paid or recommended

There were no dividends paid or declared during the current or previous financial year.

Review of operations

The period ended 30 June 2015 shows a fall in profitability from the previous financial period due to lower than forecast grain accumulation earnings. Core operating costs have been further reduced during the reporting season, in line with the Board's decision to lower expenditure across all levels of the company.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

Matters or circumstances arising after the end of the year

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments

FREE Eyre will continue to explore agribusiness opportunities that allow it to act as a catalyst for competition building and value adding ventures to benefit shareholders and the Eyre Peninsula community in general.

Environmental matters

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Company secretary

The following person held the position of company secretary at the end of the financial year:

John Roger Crosby (Roseworthy Diploma in Agriculture (RDA)). John Roger Crosby was appointed company secretary on 1 May 2015.

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Directors' Report

30 June 2015

Meetings of directors

During the financial year, 6 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	FREE Eyre Board	
	Number eligible to attend	Number attended
Thomas Ray Wardle	6	6
David John Giddings	6	6
Trevor Ray Gilmore	6	6
Anthony George Hull	6	5
Glen Warren Phillips	6	4
Julian Matthew Speed	6	6
Benjamin John Ranford	3	2

Options

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification and insurance of directors and officers

During the financial period FREE Eyre Limited & Controlled Entities paid a premium in respect of a contract insuring directors and officers of the Group and its controlled entities against a liability incurred as director or officer of the Group to the extent permitted by the *Corporations Act 2001*.

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

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2015 has been received and can be found on page 11 of the financial report.

FREE Eyre Limited & Controlled Entities

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Directors' Report

30 June 2015

Remuneration report (audited)

Remuneration policy

The remuneration policy of FREE Eyre Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component. The Board of FREE Eyre Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

At the outset, the remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the Board after seeking professional advice from independent external consultants. Since then the Board has used that original advice as the basis for new commercial negotiations.

The Board policy is to remunerate non-executive directors at rates for time, commitment and responsibilities appropriate to the size and objectives of the Group. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. However, to align directors' interests with shareholder interest, the directors are encouraged to hold shares in the Group.

The directors have received a fixed fee per meeting of \$500.

Executive Pay

The executive pay and reward framework consists of base pay and superannuation. Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market for companies of similar size.

Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Group can terminate employment at any time. Options, if any, not exercised before or on the date of the termination will lapse.

FREE Eyre Limited & Controlled Entities

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Directors' Report

30 June 2015

Remuneration report (audited) continued

Remuneration details for the year ended 30 June 2015

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

Table of benefits and payments

	Short-term Cash salary fees	Post- employment Superannuation	Total
	\$	\$	\$
2015 (12 months)			
Directors			
Thomas Ray Wardle	3,000	285	3,285
David John Giddings	3,000	285	3,285
Trevor Ray Gilmore	2,500	238	2,738
Anthony George Hull	2,500	238	2,738
Glen Warren Phillips (resigned 19 Jun 2015)	2,000	190	2,190
Julian Matthew Speed	5,500	523	6,023
Benjamin John Ranford (resigned 20 Feb 2015)	1,000	-	1,000
	19,500	1,759	21,259
Management			
Mark Andrew Rodda	153,985	14,628	168,613
	173,485	16,387	189,872

	Short-term Cash salary fees	Post- employment Superannuation	Total
	\$	\$	\$
2014 (9 months)			
Directors			
Thomas Ian Bampton (resigned 21 Feb 2014)	1,500	139	1,639
David John Giddings (appointed 21 Feb 2014)	2,500	231	2,731
Trevor Ray Gilmore (appointed 21 Feb 2014)	2,500	231	2,731
Anthony George Hull (appointed 21 Feb 2014)	2,000	185	2,185
Robert Page Paterson (resigned 21 Feb 2014)	3,000	278	3,278
Glen Warren Phillips (appointed 21 Feb 2014)	2,000	185	2,185
Benjamin John Ranford	3,500	324	3,824
Julian Matthew Speed (appointed 21 Feb 2014)	2,500	231	2,731
Michael Douglas Tilley (resigned 21 Feb 2014)	1,500	139	1,639
Thomas Ray Wardle	2,000	185	2,185
	23,000	2,128	25,128
Management			
Mark Andrew Rodda	117,390	11,665	129,055
	140,390	13,793	154,183

The Board and key personnel receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits.

