

Copy of financial statements and reports

Company details

Company name

TEYS AUSTRALIA PTY LTD

ACN

009 872 600

Reason for lodgement of statement and reports

A large proprietary company that is not a disclosing entity

Dates on which financial
year ends

Financial year end date

30-06-2014

Details of large proprietary company

What is the consolidated revenue of the large proprietary company and the entities that it controls?

2399247000

What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

735130000

How many employees are employed by the large proprietary company and the entities that it controls?

4573

How many members does the large proprietary company have?

2

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

No

Details of current auditor or auditors

Current auditor

Date of appointment **01-06-2005**

Name of auditor

ERNST & YOUNG

Address

**UNIT 51
111 EAGLE STREET
BRISBANE QLD 4000**

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form
Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been submitted by

Name

Kirstine Alana JACKSON

Date

24-08-2015

For more help or information

Web

www.asic.gov.au

Ask a question?

www.asic.gov.au/question

Telephone

1300 300 630

**Teys Australia Pty Ltd and its
Controlled Entities**
ACN 009 872 600
Special purpose financial report for
the year ended 30 June 2014

Teys Australia Pty Ltd and its Controlled Entities

Contents

Directors' report	1
Statements of profit or loss	5
Statements of financial position	6
Statements of changes in equity	7
Statements of cash flows	9
Notes to the financial statements	10
1. Summary of significant accounting policies	10
2. Significant accounting judgements, estimates and assumptions	21
3. Revenue and expenses	23
4. Income tax	24
5. Trade and other receivables	25
6. Inventories	25
7. Biological assets - livestock	26
8. Other current assets	26
9. Intangible assets	26
10. Investment in controlled entities	26
11. Equity accounted investments in jointly controlled entities	27
12. Property, plant and equipment	28
13. Other non-current assets	28
14. Trade and other payables	29
15. Provisions	29
16. Interest bearing loans	29
17. Non-interest bearing loans	30
18. Contributed equity	30
19. Retained earnings	31
20. Non-controlling interests	31
21. Notes to statement of cash flow	31
22. Commitments and contingencies	33
23. Subsequent events	34
24. Dividends paid and proposed	35
25. Deed of cross guarantee	35
26. Auditors' remuneration	38
Directors' declaration	39
Independent auditor's report	40

Directors' report

Your directors submit their report for the year ended 30 June 2014.

Directors

The names of the directors of the Company in office during the financial year and up to the date of this report are:

A.W. Teys

G.C. Teys

C.G. Teys

R.W. Teys

W.A. Buckner

J.A. Keating

J.S. D'Souza

R.H. Selwood (Resigned: 30 July 2013)

J. Di Leo (Appointed: 30 July 2013)

Corporate information

Teys Australia Pty Ltd ('the Company') is a for profit company limited by shares that is incorporated and domiciled in Australia. Teys Australia Pty Ltd has prepared a consolidated financial report incorporating the entities that it controlled during the financial year which are outlined below:

Teys Australia Pty Ltd and its controlled entities (together referred to as 'the consolidated entity'):

Company Name	% Ownership
Teys Australia Distribution Pty Ltd	100%
Teys Australia Beenleigh Pty Ltd	100%
Teys Australia Biloela Pty Ltd	100%
Teys Bros. (Japan) Pty Ltd	100%
Teys Australia Naracoorte Pty Ltd	100%
Teys Australia Condamine Pty Ltd	51%
Teys Australia Management Pty Ltd	100%
Teys Bros. (Innisfail) Pty Ltd	100%
Teys Australia Central Queensland Pty Ltd	100%
Teys Australia Food Solutions Pty Ltd	100%
Teys Australia Holdings Pty Ltd	100%
Teys Australia Meat Group Pty Ltd	100%
Consolidated Meat Holdings Unit Trust	100%
Consolidated Meat Processors Unit Trust	100%
Teys Australia Property Pty Ltd	100%
Teys Financial Services Pty Ltd	100%
Teys Australia Murgon Pty Ltd	100%
Teys Australia Southern Property Pty Ltd	100%
Teys Australia Southern Pty Ltd	100%
Teys Australia Trading Pty Ltd	100%

The registered office of the Company is 2728 Logan Rd, Eight Mile Plains, Queensland 4113.

The principal place of business of the Company is Logan River Road, Beenleigh, Queensland, 4207.

Directors' report (continued)

Principal activities

The principal activities of the consolidated entity in the course of the financial year were the production, wholesaling and exporting of meat products, and there was no change in these activities during the year.

Results and dividends

The profit after tax of the consolidated entity for the year ended 30 June 2014 was \$194,593,000 (2013: \$38,991,000).

During the financial year, a dividend of \$11,244,000 was declared and paid to the shareholders of Teys Australia Pty Ltd (2013: \$nil).

Review of operations

Trading improved in this fiscal year as a result of improved global demand and increased production from strong cattle supply as a result of poor rainfalls in significant cattle supply areas.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the consolidated entity and the Company during the current financial year.

Likely developments and expected results

The directors expect global beef demand to remain strong however seasonal conditions may impact cattle supply in the years ahead.

Environmental regulation and performance

The consolidated entity holds licenses issued by the Environmental Protection Authority, which specify limits for discharges to the environment which are due to the consolidated entity's operations. These licences regulate the management of discharges to the air and storm water run-off associated with the operations as well as the storage of hazardous materials. There have been no significant breaches of the consolidated entity's license conditions.

Significant events after the balance date

On 25 July 2014, the Group purchased the assets of Charlton Feedlot located in Victoria. The assets were purchased for \$10 million. This is a natural expansion of our supply chain and will primarily supply our Wagga Wagga and Naracoorte beef processing plants.

There have been no other subsequent events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest \$1,000 under the option available to the Company under ASIC CO 98/0100. The Company is an entity to which the class order applies.

Directors' report (continued)

Indemnification and insurance of directors

During the year the consolidated entity has paid premiums of \$77,709 in respect of a contract insuring all directors against legal costs incurred in defending proceedings for conduct other than: (a) a willful breach of duty; (b) a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by 199B of the *Corporations Act 2001*.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Auditor independence

The directors have received a declaration for the auditor of Teys Australia Pty Ltd and its Controlled Entities. This has been included on page 4.

Non-audit services

Non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed in accordance with a resolution of the directors.

A.W. Teys
Director
Brisbane
28 October 2014

J.S. D'Souza
Director
Brisbane
28 October 2014

Auditor's Independence Declaration to the Directors of Teys Australia Pty Ltd

In relation to our audit of the financial report of Teys Australia Pty Ltd for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Wade Hansen
Partner
Brisbane
28 October 2014

Teys Australia Pty Ltd and its Controlled Entities

Statements of profit or loss and other comprehensive income

For the year ended 30 June 2014

	Notes	Consolidated		Company	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
Revenue	3.1	2,399,247	2,020,842	26,125	22,630
Cost of sales	3.2	(1,958,588)	(1,805,995)	(22,920)	(22,918)
Other income	3.3	895	-	25,661	1,270
Distribution expenses		(125,137)	(108,852)	-	(83)
Sales, marketing and administrative expenses		(43,568)	(49,579)	(37,079)	(10,900)
Other expenses		(1,101)	(1,975)	(87)	(6)
Finance costs	3.4	(2,099)	(4,592)	(1)	-
Finance income	3.4	3,409	878	376	1,350
Share of equity accounted entities' profit		1,335	1,213	-	-
Profit/(loss) before tax		274,393	51,940	(7,925)	(8,657)
Income tax expense	4	(79,800)	(12,949)	(14,881)	(7,403)
Profit/(loss) for the year		194,593	38,991	(22,806)	(16,060)
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Actuarial gain on defined benefit plan (net of tax)		692	2,460	-	-
Total comprehensive income/(loss) for the year, net of tax		195,285	41,451	(22,806)	(16,060)
Net profit/(loss) is attributable to:					
Non-controlling interests		658	180	-	-
Owners of the parent		193,935	38,811	(22,806)	(16,060)
		194,593	38,991	(22,806)	(16,060)
Total comprehensive income/(loss) attributable to:					
Non-controlling interests		658	180	-	-
Owners of the parent		194,627	41,271	(22,806)	(16,060)
		195,285	41,451	(22,806)	(16,060)

The above statements of profit or loss should be read in conjunction with the accompanying notes.

Teys Australia Pty Ltd and its Controlled Entities

Statements of financial position

As at 30 June 2014

	Notes	Consolidated		Company	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
Assets					
Current assets					
Cash and cash equivalents	21	173,236	38,553	2	-
Trade and other receivables	5	120,554	113,131	13,993	22,698
Inventories	6	104,863	98,760	-	-
Derivative financial instruments		4,466	-	-	-
Biological assets - livestock	7	64,845	47,457	-	-
Other current assets	8	4,911	2,796	1,329	370
Total current assets		472,875	300,697	15,324	23,068
Non-current assets					
Intangible assets	9	1,451	1,562	-	-
Investments in controlled entities	10	-	-	73,887	73,887
Equity accounted investments in jointly controlled entities	11	3,221	2,503	790	789
Property, plant and equipment	12	236,642	230,488	7,981	8,033
Deferred tax assets		17,931	15,961	9,335	2,079
Other non-current assets	13	3,010	1,282	13,419	10,423
Total non-current assets		262,255	251,796	105,412	95,211
Total assets		735,130	552,493	120,736	118,279
Liabilities					
Current liabilities					
Trade and other payables	14	110,367	85,527	7,594	4,476
Interest bearing loans and borrowings	16	4,133	-	-	-
Current tax liability		71,364	17,303	17,718	7,895
Provisions	15	32,895	26,727	1,059	905
Derivative financial instruments		-	14,365	-	-
Total current liabilities		218,759	143,922	26,371	13,276
Non-current liabilities					
Provisions	15	40,005	18,542	26,431	3,019
Deferred tax liabilities		12,086	8,606	-	-
Interest bearing loans	16	-	101,184	-	-
Non-interest bearing loans	17	870	870	-	-
Total non-current liabilities		52,961	129,202	26,431	3,019
Total liabilities		271,720	273,124	52,802	16,295
Net assets		463,410	279,369	67,934	101,984
Equity					
Contributed equity	18	92,257	92,257	92,257	92,257
Retained earnings/(accumulated losses)	19	363,285	179,902	(24,323)	9,727
Equity attributable to the Parent		455,542	272,159	67,934	101,984
Non-controlling interests		7,868	7,210	-	-
Total equity		463,410	279,369	67,934	101,984

The above statements of financial position should be read in conjunction with the accompanying notes.