FREE Eyre Limited & Controlled Entities

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Directors' Report

30 June 2015

Remuneration report (audited) continued

Relationship between remuneration policy and company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. A method applied in achieving this aim in earlier year was the issue of shares in lieu of director fees for the majority of directors and executives to encourage the alignment of personal and shareholder interests.

Trading summary

The following table shows the gross revenue, profits and dividends for the last five years for the company.

	2015	2014 (9 months)	2013	2012	2011
	\$	\$	\$	\$	\$
Revenue	403,939	987,110	1,436,263	2,412,215	2,148,132
Profit/(loss) for the period	(83,325)	336,239	(1,881,028)	(554,243)	973,120
Dividends Paid	-	-	-	-	206,408

The directors have not declared a dividend for this financial period (2014: nil)

End of Audited Remuneration Report

Signed in accordance with a resolution of the Board of Directors:



Director:
Thomas Ray Wardle

Dated this 28th day of August 2015

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of FREE Eyre Limited & Controlled Entities and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
ABN: 38 280 203 274

A handwritten signature in black ink, appearing to read 'M. D. King', with a stylized flourish at the end.

M. D. King
Partner

Date this 28th day of August 2015

Adelaide

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
williambuck.com

FREE Eyre Limited & Controlled Entities

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2015

		Consolidated	
		2015 (12 months)	2014 (9 months)
	Note	\$	\$
Revenue	3	287,695	259,451
Total Revenue		287,695	259,451
Administration expenses		(152,245)	(234,416)
Employee expenses		(318,083)	(326,638)
Travel and accommodation		(43,258)	(32,037)
Depreciation expenses		(40,296)	(46,862)
Directors fees		(12,546)	(11,547)
Other expenses		(15,811)	(32,266)
Total Expenses	4	(582,239)	(683,766)
Loss before income tax		(294,544)	(424,315)
Income tax benefit	5	94,975	108,038
Loss from continuing operations		(199,569)	(316,277)
Profit from discontinued operations	6	116,244	652,516
Profit/(Loss) for the period		(83,325)	336,239
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the period		(83,325)	336,239
Profit/(Loss) attributable to:			
Members of the parent entity		(83,325)	336,239
Total comprehensive income attributable to:			
Members of the parent entity		(83,325)	336,239

The accompanying notes form part of these financial statements.

FREE Eyre Limited & Controlled Entities

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Consolidated Statement of Financial Position
As At 30 June 2015

		Consolidated	
		2015	2014
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	987,605	1,338,329
Trade and other receivables	9	132,691	42,456
Other assets	10	5,027	8,091
TOTAL CURRENT ASSETS		<u>1,125,323</u>	1,388,876
NON-CURRENT ASSETS			
Property, plant and equipment	11	235,666	302,031
Deferred tax assets	12	334,762	238,705
TOTAL NON-CURRENT ASSETS		<u>570,428</u>	540,736
TOTAL ASSETS		<u>1,695,751</u>	1,929,612
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	56,749	186,817
Short-term provisions	14	120,000	120,000
Employee benefits	15	10,212	26,418
TOTAL CURRENT LIABILITIES		<u>186,961</u>	333,235
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	1,277	-
Employee benefits	15	9,858	15,397
TOTAL NON-CURRENT LIABILITIES		<u>11,135</u>	15,397
TOTAL LIABILITIES		<u>198,096</u>	348,632
NET ASSETS		<u>1,497,655</u>	1,580,980
EQUITY			
Issued capital	16	3,463,409	3,463,409
Retained earnings		(1,965,754)	(1,882,429)
TOTAL EQUITY		<u>1,497,655</u>	1,580,980

The accompanying notes form part of these financial statements.