Teys Australia Pty Ltd and its Controlled Entities

Statements of changes in equity

For the year ended 30 June 2014

Consolidated	Contributed equity (Note 18) \$000	Retained earnings \$000	Parent interests \$000	Non- controlling interests \$000	Total equity \$000
As at 1 July 2013	92,257	179,902	272,159	7,210	279,369
Profit for the year	-	193,935	193,935	658	194,593
Other comprehensive income	-	692	692	-	692
Total comprehensive income	-	194,627	194,627	658	195,285
Dividends paid (Note 24)	-	(11,244)	(11,244)	-	(11,244)
At 30 June 2014	92,257	363,285	455,542	7,868	463,410

	Contributed equity (Note 18) \$000	Retained earnings \$000	Parent interests \$000	Non- controlling interests \$000	Total equity \$000
As at 1 July 2012	92,257	138,631	230,888	7,030	237,918
Profit for the year	-	38,811	38,811	180	38,991
Other comprehensive income	-	2,460	2,460	-	2,460
Total comprehensive income	-	41,271	41,271	180	41,451
At 30 June 2013	92,257	179,902	272,159	7,210	279,369

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

Teys Australia Pty Ltd and its Controlled Entities

Statements of changes in equity (continued)**For the year ended 30 June 2014**

Company	Contributed equity (Note 18) \$000	Retained earnings/ (accumulated losses) \$000	Total equity \$000
As at 1 July 2013	92,257	9,727	101,984
Net loss for the year	-	(22,806)	(22,806)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(22,806)	(22,806)
Dividends paid (Note 24)	-	(11,244)	(11,244)
At 30 June 2014	92,257	(24,323)	67,934
	Contributed equity (Note 18) \$000	Retained earnings \$000	Total equity \$000
As at 1 July 2012	92,257	25,787	118,044
Net loss for the year	-	(16,060)	(16,060)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(16,060)	(16,060)
At 30 June 2013	92,257	9,727	101,984

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

Teys Australia Pty Ltd and its Controlled Entities

Statements of cash flows

For the year ended 30 June 2014

Notes	Consolidated		Company		
	2014	2013	2014	2013	
	\$000	\$000	\$000	\$000	
Operating activities					
Receipts from customers	2,631,747	2,027,993	-	-	
Payments to suppliers and employees	(2,336,281)	(1,957,077)	(23,324)	(16,392)	
Dividend received from jointly-controlled entity	617	1,270	25,616	1,270	
Interest received	3,409	878	376	1,350	
Interest paid	(2,098)	(4,592)	(1)	-	
Income tax paid	(24,229)	(7,830)	(12,315)	(2,727)	
Net cash flows from/(used in) operating activities	21	273,165	60,642	(9,648)	(16,499)
Investing activities					
Proceeds from sale of property, plant and equipment	1,822	225	64	10	
Purchase of property, plant and equipment	(32,008)	(27,346)	(2,686)	(4,987)	
Additional capital in controlled entities	-	-	-	(9,000)	
Net cash flows used in investing activities		(30,186)	(2,622)	(13,977)	
Financing activities					
Repayment of/(proceeds from) borrowings to controlled entities	(97,052)	(23,231)	23,516	30,476	
Equity dividends paid	24	(11,244)	-	(11,244)	-
Net cash flows (used in)/from financing activities		(108,296)	(23,231)	12,272	30,476
Net increase in cash and cash equivalents		134,683	10,290	2	-
Cash and cash equivalents at opening balance date		38,553	28,263	-	-
Cash and cash equivalents at 30 June	21	173,236	38,553	2	-

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

Notes to the financial statements

For the year ended 30 June 2014

1. Summary of significant accounting policies

The special purpose financial report of Teys Australia Pty Ltd (the 'Company') and its controlled entities (together referred to as the 'consolidated entity' or 'Group') for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on the date the Directors' declaration was signed.

Teys Australia Pty Ltd ('the Company') is a company limited by shares that is incorporated and domiciled in Australia.

The registered office, principal place of business and nature of operations and principal activities are described in the Directors' report.

Basis of preparation

This special purpose financial report has been prepared for distribution to the members to fulfill the directors' financial reporting requirements under the *Corporations Act 2001*. The Group is a for-profit entity for the purpose of preparing the financial statements. The accounting policies used in the preparation of this financial report are in the opinion of the directors, appropriate to meet the needs of members:

- (i) The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.
- (ii) The requirements of Accounting Standards and other financial reporting requirements in Australia do not have mandatory applicability to Teys Australia Pty Ltd and its Controlled Entities because it is not a 'reporting entity'. The directors have, however, prepared the financial report in accordance with all Accounting Standards and other mandatory financial reporting requirements in Australia with the exception of the disclosure requirements of the following:

- AASB 3 Business Combinations*
- AASB 7 Financial Instruments: Disclosures*
- AASB 10 Consolidated Financial Statements*
- AASB 11 Joint Arrangements*
- AASB 12 Disclosure of Interests in Other Entities*
- AASB 13 Fair Value Measurement*
- AASB 112 Income Taxes*
- AASB 119 Employee Benefits*
- AASB 124 Related Party Disclosures*
- AASB 127 Consolidated and Separate Financial Statements*
- AASB 128 Investments in Associates and Joint Ventures*
- AASB 132 Financial Instruments: Presentation*
- AASB 136 Impairment of Assets*
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets*
- AASB 141 Agriculture*

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

Notes to the financial statements (continued)

For the year ended 30 June 2014

1. Summary of significant accounting policies (continued)

New accounting standards and interpretations

(i) *Changes in accounting policies, new and amended standards and interpretations*

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2013:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits (Revised 2011)*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*

The adoption of these standards or interpretations has not had a significant effect on the financial statements.

(ii) *Accounting Standards and Interpretations issued but not yet effective*

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2014. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations, however do not expect them to have a material effect on the financial position or performance of the consolidated entity.

Significant accounting policies

(a) **Going concern**

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The directors are satisfied with the going concern assumption for the parent entity on the basis it has the ability to command dividends from controlled entities at any time, if required.

(b) **Basis of consolidation**

The financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee

Notes to the financial statements (continued)

For the year ended 30 June 2014

1. Summary of significant accounting policies (continued)

(b) Basis of consolidation (continued)

- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

(c) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Notes to the financial statements (continued)

For the year ended 30 June 2014

1. Summary of significant accounting policies (continued)

(d) Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of equity accounted entities' profit in the statement of profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably.

Notes to the financial statements (continued)

For the year ended 30 June 2014

1. Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

Rendering of services

Revenue is recognised on the rendering of services when the outcome of a contract to provide services can be measured reliably and the service is performed.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset) to the net carrying amount of the financial asset.