FREE Eyre Limited & Controlled Entities

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**Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2015**

2015

	Issued capital	Retained earnings	Total
	\$	\$	\$
Balance at 1 July 2014	3,463,409	(1,882,429)	1,580,980
Loss for the period from continuing operations	-	(199,569)	(199,569)
Profit for the period from discontinued operations	-	116,244	116,244
Other comprehensive income	-	-	-
Balance at 30 June 2015	3,463,409	(1,965,754)	1,497,655

2014

	Issued capital	Retained earnings	Total
	\$	\$	\$
Balance at 1 October 2013	3,463,409	(2,218,668)	1,244,741
Profit for the period	-	336,239	336,239
Other comprehensive income	-	-	-
Balance at 30 June 2014	3,463,409	(1,882,429)	1,580,980

The accompanying notes form part of these financial statements.

FREE Eyre Limited & Controlled Entities

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Consolidated Statement of Cash Flows

For the Year Ended 30 June 2015

	Note	2015 (12 months) \$	2014 (9 months) \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		316,931	422,403
Payments to suppliers and employees		(721,867)	(999,374)
Interest received		28,143	28,769
Interest paid		-	(20,236)
Income tax paid		-	187,689
Net cash used by operating activities	23	<u>(376,793)</u>	<u>(380,749)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		26,419	824,258
Payments for property, plant and equipment		(350)	-
Net cash provided by investing activities		<u>26,069</u>	<u>824,258</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of finance lease liabilities		-	(644,133)
Net cash used by financing activities		<u>-</u>	<u>(644,133)</u>
Net decrease in cash and cash equivalents held		(350,724)	(200,624)
Cash and cash equivalents at beginning of period		1,338,329	1,538,953
Cash and cash equivalents at end of financial period	8	<u>987,605</u>	<u>1,338,329</u>

The accompanying notes form part of these financial statements.

FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2015

The consolidated financial statements and notes represent those of FREE Eyre Limited and its controlled entities ('the Group'). FREE Eyre Limited is a company limited by shares, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, FREE Eyre Limited, have also been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue by the Directors of FREE Eyre Limited on 31 August 2015.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

During the previous financial year the consolidated entity changed its year end from 30 September to a 30 June reporting date. Comparative amounts are for the nine month period ended 30 June 2014 and are consistent with the prior period, unless otherwise stated.

1 Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (FREE Eyre Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is provided in Note 21 to the financial statements.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interest in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

(b) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment of losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line or diminishing value basis over the assets useful life to the company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

(c) Property, Plant and Equipment continued

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Site Works	10%
Plant and Equipment	6.66%-50%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property and the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

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Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

(e) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the financial instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments made and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

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 subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

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For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairments losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or loss are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised costs, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised costs (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures to recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

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For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

When the term of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred have duly considered.

Derecognition

Financial assets are derecognised when 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 when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability, which is 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.

(f) Impairment of non-financial assets

At the end of each reporting period the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Employee benefits

Short-term employee benefits

Provision is made for the Group's (including the parent's) obligation for short-term employee benefits. Short-term employee benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised in the statement of financial position.

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Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations due to change in assumptions for other long-term employee benefits, the net change in the obligations due to change in employee benefits expense in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(h) Provisions

Provisions are recognised when the Group 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(j) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred for more than one year is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

All revenue is stated net of the amount of goods and services tax (GST).

Rendering of Services

Revenue from services is recognised when the service is provided.

Interest revenue

Interest is recognised using the effective interest method.

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Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

(k) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(l) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included 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 is classified as operating cash flows.

(n) New Accounting Standards and Interpretations

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below.

- AASB 9: Financial Instruments (December 2014) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will be applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, and revised recognition and derecognition requirements for financial instruments.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments it is impracticable at this stage to provide a reasonable estimate of such impact.

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Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

(n) New Accounting Standards and Interpretations continued

- AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2017).

This Standard, when effective, will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of AASB 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step model:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenue when (or as) the performance obligation is satisfied.

AASB 15 also requires enhanced disclosures regarding revenue. This Standard will require retrospective restatements and is available for early adoption.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impacts.

2 Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and with the Group.

Key estimates - Grain Shrinkage

Included in current provisions at the end of the reporting period is an amount for grain shrinkage amounting to \$120,000 (2014: \$120,000). The provision represents the estimated grain shrinkage claims relating to grain previously held by the consolidated entity on behalf of growers, which was subject to shrinkage and spoilage.