Government grants

When a government grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When a government grant relates to an asset, the grant is credited against that asset.

(f) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the financial statements (continued)

For the year ended 30 June 2014

1. Summary of significant accounting policies (continued)

(f) Taxes (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of GST included

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

Cash flows are included in the statement of cash flows 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 part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Foreign currency translation

The functional and presentation currency of the Company and the consolidated entity is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. The resulted gain or loss on retranslation is included as profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The results of foreign subsidiaries are translated into presentation currency as at average rate and the assets and liabilities are translated at exchange rate prevailing at reporting date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

Notes to the financial statements (continued)

For the year ended 30 June 2014

1. Summary of significant accounting policies (continued)

(h) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(i) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprises cash at bank and in hand and money market investments readily convertible to cash within three months or less.

For purposes of the statement of cash flows, cash and cash equivalents consists of cash and cash equivalents as defined above.

(j) Trade and other receivables

Trade and other receivables are recognised at original invoice amounts less an allowance for uncollectible amounts. Collectability of trade receivables is assessed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence (financial difficulties of debtors, default payments etc.) that the Company will not be able to collect all of the amounts due according to the original terms.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows: Raw materials - weighted average.

Finished goods and work in progress - cost of direct materials and labour and a proportion of manufacturing overhead based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make a sale.

Notes to the financial statements (continued)

For the year ended 30 June 2014

1. Summary of significant accounting policies (continued)

(l) Biological assets

The Company's biological assets are cattle in transit to the abattoir and cattle on feedlot at year end. Cattle are measured at their net market value at each reporting date. The net market value is determined by reference to the original purchase cost (market value at saleyard auction or ex-property).

Market values of the herd are determined after assessing a number of key market indicators to ensure the values determined are representative of the consolidated entity's herd.

(m) Derivative financial instruments

The consolidated entity uses foreign currency contract to hedge its risks associated with foreign currency fluctuation. These hedges do not qualify for hedge accounting and changes in fair values are recognised immediately in profit or loss corresponding entry with receivables or payables. The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

(n) Property, plant and equipment

Cost and valuation

All classes of property, plant and equipment are currently carried at cost less accumulated depreciation and any impairment in value.

Depreciation

Depreciation is calculated on a straight line basis or diminishing value on all property, plant and equipment.

The estimated useful lives are:

	2014	2013
Freehold buildings	7 to 40 years	7 to 40 years
Leasehold land and improvements	10 to 23.5 years	10 to 23.5 years
Plant and equipment	5 to 15 years	5 to 15 years
Land is not depreciated		

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

(o) Operating leases

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Notes to the financial statements (continued)

For the year ended 30 June 2014

1. Summary of significant accounting policies (continued)

(p) Intangibles

Intangible assets acquired separately or through a business combination are measured at cost. The cost of an intangible asset acquired through a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment wherever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life is reviewed annually. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits embodied in the assets are accounted for by changing the amortisation period or method as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite useful lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

The estimated useful lives are:

	2014	2013
Naracoorte gas pipeline	15 years	15 years
Beenleigh wastewater pipeline	40 years	40 years

Amortisation is calculated on a straight-line basis.

(q) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

(r) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(s) Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements (continued)

For the year ended 30 June 2014

1. Summary of significant accounting policies (continued)

(t) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Self insurance

The provision for self insurance represents the consolidated entity's present obligation for workers compensation claims. The provision is measured as an estimate of its fair value at reporting date, being the amount an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time.

Defined benefit plan

The net position of the defined benefit plan is recognised on the statement of financial position. Any gains or losses with the exception of the actuarial gain or loss, arising from a change in the net position between reporting periods is recognised through the profit and loss account. Actuarial gains or losses are recognised directly through retained earnings, disclosed in the statement of comprehensive income.

Various actuarial assumptions are required when determining the consolidated entity's superannuation obligations.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

(u) Borrowing costs

Borrowing costs are recognised as an expense when incurred, except to the extent they are attributable to a qualifying asset.

Notes to the financial statements (continued)

For the year ended 30 June 2014

1. Summary of significant accounting policies (continued)

(v) Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the Company transfers substantially all the risks and rewards of the financial assets. If the consolidated entity neither remains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability is substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised as profit or loss.

Notes to the financial statements (continued)

For the year ended 30 June 2014

2. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of non-financial assets

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include financial performance, technology, economic and political environments. If an impairment trigger exists the recoverable amount of the asset is determined. This involved value in use calculations, which incorporate a number of key estimates and assumptions.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Self-insurance

Teys Australia self insures its workers compensation liability for its operations in Queensland and South Australia.

Notes to the financial statements (continued)

For the year ended 30 June 2014

2. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

The Company accounts for the self insurance obligation in line with the requirements of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. AASB 137 requires the amount of the provision shall be the "best estimate" of the expenditure required to settle the present obligation at reporting date. This requirement has been interpreted to be the amount that the entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time. In this way, at reporting date the provision represents what the liability would be if the Group were to sell its obligation to an insurance company.

The Company utilises the services of an actuary to perform an actuarial assessment of the liability, which includes assumptions and estimates regarding the number and size of future claims and costs associated with those claims.

Notes to the financial statements (continued)

For the year ended 30 June 2014

3. Revenue and expenses

3.1 Revenue

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Sale of goods	2,366,353	1,989,986	-	-
Rendering of services	30,961	29,163	22,004	18,803
Other revenue	1,933	1,693	4,121	3,827
Total Revenue	2,399,247	2,020,842	26,125	22,630

3.2 Cost of goods sold

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Cost of product	1,497,884	1,351,812	8	18
Operating expenses	435,667	431,355	20,193	21,464
Depreciation and amortisation	25,037	22,828	2,719	1,436
Total cost of goods sold	1,958,588	1,805,995	22,920	22,918

3.3 Other income

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Net gain on disposal of property, plant and equipment	895	-	45	-
Dividends from jointly controlled entity	-	-	25,616	1,270
Total Other income	895	-	25,661	1,270

Notes to the financial statements (continued)

For the year ended 30 June 2014

3. Revenue and expenses (continued)

3.4 Finance (income)/costs - net

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Finance costs				
Bank loans and overdrafts	2,099	4,592	1	-
Total finance costs	2,099	4,592	1	-
Finance income				
Interest from other bodies corporate	(3,409)	(878)	(85)	(61)
Interest from related bodies corporate	-	-	(291)	(1,289)
Total finance income	(3,409)	(878)	(376)	(1,350)
Total finance (income)/costs - net	(1,310)	3,714	(375)	(1,350)

4. Income tax

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the consolidated entity's effective income tax rate for the years ended 30 June 2014 and 2013 is as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Accounting profit/(loss) before income tax	274,393	51,940	(7,925)	(8,657)
At statutory income tax rate of 30% (2013: 30%)	82,318	15,582	(2,378)	(2,597)
Rebatable dividends intergroup	-	-	(7,500)	-
Trust distribution/share of trust profits	-	-	24,851	10,488
Temporary differences not recognised	-	(2,434)	-	-
Trading tax losses (recognised)/not recognised	(1,029)	1,692	-	-
Research and development tax offsets	(749)	(1,753)	-	-
Under/(over) provision for prior year	(1,162)	(146)	-	79
Other (net)	422	8	(92)	(567)
Non-deductible expenses for tax purposes				
At the effective income tax rate of 30% (2013: 30%)	79,800	12,949	14,881	7,403

Notes to the financial statements (continued)

For the year ended 30 June 2014

4. Income tax (continued)

Major components of income tax expense for the years ended 30 June 2014 and 2013 are:

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Statement of profit or loss and other comprehensive income				
Current income tax:				
Current income tax charge	82,013	19,472	21,874	8,607
Previous period adjustments	(2,938)	(146)	(128)	79
Deferred income tax:				
Relating to (recognition)/utilisation of tax losses	(2,222)	(3,550)	-	-
Relating to the origination and reversal of temporary differences	2,947	(2,827)	(6,865)	(1,283)
	79,800	12,949	14,881	7,403

The consolidated entity has tax losses arising in Australia of \$13,094,591 (2013: \$22,558,000) that are available for offset against future taxable profits of the companies in which the losses arose.

At 30 June 2014, the consolidated entity has not recognised the income tax benefit of \$12,850,213 of tax losses (2013: \$20,284,000).

5. Trade and other receivables

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Current				
Trade debtors	108,011	90,868	756	15
Provision for doubtful debts	(1,194)	(1,720)	(8)	-
	106,817	89,148	748	15
GST recoverable	13,294	22,388	13,233	22,441
Other receivables	443	1,595	12	242
	120,554	113,131	13,993	22,698

6. Inventories

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Current				
Raw materials and stores	8,833	8,368	-	-
Finished goods	91,397	86,405	-	-
Work in progress	4,633	3,987	-	-
	104,863	98,760	-	-

Notes to the financial statements (continued)

For the year ended 30 June 2014

7. Biological assets - livestock

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Current				
Cattle at net market value	<u>64,845</u>	<u>47,457</u>	<u>-</u>	<u>-</u>

There are 63,522 head of cattle held on feedlots and on hand at abattoirs at 30 June 2014 (2013: 51,507).

8. Other current assets

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Prepayments	<u>4,911</u>	<u>2,796</u>	<u>1,329</u>	<u>370</u>

9. Intangible assets

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Naracoorte gas pipeline	1,217	1,217	-	-
Beenleigh wastewater pipeline	1,319	1,319	-	-
Accumulated amortisation	(1,085)	(974)	-	-
	<u>1,451</u>	<u>1,562</u>	<u>-</u>	<u>-</u>

10. Investment in controlled entities

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Investments in controlled entities	<u>-</u>	<u>-</u>	<u>73,887</u>	<u>73,887</u>

The Company's investments in its controlled entities comprise:

Consolidated Name	% equity interest		Investment \$000	
	2014	2013	2014	2013
Teys Australia Distribution Pty Ltd	100%	100%	30	30
Teys Australia Beenleigh Pty Ltd	100%	100%	573	573
Teys Australia Biloela Pty Ltd	100%	100%	2,181	2,181
Teys Bros. (Japan) Pty Ltd	100%	100%	-	-
Teys Australia Naracoorte Pty Ltd	100%	100%	6,000	6,000
Teys Australia Condamine Pty Ltd	51%	51%	4,335	4,335
Teys Australia Management Pty Ltd	100%	100%	-	-
Teys Bros. (Innisfail) Pty Ltd (i)	-%	100%	-	-
Teys Australia Central Queensland Pty Ltd	100%	100%	-	-
Teys Australia Food Solutions Pty Ltd	100%	100%	17,119	17,119
Teys Australia Holdings Pty Ltd	100%	100%	-	-
Teys Australia Meat Group Pty Ltd	100%	100%	-	-
Consolidated Meat Holdings Unit Trust	100%	100%	1,721	1,721

Teys Australia Pty Ltd and its Controlled Entities

Notes to the financial statements (continued)

For the year ended 30 June 2014

10. Investment in controlled entities (continued)

Consolidated Name	% equity interest		Investment \$000	
	2014	2013	2014	2013
Consolidated Meat Processors Unit Trust	100%	100%	253	253
Teys Australia Property Pty Ltd	100%	100%	11,000	11,000
Teys Financial Services Pty Ltd	100%	100%	4,755	4,755
Teys Australia Murgon Pty Ltd	100%	100%	4,320	4,320
Teys Australia Southern Property Pty Ltd	100%	100%	21,600	21,600
Teys Australia Southern Pty Ltd	100%	100%	-	-
Teys Australia Trading Pty Ltd	100%	100%	-	-
			<u>73,887</u>	<u>73,887</u>

(i) Teys Bros. (Innisfail) Pty Ltd was deregistered on 12 September 2013.