Key estimates - Impairment

The Group assesses impairment at each reporting date by evaluation of conditions and events specific to the Group that may be indicative of impairment triggers.

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Notes to the Financial Statements

For the Year Ended 30 June 2015

3 Revenue and Other Income

	Consolidated	
	2015	2014
	(12 months)	(9 months)
	\$	\$
From continuing operations		
- Grain accumulation income	181,509	139,159
- Interest	28,143	29,946
- Commissions received	14,558	-
- Profit from sale of assets	22,905	-
- Sub-lease rentals	25,000	87,846
- Other income	15,580	2,500
	<hr/> 287,695	<hr/> 259,451
From discontinuing operations		
- Grain receival and outturn fees	-	10,671
- Gain on grain shrinkage provision	-	474,367
- Insurance claim proceeds	116,244	145,000
- Profit from sale of assets	-	97,621
	<hr/> 116,244	<hr/> 727,659
Total revenue from continuing operations	<hr/> 287,695	<hr/> 259,451
Total revenue from discontinuing operations	<hr/> 116,244	<hr/> 727,659

4 Result for the Period

The result for the period includes the following specific expenses:

Depreciation expenses - plant and equipment	40,296	46,862
Finance costs - interest paid/payable	-	20,236
Rental expenses relating to operating leases	8,913	22,117
Defined contribution superannuation expenses	18,907	34,312

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Notes to the Financial Statements

For the Year Ended 30 June 2015

5 Income Tax Expense

	Consolidated	
	2015	2014
	(12 months)	(9 months)
	\$	\$
Reconciliation of income tax to accounting profit:		
Loss from continuing operations before income tax expense	(294,544)	(424,315)
Profit from discontinued operations before income tax expense	116,244	652,516
	(178,300)	228,201
Tax	30 %	30 %
	(53,490)	68,460
Add:		
Tax effect of:		
- non-deductible entertainment expenses	1,471	452
- other non-allowable items	150	456
- subsidiary tax losses not recognised	-	75,150
	(51,869)	144,518
Less:		
Tax effect of:		
- temporary differences not brought to account	13,746	251,985
- prior period over provision of tax	-	571
- prior year tax losses utilised	29,360	-
Income tax benefit	(94,975)	(108,038)

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Notes to the Financial Statements

For the Year Ended 30 June 2015

6 Discontinued Operations

Summary

During the year ended 30 September 2013, the Board of FREE Eyre Limited decided to write down the operations of EP Storage and sell its remaining assets, resulting in these operations being classified as discontinued. While the majority of assets associated with this site have now been sold, the site and remaining assets were leased for a short term period and are currently unused. The Directors intend to continue to offer this site in future years, along with the remaining assets associated with the site. As such the remaining operations are not considered to be discontinued. These operations are of a different nature to the previous operations of EP Storage, and as such the prior period amounts have not been re-presented.

The insurance claim proceeds recorded as revenue from discontinued operations in the current financial year arose from the settlement of a claim in relation to the previous operations and accordingly has been classified as discontinued.

Financial Performance Information

	2015 (12 months)	2014 (9 months)
	\$	\$
Revenue	116,244	727,659
Expenses	-	(75,143)
Profit from discontinued operations	116,244	652,516
Revenue from discontinued operations includes:		
Gain on grain shrinkage provision	-	474,367
Insurance claim proceeds	116,244	145,000
Profit from sale of assets	-	97,621
Profit/(loss) attributable to owners of FREE Eyre Limited relates to:		
Loss from continuing operations	(199,569)	(316,277)
Profit from discontinued operations	116,244	652,516
	(83,325)	336,239
Net cash outflow from operating activities	-	(64,472)
Net cash inflow from investing activities	-	824,258
Net cash outflow from financing activities	-	(644,133)
Net cash increase generated by discontinued operations	-	115,653

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Notes to the Financial Statements

For the Year Ended 30 June 2015

7 Remuneration of Auditors

	Consolidated	
	2015	2014
	(12 months)	(9 months)
	\$	\$
Remuneration of the auditor of the Group, William Buck (2014: BDO (SA)), for:		
- auditing or reviewing the financial statements	22,550	43,050
- taxation services	300	8,010
- assistance with preparation of financial report	1,200	-
Total	24,050	51,060

8 Cash and cash equivalents

Cash at bank	149,733	521,968
Short-term bank deposits	837,872	816,361
	987,605	1,338,329

Cash at bank and short-term deposits bear interest rates between 0% and 3.1% (2014: 0% and 3.5%). These deposits have an average maturity of 90 days.

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	987,605	1,338,329
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9 Trade and other receivables

CURRENT		
Trade receivables	12,861	33,559
Insurance claim receivable	116,244	-
Other receivables	3,586	8,897
	132,691	42,456

No trade receivables are considered past due date or impaired. All current trade and other receivables are non-interest bearing.

10 Other assets

CURRENT		
Prepayments	4,361	8,091
Payroll tax refund	666	-
	5,027	8,091

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For the Year Ended 30 June 2015

11 Property, plant and equipment

	Consolidated	
	2015 (12 months)	2014 (9 months)
	\$	\$
Site works		
At cost	149,060	153,242
Accumulated depreciation and impairment losses	(78,588)	(70,917)
	<u>70,472</u>	<u>82,325</u>
Plant and equipment		
At cost	314,067	394,062
Accumulated depreciation and impairment losses	(148,873)	(174,356)
	<u>165,194</u>	<u>219,706</u>
	<u>235,666</u>	<u>302,031</u>

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

	Site Works	Plant and Equipment	Total
	\$	\$	\$
Consolidated			
Year ended 30 June 2015			
Balance at the beginning of year	82,325	219,706	302,031
Additions	-	350	350
Disposals - written down value	(447)	(25,972)	(26,419)
Depreciation expense	(11,406)	(28,890)	(40,296)
Balance at the end of the year	<u>70,472</u>	<u>165,194</u>	<u>235,666</u>
Consolidated			
Period ended 30 June 2014			
Balance at the beginning of period	-	99,231	99,231
Assets no longer classified as held for sale	91,225	165,123	256,348
Disposals - written down value	-	(6,686)	(6,686)
Depreciation expense	(8,900)	(37,962)	(46,862)
Balance at the end of the period	<u>82,325</u>	<u>219,706</u>	<u>302,031</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2015

12 Tax assets and liabilities

Deferred tax assets comprise temporary differences attributable to:

	Consolidated	
	2015 (12 months)	2014 (9 months)
	\$	\$
Employee benefits	6,020	12,544
Accrued expenditure	10,742	20,295
Accrued income	-	5,960
Other	-	(488)
Black hole expenditure	30,596	56,632
Tax losses	287,404	143,762
	334,762	238,705

	Opening Balance	Charged to Profit or Loss	Closing Balance
	\$	\$	\$
Consolidated			
Deferred tax assets			
Employee benefits	12,260	284	12,544
Accrued expenditure	31,244	(10,949)	20,295
Accrued income	(1,394)	7,354	5,960
Other	397	(885)	(488)
Black hole expenditure	77,137	(20,505)	56,632
Tax losses	11,105	132,657	143,762
Balance at 30 June 2014	130,749	107,956	238,705
Employee benefits	12,544	(6,524)	6,020
Accrued expenditure	20,295	(9,553)	10,742
Accrued income	5,960	(5,960)	-
Other	(488)	488	-
Black hole expenditure	56,632	(26,036)	30,596
Tax losses	143,762	143,642	287,404
Balance at 30 June 2015	238,705	96,057	334,762

The black hole expenditure is the tax treatment of the capital raising costs over the 2008 to 2013 financial years. It is only allowed to be written off for tax purposes over five years and consequently there is a timing difference between accounting and tax treatments.

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Notes to the Financial Statements

For the Year Ended 30 June 2015

12 Tax assets and liabilities continued

	Consolidated	
	2015 (12 months)	2014 (9 months)
	\$	\$
Deferred tax liabilities	1,277	-
	<u>1,277</u>	<u>-</u>

	Opening Balance	Charged to Profit or Loss	Closing Balance
	\$	\$	\$
Deferred tax liability			
Accrued interest	-	1,076	1,076
Other	-	201	201
Balance at 30 June 2015	<u>-</u>	<u>1,277</u>	<u>1,277</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following:

Unused tax losses	1,603,978	865,310
Deductible temporary differences	196,259	1,244,952
	<u>1,800,237</u>	<u>2,110,262</u>
Potential benefit at 30% (2014: 30%)	540,071	633,079

Deferred tax assets not recognised specifically relate to EP Storage Pty Ltd. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therein.