11. Equity accounted investments in jointly controlled entities

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Gateway Wholesale Distributors Pty Ltd	2,041	1,900	300	300
Consolidated Provincial Meat Group Pty Ltd	1,180	603	490	489
	<u>3,221</u>	<u>2,503</u>	<u>790</u>	<u>789</u>

Consolidated Name	Balance date	% equity interest	
		2014	2013
Gateway Wholesale Distributors Pty Ltd	30 June	50%	50%
Consolidated Provincial Meat Group Pty Ltd	30 June	50%	50%

The principal activities of the jointly controlled entities during the financial year was the wholesaling of meat products.

The consolidated entity's share of the jointly controlled entities commitments and contingent liabilities are included in disclosures in note 22.

There have been no other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect the associate's operations, the results of those operations or its state of affairs in financial years after the financial period ended 30 June 2014.

Notes to the financial statements (continued)

For the year ended 30 June 2014

12. Property, plant and equipment

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<i>Freehold land and improvements</i>				
At cost	11,582	8,987	-	-
Accumulated depreciation	(154)	(153)	-	-
Net carrying amount	11,428	8,834	-	-
<i>Building</i>				
At cost	109,475	107,207	220	210
Accumulated depreciation	(35,427)	(31,447)	(28)	(17)
Net carrying amount	74,048	75,760	192	193
<i>Plant and machinery</i>				
At cost	308,783	306,801	17,262	14,561
Accumulated depreciation	(173,684)	(162,467)	(9,779)	(7,333)
Net carrying amount	135,099	144,334	7,483	7,228
<i>Capital work in progress</i>				
At cost	16,067	1,560	306	612
Net carrying amount	16,067	1,560	306	612
<i>Total property, plant and equipment</i>				
At cost	445,907	424,555	17,788	15,383
Accumulated depreciation	(209,265)	(194,067)	(9,807)	(7,350)
Net carrying amount	236,642	230,488	7,981	8,033

13. Other non-current assets

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Receivables from controlled entities	-	-	12,032	9,423
Amounts receivables from jointly controlled entities	1,000	1,000	1,000	1,000
Defined benefit fund - asset	1,623	282	-	-
Make good asset	387	-	387	-
Net carrying amount	3,010	1,282	13,419	10,423

Notes to the financial statements (continued)

For the year ended 30 June 2014

14. Trade and other payables

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Current				
Trade creditors	64,928	41,270	2,662	674
Other creditors	45,439	44,257	4,932	3,802
	<u>110,367</u>	<u>85,527</u>	<u>7,594</u>	<u>4,476</u>

15. Provisions

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Current				
Employee benefits	29,458	23,552	1,059	905
Provision for self insurance	3,437	3,175	-	-
	<u>32,895</u>	<u>26,727</u>	<u>1,059</u>	<u>905</u>
Non-current				
Employee benefits	8,436	10,248	1,302	1,219
Other provisions	24,728	1,816	24,728	1,800
Make good provision	401	-	401	-
Provision for self insurance	6,440	6,478	-	-
	<u>40,005</u>	<u>18,542</u>	<u>26,431</u>	<u>3,019</u>

16. Interest bearing loans

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Current				
Foreign currency facility (i)	4,155	-	-	-
Less: Deferred arrangement fee	(22)	-	-	-
	<u>4,133</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current				
Foreign currency facility (i)	-	21,500	-	-
Bank loans (ii)	-	80,000	-	-
Less: Deferred arrangement fee	-	(316)	-	-
	<u>-</u>	<u>101,184</u>	<u>-</u>	<u>-</u>

- (i) The company is currently in the process of refinancing its bank facilities and have extended temporarily to 31 October 2014. The facility is secured by unlimited interlocking guarantees and assets of the Group (refer to note 22).

Notes to the financial statements (continued)

For the year ended 30 June 2014

16. Interest bearing loans (continued)

- (ii) The loan was drawn down during 2012 for the acquisition of Teys Australia Southern Pty Ltd (formerly Cargill Meat Processors Pty Ltd) and other assets of Cargill Beef Australia. The loan bears interest at market rate and was repayable in four years from the date of drawdown. The loan was secured by unlimited interlocking guarantees and assets of the Group (refer to note 22). This loan has been fully re-paid in during the financial year.

17. Non-interest bearing loans

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Non-current				
Employee incentive loan	870	870	-	-

Employment incentive loan is interest free loan from the South Australian government. The loan repayable on demand, if Teys Australia Naracoorte Pty Ltd fails to satisfy certain minimum employment number conditions or after 99 years.

At reporting date, the directors' have assessed that they meet the minimum employment number conditions and will do so for the coming 12 months and on this basis have elected to disclose the liability as non-current.

18. Contributed equity

18.1 Issued and paid-up capital

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
1,050,000 A class ordinary shares fully paid	1,052	1,052	1,052	1,052
1,092,857 B class ordinary shares fully paid	91,205	91,205	91,205	91,205
	<u>92,257</u>	<u>92,257</u>	<u>92,257</u>	<u>92,257</u>

There have been no movements in the number of shares on issue in the current or prior financial year.