13 Trade and other payables

CURRENT

Unsecured liabilities

Trade payables	5,253	59,645
Income received in advance	-	22,193
Other payables	51,496	104,979
	<u>56,749</u>	<u>186,817</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2015

14 Provisions

	Consolidated	
	2015	2014
	(12 months)	(9 months)
	\$	\$
CURRENT		
Grain shrinkage provision	120,000	120,000
	120,000	120,000

The provision represents the estimated grain shrinkage claims relating to grain previously held by the consolidated entity on behalf of growers, which was subject to shrinkage and spoilage.

15 Employee Benefits

Current liabilities		
Annual leave	10,212	26,418
	10,212	26,418

Non-current liabilities		
Long service leave	9,858	15,397
	9,858	15,397

(a) Analysis of Employee Benefits		
Opening balance	41,815	43,083
Amount provided during the period	2,389	9,914
Leave taken during the year	(24,134)	(11,182)
Closing balance	20,070	41,815

16 Issued Capital

2,308,163 (2014: 2,308,163) Ordinary shares	3,463,409	3,463,409
	3,463,409	3,463,409

(a) Share Capital		
	Consolidated	
	2015	2014
	No.	No.
At the beginning of the reporting period	2,308,163	2,308,163
At the end of the reporting period	2,308,163	2,308,163

All shares issued are fully paid ordinary shares.

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For the Year Ended 30 June 2015

16 Issued Capital continued

(a) Share Capital continued

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

(b) Capital Management

The Group considers its capital to comprise its ordinary share capital and accumulated retained earnings.

In managing its capital, the Group's primary objective is to maintain a good debt to equity ratio and ensure that the Group can fund its operations and continue as a going concern. This is performed by assessing the Group's financial risks and maintaining a capital structure that minimises these risks by ensuring sufficient cash flows for continuing operations while avoiding a reliance on interest bearing debt.

17 Capital and Leasing Commitments

Operating Leases

	Consolidated	
	2015 (12 months)	2014 (9 months)
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	7,900	4,000
- between one year and five years	13,000	16,000
- later than five years	-	4,000
	20,900	24,000

Within the Group there are two operating lease commitments. The first being a lease for EP Storage which commenced on 1 September 2009 and is a 10 year land lease with a further 10 year lease option. The second being a lease for FREE Eyre Limited which commenced on 1 January 2012 and is a 2 year office lease with a further 2 year lease option.

18 Financial Instruments

Financial Assets

Loans and receivables (including cash and cash equivalents)

- Cash and cash equivalents	987,605	1,338,329
- Trade and other receivables	132,691	42,456

Financial Liabilities

Financial liabilities at amortised cost

- Trade and other payables	56,749	186,817
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FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2015

19 Financial Risk Management

(a) Objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this Note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The Group's risk management policies and objectives are designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives financial reports from the Group Chief Executive Officer at each Board meeting through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's flexibility. Further details regarding these policies are set out below.

(b) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. The Group has funds available in unrestricted bank accounts which can be drawn upon to pay creditors as they fall due. The Directors monitor the Group to ensure sufficient funds are available to pay creditors within commercially acceptable terms.

Maturity analysis

Consolidated	Less than 1 year		1 to 2 years	2 to 5 years	
	2015	2014	2015	2015	2014
	\$	\$	\$	\$	\$
Trade payables	5,253	59,645	-	-	-
Other payables	51,496	104,979	-	-	-
Income received in advance	-	22,193	-	-	-
Total	56,749	186,817	-	-	-

(c) Market risk

Market risk arises from the use of interest bearing and tradeable financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes interest rates (interest rate risk) or other market factors (other price risk).

FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2015

19 Financial Risk Management continued

(i) Interest rate risk

Interest rate risk is the risk that changes in interest rate will affect the entity's income or the value of its obligations and arises on floating rate debt.

The Group's only financial asset subject to floating interest rate risk is cash at bank held directly. The Group does not have any variable rate interest bearing obligations. Interest rate risk is minimal.

Sensitivity Analysis

(a) Price Risk

The Group does not have any financial assets which would be subject to price risk.

(b) Interest Rate Risk

The sensitivity analysis has assumed that the issuer's credit risk rating remains unchanged.

At 30 June 2015 investments in cash, fixed interest and floating interest amount to \$987,605 (2014: \$1,338,329). All else remaining equal, a 1% increase or decrease in interest rate during the year ended 30 June 2016 would result in an increase or decrease in net profit of \$9,876 (2014: 13,383).

(d) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group.

The Group has exposure to credit risk through its receivables unpaid at reporting date. The maximum exposure to credit risk in current receivables at report date is \$132,691 (2014: \$42,456). Sales are only made to customers that are considered credit worthy.

FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2015

20 Related Parties

(a) The Group's main related parties are as follows:

(i) Parent entity:

FREE Eyre Limited has a 100% share of EP Storage Pty Ltd (2014: 100%) and FREE Eyre Grain Pty Ltd (2014: 100%). Being 100% owned, both entities have been deemed subsidiaries of FREE Eyre Limited.

(ii) Key management personnel:

The following persons were key management personnel of FREE Eyre Limited during the period.

David John Giddings
Trevor Gilmore
Anthony George Hull
Glen Warren Phillips (resigned 19 June 2015)
Benjamin John Ranford (resigned 20 February 2015)
Julian Matthew Speed
Thomas Ray Wardle
Mark Andrew Rodda (CEO)

FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2015

(b) Group compensation

	Short-term Cash salary fees	Post- employment Superannuation	Total
2015 (12 months)			
Directors			
Thomas Ray Wardle	3,000	285	3,285
David John Giddings	3,000	285	3,285
Trevor Ray Gilmore	2,500	238	2,738
Anthony George Hull	2,500	238	2,738
Glen Warren Phillips (resigned 19 Jun 2015)	2,000	190	2,190
Julian Matthew Speed	5,500	523	6,023
Benjamin John Ranford (resigned 20 Feb 2015)	1,000	-	1,000
	<u>19,500</u>	<u>1,759</u>	<u>21,259</u>
Management			
Mark Andrew Rodda	153,985	14,628	168,613
	<u>173,485</u>	<u>16,387</u>	<u>189,872</u>
2014 (9 months)			
Directors			
Thomas Ian Bampton (resigned 21 Feb 2014)	1,500	139	1,639
David John Giddings (appointed 21 Feb 2014)	2,500	231	2,731
Trevor Ray Gilmore (appointed 21 Feb 2014)	2,500	231	2,731
Anthony George Hull (appointed 21 Feb 2014)	2,000	185	2,185
Robert Page Paterson (resigned 21 Feb 2014)	3,000	278	3,278
Glen Warren Phillips (appointed 21 Feb 2014)	2,000	185	2,185
Benjamin John Ranford	3,500	324	3,824
Julian Matthew Speed (appointed 21 Feb 2014)	2,500	231	2,731
Michael Douglas Tilley (resigned 21 Feb 2014)	1,500	139	1,639
Thomas Ray Wardle	2,000	185	2,185
	<u>23,000</u>	<u>2,128</u>	<u>25,128</u>
Management			
Mark Andrew Rodda	117,390	11,665	129,055
	<u>140,390</u>	<u>13,793</u>	<u>154,183</u>

The Board and key personnel receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not received any other retirement benefits.

FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2015

(c) Group Shareholdings

Details of shares held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

	Balance 30 Sep 2014	Shares purchased/ issued 2014	Balance 30 Jun 2014	Shares purchased/ issued 2015	Balance 30 June 2015
David John Giddings	4,500	-	4,500	-	4,500
Trevor Ray Gilmore	7,875	-	7,875	-	7,875
Benjamin John Ranford (resigned 20 February 2015)	19,242	-	19,242	-	19,242
Thomas Ray Wardle	16,600	-	16,600	-	16,600
Mark Andrew Rodda	26,250	-	26,250	-	26,250

No other key management personnel held shares during the period.