18.2 Terms and conditions of ordinary shares

At reporting date, A Class and B Class ordinary shares rank equally. Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

18.3 Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Notes to the financial statements (continued)

For the year ended 30 June 2014

19. Retained earnings

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Movement in retained earnings were as follows:				
Balance at the beginning of year	179,902	138,631	9,727	25,787
Net profit/(loss) for the year	193,935	38,811	(22,806)	(16,060)
Dividends paid	(11,244)	-	(11,244)	-
Actuarial gain on defined benefit plan (net of tax)	692	2,460	-	-
Balance at the end of year	<u>363,285</u>	<u>179,902</u>	<u>(24,323)</u>	<u>9,727</u>

20. Non-controlling interests

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Interests in:				
Ordinary shares	4,165	4,165	-	-
Retained earnings	3,703	3,045	-	-
	<u>7,868</u>	<u>7,210</u>	<u>-</u>	<u>-</u>
Movement in non-controlling interests				
Balance at the beginning of the year	7,210	7,030	-	-
Net profit attributable for the year	658	180	-	-
Balance at the end of year	<u>7,868</u>	<u>7,210</u>	<u>-</u>	<u>-</u>

21. Notes to statement of cash flow

21.1 Reconciliation of cash and cash equivalents

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Cash at bank and on hand	133,236	38,553	2	-
Short-term deposits	40,000	-	-	-
	<u>173,236</u>	<u>38,553</u>	<u>2</u>	<u>-</u>

Notes to the financial statements (continued)

For the year ended 30 June 2014

21. Notes to statement of cash flow (continued)

21.2 Reconciliation of net profit/(loss) after tax to net cash flows from operations

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Profit/(loss) before tax	194,593	38,991	(22,806)	(16,060)
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation	25,037	22,828	2,719	1,436
Management fees settled through intercompany transfer	-	-	(26,125)	-
(Gain)/loss on defined benefit plan	(352)	(412)	-	-
(Gain)/loss on disposal of property, plant and equipment	(895)	1,975	(44)	6
Change in fair value of derivatives	(18,831)	18,655	-	-
Share of equity accounted entities' profit	(1,335)	(1,213)	-	-
Working capital adjustments:				
(Increase)/decrease in trade and other receivables	(7,423)	(11,504)	8,705	(10,906)
(Increase)/decrease in inventory and biological assets	(23,492)	(13,986)	-	-
(Increase)/decrease in other assets	(2,796)	-	(1,346)	-
(Increase)/decrease in deferred tax assets	(1,970)	(5,613)	(7,257)	(1,283)
Increase/(decrease) in trade and other payables	25,456	5,381	3,117	4,178
Increase/(decrease) in current tax liability	54,320	2,117	9,823	5,959
Increase/(decrease) in employee provisions	27,632	1,709	23,566	171
Increase/(decrease) in other liabilities	-	2,477	-	-
Increase/(decrease) in deferred tax liabilities	3,221	(763)	-	-
Cash flow from/(used in) operating activities	273,165	60,642	(9,648)	(16,499)

Notes to the financial statements (continued)

For the year ended 30 June 2014

21. Notes to statement of cash flow (continued)

21.3 Financing facilities

Long term foreign currency facilities of \$42.5 million (2013: \$43.4 million) were available to the consolidated entity at the end of the financial year. As at that date \$4.15 million excluding foreign exchange contracts, (2013: \$21.5 million) of these facilities were in use.

Bank overdraft facilities of AUD \$40.0 million (2013: AUD \$40.0 million) were available to the consolidated entity at the end of the financial year. As at that date none of the facilities were in use (2013: \$nil).

Commercial Bill Facilities of \$4,000,000 (2013: \$4,000,000) were available to the consolidated entity at the end of the financial year. As at that date no facilities were in use (2013: \$nil).

Refer to note 16 for utilised loan and other facilities.

22. Commitments and contingencies

Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Within one year	4,837	3,840	1,556	80
After one year but not more than five years	10,226	4,428	4,559	128
More than five years	15,280	-	15,280	-
	<u>30,343</u>	<u>8,268</u>	<u>21,395</u>	<u>208</u>

Capital commitments

Estimated capital expenditure contracted for as at 30 June but not provided for:

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Within one year	<u>8,591</u>	<u>1,006</u>	<u>12</u>	<u>-</u>

Notes to the financial statements (continued)

For the year ended 30 June 2014

22. Commitments and contingencies (continued)

Contingent liabilities

(a) *Financing facilities*

At 30 June 2014, the following Teys Group Companies have provided unlimited interlocking guarantees in respect of loan and other financing facilities totalling \$142 million (2013: \$214 million) held by Teys Financial Services Pty Ltd with external financiers.

Teys Australia Pty Ltd
 Teys Australia Beenleigh Pty Ltd
 Teys Australia Biloela Pty Ltd
 Teys Financial Services Pty Ltd
 Teys Australia Naracoorte Pty Ltd
 Teys Australia Distribution Pty Ltd
 Teys Bros. (Japan) Pty Ltd
 Teys Australia Murgon Pty Ltd
 Teys Bros. (Innisfail) Pty Ltd
 Teys Australia Property Pty Ltd
 Teys Australia Central Queensland Pty Ltd
 Teys Australia Management Pty Ltd
 Teys Australia Meat Group Pty Ltd
 Teys Australia Holdings Pty Ltd
 Teys Australia Southern Pty Ltd
 Teys Australia Southern Properties Pty Ltd
 Teys Australia Food Solutions Pty Ltd

(b) *Commercial bill payable*

At 30 June 2014, Teys Australia Condamine Pty Ltd had no commercial bills payable (2013: \$Nil) to National Australia Bank Limited and \$4,000,000 available for use (2013: \$4,000,000).

(c) *Other guarantees and contingent liabilities*

Teys Financial Services Pty Ltd has an Indemnity (Financial) Guarantee Facility of \$50,600,000 at 30 June 2014 (2013: 40,600,000). At reporting date \$35,800,000 (2013: \$29,361,389) of this facility was in use.