21 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2015	Percentage Owned (%)* 2014
Subsidiaries:			
FREE Eyre Grain Pty Ltd	Australia	100	100
EP Storage Pty Ltd	Australia	100	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

22 Contingencies

In the opinion of the Directors, the company did not have any contingencies at 30 June 2015 (30 June 2014:None).

FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2015

23 Cash Flow Information

Reconciliation of result for the period to cashflows from operating activities

	Consolidated	
	2015 (12 months)	2014 (9 months)
	\$	\$
Profit/(Loss) for the period	(83,325)	336,239
Non-cash flows in profit/loss:		
- depreciation and amortisation	40,296	46,862
- Profit on disposal of plant & equipment	-	(97,621)
-Transfers from provisions	-	(689,000)
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	(90,235)	21,518
- decrease in other assets	3,064	27,672
- increase in deferred tax	(94,780)	(107,956)
- decrease in trade and other payables	(130,068)	(103,443)
- increase in income taxes payable	-	186,430
- decrease in provisions	(21,745)	(1,450)
Cashflow from operations	<u>(376,793)</u>	<u>(380,749)</u>

24 Events Occurring After the Reporting Date

The financial report was authorised for issue on 31 August 2015 by the board of directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2015

25 Parent entity

The following information relates to the parent entity, FREE Eyre Limited and has been prepared on the same basis as the consolidated financial statements.

	2015 (12 months) \$	2014 (9 months) \$
Statement of Financial Position		
Assets		
Current assets	1,174,085	1,577,676
Non-current assets	358,519	192,830
Total Assets	<u>1,532,604</u>	<u>1,770,506</u>
Liabilities		
Current liabilities	57,419	140,461
Non-current liabilities	11,014	12,249
Total Liabilities	<u>68,433</u>	<u>152,710</u>
Equity		
Issued capital	3,463,410	3,463,410
Retained earnings	(1,999,239)	(1,845,614)
Total Equity	<u>1,464,171</u>	<u>1,617,796</u>
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	<u>(153,625)</u>	<u>(1,690)</u>
Total comprehensive income	<u>(153,625)</u>	<u>(1,690)</u>

26 Operating Segments

Segment information

The Group operates in a single business segment of supporting farming communities and families across South Australia.

27 Company Details

The registered office of the company is:

FREE Eyre Limited & Controlled Entities
Level 1, 33 Hutt Street
Adelaide SA 5000

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Declaration

In accordance with a resolution of the directors of FREE Eyre Limited, the directors of the company declare that:

1. The financial statements and notes for the year ended 30 June 2015 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2015 and performance for the year ended on that date of the company and consolidated group;
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosure included on page 8 to 10 of the Directors' Report (as part of audited Remuneration Report) for the year ended 30 June 2015, comply with section 300A of the *Corporations Act 2001*.

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



Director

Thomas Ray Wardle

Dated this 28th day of August 2015

Independent Audit Report to the members of FREE Eyre Limited & Controlled Entities

Report on the Financial Report

We have audited the accompanying financial report of FREE Eyre Limited & Controlled Entities, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

CHARTERED ACCOUNTANTS & ADVISORS

Level 6, 211 Victoria Square
Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
williambuck.com

Independent Audit Report to the members of FREE Eyre Limited & Controlled Entities

Opinion

In our opinion:

(a) the financial report of FREE Eyre Limited & Controlled Entities is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and the consolidated entity's financial positions as at 30 June 2015 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

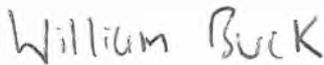
We have audited the Remuneration Report included in pages 8-10 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of FREE Eyre Limited & Controlled Entities for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Matters Relating to the Electronic Presentation of the Audit Financial Report

This auditor's report relates to the financial report of FREE Eyre Limited & Controlled Entities for the year ended 30 June 2015 included on FREE Eyre Limited's web site. The company's directors are responsible for the integrity of the FREE Eyre Limited's web site. We have not been engaged to report on the integrity of the FREE Eyre Limited's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.



William Buck
ABN: 38 280 203 274



M.D. King
Partner

Dated this 28th day of August 2015
Adelaide

CHARTERED ACCOUNTANTS & ADVISORS

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