Teys Financial Service Pty Ltd has provided to various third parties performance bank guarantees totalling \$Nil (2013: \$938,300) as at 30 June 2014.

23. Subsequent events

On 25 July 2014, the Group purchased the assets of Charlton Feedlot located in Victoria. The assets were purchased for \$10 million. This is a natural expansion of our supply chain and will primarily supply our Wagga Wagga and Naracoorte beef processing plants.

There have been no other subsequent events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Notes to the financial statements (continued)

For the year ended 30 June 2014

24. Dividends paid and proposed

	Consolidated		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Declared and paid during the year:				
Dividends on ordinary shares:				
Franked dividends 12 cents per share (2013: \$Nil per share)	11,244	-	11,244	-
Franking credit balance				
The amount of franking credits available for the subsequent financial year are:				
- Franking account balance as at the end of the financial year at 30%	65,196	-	31,261	7,696
- Franking credits that will arise from the payment of current tax payable as at the end of the financial year	21,409	-	5,315	7,925
	86,605	-	36,576	15,621

The tax rate at which paid dividends have been franked is 30%. Dividends proposed will be franked at the rate of 30%.

25. Deed of cross guarantee

Closed group class order disclosures

The financial statements include the financial statements of Teys Australia Pty Ltd and the subsidiaries listed in note 10.

Entities subject to class order relief

Pursuant to Class Order 98/1418, relief has been granted to Teys Australia Beenleigh Pty Ltd, Teys Australia Biloela Pty Ltd, Teys Australia Naracoorte Pty Ltd, Teys Australia Murgon Pty Ltd, Teys Australia Food Solutions Pty Ltd and Teys Australia Southern Pty Ltd from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Class Order, Teys Australia Pty Ltd and the entities listed in the preceding paragraph (the "Closed Group"), entered into a Deed of Cross Guarantee on 7 December 2012. The effect of the deed is that Teys Australia Pty Ltd has guaranteed to pay any deficiency in the event of winding up of either controlled entity, or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Teys Australia Pty Ltd is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

Teys Australia Pty Ltd and its Controlled Entities

Notes to the financial statements (continued)**For the year ended 30 June 2014****25. Deed of cross guarantee (continued)**

	Closed Group	
	2014	2013
	\$000	\$000
Revenue	1,692,428	1,726,069
Cost of sales	(1,377,264)	(1,564,972)
Gross profit	315,164	161,097
Other expenses	(19)	(1,704)
Distribution expenses	(98,929)	(89,096)
Sales, marketing and administration expenses	(44,767)	(43,249)
Finance costs	5,807	(5,926)
Profit before income tax	177,256	21,122
Income tax expense	(76,040)	(13,990)
Net profit for the period	101,216	7,132
Retained earnings at the beginning of the period	103,110	95,978
Retained earnings at the end of the period	204,326	103,110

Notes to the financial statements (continued)

For the year ended 30 June 2014

25. Deed of cross guarantee (continued)

	Closed Group	
	2014	2013
	\$000	\$000
ASSETS		
Current assets		
Cash and cash equivalents	108,370	25,645
Trade and other receivables	107,355	102,141
Inventories	79,955	71,410
Biological assets - livestock	64,704	47,218
Other current assets	3,612	1,818
Derivate financial assets	2,835	-
Total current assets	<u>366,831</u>	<u>248,232</u>
Non-current assets		
Intangible assets	1,451	1,562
Investment in associate	43,505	43,694
Equity accounted investments in jointly controlled assets	789	789
Property, plant and equipment	116,164	114,756
Deferred tax assets	12,801	10,333
Other non-current assets	2,623	1,282
Total non-current assets	<u>177,333</u>	<u>172,416</u>
TOTAL ASSETS	<u>544,164</u>	<u>420,648</u>
LIABILITIES		
Current liabilities		
Trade and other payables	84,747	68,411
Income tax payable	70,034	16,447
Provisions	11,735	15,450
Total current liabilities	<u>166,516</u>	<u>100,308</u>
Non-current liabilities		
Provisions	37,480	10,362
Deferred tax liabilities	3,169	118
Non-interest-bearing loans and borrowings	870	870
Other non-current liabilities	50,790	113,623
Total non-current liabilities	<u>92,309</u>	<u>124,973</u>
TOTAL LIABILITIES	<u>258,825</u>	<u>225,281</u>
NET ASSETS	<u>285,339</u>	<u>195,367</u>
EQUITY		
Contributed equity	92,257	92,257
Retained earnings	193,082	103,110
TOTAL EQUITY	<u>285,339</u>	<u>195,367</u>

Teys Australia Pty Ltd and its Controlled Entities

Notes to the financial statements (continued)**For the year ended 30 June 2014****26. Auditors' remuneration**

The auditor of Teys Australia Pty Ltd and its Controlled Entities is Ernst & Young.

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>Amounts received or due and receivable by Ernst & Young for:</i>				
- Auditing accounts	311,500	311,245	311,500	311,245
- Tax compliance and advice	247,501	219,755	247,501	219,755
- Financial statement compilation	12,250	11,870	12,250	11,870
	571,251	542,870	571,251	542,870

Directors' declaration

In accordance with a resolution of the directors of Teys Australia Pty Ltd and its Controlled Entities, we state that:

In the opinion of the directors:

- (a) the Group is not a reporting entity as defined in the Australian Accounting Standards;
- (b) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards to the extent described in note to the financial statements and complying with the *Corporations Regulations 2001*;
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the board

A.W. Teys
Director
Brisbane
28 October 2014

J.S. D'Souza
Director
Brisbane
28 October 2014

Independent auditor's report

To the members of Teys Australia Pty Ltd and its Controlled Entities